American Municipal Power, Inc.

Consolidated Financial Statements and Supplementary Information

December 31, 2015 and 2014

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Independent Auditor's Report

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, 2015 and 2014, 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.

Auditor's 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.

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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 at December 31, 2015 and 2014, 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 29, 2016

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2015 and 2014

	December 31, 2015	December 31, 2014
Assets		
Utility plant		
Electric plant in service	$ 1,961,747,992	$ 1,952,276,566
Accumulated depreciation	(209,239,897)	(154,691,827)
Total utility plant	1,752,508,095	1,797,584,739
Nonutility property and equipment		
Nonutility property and equipment	26,687,366	24,766,761
Accumulated depreciation	(15,075,399)	(12,748,680)
Total nonutility property and equipment	11,611,967	12,018,081
Construction work-in-process	2,542,984,068	2,193,559,995
Plant held for future use	35,444,960	35,115,838
Coal reserves	24,289,252	25,045,650
Trustee funds and other assets		
Trustee funds	240,911,289	571,454,907
Trustee funds - restricted	781,814,925	-
Financing receivables - members	9,917,087	14,878,755
Notes receivable	2,918,329	50,759,327
Regulatory assets	331,928,040	263,745,272
Investment in The Energy Authority	10,211,442	10,211,442
Intangible and other assets, net of accumulated amortization of $27,955,804 and $23,513,508, respectively	72,261,100	74,742,555
Total trustee funds and other assets	1,449,962,212	985,792,258
Current assets		
Cash and cash equivalents	107,158,983	70,570,137
Cash and cash equivalents - restricted	33,587,383	25,267,618
Trustee funds	255,746,345	309,926,968
Trustee funds - restricted	21,303,628	-
Investments	14,574,681	14,872,390
Collateral postings	23,315,857	20,789,600
Accounts receivable	87,651,299	75,082,328
Interest receivable	23,065,760	29,565,866
Financing receivables - members	17,398,543	14,438,195
Notes receivable	49,796,786	9,956,514
Inventories	8,010,440	7,361,057
Regulatory assets	24,680,286	23,433,943
Prepaid expenses and other assets	5,521,148	5,816,293
Total current assets	671,811,139	607,080,909
Total assets	$ 6,488,611,693	$ 5,656,197,470

American Municipal Power, Inc.
Consolidated Balance Sheets
December 31, 2015 and 2014

	December 31, 2015	December 31, 2014
Equities and Liabilities		
Member and patron equities		
Contributed capital	813,018	$ 806,248
Patronage capital	66,813,898	60,990,058
Total member and patron equities	67,626,916	61,796,306
Long-term debt		
Term debt	5,552,114,189	4,796,401,675
Term debt on behalf of Central Virginia Electric Cooperative	21,916,666	22,770,833
Revolving credit loan	350,900,000	316,000,000
Total long-term debt	5,924,930,855	5,135,172,508
Current liabilities		
Accounts payable	120,600,278	165,997,415
Accrued postretirement benefits	3,509,648	682,061
Accrued interest	126,762,465	114,510,827
Term debt	77,687,412	64,650,843
Term debt on behalf of members	9,044,500	12,113,000
Term debt on behalf of Central Virginia Electric Cooperative	854,167	854,167
Regulatory liabilities	5,724,815	645,779
Other liabilities	29,210,298	24,927,413
Total current liabilities	373,393,583	384,381,505
Other noncurrent liabilities		
Accrued postretirement benefits	100,000	100,000
Deferred gain on sale of real estate	1,211,736	1,260,748
Other liabilities	66,542,061	31,400,728
Asset retirement obligations	7,696,014	7,728,419
Regulatory liabilities	47,110,528	34,357,256
Total other noncurrent liabilities	122,660,339	74,847,151
Total liabilities	6,420,984,777	5,594,401,164
Total equities and liabilities	$ 6,488,611,693	$ 5,656,197,470

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, 2015 and 2014

	December 31, 2015	December 31, 2014
Revenues		
Electric revenue	$ 1,103,886,270	$ 1,012,684,268
Service fees	11,515,575	10,913,504
Programs and other	12,589,167	16,305,240
Total revenues	1,127,991,012	1,039,903,012
Operating expenses		
Purchased electric power	630,841,544	625,803,418
Production	153,816,006	91,259,957
Fuel	134,439,105	122,543,694
Depreciation and amortization	58,815,265	58,488,373
Administrative and general	4,527,526	10,396,927
Property and real estate taxes	4,236,294	9,367,224
Programs and other	16,157,022	19,985,419
Total operating expenses	1,002,832,762	937,845,012
Operating margin	125,158,250	102,058,000
Nonoperating revenues (expenses)		
Interest expense	(141,574,043)	(118,989,279)
Interest income, subsidy	13,541,226	13,523,203
Interest income, other	16,633,800	4,235,351
Other, net	(7,935,393)	1,750,381
Total nonoperating expenses	(119,334,410)	(99,480,344)
Net margin	$ 5,823,840	$ 2,577,656

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, 2015 and 2014

	Contributed Capital	Patronage Capital	Total
Balances at December 31, 2013	$ 806,248	$ 58,412,402	$ 59,218,650
Net margin	-	2,577,656	2,577,656
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

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, 2015 and 2014

	December 31, 2015	December 31, 2014
Cash flows from operating activities		
Net margin	$ 5,823,840	$ 2,577,656
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation and amortization	57,918,097	58,027,347
Depletion of coal reserves	756,398	461,026
Amortization of deferred financing costs	4,442,296	3,938,011
Amortization of bond premium, net of amortization of bond discount	(6,062,329)	(1,728,153)
Accretion of interest on asset retirement obligations	(39,101)	151,282
Loss (gain) on sale of utility property and equipment	2,481,393	(13,401)
Unrealized loss (gain) on investments	4,643,182	(2,624,641)
Changes in assets and liabilities		
Collateral postings	(2,526,258)	(2,750,621)
Accounts receivable	(12,568,879)	4,565,191
Interest receivable	(8,674,908)	(18,126)
Inventories	(649,383)	1,491,492
Regulatory assets and liabilities, net	(12,219,649)	(13,487,855)
Prepaid expenses and other assets	2,092,699	344,047
Accounts payable	5,521,683	4,176,474
Accrued postretirement benefits	2,827,587	(2,649,314)
Accrued interest	12,522,147	(1,067,662)
Asset retirement obligations	6,696	(78,459)
Other liabilities	42,433	(1,791,806)
Net cash provided by operating activities	56,337,944	49,522,488
Cash flows from investing activities		
Purchase of utility property and equipment	(9,200,486)	(3,089,640)
Purchase of nonutility property and equipment	(285,959)	(497,583)
Proceeds from insurance claim	-	1,628,200
Proceeds due to repayments of loans made to related parties	8,000,726	9,109,159
Purchase of construction work-in-progress	(390,153,743)	(417,470,808)
Proceeds from sale of investments	418,334,777	1,123,004,595
Purchase of investments	(841,074,563)	(666,550,642)
Purchase of plant held for future use	(329,122)	(234,763)
Loans made to related parties	-	(66,750,000)
Investment in The Energy Authority	-	(10,211,442)
Changes in restricted cash and cash equivalents	(8,319,765)	15,394,463
Net cash used in investing activities	(823,028,135)	(15,668,461)

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	December 31, 2015	December 31, 2014
Cash flows from financing activities		
Proceeds from revolving credit loan	129,000,000	352,000,000
Payments on revolving credit loan	(94,100,000)	(226,000,000)
Cost of issuance of debt	(4,517,800)	(640,419)
Principal payments on term debt	(64,650,843)	(147,189,412)
Principal payments on term debt on behalf of members	(12,113,000)	(17,530,000)
Proceeds from issuance of term debt	839,462,257	15,061,431
Proceeds from issuance of term debt on behalf of members	9,044,500	11,136,000
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	(854,167)	(854,167)
Proceeds from financing receivables - members	16,439,515	17,097,606
Funding of financing receivables - members	(14,438,195)	(11,033,317)
Capital contributions	6,770	-
Net cash provided by (used in) financing activities	803,279,037	(7,952,278)
Net change in cash and cash equivalents	36,588,846	25,901,749
Cash and cash equivalents		
Beginning of year	70,570,137	44,668,388
End of year	$ 107,158,983	$ 70,570,137
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, net of amount capitalized	$ 129,322,406	$ 120,056,941
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable and other liabilities	$ 43,063,274	$ 93,982,183
Capital expenditures included in accrued interest, net of interest receivable	62,265,675	47,361,170

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

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code ("IRC"). As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision there of; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 83 municipalities throughout Ohio, 29 municipalities in Pennsylvania, six municipalities in Michigan, five municipalities in Virginia, four municipalities in Kentucky, 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 legislative liaison for the state's 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") is a wholly owned and consolidated subsidiary of AMP, which through AMP 368 is the owner of a 23.26%, or 368MW, undivided interest in the Prairie State Energy Campus ("PSEC"). The PSEC is a mine-mouth, pulverized coal-fired generating station in southwest Illinois.

Meldahl LLC is a wholly owned and consolidated subsidiary of AMP, which through Meldahl LLC, is the owner of the 105 MW Meldahl project under construction as a run-of-the river hydroelectric facility on the Ohio River.

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.

AMP purchases power from two unrelated limited liability companies engaged in methane recovery to generate electricity. Their activities are primarily conducted on behalf of AMP. AMP was unable to obtain the necessary financial information from the limited liability companies to complete a full variable interest entity evaluation in accordance with the Financial Accounting Standards Board ("FASB") standard for consolidation of variable interest entities. AMP does not have an equity interest in these limited liability companies. Power purchases from these companies for the years ended December 31, 2015 and 2014, were approximately $17,915,003 and $14,055,259, respectively. Management does not believe that the amount of these purchases is material to its operations.

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 ("EPC") 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.

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.

In August 2010, the 81 AMPGS participants voted to pursue conversion of the AMPGS Project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended, when AMP determined to pursue the purchase of AFEC instead, AMP still intends to develop this site for the construction of a generating asset; however, at December 31, 2015, the type of future generating asset had not been determined.

As a result of these decisions to date, 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 as 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. At December 31, 2015, AMP has a regulatory asset of $38,388,600 for the recovery of these abandoned construction costs.

On April 15, 2014, the AMP Board of Trustees voted to approve collection of $39,947,959 of stranded costs, related to the cancelled AMPGS coal project, from the AMPGS Participants pursuant to the AMPGS take-or-pay power sales contract, subject to the approval of the Participants. The Board of Trustees also voted to have AMP repay $11,674,131 of AMPGS stranded costs from service fee and other member related revenues over the same term. On April 16, 2014 the AMPGS Participants voted to approve these collections from Participants and Members, respectively, over a 15 year term. During the years ended December 31, 2015 and 2014, $6,786,626 and $7,005,500 have been recovered from stranded costs, respectively.

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 $24,289,252 and $25,045,650 (net of depletion) as of December 31, 2015 and 2014, 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 under the Financial Accounting Standards Board’s standard for 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 at December 31, 2015 and December 31, 2014 were $4,345,474 and $2,100,194, respectively. Gross unrealized holding gains and losses are included in other income 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 Indenture, 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 Indenture 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%.

Investments
Investments include equity securities, debt securities and alternative investments. The equity securities and debt securities are classified as trading under the FASB standard for debt and equity securities. 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 (gains) at December 31, 2015 and 2014 were $297,708 and ($524,447), 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

42 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 has been reduced at December 31, 2015 to $49,796,786.

On January 29, 2016, OMEGA JV5 issued the 2016 Certificates in the amount of $49,745,000 for the purpose of refunding the promissory note to AMP in full. Due to the impending repayment of the AMP promissory note through the proceeds of the 2016 Certificates, the note receivable due from OMEGA JV5 was classified as current in the Consolidated Balance Sheets as of December 31, 2015.

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 $6,800,000 for natural gas.

Intangible and Other Assets

Intangible and other assets include deferred financing costs and contractual valuations. Deferred financing costs are amortized on the effective interest method and are recorded as interest expense on the consolidated statements of revenues and expenses. The amortization associated with deferred financing costs was $4,643,182 and $3,938,011 for the years ended December 31, 2015 and 2014, respectively.

In 2011, AMP entered into an asset purchase agreement with FirstEnergy Generation Corporation for the acquisition of the AMP Fremont Energy Center ("AFEC") and acquired all assigned contracts and permits relating to that facility. AFEC is a 707 MW NGCC plant located in the City of Fremont, Ohio. On January 21, 2012, AFEC began commercial operation. In June 2012, AMP sold 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output associated with a 4.15% undivided ownership interest in AFEC held by AMP. AMP has sold the output of the remaining 90.69% undivided ownership interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

Included in the acquisition cost for the AFEC project, were two interconnections contracts for offsite facilities. The gross value related to these contracts was $28,665,190 which is included in intangible and other assets. For the years ended December 31, 2015 and 2014, these contracts were net of accumulated amortization of $3,057,620 and $2,293,215, 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.

Concentration of Credit Risk and Accounts Receivable
AMP periodically maintains cash balances in excess of the federally insured limit. At both December 31, 2015 and 2014, 7% of accounts receivable were due from one customer and 8% of revenues were due from one customer.

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.

Collateral Postings
At December 31, 2015 and 2014, 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.

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.

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 other revenues consist of the reimbursement for expenses incurred from programs that AMP offers to its members. These programs include the energy control center, an energy efficiency program, a renewable energy credits program, certain feasibility studies and other services. Revenue from these programs is recorded as costs are incurred.

Accounts receivable includes $73,383,946 and $65,592,448 during the years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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 that 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 of 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 ("ISDA") 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 a portion of its 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 2024. 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 $282,605,575 and $253,565,189 for December 31, 2015 and 2014, respectively.

On the short term agreements, there was an unrealized loss of $17,503,204 and $12,990,410 at December 31, 2015 and 2014, respectively, which is included in other liabilities. On the long-term agreements, there was an unrealized loss of $66,176,438 and $31,310,347 at December 31, 2015 and 2014, respectively, which is included in other liabilities. A net loss of $39,378,885 and $25,913,955 was recognized in fuel on AMP’s consolidated statements of revenues and expenses for the years ending December 31, 2015 and 2014, respectively. A corresponding regulatory asset has been recorded equal to the unrealized loss.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The standard supersedes the existing revenue recognition requirements of ASC 605, Revenue Recognition, and instead provides a core principle to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14 which deferred the effective date of ASU No. 2014-09. The amendment is now mandatorily effective as of the beginning of the Company’s 2019 fiscal year and may be adopted early as of the beginning of the Company’s 2017 fiscal year. The amendment is required to be applied retrospectively. The Company has not determined the effect of the amendment on the consolidated financial statements, if any.

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 to ASU 2015-03. 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. 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. This standard is effective for the Company’s 2016 fiscal year. Early adoption of the standard is permitted. The Company has determined this amendment would reduce total liabilities and assets by $39,401,485 on the Company’s consolidated financial statements in the current year.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820). This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This standard is effective for the Company's 2017 fiscal year. The Company does not expect the update to have a material impact on the Company's consolidated financial statements as a result of adoption.

In August 2015, the FASB issued ASU 2015-13, Derivatives and Hedging (Topic 815). This standard clarifies that the use of locational marginal pricing by an independent system operator ("ISO") does not constitute net settlement of a contract for the purchase or sale of electricity on a forward basis that necessitates transmission through, or delivery to a location within, a nodal energy market, even in scenarios in which legal title to the associated electricity is conveyed to the ISO during transmission. Consequently, the use of locational marginal pricing by the ISO does not cause that contract to fail to meet the physical delivery criterion of the normal purchases and normal sales scope exception. The Company has evaluated their power sales transactions and determined that they qualify for the normal sales and normal purchases scope exception. Refer to Note 15 for further information regarding the Company's power purchase commitments.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments—Overall (Subtopic 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 the current year, 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 No. 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. Early adoption of the standard is permitted. The Company has not determined the effect of the amendment on the consolidated financial statements, if any.

3. Utility Plant

Utility plant cost consists of the following at December 31:

	2015	2014
Land	$ 44,664,467	$ 44,664,467
Production Plant	1,596,232,898	1,586,761,472
Station Equipment	23,911,140	23,911,140
Transmission Plant	114,178,648	114,178,648
General Plant	182,760,839	182,760,839
	$ 1,961,747,992	$ 1,952,276,566

Depreciation expense for utility plant for the years ended December 31, 2015 and 2014 was $54,651,190 and $54,080,981, respectively.

Jointly-Owned Utility Plant
Under ownership agreements with other joint owners, AMP has a 23.26% undivided ownership interest in PSEC. Each of the respective owners is responsible for its portion of the construction costs. 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 revenues and expenses. AMP'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 these facilities at December 31 is as follows:

	2015	2014
Utility plant in service	$ 1,140,591,607	$ 1,135,417,577
Construction work-in-progress	6,037,061	5,888,279

4. Nonutility Property and Equipment

Nonutility property and equipment cost consists of the following at December 31:

	2015	2014
Land	$ 1,482,031	$ 1,537,031
Building	8,566,297	8,921,259
Furniture and equipment	499,373	864,301
Computer software	14,346,648	11,710,374
Vehicles	1,793,017	1,733,796
	$ 26,687,366	$ 24,766,761

Depreciation expense for nonutility property and equipment for the years ended December 31, 2015 and 2014 was $2,502,502 and $3,236,533, respectively.

5. Construction Work-in-Progress

Construction work-in-progress consists of the following at December 31:

	2015	2014
Prairie State Energy Campus	$ 6,037,061	$ 5,888,279
Hydro Plants	2,525,067,982	2,177,741,690
AMP Fremont Energy Center	4,462,422	5,493,753
Information Technology	6,665,849	3,840,759
Other	750,754	595,514
	$ 2,542,984,068	$ 2,193,559,995

There is $1,074,625 of land included in the construction work-in-progress account at both December 31, 2015 and 2014. There is $562,246,303 and $437,568,663 of capitalized interest included in the construction work-in-progress account at December 31, 2015 and 2014, respectively. AMP capitalized interest costs in the amount of $124,677,640 and $118,783,744 for the years ended December 31, 2015 and 2014, respectively.

6. Regulatory Assets and Liabilities

Regulatory assets and liabilities consist of the following at December 31:

		2015		2014
Regulatory assets				
Asset retirement costs	$	2,455,164	$	4,427,672
Debt service costs (a)		176,682,351		112,661,090
Abandoned construction costs		38,338,600		45,125,226
Projects on behalf of		7,177,482		10,443,933
Operating and maintenance expenditures (b)		6,703,592		8,548,238
Fair value of derivative instruments		83,679,642		44,300,357
Rate stabilization programs		11,387,116		35,064,552
Pension plan obligation		11,668,120		8,884,942
Interest rate lock expense		5,480,791		5,480,791
Closure of retired power plant		13,035,468		12,242,414
Total regulatory assets		356,608,326		287,179,215
Current portion		(24,680,286)		(23,433,943)
Noncurrent portion	$	331,928,040	$	263,745,272
Regulatory liabilities				
Capital improvement expenditures	$	738,782	$	790,756
Debt service costs (a)		10,512,607		6,198,320
Operating and maintenance expenditures (b)		4,762,621		2,401,766
Working capital expenditures		14,944,588		14,944,588
Rate stabilization programs		19,567,415		8,120,857
Gains on early termination of power purchase contracts		1,321,992		1,884,224
Other		987,338		662,524
Total regulatory liabilities		52,835,343		35,003,035
Current portion		(5,724,815)		(645,779)
Noncurrent portion	$	47,110,528	$	34,357,256

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. Due to the nature of fixed debt service payments, the ratio of interest to principal in these payments will decrease over time. As such, regulatory assets will increase until the ratio of depreciation and principal are the same and then eventually decrease. This is projected to occur in the year 2021 for AFEC and 2047 for PSEC.

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.

7. Restricted Cash

Restricted cash consists of the following at December 31:

	2015	2014
Contractual restrictions	$ 8,582,363	$ 265,947
Collateral deposits	25,005,020	25,001,671
	$ 33,587,383	$ 25,267,618

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, 2015 and 2014 was $4,738,960 and $2,469,410, 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, 2015 and 2014 was $17,596,371 and $18,377,571, 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, 2015 and 2014 were $3,036,450 and $4,487,086, respectively.

For each of the years ended December 31, 2015 and 2014, AMP made contributions of $252,000 to OMEA.

At December 31, 2015, accounts receivable and accounts payable include $2,759,764 and $5,082,256, respectively, of amounts due from/to affiliates. At December 31, 2014, accounts receivable and accounts payable include $393,706 and $3,679,983, 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 $88,455,968 for 2015 and $100,997,321 for 2014, respectively.

9. Revolving Credit Loan and Term Debt

Revolving Credit Loan

AMP has a revolving credit loan facility ("Facility") with a syndicate of lenders led by JPMorgan Chase Bank, N.A. Other members of the syndicate include KeyBank, N.A.; Wells Fargo Bank, N.A.; U.S. Bank, N.A.; Bank of America, N.A.; The Huntington National Bank; Royal Bank of Canada; and Bank of Montreal. 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, 2015, AMP had $350,900,000 outstanding under the Facility and the effective interest rate was 1.3125%. At December 31, 2014, AMP had $316,000,000 outstanding under the Facility and the effective interest rate was 1.0625%.

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 at December 31:

	2015	2014
AMP Project note	$ 15,263,000	$ 15,061,431
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2008A	95,815,000	743,495,000
Unamortized discount Prairie State Campus Revenue Bonds, Series 2008A	(1,438,072)	(11,467,407)
Unamortized premium Prairie State Campus Revenue Bonds, Series 2008A	488,848	3,898,149
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009A	26,120,000	118,545,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	44,495,000	60,360,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009C	385,835,000	385,835,000
Unamortized discount Prairie State Campus Revenue Bonds, Series 2009	(1,222,393)	(1,394,484)
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	-
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015B	135,350,000	-
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015C	95,100,000	-
Unamortized premium Prairie State Campus Revenue Bonds, Series 2015A	62,910,305	-
Unamortized premium Prairie State Campus Revenue Bonds, Series 2015B	17,625,871	-
AMP Prairie State Energy Campus Project Revenue Bonds, Escrow	734,475,000	-
Unamortized discount Prairie State Campus Revenue Bonds, Escrow	(6,947,346)	-
Unamortized premium Prairie State Campus Revenue Bonds, Escrow	2,361,632	-
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009A	6,135,000	24,425,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	497,005,000	497,005,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	122,405,000	122,405,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	13,294,118	14,623,529
Unamortized discount AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	(1,862,337)	(2,049,350)
Unamortized premium AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	3,091,128	4,051,014
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	152,995,000	152,995,000
Unamortized discount AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	(580,121)	(623,917)
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 Meldahl Hydroelectric Project Revenue Bonds, Series 2010A	45,495,000	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
Unamortized premium Meldahl Hydroelectric Revenue Bonds, Series 2010	133,417	159,449
AMP Fremont Energy Center Project Revenue Bonds, Series 2012A	3,680,000	12,155,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2012B	525,545,000	525,545,000
Unamortized premium Fremont Energy Center Revenue Bonds, Series 2012	37,793,551	39,969,104
	5,629,801,601	4,861,052,518
Current portion	(77,687,412)	(64,650,843)
Noncurrent portion	$ 5,552,114,189	$ 4,796,401,675

Build America Bonds and New Clean Renewable Energy Bonds

As of March 1, 2013, the federal government mandated sequester that impacted federal government applied to direct credit subsidy payments. This applied to Build America Bonds ("BABs") and New Clean Renewable Energy Bonds ("New CREBs") previously issued by AMP, pursuant to the provisions of the American Recovery and Reinvestment Act (the "Recovery Act"). The direct subsidy for August 15, 2013 interest payments was reduced by 8.7%. The federal subsidy payment to issuers of BABs and New CREBs was reduced by 7.3% and 7.2% in fiscal years 2015 and 2014, respectively. AMP has been notified by the IRS that the subsidy will be reduced by 6.8% in 2016. 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 (the "PSEC 2008A Bonds") were issued on July 2, 2008, pursuant to the terms of a Master Trust Indenture, dated as of November 1, 2007 (as amended and supplemented, the "PSEC MTI" with an aggregate par amount of $760,655,000. The PSEC 2008A Bonds were issued at an aggregate discount of $10,839,397. The PSEC 2008A Bonds mature between 2015 and 2043 and bear interest at fixed rates ranging from 4.0% to 5.25%. 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 (the "PSEC 2015A Bonds"), $135,350,000 Refunding Series 2015B (the "PSEC 2015B Bonds") and $95,100,000 Refunding Series 2015C (the "PSEC 2015C Bonds" and, together with the PSEC 2015A Bonds and the PSEC 2015B Bonds, the "PSEC 2015 Bonds"). The PSEC 2015 Bonds were issued to (i) refund a portion of AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2008A (the "PSEC 2008A Bonds"), issued on July 2, 2008 in the aggregate principal amount of $760,655,000, (ii) refund a portion of AMP's Prairie State Energy Campus Revenue Bonds, Series 2009A (the "PSEC 2009A Bonds"), issued on June 30, 2009 in the aggregate principal amount of $166,565,000, 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 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 Indenture were deposited in the Escrow Fund established by AMP with the Escrow Agent. The funds held in escrow are presented in Trustee funds – restricted in the consolidated balance sheets (see Note 2).

The maturities of the PSEC 2008A Bonds at December 31, 2015 are as follows:

Maturity Date - February 15	**Principal Amount**	**Interest Rate**
2016	$ 9,670,000	4.000 - 5.000 %
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 %
2024	8,145,000	5.000 %
2035	8,555,000	5.000 %
2036	8,975,000	5.000 %
2037	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 %
	$ 95,815,000	

PSEC 2009A Bonds

The Prairie State Energy Campus Project Revenue Bonds, Series 2009A (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 will 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, 2015 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 (the "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. The PSEC 2009B Bonds will mature between 2015 and 2028 and bear interest at fixed rates between 3.965% and 5.803%. 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, 2015 are as follows:

Maturity Date	Principal Amount	Interest Rate
2016	$ 4,075,000	4.538 %
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 %
	$ 44,495,000	

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 (the "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 will 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.

The PSEC 2009C Bonds were designated by AMP as BABs. As of the date of issuance thereof, AMP expected to receive a federal cash subsidy in the amount of 35% of the interest payable on or about each interest payment date for the PSEC 2009C Bonds. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The federal subsidy does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. AMP is obligated to make all payments of principal and interest on the PSEC 2009C Bonds whether or not it receives the federal subsidy pursuant to the Recovery Act, but solely from the revenues, moneys, securities and funds pledged to the payment thereof in the PSEC MTI. AMP accrues for the interest as it is earned and records the federal subsidy as a reduction in the amount of interest capitalized on the PSEC.

The PSEC 2009C Bonds outstanding at December 31, 2015 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 (the "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.

The PSEC 2010 Bonds were designated by AMP as BABs. As of the date of issuance thereof, AMP expected to receive a federal cash subsidy in the amount of 35% of the interest payment on or about each interest payment date for the PSEC 2010 Bonds. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The PSEC 2010 Bonds are subject to the same salutary and contractual provisions conditions as the PSEC 2009C Bonds.

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 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 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
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 due 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:

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:

Maturity Date - February 15	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 5.00% 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 5.00% maturing on February 15, 2036:

Year	Principal Amount
2035	$ 42,635,000
2036	20,735,000
	$ 63,370,000

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, 2015 was 0.600%.

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

Maturity Date - February 15	Principal Amount	Initial Interest Rate
2036	$ 21,345,000	0.610 %
2037	36,285,000	0.610 %
2038	37,470,000	0.610 %
	$ 95,100,000	

PSEC Escrow Bonds

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

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 8,700,000	5.130 %
2017	9,200,000	5.130 %
2018	624,150,000	5.130 %
2019	92,425,000	5.350 %
	$734,475,000	

Combined Hydroelectric Projects Financings

The Combined Hydroelectric Projects Revenue Bonds, Series 2009A, 2009B and 2009C (the “Hydro 2009A Bonds”, the “Hydro 2009B Bonds” and the “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, (the “Hydro MTI”), in the form of serial and term bonds with an aggregate par amount of $643,835,000. The bonds will mature between 2015 and 2044 and will bear interest at fixed rates between 3.5% and 6.449%. Interest is payable semiannually, beginning February 15, 2010.

Hydro 2009A Bonds
The Hydro 2009A Bonds outstanding at December 31, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 6,135,000	4.545 %

AMP has the right to redeem the Hydro 2009A Bonds, on any date, in whole or in part, at the make-whole premium.

Hydro 2009B Bonds
The Hydro 2009B Bonds outstanding at December 31, 2015 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	

The Hydro 2009B Bonds were designated by AMP as BABs. As of the date of issuance thereof, AMP expects to receive a federal cash subsidy in the amount of 35% of the interest payable on or about each interest payment date for the Hydro 2009B Bonds. See “Build America Bonds and New Clean Renewable Energy Bonds” above. The Hydro 2009B Bonds are subject to the same statutory and contractual provisions as the PSEC 2009C Bonds.

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, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 3,540,000	3.500%
2017	15,765,000	5.000%
2018	25,850,000	5.250%
2019	27,250,000	5.250%
2020	21,610,000	5.000%
2021	9,995,000	5.000%
2022	7,940,000	5.000%
2023	8,350,000	5.000%
2024	2,105,000	5.000%
	$ 122,405,000	

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.

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 (the “Hydro 2010A Bonds”, the “Hydro 2010B Bonds” and the “Hydro 2010C Bonds”, collectively the “Hydro 2010 Bonds”) were issued on December 21, 2010, pursuant to the Hydro MTI, with an aggregate par amount of $1,378,990,000. The bonds will mature between 2016 and 2050 and will bear interest rates at fixed rates between 4.657% and 8.084%. Interest is payable semiannually, beginning February 15, 2011.

Hydro 2010A Bonds
The Hydro 2010A Bonds outstanding at December 31, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 12,625,000	4.657 %
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 %
	$ 152,995,000	

*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 have been designated as BABs. AMP expects to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 35% of the interest payable on each interest payment date for the Hydro 2010B Bonds. These BABs are subject to the same statutory and contractual provisions as the PSEC 2009C Bonds.

The Hydro 2010B Bonds outstanding at December 31, 2015 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 have been designated as New CREBs. As of the date of issuance thereof, 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 Hydro 2010C 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. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The federal subsidy does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. AMP is obligated to make all payments of principal and interest on the Hydro 2010C Bonds whether or not it receives the federal Subsidy pursuant to the Recovery Act, but solely from the revenues, moneys, securities and funds, pledged to the payment thereof in the Hydro MTI.

The Hydro 2010C Bonds outstanding at December 31, 2015 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.

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 208MW under construction by AMP 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.

The proceeds of the Hydro 2009 and 2010 Bonds are being used to fund the cost of construction of the Hydro projects. Interest on the Hydro Bonds has been capitalized from the proceeds thereof through dates estimated, as of the date of issuance of the related series of the Hydro Bonds, to be approximately six months after the commercial operation dates of the three Hydro projects.

Meldahl Financings

The Meldahl Hydroelectric Project Revenue Bonds, Series 2010A, 2010B, 2010C, and 2010D (the "Meldahl 2010A Bonds", the "Meldahl 2010B Bonds", the "Meldahl 2010C Bonds" and the "Meldahl 2010D Bonds", collectively the "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, the "Meldahl MTI"), with an aggregate par amount of $330,065,000. The bonds will mature between 2016 and 2050 and will bear interest rates at fixed rates between 4.442% and 7.499%. Interest is payable semiannually, beginning February 15, 2011.

Meldahl 2010A Bonds

The Meldahl 2010A Bonds outstanding at December 31, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 7,745,000	4.442 %
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 %
	$ 45,495,000	

Meldahl 2010B Bonds

The Meldahl 2010B Bonds were designated by AMP as BABs. As of the date of issuance thereof, AMP expected to receive a cash subsidy payment from the United States Treasury over the term of the bonds equal to 35% of the interest payable on each interest payment date for the Meldahl 2010B Bonds. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The Meldahl 2010B Bonds These BABs are subject to the same statutory and contractual provisions as the PSEC 2009C Bonds.

The Meldahl 2010B Bonds outstanding at December 31, 2015 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 designated by AMP as New CREBs and are subject to the same statutory and contractual provisions as the Hydro 2010C Bonds. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The Meldahl 2010C Bonds were issued in a par amount of $20,000,000, bear 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, bear interest at a rate of 5.00% per annum and mature on February 15, 2021.

Meldahl Series 2010E Bonds
The Meldahl Hydroelectric Project Revenue Bonds, Series 2010E (the "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 17, 2011, AMP issued and sold its Meldahl Hydroelectric Project Revenue Bonds, Refunding Series 2011A (the "Meldahl 2011A Bonds") in aggregate principal amount of $55,035,000 in order to provide funds to purchase and retire $55,035,000 of the Meldahl 2010E Bonds. The Meldahl 2011A Bonds were privately placed with an institutional investor. The Meldahl 2010E Bonds purchased by AMP with the proceeds of the Meldahl 2011A Bonds were not remarketed and were delivered to the trustee for cancellation.

The Meldahl 2011A Bonds were subject to optional redemption on or prior to August 15, 2014. AMP redeemed the 2011A Bonds on August 1, 2014 at the redemption price of 100% of the principal amount thereof, plus accrued interest to that date. The bonds were redeemed from the proceeds of a draw on the Facility. Such draw is evidenced by a note issued pursuant to, and secured by the Meldahl MTI on a subordinate basis.

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 were designated by AMP as BABs. As of the date of issuance, AMP expected to receive a 35% federal subsidy on or about each interest payment date for the Meldahl 2010E Bonds. See "Build America Bonds and New Clean Renewable Energy Bonds" above. The Meldahl 2010E Bonds are subject to the same statutory and contractual provisions as the PSEC 2009C Bonds.

The Meldahl 2010E Bonds 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:

Maturity Date - February 15	Principal Amount	Interest Rate
2021	$ 2,065,000	6.270 %
2022	8,900,000	6.270 %
2023	9,340,000	6.270 %
2024	6,665,000	6.270 %
2025	6,915,000	6.270 %
2026	7,170,000	6.270 %
2027	2,125,000	6.270 %
2028	125,000	6.270 %
2029	7,965,000	6.270 %
2030	8,250,000	6.270 %
2031	8,545,000	6.270 %
2032	8,845,000	6.270 %
2033	9,145,000	6.270 %
2034	9,455,000	6.270 %
2035	7,735,000	6.270 %
2036	10,535,000	6.270 %
2037	10,890,000	6.270 %
2038	11,260,000	6.270 %
2039	11,625,000	6.270 %
2040	11,995,000	6.270 %
2041	12,365,000	6.270 %
2042	12,745,000	6.270 %
2043	13,120,000	6.270 %
2044	13,500,000	6.270 %
2045	13,875,000	6.270 %
2046	14,245,000	6.270 %
2047	14,615,000	6.270 %
2048	14,980,000	6.270 %
2049	15,330,000	6.270 %
2050	15,675,000	6.270 %
	$ 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.

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 105MW under construction by AMP 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%.

The proceeds of the Meldahl Bonds are being used to fund the cost of construction of the Meldahl project. Interest on the Meldahl Bonds has been capitalized from the proceeds thereof through the date estimated, as the date of issuance of the related series of the Meldahl Bonds, to be approximately six months after the commercial operation date of the Meldahl project.

AMP Fremont Energy Center 2012A Bonds

The AMP Fremont Energy Center Revenue Bonds, Series 2012A (the "AFEC 2012A Bonds") were issued on June 29, 2012, pursuant to a master Trust Indenture, dated as of June 1, 2012, as supplemented (the "AFEC MTI"), in the form of term bonds with an aggregate par amount of $20,540,000. The bonds will mature between 2015 and 2016 and bear interest at fixed rates between 1.50% and 1.74%. 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.

The AFEC 2012A Bonds outstanding at December 31, 2015 are as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 3,680,000	1.740 %

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 the AFEC MTI, in the form of serial and term bonds with an aggregate par amount of $525,545,000. The bonds will mature between 2016 and 2044 and bear interest at fixed rates between 4.00% and 5.25%. 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, 2015 were as follows:

Maturity Date - February 15	Principal Amount	Interest Rate
2016	$ 4,925,000	5.00%
2017	8,910,000	5.00%
2018	9,360,000	5.00%
2019	9,825,000	5.00%
2020	10,315,000	5.00%
2021	10,830,000	5.00%
2022	11,375,000	5.00%
2023	11,940,000	5.00%
2024	12,540,000	5.00%
2025	13,165,000	5.00%
2026	13,825,000	5.00%
2027	14,550,000	5.25%
2028	15,315,000	5.25%
2029	16,120,000	5.25%
2030	16,965,000	5.25%
2031	17,645,000	4.00%
2032	18,525,000	5.00%
2037	107,485,000	5.00%
2042	137,175,000	5.00%
2044	64,755,000	4.375 %
	$ 525,545,000	

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:

Maturity Date - February 15	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:

Maturity Date - February 15	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:

Maturity Date - February 15	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.

Project Notes

The AMP project notes are due in October 2016 with interest at 1.00%, payable at maturity, at both December 31, 2015 and 2014. 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, 2015 and 2014, $22,770,833 and $23,625,000 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:

	2015	2014
OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004	$ -	$ 975,000
Municipal project notes, due on various dates through November 2016 with interest from 1.000% to 1.125% at both December 31, 2015 and 2014	9,044,500	11,138,000
	9,044,500	12,113,000
Current portion	(9,044,500)	(12,113,000)
Noncurrent portion	$ -	$ -

At December 31, 2015 and 2014, amounts included in accrued interest in the consolidated balance sheets that related to nonrecourse notes payable issued on-behalf-of members were $0 and $66,143, respectively. Interest expense related to nonrecourse term debt issued on behalf of members was $84,825 and $133,250 for the years ended December 31, 2015 and 2014, respectively.

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

	2015	2014
Financing receivable - OMEGA JV2 members	$ 8,052,470	$ 11,938,283
Financing receivable - OMEGA JV6 members	-	560,755
Financing receivable - Wadsworth	3,718,040	4,350,647
Financing receivable - Genoa	3,113,257	3,467,322
Notes receivable - members	12,347,038	8,934,482
Interest receivable	84,825	65,461
	27,315,630	29,316,950
Current portion	(17,398,543)	(14,438,195)
Noncurrent portion	$ 9,917,087	$ 14,878,755

Interest income related to financing receivables from members was $84,825 and $133,250 for the years ended December 31, 2015 and 2014, respectively. Interest income from financing receivables and interest expense on term debt issued on behalf of members are classified in program and other revenue.

OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004
The OMEGA JV6 Bonds were issued by AMP on July 30, 2004 in the form of serial bonds on behalf of nine of its members who are financing participants in OMEGA JV6. Principal and interest on the OMEGA JV6 Bonds are payable in $500,000 semi-annual installments on February 15 and August 15, beginning February 15, 2005. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds

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 Loan	On Behalf of Financings
2016	$ 77,687,412	$ 854,167	$ -	$ 9,044,500
2017	65,239,412	854,167	-	-
2018	683,999,412	854,167	-	-
2019	155,334,412	854,167	-	-
2020	70,109,412	854,167	350,900,000	-
Thereafter	4,577,431,541	18,499,998	-	-
	$ 5,629,801,601	$ 22,770,833	$ 350,900,000	$ 9,044,500

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:

	2015	2014
PSEC Parity Common Reserve	$ 110,985,284	$ 111,976,614
PSEC Revenue 2008A Bonds	10,811,957	22,269,273
PSEC Revenue 2009A Bonds	916,513	2,533,368
PSEC Revenue 2009B Bonds	4,715,055	15,633,497
PSEC Revenue 2009C Bonds	6,691,957	6,882,696
PSEC Revenue 2010 Bonds	26,241,502	32,082,806
PSEC Revenue 2015A Bonds	11,627,293	-
PSEC Revenue 2015B Bonds	3,405,494	-
PSEC Revenue 2015C Bonds	1,116,767	-
PSEC Escrow	803,118,553	-
Hydro Parity Common Reserve	122,324,960	126,439,536
Hydro 2009A Bonds	209,590	15,786,769
Hydro 2009B Bonds	9,623,258	16,548,503
Hydro 2009C Bonds	1,483,999	4,309,258
Hydro 2009D Bonds	173,185	1,415,730
Hydro 2010A Bonds	1,178,766	9,481,191
Hydro 2010B Bonds	46,656,691	288,693,779
Hydro 2010C Bonds	4,057,594	5,617,163
Meldahl Parity Common Reserve	44,301,643	39,259,792
Meldahl 2010A Bonds	517,755	3,206,343
Meldahl 2010B Bonds	9,451,450	12,534,971
Meldahl 2010C Bonds	695,662	728,011
Meldahl 2010D Bonds	103,656	36,462
Meldahl 2010E Bonds	9,832,233	104,156,984
AFEC Parity Common Reserve	35,245,707	35,132,074
AFEC 2012A Bonds	8,600,000	12,890,897
AFEC 2012B Bonds	14,931,874	10,450,743
OMEGA JV6 Bonds	-	416,928
Rate Stabilization Plans	10,757,789	2,898,487
	1,299,776,187	881,381,875
Current portion	(277,049,973)	(309,926,968)
Noncurrent portion	$ 1,022,726,214	$ 571,454,907

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

	2015	2014
Money market funds	$ 992,430,981	$ 477,109,644
Debt securities	307,345,206	404,272,231
	$ 1,299,776,187	$ 881,381,875

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).

OMEGA JV6 Adjustable Rate Revenue Bonds
The trust agreement executed by AMP in conjunction with the issuance of the OMEGA JV6 Bonds dated July 1, 2004, contains, among others, the following provisions:

The OMEGA JV6 Bonds are payable solely from payments to be made by the OMEGA JV6 financing participants pursuant to a financing agreement dated July 1, 2004.

The following funds are established: (a) Acquisition Fund (consisting of the Bond Proceeds Sub-Fund, the Contributions Sub-Fund and the Cost of Issuance Account; containing the amounts from bond proceeds, proceeds from contributions by nonfinancing participants, and costs of bond issuance, respectively); (b) Bond Payment Fund (containing the monthly payments for annual debt service requirements); (c) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable; to be maintained in AMP's general accounts); (d) Reserve and Contingency Fund (containing amounts for improvements and extraordinary operation and maintenance costs to be held by OMEGA JV6); (e) General Reserve Fund (consisting of amounts to be maintained in AMP's general accounts).

The trustee is to receive on or before the twenty-sixth day of each month, full bond debt service payments for each month during the term of the financing agreement from AMP. In the event the amounts in the Bond Payment Fund are not sufficient to make scheduled payments, such deficiency would be drawn first from the General Reserve Fund and then the Reserve and Contingency Fund.

Reserve and Contingency Fund amounts held by OMEGA JV6 at December 31, 2015 and 2014 are $0 and $89,825, respectively. There were no amounts held by AMP for the Rebate Fund or the General Reserve Fund at December 31, 2015 and 2014.

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's Level 3 assets consist of its investment in hedge funds, which are included in investments on the consolidated balance sheets.

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, 2015 and December 31, 2014. 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.

Recurring Fair Value Measures	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

Recurring Fair Value Measures	December 31, 2014 Level 1	Level 2	Level 3	Total
Assets				
Equity securities and mutual funds	$ 8,213,117	$ -	$ -	$ 8,213,117
Money market funds	256,041	-	-	256,041
Debt securities	-	6,355,042	-	6,355,042
Hedge funds	-	-	48,190	48,190
	$ 8,469,158	$ 6,355,042	$ 48,190	$ 14,872,390
Liabilities				
Natural gas swaps	$ -	$ 44,300,757	$ -	$ 44,300,757
	$ -	$ 44,300,757	$ -	$ 44,300,757

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 at December 31:

	2015	2014
Asset retirement obligation, beginning of year	$ 7,728,419	$ 7,669,336
Revision to estimated cash flow	(1,331,406)	(130,214)
Accretion	199,547	151,282
Liabilities settled	-	(78,460)
New asset retirement obligation	1,099,454	116,475
Asset retirement obligation, end of year	$ 7,696,014	$ 7,728,419

13. Employee Benefits

Pension Plan

AMP has a defined benefit pension plan (the “Pension Plan”) which covers substantially all former hourly employees of Gorsuch. Due to the closure of the Gorsuch plant in 2010, there are no active plan participants as of December 31, 2015. Benefits for eligible employees are based primarily on years of service and compensation rates. Assets held by the Pension Plan consist primarily of equity and debt securities. 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 will be enrolled in this Money Purchase Pension Plan.

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 entered into a non-participating single premium group annuity contract sales agreement with a third party life insurance company. The transaction was settled in January and the pension liability was transferred for $12,777,695.

Postretirement Plan

AMP sponsored a postretirement benefit plan (the “Postretirement Plan”) which covered substantially all salaried and hourly employees formerly employed at the Gorsuch Project who were hired before November 1, 2003. The Postretirement Plan provided prescription drug and medical, dental, and life insurance benefits. In 2014, AMP settled all outstanding medical obligations associated with the Postretirement Plan by offering lump sum cash payments to retirees in lieu of the insurance coverage.

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 and Postretirement Plan at December 31:

	Pension Plan		Postretirement Plan	
	2015	**2014**	**2015**	**2014**
Change in benefit obligation				
Benefit obligation at beginning of year	$ 11,224,189	$ 9,908,681	$ 100,000	$ 5,091,068
Interest cost	423,923	419,341	-	124,596
Actuarial gain/(loss)	2,285,477	2,162,837	-	(60,319)
Benefits paid	(1,155,894)	(1,266,670)	-	(5,055,345)
Benefit obligation at end of year	12,777,695	11,224,189	100,000	100,000
Change in plan assets				
Fair value of plan assets at beginning of year	10,542,128	11,568,374	-	-
Actual return on plan assets	(28,849)	240,424	-	-
Employer contributions	(89,338)	-	-	3,240,875
Benefits paid	(1,155,894)	(1,266,670)	-	(3,240,875)
Fair value of plan assets at end of year	9,268,047	10,542,128	-	-
Funded status	$ (3,509,648)	$ (682,061)	$ (100,000)	$ (100,000)
Amounts recognized in the consolidated balance sheets				
Current liabilities	3,509,648	682,061	-	-
Noncurrent liabilities	-	-	100,000	100,000
Net amount recognized	$ 3,509,648	$ 682,061	$ 100,000	$ 100,000
Components of net periodic benefit cost				
Interest cost	$ 423,923	$ 419,341	$ -	$ 124,596
Expected return on plan assets	(396,641)	(439,135)	-	-
Recognized actuarial loss	56,838	504,146	-	244,000
Settlement loss	-	-	-	369,515
Net periodic benefit cost	$ 84,120	$ 484,352	$ -	$ 738,111
Weighted average assumptions				
Discount rate	4.35 %	3.25 %	N/A	N/A
Expected return on plan assets	4.00 %	4.00 %	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A
Health care trend rate	N/A	N/A	N/A	N/A

AMP's expected long-term rate of return on plan assets is based on the expected long-term performance of a portfolio with the current asset mix.

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 and 2014 the pension investments measured at fair value were 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

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 754,767			$ 754,767
Debt securities	-	9,642,213		9,642,213
Hedge funds			145,148	145,148
	$ 754,767	$ 9,642,213	$ 145,148	$ 10,542,128

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.

While they may create compliance obligations (PSGC and AFEC), AMP's renewable resources and energy efficiency program are expected to provide beneficial credits for project participants. In 2014 and 2015, AMP officials met with USEPA and state agency officials to discuss AMP's key areas of interest in the draft 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 as 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 or adopting operational limitations.

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.

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 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 oxide 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 proposes to substantially reduce the annual and seasonal NOx emission allocations from several Midwestern states, including Ohio. The proposal also seeks comment on additional controls on those few days per year when ozone impacts are severe. AMP filed comments on this proposal.

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. USEPA has stated that it will revise the rule by April 15, 2016. The Prairie State Generating Company 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 September 30, 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.

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 ("CCR") 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 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. Active storage ponds and landfills face enhanced monitoring and assessments. Inactive surface impoundments that still contain water and CCRs are subject to the regulation unless they complete closure within 36 months of the rule's publication. Impacts to AMP assets are expected to be limited.

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 are as follows:

2016	$	279,855,555
2017		216,554,414
2018		152,353,073
2019		128,772,356
2020		109,376,518
2021-2024		76,825,740
	$	963,737,656

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 are as follows:

2016	$	52,135,495
2017		49,100,120
2018		36,082,060
2019		33,707,400
2020		33,935,100
2021-2024		77,645,400
	$	282,605,575

16. Other Commitments

In February 2011, AMP filed a complaint against Bechtel Power Corporation ("Bechtel") stemming from cancellation of the proposed AMPGS project. In the complaint, AMP alleges breach of contract, gross negligence and breach of fiduciary duty on the part of Bechtel and seeks to recover, among other things, approximately $100 million of cost that AMP incurred with respect to the AMPGS project prior to its cancellation. Bechtel filed an answer denying any liability and a counterclaim seeking $383,566 from AMP related to a termination payment that Bechtel alleges it is entitled to as a result of AMP terminating the AMPGS project for convenience. All costs associated with the litigation, as well as Bechtel's counterclaim, are project costs recoverable from the project participants under their power sales agreement with AMP, although the AMP Board of Trustees has determined it appropriate to pay a portion of those costs, to be recovered from the proceeds, if any, of the sale of project assets. On June 30, 2014, AMP received an adverse decision, denying in part and granting in part Bechtel's Motion for Summary Judgment. The Board and the Participants have voted to authorize AMP's General Counsel to continue legal action related to the cancellation of the project. As a result of that continued action, on October 21, 2014, AMP received an Order granting AMP's request to certify a key issue of state law to the Ohio Supreme Court. On December 24, 2014, the Ohio Supreme Court agreed to hear AMP's request that that Court determine whether, under Ohio law, reckless conduct by a breaching party renders a contractual limitation of liability clause unenforceable. As a result of the Supreme Court's ruling, the litigation between AMP and Bechtel will be stayed until the Supreme Court renders its decision. Oral argument was held on October 27, 2015. AMP is still awaiting a decision from the Court which was expected in the first quarter of 2016, after which the case will return to the U.S. District Court for further proceedings.

In January 2013, the staff of the Division of Enforcement of the Securities and Exchange Commission ("SEC") issued a subpoena to AMP seeking information and documents relating to the Prairie State Energy Campus. AMP is fully cooperating with the SEC's investigation which is nonpublic in nature. Based upon current information, AMP believes that the investigation will likely be resolved without a material adverse effect on its financial condition.

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. A Preliminary Pretrial Order setting forth the case schedule was issued January 27, 2016. That schedule includes separate case deadlines for the IHP claims and the AMP/CJMahan cross claims. Dispositive motions on the IHP claims are due May 15, 2016 and on the AMP/CJM cross claims by May 31, 2017, with trial anticipated in late 2017 or early 2018. The aggregate value of all claims asserted is uncertain but does represent a material amount, 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.

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.

17. Subsequent Events

Commercial Operation of Hydroelectric Plants

Willow Island
On February 4, 2016, the Willow Island Hydroelectric Plant was declared in commercial operation. Willow Island Unit 1 began commercial operation on January 4, 2016 followed by Unit 2 on February 4, 2016.

Cannelton
On January 28, 2016, the Cannelton Hydroelectric Plant Unit 3 began commercial operation with Unit 2 reaching commercial operation on March 23, 2016. Cannelton Unit 1 is expected to reach commercial operation in May 2016.

Smithland
The Smithland Hydroelectric Plant is expected to reach full commercial operation during the fourth quarter of 2016.

Meldahl
On April 12, 2016, the Meldahl Hydroelectric Plant began full commercial operation as Unit 3 was declared in commercial operation. Meldahl Unit 2 began commercial operation on January 20, 2016 and Unit 1 on February 14, 2016.

Greenup
In March 2009, AMP and Hamilton, Ohio executed a series of agreements pursuant to which AMP committed to finance the development and the construction of the Meldahl Project and to acquire, within 60 days of the date on which the Meldahl Project entered commercial operation, a 48.6% undivided ownership interest in the Greenup Facility for a purchase price of $139 million. The Meldahl Project entered commercial operation on April 12, 2016. AMP expects the financing to be completed in May 2016.

NextEra Energy Resources Solar Generation Development Agreement
In February 2016, American Municipal Power, Inc. executed a joint development agreement with DG AMP Solar, LLC, a wholly-owned subsidiary of NextEra Energy Resources, LLC ("NextEra"). The joint development agreement provides the framework for the development, construction and operation of 80 megawatts or more of new solar electric generation facilities. The facilities will be located in AMP member communities in Delaware, Michigan, Ohio, Pennsylvania and Virginia. The Delaware sites are through AMP member Delaware Municipal Electric Corporation, Inc. on behalf of its member municipal systems. A NextEra affiliate will develop, construct, own and operate the solar facilities and sell the energy to AMP for resale to its members under long-term purchase power agreements. Each of the solar facilities will be installed behind-the-meter of an AMP member system, providing local peaking generation for added member system reliability. To date, AMP has identified 28 potential projects in 26 of its member communities and expects more to be added.

The Company has evaluated subsequent events through April 29, 2016 as this was the date the consolidated financial statements were available to be issued.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of American Municipal Power, Inc. ("AMP") and its subsidiaries (the "Organization") as of December 31, 2015 and 2014 and for the years then ended and our report thereon appears on page one of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The consolidating balance sheet at December 31, 2015 and the consolidating statements of revenues and expenses and of cash flows for the year then ended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

April 29, 2016

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American Municipal Power, Inc.
Consolidating Balance Sheet
December 31, 2015

	AMP*	PSEC	AFEC	Eliminating	Total
Assets					
Utility plant					
Electric plant in service	$ 36,493,866	$ 1,379,895,796	$ 545,358,330	$ -	$ 1,961,747,992
Accumulated depreciation	(18,800,179)	(126,363,918)	(64,075,800)	-	(209,239,897)
Total utility plant	17,693,687	1,253,531,878	481,282,530	-	1,752,508,095
Nonutility property and equipment					
Nonutility property and equipment	26,687,366	-	-	-	26,687,366
Accumulated depreciation	(15,075,399)	-	-	-	(15,075,399)
Total nonutility property and equipment	11,611,967	-	-	-	11,611,967
Construction work-in-process	2,532,484,586	6,037,061	4,462,422	-	2,542,984,068
Plant held for future use	35,444,960	-	-	-	35,444,960
Coal reserves	-	24,289,252	-	-	24,289,252
Trustee funds and other assets					
Trustee funds	68,859,799	131,623,435	40,428,055	-	240,911,289
Trustee funds - restricted	-	781,814,925	-	-	781,814,925
Financing receivables - members	9,917,087	-	-	-	9,917,087
Notes receivable	2,918,329	-	-	-	2,918,329
Regulatory assets	91,889,914	138,653,740	101,384,386	-	331,928,040
Investment in The Energy Authority	10,211,442	-	-	-	10,211,442
Intangible and other assets	23,141,307	19,669,166	29,450,627	-	72,261,100
Total trustee funds and other assets	206,937,878	1,071,761,266	171,263,068	-	1,449,962,212
Current assets					
Cash and cash equivalents	73,145,268	14,647,821	19,365,894	-	107,158,983
Cash and cash equivalents - restricted	29,813,453	3,773,930	-	-	33,587,383
Trustee funds	192,508,430	44,888,387	18,349,528	-	255,746,345
Trustee funds - restricted	-	21,303,628	-	-	21,303,628
Investments	14,574,681	-	-	-	14,574,681
Collateral postings	15,615,857	7,700,000	-	-	23,315,857
Accounts receivable	64,174,417	9,687,327	19,735,596	(5,946,041)	87,651,299
Interest receivable	8,295,529	14,730,281	39,950	-	23,065,760
Financing receivables - members	17,398,543	-	-	-	17,398,543
Notes receivable	49,796,786	-	-	-	49,796,786
Inventories	48,109	7,962,331	-	-	8,010,440
Regulatory assets	7,177,482	-	17,502,804	-	24,680,286
Prepaid expenses and other assets	3,082,763	1,383,706	1,054,679	-	5,521,148
Total current assets	475,631,318	126,077,411	76,048,451	(5,946,041)	671,811,139
Total assets	$ 3,279,804,395	$ 2,481,696,868	$ 733,056,471	$ (5,946,041)	$ 6,488,611,693

- This column represents all consolidated AMP entities except for AMP Fremont Energy Center (“AFEC”) and Prairie State Energy Campus (“PSEC”).

American Municipal Power, Inc.
Consolidating Balance Sheet
December 31, 2015

	AMP*	PSEC	AFEC	Eliminating	Total
Equities and Liabilities					
Member and patron equities					
Contributed capital	$ 813,018	$ -	$ -	$ -	$ 813,018
Patronage capital	66,813,898	-	-	-	66,813,898
Total member and patron equities	67,626,916	-	-	-	67,626,916
Long-term debt					
Term debt	2,617,301,792	2,376,398,845	558,413,552	-	5,552,114,189
Term debt on behalf of Central Virginia Electric Cooperative	-	-	21,916,666	-	21,916,666
Revolving credit loan	343,200,000	7,700,000	-	-	350,900,000
Total long-term debt	2,960,501,792	2,384,098,845	580,330,218	-	5,924,930,855
Current liabilities					
Accounts payable	95,497,743	13,497,142	17,551,434	(5,946,041)	120,600,278
Accrued postretirement benefits	3,509,648	-	-	-	3,509,648
Accrued interest	70,682,069	46,108,372	9,972,024	-	126,762,465
Term debt	46,637,412	22,445,000	8,605,000	-	77,687,412
Term debt on behalf of members	9,044,500	-	-	-	9,044,500
Term debt on behalf of Central Virginia Electric Cooperative	-	-	854,167	-	854,167
Regulatory liabilities	5,724,815	-	-	-	5,724,815
Other liabilities	5,519,793	4,879,200	18,811,305	-	29,210,298
Total current liabilities	236,615,980	86,929,714	55,793,930	(5,946,041)	373,393,583
Other noncurrent liabilities					
Accrued postretirement benefits	100,000	-	-	-	100,000
Deferred gain on sale of real estate	1,211,736	-	-	-	1,211,736
Other liabilities	177,527	188,096	66,176,438	-	66,542,061
Asset retirement obligations	1,488,485	6,109,053	98,476	-	7,696,014
Regulatory liabilities	12,081,959	4,371,160	30,657,409	-	47,110,528
Total other noncurrent liabilities	15,059,707	10,668,309	96,932,323	-	122,660,339
Total liabilities	3,212,177,479	2,481,696,868	733,056,471	(5,946,041)	6,420,984,777
Total equities and liabilities	$ 3,279,804,395	$ 2,481,696,868	$ 733,056,471	$ (5,946,041)	$ 6,488,611,693

- This column represents all consolidated AMP entities except for AMP Fremont Energy Center ("AFEC") and Prairie State Energy Campus ("PSEC").

American Municipal Power, Inc.
Consolidating Statement of Revenues and Expenses
Year Ended December 31, 2015

	AMP*	PSEC	AFEC	Eliminating	Total
Revenues					
Electric revenue	$ 626,128,186	$ 244,268,441	$ 234,984,691	$ (1,495,048)	$ 1,103,886,270
Service fees	11,515,575	-	-	-	11,515,575
Programs and other	15,745,549	-	-	(3,156,382)	12,589,167
Total revenues	653,389,310	244,268,441	234,984,691	(4,651,430)	1,127,991,012
Operating expenses					
Purchased electric power	605,797,011	24,767,237	277,296	-	630,841,544
Production	12,166,532	59,375,791	87,234,560	(4,960,877)	153,816,006
Fuel	316,713	28,989,867	105,132,525	-	134,439,105
Depreciation and amortization	4,070,905	37,873,793	16,870,567	-	58,815,265
Administrative and general	2,566,516	459,497	1,195,545	305,968	4,527,526
Property and real estate taxes	3,455,022	70,098	711,174	-	4,236,294
Programs and other	16,153,543	-	-	3,479	16,157,022
Total operating expenses	644,526,242	151,536,283	211,421,667	(4,651,430)	1,002,832,762
Operating margin	8,863,068	92,732,158	23,563,024	-	125,158,250
Nonoperating revenues (expenses)					
Interest expense	(1,817,329)	(115,109,048)	(24,647,666)	-	(141,574,043)
Interest income, subsidy	-	13,541,226	-	-	13,541,226
Interest income, other	(172,937)	16,574,637	232,100	-	16,633,800
Other, net	(1,048,962)	(7,738,973)	852,542	-	(7,935,393)
Total nonoperating revenue (expenses)	(3,039,228)	(92,732,158)	(23,563,024)	-	(119,334,410)
Net margin	$ 5,823,840	$ -	$ -	$ -	$ 5,823,840

- This column represents all consolidated AMP entities except for AMP Fremont Energy Center (“AFEC”) and Prairie State Energy Campus (“PSEC”).

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
Year Ended December 31, 2015

	AMP*	PSEC	AFEC	Eliminations	Total
Cash flows from operating activities					
Net margin	$ 5,823,840	$ -	$ -	$ -	$ 5,823,840
Adjustments to reconcile net margin to net cash (used in) provided by operating activities					
Depreciation and amortization	4,068,506	36,979,024	16,870,567	-	57,918,097
Depletion of coal reserves	-	756,398	-	-	756,398
Amortization of deferred financing costs	1,523,246	2,637,802	281,248	-	4,442,296
Amortization of bond premium, net of	-				
amortization of bond discount	(755,109)	(3,131,669)	(2,175,551)	-	(6,062,329)
Accretion of interest on asset retirement obligations	21,843	(63,794)	2,850	-	(39,101)
(Gain) loss on sale of utility property and equipment	(64,515)	2,545,908	-	-	2,481,393
Unrealized loss (gain) on investments	297,708	5,193,066	(847,591)	-	4,643,183
Changes in assets and liabilities	-				
Collateral postings	(5,826,258)	3,300,000	-	-	(2,526,258)
Accounts receivable	(7,135,483)	10,847,110	(6,811,220)	(9,469,286)	(12,568,879)
Interest receivable	1	(8,674,868)	(41)	-	(8,674,908)
Inventories	14,343	(663,726)	-	-	(649,383)
Regulatory assets and liabilities, net	24,433,257	(36,698,222)	45,316	-	(12,219,649)
Prepaid expenses and other assets	(640,877)	885,219	1,848,357	-	2,092,699
Accounts payable	(14,151,779)	(62,923)	10,267,099	9,469,286	5,521,683
Accrued postretirement benefits	2,827,587	-	-	-	2,827,587
Accrued interest	(71,507)	12,650,777	(57,123)	-	12,522,147
Asset retirement obligations	(1,389,556)	1,401,896	(5,644)	-	6,696
Other liabilities	1,103,310	(409,742)	(651,136)	-	42,432
Net cash (used in) provided by operating activities	10,078,557	27,492,256	18,767,131	-	56,337,944
Cash flows from investing activities					
Purchase of utility property and equipment	(1,469,133)	(7,719,937)	(11,416)	-	(9,200,486)
Purchase of nonutility property and equipment	(285,959)	-	-	-	(285,959)
Proceeds due to repayments on loans made to related parties	8,000,726	-	-	-	8,000,726
Purchase of construction work-in-progress	(388,423,170)	88,714	(1,819,287)	-	(390,153,743)
Proceeds from sale of investments	361,457,391	47,629,377	9,248,009	-	418,334,777
Purchase of investments	8,704,287	(841,074,563)	(8,704,287)	-	(841,074,563)
Purchase of plant held for future use	(329,122)	-	-	-	(329,122)
Sale of utility property and equipment	-	-	-	-	-
Changes in restricted cash and cash equivalents	(4,545,835)	(3,773,930)	-	-	(8,319,765)
Net cash provided by (used in) investing activities	(16,890,815)	(804,850,339)	(1,286,981)	-	(823,028,135)
Cash flows from financing activities					
Proceeds from revolving credit loan	124,128,874	4,871,126	-	-	129,000,000
Payments on revolving credit loan	(72,527,771)	(21,572,229)	-	-	(94,100,000)
Cost of Issuance of debt	-	(4,517,800)	-	-	(4,517,800)
Principal payments on term debt	(34,680,843)	(21,495,000)	(8,475,000)	-	(64,650,843)
Principal payments on term debt on behalf of members	(12,113,000)	-	-	-	(12,113,000)
Proceeds from issuance of term debt	15,263,000	824,199,257	-	-	839,462,257
Proceeds from issuance of term debt on behalf of members	9,044,500	-	-	-	9,044,500
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	-	-	(854,167)	-	(854,167)
Proceeds from financing receivables - members	16,439,515	-	-	-	16,439,515
Funding of financing receivables - members	(14,438,195)	-	-	-	(14,438,195)
Capital contributions	6,770	-	-	-	6,770
Net cash (used in) provided by financing activities	31,122,850	781,485,354	(9,329,167)	-	803,279,037
Net change in cash and cash equivalents	24,310,592	4,127,271	8,150,983	-	36,588,846
Cash and cash equivalents					
Beginning of year	48,834,676	10,520,550	11,214,911	-	70,570,137
End of year	$ 73,145,268	$ 14,647,821	$ 19,365,894	$ -	$ 107,158,983

- This column represents all consolidated AMP entities except for AMP Fremont Energy Center (“AFEC”) and Prairie State Energy Campus (“PSEC”).