

**American Municipal Power-Ohio, Inc.;**  
**Ohio Municipal Electric Generation**  
**Agency Joint Ventures: 1, 2, 4, 5, and 6;**  
**Municipal Energy Services Agency**  
**Combined Financial Statements and**  
**Supplemental Financial Information**  
**December 31, 2008 and 2007**

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency**  
**Index**  
**December 31, 2008 and 2007**

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**Report of Independent Auditors**

To the Board of Trustees and Members of American Municipal Power-Ohio, Inc; and  
the Board of Participants and Members of Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6, and Municipal Energy Services Agency:

In our opinion, based on our audits and the report of other auditors, the accompanying combined balance sheets and the related combined statements of revenues and expenses, of changes in member and patron equities, and of cash flows present fairly, in all material respects, the financial position of American Municipal Power-Ohio, Inc. ("AMP-Ohio"), Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA Joint Ventures"), and Municipal Energy Services Agency ("MESA") (collectively, the "Organization") at December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the OMEGA Joint Ventures and MESA, related parties to AMP-Ohio, at December 31, 2008 and 2007 and for the years then ended, which statements reflect total assets of \$222,551,886 and \$223,316,497 as of December 31, 2008 and 2007, respectively and total revenues of \$39,945,801 and \$38,884,472 for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the OMEGA Joint Ventures and MESA, is based solely on the report of the other auditors. We conducted our audits of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

April 15, 2009

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combined Balance Sheets  
December 31, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Utility plant		
Electric plant in service	\$ 367,197,909	\$ 363,837,976
Accumulated depreciation	<u>(146,274,855)</u>	<u>(132,056,915)</u>
Total utility plant	<u>220,923,054</u>	<u>231,781,061</u>
Nonutility property and equipment		
Nonutility property and equipment	16,857,962	8,806,094
Accumulated depreciation	<u>(5,655,525)</u>	<u>(5,154,544)</u>
Total nonutility property and equipment	<u>11,202,437</u>	<u>3,651,550</u>
Construction work-in-progress	450,070,916	144,495,149
Coal reserves	26,612,000	26,612,000
Trustee funds and other assets		
Trustee funds	501,175,049	5,609,507
Long-term financing receivable—members	46,503,488	49,992,033
Investments	4,573,013	-
Regulatory assets	31,846,268	11,638,774
Prepaid power purchase asset	173,201,258	230,882,334
Prepaid pension costs	11,267,509	18,698,617
Intangible and other assets, net of accumulated amortization of \$5,915,780 and \$4,533,261, respectively	<u>15,784,921</u>	<u>6,155,381</u>
Total trustee funds and other assets	<u>784,351,506</u>	<u>322,976,646</u>
Current assets		
Cash and cash equivalents	145,535,851	98,320,070
Cash and cash equivalents - restricted	6,295,352	13,420,564
Investments	11,191,472	12,350,469
Trustee funds	166,306,463	37,954,490
Accounts receivable	62,830,386	52,898,901
Financing receivable - members	35,897,372	44,888,983
Emission allowances	12,682,811	6,925,649
Inventories	2,944,734	2,863,620
Regulatory assets - current	15,101,523	5,423,191
Prepaid power purchase asset - current	57,681,076	57,839,106
Prepaid expenses and other assets	<u>1,100,729</u>	<u>1,165,979</u>
Total current assets	<u>517,567,769</u>	<u>334,051,022</u>
Total assets	<u>\$ 2,010,727,682</u>	<u>\$ 1,063,567,428</u>

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency Combined Balance Sheets  
December 31, 2008 and 2007**

	2008	2007
<b>Equities and Liabilities</b>		
Member and patron equities		
Contributed capital	\$ 71,312,025	\$ 71,282,528
Patronage capital	43,111,321	34,998,541
Accumulated net deficit	(15,983,465)	(13,445,526)
Accumulated other comprehensive loss	-	(8,261,247)
Total member and patron equities	<u>98,439,881</u>	<u>84,574,296</u>
Long-term debt		
Term debt	1,323,306,466	482,455,596
Term debt on behalf of members	55,298,000	58,933,000
Line of credit and commercial paper	205,704,993	173,328,000
Total long-term debt	<u>1,584,309,459</u>	<u>714,716,596</u>
Current liabilities		
Accounts payable	58,043,736	41,874,404
Accrued salary and related benefits	2,450,564	2,239,907
Accrued pension and postretirement benefits	595,000	365,000
Accrued interest	32,362,513	10,310,344
Term debt - current	87,029,750	29,357,550
Term debt on behalf of members - current	40,131,150	48,851,400
Regulatory liability - current	2,727,388	7,554,126
Margin funds on deposit	19,800,000	57,800,000
Other liabilities	15,789,343	8,314,093
Total current liabilities	<u>258,929,444</u>	<u>206,666,824</u>
Other noncurrent liabilities		
Accrued pension and postretirement benefits	4,219,998	4,392,904
Asset retirement obligations	10,737,220	7,712,752
Other long-term liabilities	1,332,798	1,219,605
Regulatory liabilities	52,758,882	44,284,451
Total other noncurrent liabilities	<u>69,048,898</u>	<u>57,609,712</u>
Commitment and contingencies (Note 16)		
Total liabilities	<u>1,912,287,801</u>	<u>978,993,132</u>
Total equities and liabilities	<u>\$ 2,010,727,682</u>	<u>\$ 1,063,567,428</u>

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

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combined Statements of Revenues and Expenses  
Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Revenues</b>		
Electric revenue	\$ 597,393,042	\$ 543,848,186
Service fees	5,934,333	5,594,034
Programs and other	12,664,724	11,898,334
Total revenues	<u>615,992,099</u>	<u>561,340,554</u>
<b>Operating Expenses</b>		
Purchased electric power	484,296,197	448,466,126
Production	21,825,714	23,022,552
Fuel	48,340,459	42,208,154
Depreciation and amortization	14,770,966	14,331,455
Administrative and general	8,886,996	8,958,281
Interest expense	22,749,810	16,005,609
Property and real estate taxes	1,903,689	1,790,143
Programs and other	12,162,597	8,880,045
Total operating expenses	<u>614,936,428</u>	<u>563,662,365</u>
Operating margin (loss)	1,055,671	(2,321,811)
<b>Nonoperating Revenues</b>		
Interest income	2,692,189	2,047,446
Other, net	2,203,047	796,586
Total nonoperating revenues	<u>4,895,236</u>	<u>2,844,032</u>
Net margin	<u>\$ 5,950,907</u>	<u>\$ 522,221</u>

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

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency Combined Statements of Member and Patron Equities Years Ended December 31, 2008 and 2007**

	Contributed Capital	Patronage Capital	Accumulated Net Deficit	Accumulated Other Comprehensive Loss	Total
<b>Balances, December 31, 2006</b>	\$ 71,260,542	\$ 34,097,856	\$ (9,134,054)	\$ (10,199,036)	\$ 86,025,308
Capital contributions	21,986	-	-	-	21,986
Distributions to participants	-	(1,592,792)	(2,340,216)	-	(3,933,008)
Net margin	-	2,493,477	(1,971,256)	-	522,221
Minimum pension liability adjustment	-	-	-	10,199,036	10,199,036
Comprehensive net margin	-	-	-	-	10,721,257
Adoption of SFAS 158					
Pension Plan	-	-	-	(6,445,558)	(6,445,558)
Postretirement Plan	-	-	-	(1,815,689)	(1,815,689)
<b>Balances, December 31, 2007</b>	71,282,528	34,998,541	(13,445,526)	(8,261,247)	84,574,296
Capital contributions	29,497	-	-	-	29,497
Distributions to participants	-	-	(376,066)	-	(376,066)
Net margin	-	8,112,780	(2,161,873)	-	5,950,907
Adjustment to recognize funded status of pension and post retirement plan obligations as a regulatory asset	-	-	-	8,261,247	8,261,247
Comprehensive net margin	-	-	-	-	14,212,154
<b>Balances, December 31, 2008</b>	<b>\$ 71,312,025</b>	<b>\$ 43,111,321</b>	<b>\$ (15,983,465)</b>	<b>\$ -</b>	<b>\$ 98,439,881</b>

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

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combined Statements of Cash Flows  
Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Cash flows from operating activities</b>		
Net margin	\$ 5,950,907	\$ 522,221
Adjustments to reconcile net margin to net cash provided by (used in) operating activities		
Depreciation and amortization	14,770,966	14,331,455
Amortization of premium and discount on term debt	(1,365,429)	(97,699)
Amortization of deferred financing costs	1,382,519	1,033,281
Accretion of interest on asset retirement obligations	327,175	278,141
Unrealized loss (gain) on investments	997,094	(609,871)
Changes in assets and liabilities		
Investments	161,903	(10,526,972)
Accounts receivable	(9,931,485)	(2,598,968)
Emission allowances	(5,757,162)	2,554,043
Inventories	(81,114)	1,837,235
Prepaid expenses and other assets	65,250	1,213,775
Regulatory assets and liabilities, net	(10,832,141)	(13,271,525)
Accounts payable	14,642,122	(429,082)
Prepaid power purchase asset	57,839,106	(288,721,440)
Margin deposits	(38,000,000)	57,800,000
Accrued salary and related benefits	333,130	140,749
Accrued pension and postretirement benefits	343,457	(21,898,512)
Accrued interest	22,052,169	5,937,354
Other liabilities	7,541,765	(3,198,260)
Net cash provided by (used in) operating activities	<u>60,440,232</u>	<u>(255,704,075)</u>
<b>Cash flows from investing activities</b>		
Purchase of utility plant	(662,640)	(590,458)
Purchase of nonutility property and equipment	(8,103,913)	(214,551)
Purchases of trustee funds' investments	(2,019,638,240)	(131,468,744)
Proceeds from sale of trustee funds' investments	1,391,147,712	127,367,940
Purchase of construction work-in-progress	(304,048,557)	(113,690,042)
Change in restricted cash and cash equivalents	7,125,212	(2,955,389)
Net cash used in investing activities	<u>(934,180,426)</u>	<u>(121,551,244)</u>

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combined Statements of Cash Flows  
Years Ended December 31, 2008 and 2007**

	2008	2007
<b>Cash flow from financing activities</b>		
Proceeds from revolving credit loan and commercial paper program	\$ 1,599,596,000	\$ 836,107,000
Payments on revolving credit loan and commercial paper program	(1,567,219,007)	(703,094,000)
Principal payments on term debt	(81,963,454)	(29,031,000)
Proceeds from issuance of term debt	981,851,953	319,801,218
Cost of issuance of term debt	(11,012,059)	(2,806,086)
Principal payments on term debt on behalf of members	(48,851,400)	(54,528,350)
Proceeds from issuance of term debt on behalf of members	36,496,150	45,403,400
Proceeds from debt service to be refunded to members	1,517,669	1,599,345
Payment of debt service refunded to members	(1,593,464)	(1,599,086)
Proceeds from financing receivable - members	44,883,983	54,457,743
Funding of financing receivable - members	(32,403,827)	(41,133,983)
Capital contributions	29,497	21,986
Distributions to participants	(376,066)	(3,933,008)
Net cash provided by financing activities	<u>920,955,975</u>	<u>421,265,179</u>
Net change in cash and cash equivalents	47,215,781	44,009,860
Cash and cash equivalents, beginning of year	<u>98,320,070</u>	<u>54,310,210</u>
Cash and cash equivalents, end of year	<u>\$ 145,535,851</u>	<u>\$ 98,320,070</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 23,538,110	\$ 9,570,484
<b>Noncash investing and financing activities</b>		
Assets acquired directly with term debt	-	50,030,904
Capital expenditures included in accounts payable	2,913,344	1,386,134
Revisions to estimated cash flow for asset retirement obligations	2,697,293	995,603
Change in estimated cost of plant	-	(252,617)

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

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Notes to Combined Financial Statements  
December 31, 2008 and 2007**

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**1. Description of Business**

**Basis of Presentation**

The combined financial statements include the accounts of American Municipal Power-Ohio and its wholly owned subsidiary AMPO, Inc. ("AMP-Ohio"), Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA Joint Ventures") and Municipal Energy Services Agency ("MESA"), (collectively, the "Organization"). Transactions between the separate entities have been eliminated in the preparation of the combined financial statements.

The accounts of the Organization are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The OMEGA Joint Ventures and MESA are proprietary funds as defined in Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, and therefore they apply all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict GASB pronouncements. For the purposes of the combined financial statements, OMEGA Joint Ventures' and MESA's accounts have been converted to follow only FASB statements and interpretations to be consistent with AMP-Ohio's presentation. The primary difference between GASB and FASB is the treatment of gains or losses on debt refunding in the statement of revenues and expenses and the classification of interest payments on debt in the statement of cash flows. For GASB purposes, gains and losses on debt refundings are deferred and amortized over the term of the new debt. FASB statements and interpretations require immediate recognition of debt extinguishment gains or losses. For GASB purposes, interest payments on debt are classified as cash flows from capital and related financing activities, but are classified as cash flows from operating activities for FASB purposes.

AMP-Ohio is purchasing power from two limited liability companies engaged in methane recovery to generate electricity. Their activities are primarily conducted on behalf of AMP-Ohio. AMP-Ohio was unable to obtain the necessary financial information from the limited liability companies to calculate the expected losses under FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities--an interpretation of ARB No. 51* ("FIN 46(R)"). AMP-Ohio does not have an equity interest in these limited liability companies. Power purchases from these companies for the year ended December 31, 2008 and 2007 were approximately \$6,454,046 and \$6,979,009, respectively. Management does not believe that the amount of these purchases is material to its operations.

**American Municipal Power-Ohio, Inc.**

AMP-Ohio 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-Ohio is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code. AMP-Ohio is a membership organization comprised of 81 municipalities throughout Ohio, two municipalities in West Virginia, 29 municipalities in Pennsylvania, seven municipalities in Michigan, four municipalities in Virginia and three municipalities in Kentucky, all of which own and operate electric systems. AMP-Ohio purchases and generates electric capacity and energy for sale to its members. AMP-Ohio's primary base load electric generating facility, known as the Richard H. Gorsuch Generating Station ("Gorsuch Project"), is located near Marietta, Ohio. AMPO, Inc. is a for-profit subsidiary that provides electric and natural gas aggregation consulting services to both members and nonmembers in Ohio. All intercompany transactions between AMP-Ohio and AMPO, Inc. have been eliminated in preparation of the combined financial statements.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
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AMP-Ohio is closely aligned with two other statewide municipal power organizations. Ohio Municipal Electric Association ("OMEA") is the legislative liaison for the state's municipal electric systems. Ohio Public Power Educational Institute ("OPPEI") is a nonprofit educational foundation dedicated to informing the public about municipal electric utilities as well as member communities.

AMP-Ohio 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-Ohio has issued tax-exempt debt on their behalf. Additionally, AMP-Ohio has issued tax-exempt bonds to finance the construction of its generating projects.

On December 20, 2007, AMP-Ohio acquired 100% of the membership interests in Marigold Energy, LLC, and renamed the entity AMP 368 LLC ("AMP 368"). AMP 368 is a wholly owned subsidiary of AMP-Ohio, which through AMP 368 is the owner of a 23.26% or 368MW, undivided interest in the Prairie State Energy Campus ("PSEC"). The book value of the acquired assets from the business combination represent the PSEC construction costs to date of the acquired entity. Accordingly, there were no intangible assets or goodwill recorded in conjunction with this business combination. The PSEC is a mine-mouth, pulverized coal-fired generating station under construction in southwest Illinois. The PSEC includes adjacent coal reserves and all associated mine, rail, water, coal combustion waste storage and ancillary support. The generating station will consist of two supercritical units with a nominal net output capacity of 800MW each. The plant will incorporate 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.

AMP-Ohio has entered into a power sales contract dated November 1, 2007 with 68 of its members (the "AMP 368 Participants") for its share of the electric output of the PSEC (the "AMP-Ohio Entitlement"). The AMP 368 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 AMP 368 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-Ohio Entitlement or the AMP 368 Participants' power sales contract resource share, including step-up power. The power sales contract contains a step-up provision that requires, in the event of default by an AMP 368 Participant, the nondefaulting AMP 368 Participants to purchase a pro rata share, based upon each nondefaulting AMP 368 Participant's original power sales contract resources share which, together with the shares of the other nondefaulting AMP 368 Participants, is equal to the defaulting AMP 368 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.

**Ohio Municipal Electric Generation Agency Joint Venture 1**

Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") was organized by 21 subdivisions of the State of Ohio on April 1, 1992. Its purpose is to provide a source of supplemental capacity to members of OMEGA JV1. The members are charged fees for the costs required to administer the joint venture and maintain the jointly owned electric plant. The electric generating facilities consist of six diesel-fired turbines designed for a total capacity of nine megawatts. These facilities are located in Cuyahoga Falls, Ohio.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
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**Ohio Municipal Electric Generation Agency Joint Venture 2**

Ohio Municipal Electric Generation Agency Joint Venture 2 (“OMEGA JV2”) was organized by 36 subdivisions of the State of Ohio on November 21, 2000 and commenced operations on or about December 1, 2000. Its purpose is to provide backup and peaking capacity to the members of OMEGA JV2. OMEGA JV2 owns 138.650 MW of distributed generation which is sited near the members’ municipal electric systems where it is anticipated they will serve. These generating units consist of two 32 MW used gas-fired turbines, one 11 MW used gas-fired turbine and 34 1.825 MW new and one 1.6 MW used oil-fired and diesel turbines.

**Ohio Municipal Electric Generation Agency Joint Venture 4**

Ohio Municipal Electric Generation Agency Joint Venture 4 (“OMEGA JV4”) was organized by four subdivisions of the State of Ohio on December 1, 1995. Its purpose is to undertake the Williams County Transmission Project (the “Transmission Project”). The Transmission Project consists of a 69-kV three-phase transmission line located in Williams County, Ohio. OMEGA JV4 owns and operates the Transmission Project. During 2008 and 2007, OMEGA JV4 derived a majority of its revenue from a single municipal member.

**Ohio Municipal Electric Generation Agency Joint Venture 5**

Ohio Municipal Electric Generation Agency Joint Venture 5 (“OMEGA JV5”) was organized by 42 subdivisions of the State of Ohio on April 20, 1993. Its purpose was to undertake the Belleville Hydroelectric Project (the “Hydroelectric Project”). OMEGA JV5 constructed and owns and operates the Hydroelectric Project. The Hydroelectric Project operations consist of:

- The Belleville hydroelectric generating plant and associated transmission facilities (“Belleville Hydroelectric Facilities”);
- Backup generation facilities, including contracts for the output thereof; and
- Power purchased on behalf of OMEGA JV5 participants.

The Belleville Hydroelectric Facilities consists of a run-of-the-river hydroelectric plant designed for a capacity of 42 megawatts and approximately 26.5 miles of 138-kilovolt transmission facilities. The plant is located in West Virginia, on the Ohio River, at the Belleville Locks and Dam.

The Hydroelectric Project was constructed with proceeds from the issuance of beneficial interest certificates (the “Certificates”). The Certificates evidence the obligation of the members of OMEGA JV5 to pay for the cost of the Hydroelectric Project from revenues of their electric systems.

**Ohio Municipal Electric Generation Agency Joint Venture 6**

Ohio Municipal Electric Generation Agency Joint Venture 6 (“OMEGA JV6”) was organized by ten subdivisions of the State of Ohio and commenced operations on December 15, 2003. Its purpose is to provide low-polluting capacity to the members of OMEGA JV6. OMEGA JV6 owns wind powered electric plant generating units with a total capacity of 7.2 MW.

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**Municipal Energy Services Agency**

MESA was organized by 31 subdivisions of the State of Ohio on December 31, 1996. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operation and maintenance of municipal electric and other utility systems. MESA also provides personnel and administrative services to AMP-Ohio, OMEGA JV1, OMEGA JV2, OMEGA JV4, OMEGA JV5, OMEGA JV6, OMEA and OPPEI. As of December 31, 2008, there were 48 participants in MESA.

The OMEGA Joint Ventures were organized pursuant to Joint Venture Agreements (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code ("ORC"). The members of the OMEGA Joint Ventures and MESA are members of AMP-Ohio.

**2. Summary of Significant Accounting Policies**

**Utility Plant**

The Organization 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 net margin in the combined statements of revenues and expenses.

Depreciation on utility plant assets is provided for using the straight-line method over the estimated useful lives of the property. Utility plant asset lives for OMEGA Joint Ventures range from 3 to 40 years. The provisions are determined primarily by the use of functional composite rates for AMP-Ohio as follows:

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

Depreciation expense for utility plant for the years ended December 31, 2008 and 2007 was \$14,217,940 and \$13,869,684, respectively.

Periodically, the Organization acquires and finances utility plants with the intent to sell the property to entities owned by its members. The cost of utility plants purchased for resale is capitalized at cost. The related financing is recorded as a liability.

**Nonutility Property and Equipment**

The Organization records nonutility property and equipment 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 net margin in the combined statements of revenues and expenses.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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Depreciation on nonutility property and equipment is provided for using 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 years
Vehicles	3-5 years

Depreciation expense for nonutility property and equipment, excluding computer software, for the years ended December 31, 2008 and 2007 was \$553,026 and \$461,771, respectively.

The Organization capitalizes costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials and consultants incurred in developing internal-use computer software. Such assets were fully amortized at December 31, 2008 and 2007, thus there was no related amortization expense recorded in these periods.

**Construction Work-in-Progress**

AMP-Ohio records amounts expended in connection with construction work-in-progress projects at cost. Upon completion of a project, AMP-Ohio places the asset in service and the related costs are recorded as either utility plant or non-utility property and equipment. There is \$3,498,616 of land included in the construction work-in-progress account at both December 31, 2008 and 2007. AMP-Ohio capitalized interest costs in the amount of \$13,544,892 and \$1,311,344 for the years ended December 31, 2008 and 2007, respectively.

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

	2008	2007
PSEC	\$ 331,976,857	\$ 125,836,764
AMP-Generating Station	19,325,386	11,933,401
Hydro Plants	98,768,673	6,724,984
	<u>\$ 450,070,916</u>	<u>\$ 144,495,149</u>

**Coal Reserves**

AMP-Ohio has purchased coal reserves in conjunction with the construction of the PSEC. The coal reserves are recorded at cost. In addition to owning the coal reserves, AMP-Ohio has a right of first refusal for additional coal reserves.

**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 the fair value of the assets.

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**Trustee Funds**

The Organization maintains trustee funds as described in the trust indentures executed by the Organization (Note 9). The trustee funds include money market funds, debt securities, commercial paper and guaranteed investment contracts ("GICs"). The debt securities are classified as held-to-maturity under Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and are recorded at amortized cost. The fair value of the trustee funds' investments, as determined using prevailing market prices, approximates the carrying amount at December 31, 2008 and 2007. The debt securities mature at various dates through March 2009. Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding gains at December 31, 2008 and 2007 were \$3,717,251 and \$222,720, respectively. There were no gross unrealized holding losses at December 31, 2008 and 2007. The Organization has invested a portion of its trustee funds in GICs. The carrying value of the GICs is equal to the sum of deposits into the GICs, less any withdrawals made by the Organization from the GICs. At December 31, 2008 and 2007, the Organization has included \$1,336,635 and \$142,904 of accrued interest earned on GICs in accounts receivable. Each of the Organization's GICs is fully collateralized by the counterparty. The collateral is being held in trust.

**Prepaid Power Purchase Asset**

AMP-Ohio prepaid for a long-term power supply agreement (the "Prepaid Agreement") in August 2007. The total amount of the Prepaid Agreement was \$312,900,083 and it is for a 65-month period. AMP-Ohio is amortizing the cost of the power over the life of the Prepaid Agreement. AMP-Ohio records the amount expected to be amortized over the next 12 months as a current asset in the accompanying combined balance sheets.

**Investments**

Investments include equity securities, debt securities and alternative investments. The equity securities and debt securities are classified as trading under SFAS No. 115. These investments are recorded at fair value, which represents quoted market prices. Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding gains at December 31, 2008 and 2007 were \$1,180,555 and \$426,272, respectively. Gross unrealized holding losses at December 31, 2008 and 2007 were \$1,268,831 and \$142,604, respectively. Gross unrealized holding gains and losses on debt and equity securities are included in programs and other in the combined statements of revenues and expenses.

Investments in alternative investments consist of hedge funds. These investments are recorded at fair value, with changes in unrealized holding gains and losses impacting current year net margin. The total fair market value of hedge funds included in investments at December 31, 2008 and 2007 were \$3,427,377 and \$4,300,362, respectively. Gross unrealized holding gains (losses) at December 31, 2008 and 2007 were \$(872,985) and \$300,362, respectively and are included in programs and other in the combined statements of revenues and expenses.

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**Financing Receivable—Members**

Financing receivable - members is comprised of debt service obligations of tax-exempt debt issued by the Organization on behalf of its members (Note 8).

In connection with the issuance of municipal project notes, AMP-Ohio 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-Ohio in the same amount as the AMP-Ohio municipal project note. The member community note issued to AMP-Ohio will be 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-Ohio upon submission of a payment requisition satisfactory to AMP-Ohio. Project fund deposits are restricted for the payment of designated project costs.

**Intangible and Other Assets**

Intangible and other assets consist of deferred financing costs, prepaid dedicated capacity and prepaid bond insurance. Deferred financing costs and prepaid bond insurance are amortized using the effective interest method. Prepaid dedicated capacity is amortized using the straight line method. Amortization expense was \$1,382,519 and \$1,033,281 for the years ended December 31, 2008 and 2007, respectively.

**Cash and Cash Equivalents**

For purposes of the combined statements of cash flows, cash equivalents consist of highly-liquid cash and short-term investments with original maturities of three months or less. Changes to restricted cash accounts are treated as investing activities in the combined statements of cash flows. The Organization periodically maintains cash balances in excess of the federally insured limit.

**Emission Allowances**

Emission allowances are recorded as inventory and are valued at the lower of historical cost or net realizable value and charged to operations as used on the first-in, first-out ("FIFO") method.

**Inventories**

Inventories of coal, fuel, materials and supplies are stated at the lower of cost or market using the FIFO method.

**Member and Patron Equities**

Contributed capital represents initial capital contributions made by participants to the OMEGA Joint Ventures and by the members to AMP-Ohio. Patronage capital represents the cumulative excess or shortage of revenues over expenses of AMP-Ohio. Accumulated net deficit represents the cumulative excess or shortage of revenues over expenses of the OMEGA Joint Ventures and MESA. Should AMP-Ohio cease business, available patronage capital of AMP-Ohio will be distributed to members and former members based on their patronage to AMP-Ohio while they were members.

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The following is a summary of contributed capital, patronage capital and accumulated profit (deficit) of the Organization at December 31:

	<b>2008</b>		
	<b>Contributed Capital</b>	<b>Patronage Capital</b>	<b>Accumulated Net Profit (Deficit)</b>
AMP-Ohio	\$ 770,296	\$ 43,111,321	\$ -
OMEGA JV1	582,452	-	(104,971)
OMEGA JV2	58,770,598	-	(21,868,236)
OMEGA JV4	1,882,838	-	324,561
OMEGA JV5	200,000	-	5,954,117
OMEGA JV6	9,105,841	-	(288,936)
MESA	-	-	-
	<u>\$ 71,312,025</u>	<u>\$ 43,111,321</u>	<u>\$ (15,983,465)</u>
	<b>2007</b>		
	<b>Contributed Capital</b>	<b>Patronage Capital</b>	<b>Accumulated Net Profit (Deficit)</b>
AMP-Ohio	\$ 746,556	\$ 34,998,541	\$ -
OMEGA JV1	582,452	-	15,594
OMEGA JV2	58,770,598	-	(19,420,326)
OMEGA JV4	1,882,838	-	466,305
OMEGA JV5	200,000	-	5,774,697
OMEGA JV6	9,100,084	-	(281,796)
MESA	-	-	-
	<u>\$ 71,282,528</u>	<u>\$ 34,998,541</u>	<u>\$ (13,445,526)</u>

All property constituting the OMEGA Joint Ventures and MESA is owned by the members of that entity as tenants in common in undivided shares, each share being equal to that member's percentage ownership interest.

**Margin Funds on Deposit**

AMP-Ohio has collected collateral deposits from one of its power suppliers related to a long-term power supply agreement with the supplier. The funds collected are included in cash and cash equivalents. AMP-Ohio has recorded a corresponding liability as Margin Funds on Deposit included in current liabilities in the accompanying combined balance sheets.

**Asset Retirement Obligations**

The Organization records, at fair value, 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 of the liability due to the passage of time. Accretion of the liability and additional depreciation for utility plant are recognized in net margin in the combined statements of revenues and expenses (note 11).

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OMEGA JV4 has determined that the asset retirement obligation associated with the transmission line has an indeterminate settlement date, and, therefore, its fair value is not reasonably estimable. As a result, OMEGA JV4 has not recorded an asset retirement obligation. An obligation will be recorded when a range of possible settlement dates and the fair value can be determined.

OMEGA JV5 has determined that the asset retirement obligation associated with the electric plant has an indeterminate settlement date, and, therefore, its fair value is not reasonably estimable. As a result, OMEGA JV5 has not recorded an asset retirement obligation. An obligation will be recorded when a range of possible settlement dates and the fair value can be determined.

**Revenue Recognition and Rates**

Revenues are recognized when service is delivered. AMP-Ohio's rates for capacity and energy billed to members are designed by the board of trustees to recover actual costs. The OMEGA Joint Ventures' rates for capacity and energy billed to members are designed by the board of participants to recover actual costs, except for OMEGA JV4 where rates for transmission services are set by contracts with the members. In general, costs are defined to include cost of purchased power and operations (except for depreciation and amortization) and debt service requirements. Rates charged to OMEGA JV2 and OMEGA JV6 financing members for debt service are paid to AMP-Ohio to retire the financing obligations (Note 8). Accordingly, OMEGA JV2 and OMEGA JV6 will generate negative operating margins during the operating life of the electric generators.

The rates for the Gorsuch Project are set by the board of trustees and are reviewed periodically. Operating expenses in the statements of revenues and expenses for the Gorsuch Project include interest on these bonds, depreciation of utility plant and amortization of intangible assets.

The Organization's practice is to bill participating members all costs incurred unless the expenditures were financed by long-term debt. Capital expenditures not externally financed are generally included in current rates billed to participating members. Members also pay a service fee based on kilowatt hours purchased through AMP-Ohio and retail sales of kilowatt hours in each member's electric system.

OMEGA JV6 sells energy attributes associated with electricity generated. Revenue from the sale of energy attributes is recorded as energy is generated. Rates were determined by a contract which required OMEGA JV6 to sell all energy attributes. The contract expired on December 31, 2008. During the years ended December 31, 2008 and 2007, all of OMEGA JV6's revenue was derived from the sale of energy attributes. Starting January 1, 2009, renewable energy attributes from OMEGA JV6 will be sold by AMP-Ohio on behalf of the OMEGA JV6 participants.

Programs and other revenue is recognized as services performed. The cost of programs and other revenue is charged to the members, OMEA and OPPEI at rates designed to recover the cost of salaries incurred related to work performed for each entity plus an overhead rate ranging from 35 percent to 120 percent. Other revenues consist of the reimbursement for expenses incurred from programs that AMP-Ohio offers to its members. These programs include energy control center expenses, certain feasibility studies and other services. Revenue from these programs is recorded as costs are incurred.

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MESA performs short-term and long-term technical service projects for the members. Short-term service project revenues are recognized when costs are incurred. Long-term project revenues are recognized in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1 ("SOP 81-1"), *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* for time and materials contracts. In accordance with SOP 81-1, revenue from time and material contracts is recognized to the extent of billable rates times hours delivered plus expenses incurred. Project expenses include direct labor, materials, and other costs related to the project's performance. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted projects are made in the period in which such losses are identified. Changes in project performance, project conditions and estimated profitability are recognized in the period in which the revisions become known. Revenues recognized for short-term and long-term projects are recorded in programs and other in the combined statements of revenues and expenses.

Accounts receivable includes \$47,264,045 and \$39,780,553 for capacity and energy delivered to members during the years ended December 31, 2008 and 2007, respectively, but not billed until the subsequent year.

**Regulatory Assets and Liabilities**

In accordance with SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, the Organization 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 associated with asset retirement costs, coal inventories and other capital expenditures not yet recovered through rates approved by the board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, emission allowances, 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 5).

**Taxes**

The IRS has ruled that AMP-Ohio is tax-exempt under Section 501(a) as an organization described in Section 501(c)(12) of the Internal Revenue Code ("IRC"), provided 85% of its total revenue consists of amounts collected from its members for the sole purpose of meeting losses and expenses. For the years ended December 31, 2008 and 2007, AMP-Ohio complied with this requirement. Accordingly, no provision for federal or state income taxes has been made. AMP-Ohio is subject to State of Ohio personal property, real estate and sales 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. AMPO, Inc. has deferred tax assets of approximately \$339,000 and \$462,000 at December 31, 2008 and 2007, respectively, arising primarily from operating loss carryforwards. A full valuation allowance has been established due to the uncertainty of realizing the net operating loss carryforwards at December 31, 2008 and 2007. At December 31, 2008, AMPO, Inc. had federal and state net operating loss carryforwards of approximately \$758,000 that expire on various dates through 2023.

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**Market and Credit Risk**

The Organization is potentially exposed to market risk associated with commodity prices for electricity, gas and coal. The Organization manages this risk through the use of long-term power purchase contracts and coal supply arrangements.

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

The Organization has established a risk management function that regularly monitors the credit quality of counterparties to its power purchase arrangements including the Prepaid Agreement. The risk management function uses multiple sources of information in evaluating credit risk including credit reports, published credit ratings of the counterparty and its historical experience with the counterparty. Credit limits are established depending on the risk evaluation and, when warranted, the Organization 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. Management believes recent events in the credit markets have not significantly increased credit risk relating to counterparties to power purchase arrangements, including the Prepaid Agreement at December 31, 2008.

**Derivative Instruments**

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, requires recognition of all qualifying derivative instruments as either assets or liabilities in the combined 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 are accounted for using mark-to-market accounting 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.

The Organization has determined that each of its power purchase and sales contracts, which meet the definition of a derivative instrument, qualify to be accounted for as normal purchases and normal sales.

AMP-Ohio holds firm transmission rights ("FTRs") with the PJM Interconnection and the Midwest ISO, regional transmission organizations, that do not qualify to be accounted for as normal purchases and normal sales and have been included in prepaid and other assets on the combined balance sheet at their estimated fair value. The fair value of FTRs was \$160,445 and \$202,000 at December 31, 2008 and 2007, respectively. A corresponding regulatory liability has been recorded for this unrealized gain. The impact of FTRs is included in the transmission cost of purchased power.

AMP-Ohio's interest rate management strategy uses derivative instruments to minimize earnings fluctuations caused by interest rate volatility associated with AMP-Ohio's variable rate debt. The derivative instruments used to meet AMP-Ohio's risk management objectives are interest rate swaps.

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AMP-Ohio has entered into multiple interest rate swap agreements which are carried at their fair value on the combined balance sheets. The fair value of the swaps were \$(5,765,503) and \$(558,409) at December 31, 2008 and 2007, respectively, and is included in other liabilities. A corresponding regulatory asset has been recorded equal to the unrealized loss.

**Use of Estimates**

The preparation of combined 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.

**New Accounting Standards**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*. FAS No. 141 (revised 2007) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. This standard also requires the fair value measurement of certain other assets and liabilities related to the acquisition such as contingencies. FAS No. 141 (revised 2007) applies prospectively to business combinations and is effective for fiscal years beginning on or after December 15, 2008. The Organization does not believe that the adoption of FAS No. 141 (revised 2007) will have a significant impact on the consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51 (SFAS 160)*. SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary. SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. The Organization does not believe that the adoption of SFAS No. 160 will have a significant impact on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133 (SFAS 161)*. SFAS 161 amends and expands the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why the Company uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect the Company's financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years beginning on or after November 15, 2008 and interim periods within those fiscal years. The Organization believes that the adoption of SFAS No. 161 will impact financial statement disclosures only.

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**3. Utility Plant**

Utility plant consists of the following at December 31:

	<b>2008</b>		
	<b>AMP-Ohio</b>	<b>OMEGA Joint Ventures</b>	<b>Total</b>
Land	\$ 1,490,582	\$ 431,881	\$ 1,922,463
Production plant	97,849,769	258,218,343	356,068,112
Station equipment	1,514,966	35,000	1,549,966
Transmission plant	7,124,094	-	7,124,094
General plant	533,274	-	533,274
	<u>108,512,685</u>	<u>258,685,224</u>	<u>367,197,909</u>
Accumulated depreciation	<u>(74,847,536)</u>	<u>(71,427,319)</u>	<u>(146,274,855)</u>
	<u>\$ 33,665,149</u>	<u>\$ 187,257,905</u>	<u>\$ 220,923,054</u>
	<b>2007</b>		
	<b>AMP-Ohio</b>	<b>OMEGA Joint Ventures</b>	<b>Total</b>
Land	\$ 1,490,582	\$ 431,881	\$ 1,922,463
Production plant	95,723,704	257,250,691	352,974,395
Station equipment	1,248,750	35,000	1,283,750
Transmission plant	7,124,094	-	7,124,094
General plant	533,274	-	533,274
	<u>106,120,404</u>	<u>257,717,572</u>	<u>363,837,976</u>
Accumulated depreciation	<u>(68,647,311)</u>	<u>(63,409,604)</u>	<u>(132,056,915)</u>
	<u>\$ 37,473,093</u>	<u>\$ 194,307,968</u>	<u>\$ 231,781,061</u>

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**4. Nonutility Property and Equipment**

Nonutility property and equipment costs consist of the following at December 31:

	<b>2008</b>		
	<b>AMP-Ohio</b>	<b>MESA</b>	<b>Total</b>
Land	\$ 1,672,100	\$ -	\$ 1,672,100
Building	8,422,439	-	8,422,439
Furniture and equipment	2,180,475	-	2,180,475
Computer software	2,518,840	-	2,518,840
Vehicles	1,546,302	517,806	2,064,108
	<u>16,340,156</u>	<u>517,806</u>	<u>16,857,962</u>
Accumulated depreciation	<u>(5,320,044)</u>	<u>(335,481)</u>	<u>(5,655,525)</u>
	<u>\$ 11,020,112</u>	<u>\$ 182,325</u>	<u>\$ 11,202,437</u>
	<b>2007</b>		
	<b>AMP-Ohio</b>	<b>MESA</b>	<b>Total</b>
Land	\$ 685,000	\$ -	\$ 685,000
Building	3,407,205	-	3,407,205
Furniture and equipment	481,921	-	481,921
Computer software	2,518,840	-	2,518,840
Vehicles	1,395,534	317,594	1,713,128
	<u>8,488,500</u>	<u>317,594</u>	<u>8,806,094</u>
Accumulated depreciation	<u>(4,923,001)</u>	<u>(231,543)</u>	<u>(5,154,544)</u>
	<u>\$ 3,565,499</u>	<u>\$ 86,051</u>	<u>\$ 3,651,550</u>

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**5. Regulatory Assets and Liabilities**

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

	<b>2008</b>		
	<b>AMP-Ohio</b>	<b>OMEGA Joint Ventures</b>	<b>Total</b>
<b>Regulatory assets</b>			
Asset retirement cost	\$ 3,928,391	\$ 1,319,091	\$ 5,247,482
Power purchases	12,253,825	-	12,253,825
Pension and post retirement plan obligations	15,601,073		15,601,073
Fuel costs	8,638,217		8,638,217
Fair value of interest rate swaps	5,207,194		5,207,194
Total regulatory assets	45,628,700	1,319,091	46,947,791
Current portion	(15,101,523)	-	(15,101,523)
Noncurrent portion	<u>\$ 30,527,177</u>	<u>\$ 1,319,091</u>	<u>\$ 31,846,268</u>
<b>Regulatory liabilities</b>			
Amounts collected from members to fund future expenditures for:			
Capital expenditures	\$ 15,725,191	\$ -	\$ 15,725,191
Gains on early termination of power purchase contracts	11,007,017		11,007,017
Operating and maintenance expenditures	355,878	313,927	669,805
Production expense	567,579	-	567,579
Fair value of derivative instruments	160,445	-	160,445
Rate stabilization funding	1,951,887	-	1,951,887
Debt service billed for certificates in excess of related expenses	-	23,679,401	23,679,401
Debt service billed for funding the Reserve and Contingency Fund	-	1,590,337	1,590,337
Inventories	-	134,608	134,608
Total regulatory liabilities	29,767,997	25,718,273	55,486,270
Current portion	(2,592,780)	(134,608)	(2,727,388)
Noncurrent portion	<u>\$ 27,175,217</u>	<u>\$ 25,583,665</u>	<u>\$ 52,758,882</u>

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	2007		
	AMP-Ohio	OMEGA Joint Ventures	Total
<b>Regulatory assets</b>			
Asset retirement cost	\$ 3,523,938	\$ 1,078,725	\$ 4,602,663
Power purchases	8,292,223	-	8,292,223
Inventories	4,167,079	-	4,167,079
Total regulatory assets	15,983,240	1,078,725	17,061,965
Current portion	(5,423,191)	-	(5,423,191)
Noncurrent portion	<u>\$ 10,560,049</u>	<u>\$ 1,078,725</u>	<u>\$ 11,638,774</u>
<b>Regulatory liabilities</b>			
Amounts collected from members to fund future expenditures for:			
Capital expenditures	\$ 17,323,895	\$ -	\$ 17,323,895
Gains on early termination of power purchase contracts	617,799	-	617,799
Operating and maintenance expenditures	2,930,156	299,282	3,229,438
Production	2,115,011	-	2,115,011
Fair value of derivative instruments	202,000	-	202,000
Rate stabilization funding	1,821,358	-	1,821,358
Debt service billed for certificates in excess of related expenses	-	24,914,458	24,914,458
Debt service billed for funding the Reserve and Contingency Fund	-	1,486,063	1,486,063
Inventories	-	122,765	122,765
Other	5,790	-	5,790
Total regulatory liabilities	25,016,009	26,822,568	51,838,577
Current portion	(7,431,361)	(122,765)	(7,554,126)
Noncurrent portion	<u>\$ 17,584,648</u>	<u>\$ 26,699,803</u>	<u>\$ 44,284,451</u>

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**6. Restricted Cash**

Restricted cash consists of the following at December 31:

	<b>2008</b>	<b>2007</b>
Cash from issuance of bond anticipation notes on behalf of members	\$ 901,576	\$ 4,148,835
Restricted for funds held in escrow	-	6,206,820
Contractual restrictions	<u>5,393,776</u>	<u>3,064,909</u>
	<u>\$ 6,295,352</u>	<u>\$ 13,420,564</u>

The restricted cash for funds held in escrow balance consists of a deposit AMP-Ohio has made for a potential fixed asset acquisition. The potential fixed asset acquisition did not occur and the restricted funds were subsequently released. Contractual restrictions represent cash from members for rate stabilization, cash held in conjunction with reserve and contingency trustee funds, future major maintenance and an employee savings plan at the Gorsuch Project. Cash from members for rate stabilization is held in trusts for the benefit of the members.

**7. Related Parties**

AMP-Ohio has entered into agency agreements for management services (“Service Agreements”) with OMEA and OPPEI. Participants in these organizations are all members of AMP-Ohio. Under these Service Agreements, AMP-Ohio serves as agent and provides services such as planning, financial management, operations, and other professional and technical services. AMP-Ohio is compensated for its services based on a reasonable allocation of direct expenses and overhead.

For each of the years ending December 31, 2008 and 2007, AMP-Ohio made contributions of \$150,000 to OMEA.

In 1993, OMEGA JV5 prepaid \$3,045,707 to the City of Oberlin, Ohio, for a commitment to provide 12,000 kilowatts of its generating capacity as a backup resource to OMEGA JV5. The commitment is for dedicated capacity from June 1, 1996 through May 31, 2009. This asset is being amortized ratably over the term of the commitment.

OMEGA JV5 participants with backup generating units sited in their communities provide utilities to the units. OMEGA JV5 incurred expenses of \$114,565 and \$98,366 for these services for the years ended December 31, 2008 and 2007, respectively.

MESA provides services to OMEA, OPPEI and certain members of the Organization. Revenues earned from these agreements for the years ended December 31 are as follows:

	<b>2008</b>	<b>2007</b>
OMEA	\$ 337,576	\$ 346,246
OPPEI	144,634	173,432
AMP-Ohio members	<u>3,036,483</u>	<u>2,182,025</u>
Total	<u>\$ 3,518,693</u>	<u>\$ 2,701,703</u>

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**8. Revolving Credit Loan and Term Debt**

**Revolving Credit Loan**

On September 27, 2007, AMP-Ohio entered into 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.; Depfa Bank; Union Bank of California, N.A.; Wachovia Bank, N.A.; Suntrust Bank; U.S. Bank, N.A.; Bank of America, N.A.; and Huntington National Bank, N.A. The Facility allows for different types of loans with different interest rates and terms and includes the ability to issue letters of credit. The Facility expires on September 24, 2012. AMP-Ohio's base borrowing capacity under the Facility is \$450,000,000 and the maximum borrowing capacity under the Facility can be raised to \$550,000,000 at any time during the term of the Facility subject to the existing lenders' agreement to increase their participation or by the participation of new lenders.

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) notice of certain ERISA events over \$500,000; c) notice of events causing a material adverse effect on the business, assets or condition of AMP-Ohio or the rights or benefits of the lenders under the Facility; d) AMP-Ohio will not incur indebtedness or make guarantees of indebtedness except for indebtedness fully supported by commitments of AMP-Ohio 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 \$25,000,000 or ii) other unsecured indebtedness up to \$20,000,000; e) AMP-Ohio 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) prohibits cash dividends to members; g) annual lease payments may not exceed \$1,000,000 and sale of leaseback transactions are limited to \$5,000,000; h) maintenance of 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.

**Commercial Paper**

On January 22, 2008, AMP-Ohio entered into a commercial paper program (the "CP Program") with JP Morgan Chase Bank, N.A. The CP Program allows for AMP-Ohio to issue commercial paper obligations which are supported by the Facility. The Company has the ability to issue up to \$350,000,000 of letters of credit against the Facility which expires in 2012. All borrowings made under the CP Program reduce the available borrowing capacity under the Facility. On December 31, 2008, the Organization had \$179,605,000 of outstanding borrowings under the CP Program. The effective interest rate of all outstanding borrowings under the CP Program was 1.06% at December 31, 2008. Borrowings under the CP Program are considered tax-exempt and the funds obtained from these borrowings are required to be used on tax-exempt construction projects. On February 12, 2009, AMP-Ohio increased the authorized par amount of the CP Program to \$400,000,000.

**Term Debt**

AMP-Ohio and OMEGA JV5 have issued term debt in the form of notes payable and bonds for the financing of their own assets and on behalf of specific members. AMP-Ohio and OMEGA JV5 are the primary obligors on term debt issued to finance their assets.

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Bonds and notes payable related to financing the Organization's assets consist of the following at December 31:

	2008	2007
AMP-Ohio project note due October 29, 2009, with interest at 3.75% at December 31, 2008 (3.50% at December 31, 2007) payable at maturity	\$ 4,097,550	\$ 4,567,550
AMP-Ohio Project Note due October 29, 2009, with interest at 2.25% at December 31, 2008 payable at maturity	8,000,000	-
AMP-Ohio Multi-mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006	12,220,000	13,120,000
AMP-Ohio Electricity Purchase Revenue Bonds Prepayment Issue, Series 2007 A	287,865,000	307,655,000
Unamortized premium on Electricity Purchase Revenue Bonds	5,626,602	7,004,545
AMP-Ohio Peabody Promissory Note	-	50,030,904
AMP-Ohio Prairie State Energy Campus Project Revenue bonds, series 2008A	760,655,000	-
Unamortized discount on Prairie State Energy Campus Revenue Bonds	(10,564,286)	-
Prairie State Bond Anticipation Note, series 2008	120,000,000	-
Unamortized premium on Prairie State Bond Anticipation Note	262,200	-
AMP-Ohio Multi-Mode Gorsuch Station Taxable Revenue Bonds, Series 2008A	96,590,000	-
OMEGA JV5 2001 Beneficial Interest Certificates	20,845,158	19,738,542
OMEGA JV5 2004 Beneficial Interest Refunding Certificates	104,738,992	109,696,605
	<u>1,410,336,216</u>	<u>511,813,146</u>
Current portion	<u>(87,029,750)</u>	<u>(29,357,550)</u>
Noncurrent portion	<u>\$ 1,323,306,466</u>	<u>\$ 482,455,596</u>

*American Municipal Power-Ohio, Inc. Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (non-recourse)*

The American Municipal Power-Ohio, Inc. Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the "Combustion Turbine Bonds") were issued December 1, 2006, in the form of term bonds. The Combustion Turbine Bonds mature on March 1, 2023. Interest on the bonds is payable monthly. The interest rate is variable and resets on a weekly basis. AMP-Ohio entered into an interest rate swap on the same date as the bond issuance. Under the interest rate swap agreement, AMP-Ohio pays interest at a fixed rate of 3.89% and receives interest at a variable rate equivalent to the variable interest rate on the Combustion Turbine Bonds.

In order to secure the Combustion Turbine Bonds, AMP-Ohio obtained a letter of credit from KeyBank National Association ("KeyBank") in favor of the trustee holding the Combustion Turbine Bonds. AMP-Ohio agreed to reimburse KeyBank for any payments made pursuant to such letter of credit under a Letter of Credit Reimbursement Agreement with KeyBank (the "KeyBank Facility") in the amount of \$13,217,771.

The KeyBank Facility contains various restrictions which are identical or very similar to the restrictions in the Facility described in Note 8 above.

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*Electricity Purchase Revenue Bonds (non-recourse)*

The Electricity Purchase Revenue Bonds, Series 2007A (the "Electricity Purchase Revenue Bonds") were issued on August 1, 2007 with an aggregate par amount of \$307,655,000. The Electricity Purchase Revenue Bonds were issued at a premium of \$7,578,668. The premium will be amortized over the life of the bonds as a reduction to interest expense in the accompanying consolidated statements of revenues and expenses. The Electricity Purchase Revenue Bonds bear interest at a fixed rate of 5% payable semiannually. The Electricity Purchase Revenue Bonds outstanding at December 31, 2008 are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>
<b>February 1</b>	
2009	\$ 52,140,000
2010	54,595,000
2011	57,360,000
2012	60,265,000
2013	63,505,000
	<u>\$ 287,865,000</u>

The proceeds from the Electricity Purchase Revenue Bonds were used to prepay a long-term power supply agreement (the "Electricity Purchase Agreement") with J. Aron & Company. AMP-Ohio has entered into separate power schedules (the "Power Schedules") with 41 of its members (the "Participants") whereby the Participants have agreed to take and pay for the power supplied by the Electricity Purchase Agreement. The Participants are obligated to purchase and pay for electricity made available by AMP-Ohio. AMP-Ohio is obligated to pay the scheduled principal and interest on the Electricity Purchase Revenue Bonds, but solely from amounts received from the Participant's under the Power Schedules.

The Electricity Purchase Revenue Bonds are not subject to optional redemption. Upon occurrence of a cancellation event, as defined in bond agreement, the Electricity Purchase Revenue Bonds are subject to extraordinary mandatory redemption prior to the maturity date in whole at a predetermined redemption price from amounts owed by J. Aron & Company and its guarantors.

The Participants in the Electricity Purchase Agreement have covenanted to fix, charge and collect rates, fees and charges for electric power and energy at least sufficient to provide revenues to meet, or with other available funds, to provide in each year the sum of its operating and maintenance expenses, including the Participant's share or revenue requirements under the Electricity Purchase Agreement, debt service on the Participant's outstanding revenue obligations, if any, and any other amounts payable from such revenues.

*AMP-Ohio Peabody Promissory Note (non-recourse)*

On December 20, 2007, AMP-Ohio issued a \$50,030,904 promissory note to Peabody Electricity, LLC (the "Peabody Note"). The Peabody Note matured and was repaid in full on January 25, 2008.

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*Prairie State Financings (non-recourse)*

The Prairie State Energy Campus Project Revenue Bonds, Series 2008A (the "PSEC Bonds") were issued on July 2, 2008 with an aggregate par amount of \$760,655,000. The PSEC Bonds were issued at a discount of \$10,839,397. The discount will be amortized over the life of the bonds as an increase to interest expense in the accompanying consolidated statements of revenues and expenses. The PSEC Bonds mature between 2013 and 2043 and bear interest at fixed rates ranging from 4.0% to 5.25%. Interest is payable semiannually, beginning February 15, 2009. The maturities or mandatory sinking fund requirements of the Revenue Bonds at December 31, 2008 are as follows:

<b>February 15</b>	<b>Principal Amount</b>
2013	\$ 10,360,000
2014	6,800,000
2015	5,630,000
2016	18,370,000
2017	19,340,000
2018	13,715,000
2019	11,330,000
2020	22,285,000
2021	23,385,000
2022	24,810,000
2023	24,475,000
2024	11,150,000
2025	16,500,000
2026	20,405,000
2027	29,980,000
2028	31,555,000
2029	35,460,000
2030	37,240,000
2031	39,110,000
2032	33,620,000
2033	35,380,000
2034	42,575,000
2035	44,705,000
2036	46,940,000
2037	49,285,000
2038	51,750,000
2039	9,815,000
2040	10,330,000
2041	10,870,000
2042	11,440,000
2043	12,045,000
	<u>\$ 760,655,000</u>

AMP-Ohio has the option to redeem the PSEC Bonds stated to mature on or after February 15, 2019 at any time on or after February 15, 2018. The early redemption price would be equal the par value of the bonds plus any accrued interest at the early redemption date.

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The Prairie State Project Revenue Bond Anticipation Notes, Series 2008 (the "Prairie State BANs") (non-recourse) were issued on April 2, 2008 with an aggregate par amount of \$120,000,000. The Prairie State BANs were issued at a premium of \$1,048,800, bear interest at a fixed rate of 3.50% and are due on April 1, 2009. The Prairie State BANs are not subject to redemption prior to their maturity.

The proceeds from the PSEC Bonds and the Prairie State BANs are being used to fund the cost of construction of the PSEC. AMP-Ohio has entered into a separate power sale contract (the "PSEC Sales Contract") with 68 of its members (the "PSEC Participants"). Each of the PSEC Participants is obligated to purchase and pay AMP-Ohio for the costs of the electricity made available by AMP-Ohio including its proportional share of debt service on the PSEC Bonds and the Prairie State BANs. AMP-Ohio is obligated to pay the scheduled principal and interest on the PSEC Bonds, but solely from amounts received from the PSEC Participants under the PSEC Sales Contract and the investment income on cash and securities held in trust accounts established pursuant to the PSEC Bonds.

Under the terms and conditions of the PSEC Bonds, AMP-Ohio is required to maintain a debt service coverage ratio of net PSEC revenues to debt service on the PSEC Bonds of 1.1 or greater so long as the PSEC Bonds have not been fully repaid.

At December 31, 2008, the Prairie State BANs are classified in noncurrent liabilities as in April 2009, AMP-Ohio has entered into an agreement to refinance the Prairie State BANs on a long-term basis.

*Multi-Mode Variable Rate Gorsuch Station Taxable Revenue Bonds (non-recourse)*

On August 1, 2008, AMP-Ohio issued its Multi-Mode Variable Rate Gorsuch Station Taxable Revenue Bonds, Series 2008A and Series 2008B (collectively the "Gorsuch 2008 Bonds") with principal amounts of \$91,090,000 and \$7,800,000, respectively. AMP-Ohio will apply the proceeds to i) financing the participants' share of the cost of funding pension and post employment benefits, purchasing sulfur dioxide and nitrogen oxide allowances through 2012, funding asset retirement obligations, purchasing replacement power, providing working capital and/or funding maintenance and repair costs or other costs and the Richard H. Gorsuch Generating Station, ii) funding debt service reserve funds and iii) paying the costs of issuing the bonds. The interest rate on the Gorsuch 2008 Bonds is variable and resets either weekly or semi-annually, and is payable either monthly or semi-annually. AMP-Ohio entered into two interest rate swap agreements on the same date as the bond issuance, one for each series of the bond issuance. Under the interest rate swap agreements, AMP-Ohio pays interest at a fixed rate of 3.86%. AMP-Ohio receives interest at a variable rate equivalent to the variable interest rate on the Gorsuch 2008 Bonds from its swap counterparty.

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The Gorsuch 2008 Bonds outstanding at December 31, 2008 are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>
<b>December 15</b>	
2009	\$ 17,720,000
2010	21,025,000
2011	24,745,000
2012	33,100,000
	<u>\$ 96,590,000</u>

In order to secure the Gorsuch 2008 Bonds, AMP-Ohio obtained a letter of credit in favor of the trustee holding the Gorsuch 2008 Bonds from KeyBank. AMP-Ohio agreed to reimburse KeyBank for any payments made pursuant to such letter of credit, under a Letter of Credit Reimbursement Agreement with KeyBank (the "Gorsuch KeyBank Facility").

*OMEGA JV5 Beneficial Interest Certificates*

In February 2004, OMEGA JV5 issued 2004 Beneficial Interest Refunding Certificates ("2004 Certificates") totaling \$116,910,000 for the purpose of refunding the principal of the outstanding 1993 beneficial Interest Certificates ("1993 Certificates") due in the years 2005 through 2024. The 2004 Certificates were sold at a premium of \$7,674,145. OMEGA JV5 paid a redemption premium of \$1,313,550 to redeem the 1993 Certificates.

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The 2004 Certificates outstanding at December 31, 2008 are as follows:

<b>Maturity Date</b> <b>February 15</b>	<b>Principal</b> <b>Amount</b>	<b>Interest</b> <b>Rate</b>
2009	\$ 4,475,000	2.50%
2010	4,570,000	3.00%
2011	4,705,000	3.25%
2012	4,860,000	5.00%
2013	5,105,000	5.00%
2014	5,355,000	5.00%
2015	5,630,000	5.00%
2016	6,050,000	5.00%
2017	6,215,000	5.00%
2018	6,520,000	5.00%
2019	6,845,000	5.00%
2020	7,190,000	5.00%
2021	7,550,000	5.00%
2022	7,925,000	5.00%
2023	8,325,000	5.00%
2024	<u>8,740,000</u>	4.75%
	100,060,000	
Less: Current portion	(4,475,000)	
Plus: Unamortized premium	<u>4,678,992</u>	
	<u><u>\$ 100,263,992</u></u>	

Interest on the 2004 Certificates is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2004, to and including the date of maturity or prior redemption.

The 2004 Certificates are not subject to optional redemption before February 15, 2014. The 2004 Certificates maturing after February 15, 2014 are subject to redemption in whole or in part on any date or after February 15, 2014 at par plus accrued interest.

In accordance with the trust agreement, amended on January 1, 2004, OMEGA JV5 is required to charge the financing members additional debt service ("Refunding Debt Service") in the amount of 15% of principal and interest. On February 16 of each year from 2005 through 2024, amounts charged to the members for Refunding Debt Service for the previous 12 months shall be refunded to the members. OMEGA JV5 established a liability of \$1,358,304 and \$1,434,095 for amounts to be refunded to participants at December 31, 2008 and 2007, respectively.

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The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2008 are as follows:

<b>Maturity Date</b> <b>February 15</b>	<b>Principal</b> <b>Amount</b>	<b>Interest</b> <b>Rate</b>
2025	\$ 10,915,000	5.51 %
2026	10,915,000	5.52 %
2027	10,915,000	5.53 %
2028	10,915,000	5.54 %
2029	10,465,000	53.55 %
2030	2,000,000	5.56 %
	<u>\$ 56,125,000</u>	
Less: Unamortized discount	<u>(35,279,842)</u>	
	<u><u>\$ 20,845,158</u></u>	

The principal amount at maturity of the 2001 Certificates will accrete from the date of issuance, compounded semiannually on February 15 and August 15 of each year, commencing February 2002, with the original discount amount of \$42,225,017 and will be payable at maturity as a component of the maturity. The 2001 Certificates are not subject to redemption prior to maturity.

Except for the limited step-up provisions in the event of default by a financing member as described in Section 18 of the OMEGA JV5 joint venture agreement, the 2004 Certificates and the 2001 Certificates are payable solely from bond debt service payments to be made by the OMEGA JV5 members pursuant to an agreement dated as of January 1, 1993. The bond debt service payments are obligations of the OMEGA JV5 members, payable from revenues of their municipal electric utility systems, subject only to the prior payment of the operation and maintenance expenses thereof.

The terms of the trust agreement related to the Certificates contain various covenants, the most restrictive of which require the timely payment of debt service and for the members of OMEGA JV5 to comply with the provisions of the Joint Venture Agreement.

Under the Joint Venture Agreement, the members must manage electric system revenues and expenditures so that, in each year, those revenues received in that year cover the greater of (i) operating and maintenance ("O&M") expenses plus 110% of its OMEGA JV5 bond debt service payments and any other senior electric revenue debt or (ii) O&M expenses plus 100% of its OMEGA JV5 bond debt service payments and all other electric system debt whether revenue or general obligation ("debt service coverage ratio").

Based upon unaudited financial information for the year ended December 31, 2008, all participants certified compliance with the debt service coverage ratio requirement of the Joint Venture Agreement.

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**Term Debt on Behalf of Members**

The individual municipality is the primary obligor on term debt issued on its behalf. "On behalf of" financings non-recourse to AMP-Ohio and are presented on the combined balance sheet with a corresponding receivable from the project or member to which the on behalf of financing relates. The receivables are typically less than the on behalf of financing as principal on the on behalf of financings is collected monthly in advance of the annual due date and is held in trust by AMP-Ohio. Bonds and notes payable issued on behalf of member communities consist of the following at December 31:

	<b>2008</b>	<b>2007</b>
OMEGA JV2 Project Distributive Generation Bonds, Series 2001	\$ 37,790,000	\$ 39,810,000
AMP-Ohio City of Wadsworth Project Electric System Improvement Bonds, Series 2002	9,110,000	9,570,000
AMP-Ohio Village of Genoa Project Electric System Improvement Bonds, Series 2004	5,215,000	5,370,000
OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004	6,818,000	7,631,000
Municipal project notes due on various dates through through December 5, 2008 with interest from 3.45% to 4.35% at December 31, 2007 (3.6% to 4.35% at December 31, 2006) payable at maturity	<u>36,496,150</u>	<u>45,403,400</u>
	95,429,150	107,784,400
Current portion of on behalf of financings	<u>(40,131,150)</u>	<u>(48,851,400)</u>
Noncurrent portion of on behalf of financings	<u>\$ 55,298,000</u>	<u>\$ 58,933,000</u>

At December 31, 2008 and 2007, amounts included in accrued interest in the combined balance sheets that related to nonrecourse notes payable issued on behalf of members were \$1,783,601 and \$1,992,573, respectively. Interest expense related to nonrecourse term debt issued on behalf of members was \$1,528,561 and \$4,788,566 for the years ended December 31, 2008 and 2007, respectively.

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

	<b>2008</b>	<b>2007</b>
Financing receivable - OMEGA JV2 members	\$ 31,496,790	\$ 33,494,402
Financing receivable - Wadsworth	7,689,112	8,139,942
Financing receivable - Genoa	4,638,533	4,790,313
Financing receivable - OMEGA JV6 members	6,441,969	7,322,376
Notes receivable - members	31,629,574	40,570,437
Interest receivable	<u>504,882</u>	<u>563,546</u>
	82,400,860	94,881,016
Current portion of on behalf of notes receivable	<u>(35,897,372)</u>	<u>(44,888,983)</u>
Noncurrent portion of on behalf of notes receivable	<u>\$ 46,503,488</u>	<u>\$ 49,992,033</u>

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Interest income related to receivables from members related to on behalf of debt was \$1,696,418 and \$5,140,811 for the years ended December 31, 2008 and 2007, respectively. The interest income from the receivables from these municipalities and the interest expense on term debt on behalf of debt are included in other, net in nonoperating revenues and expenses.

*OMEGA JV2 Project Distributive Generation Bonds*

The OMEGA JV2 Project Distributive Generation Bonds, Series 2001 (the "OMEGA JV2 Bonds") outstanding at December 31, 2008, are as follows:

<b>Maturity Date/Mandatory Sinking Fund Redemption Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
<b>January 1</b>		
2009	\$ 2,120,000	5.00 %
2010	2,225,000	5.00 %
2011	2,335,000	5.25 %
2012	2,460,000	5.25 %
2013	2,590,000	5.25 %
2014	2,725,000	5.25 %
2015	2,865,000	5.25 %
2016	3,015,000	5.25 %
2017	3,175,000	5.25 %
2021	14,280,000	4.75 %
	<u>\$ 37,790,000</u>	

The OMEGA JV2 Bonds were issued by AMP-Ohio on January 18, 2001, in the form of serial bonds on behalf of certain of its members which are financing participants in OMEGA JV2. The OMEGA JV2 Bonds mature in various annual installments through January 1, 2021. Interest is payable semiannually at fixed interest rates.

The OMEGA JV2 Bonds are payable solely from the municipal electric utility system revenues of OMEGA JV2 financing members. The OMEGA JV2 Bonds require compliance by the financing members with the OMEGA JV2 joint venture agreement, which requires that each financing member maintains a debt service cover ratio of 1.1 or greater. There is no recourse to AMP-Ohio, other than from such revenues. AMP-Ohio will not be obligated to pay debt service on the OMEGA JV2 Bonds, except from debt service payments received from the OMEGA JV2 financing members and other funds pledged or assigned therefore under the trust agreement.

The OMEGA JV2 Bonds are not subject to optional redemption before January 1, 2011. The OMEGA JV2 Bonds maturing after January 1, 2011 are subject to redemption in whole or in part on any date on or after January 1, 2011 at a redemption price of 100% of the outstanding principal plus accrued interest.

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*AMP-Ohio City of Wadsworth Project Electric System Improvement Bonds*

The AMP-Ohio City of Wadsworth Project Electric System Improvement Bonds, Series 2002 (the "Wadsworth Bonds") outstanding at December 31, 2008, are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
<b>February 15</b>		
2009	475,000	3.90 %
2010	495,000	4.00 %
2011	515,000	4.20 %
2012	535,000	4.20 %
2017	3,090,000	5.25 %
2022	4,000,000	5.00 %
	<u>\$ 9,110,000</u>	

The Wadsworth Bonds were issued by AMP-Ohio on March 1, 2002 in the form of serial and term bonds on behalf of the City of Wadsworth which is a member of AMP-Ohio. The Wadsworth Bonds mature in various annual installments through February 15, 2022. Interest is payable semiannually at fixed interest rates.

The Wadsworth Bonds are payable solely from the municipal electric system revenues of the City of Wadsworth. There is no recourse to AMP-Ohio regarding the bonds, other than from such revenues. AMP-Ohio will not be obligated to pay debt service on the Wadsworth Bonds, except from debt service payments received from the City of Wadsworth and other funds pledged or assigned therefore under the trust agreement.

The Wadsworth Bonds are not subject to optional redemption prior to February 15, 2012. The Wadsworth Bonds maturing after February 15, 2012 are subject to redemption in whole or in part on any date on or after February 15, 2012 at a redemption price of 100% of the outstanding principal plus accrued interest.

The Wadsworth Bonds require that the City of Wadsworth maintain a debt service coverage ratio of 1.1 or greater.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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*AMP-Ohio Village of Genoa Project Electric System Improvement Bonds*

The AMP-Ohio Village of Genoa Project System Improvement Bonds, Series 2004 (the "Genoa Bonds") outstanding at December 31, 2008, are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
<b>February 15</b>		
2009	160,000	2.80 %
2010	165,000	3.00 %
2011	165,000	3.25 %
2012	175,000	3.25 %
2013	180,000	3.40 %
2014	185,000	3.50 %
2024	2,435,000	5.25 %
2029	1,750,000	4.63 %
	<u>\$ 5,215,000</u>	

The Genoa Bonds were issued by AMP-Ohio on October 1, 2004 in the form of serial and term bonds on behalf of the Village of Genoa which is a member of AMP-Ohio. The Genoa Bonds mature in various installments through February 15, 2029. Interest is paid semiannually at fixed interest rates.

The Genoa Bonds are payable solely from the municipal electric system revenues of the Village of Genoa. There is no recourse to the Companies regarding these bonds, other than from such revenues. AMP-Ohio will not be obligated to pay debt services on the Genoa Bonds, except from debt service payments received from the Village of Genoa and other funds pledged or assigned therefore under the trust agreement.

The Genoa Bonds are not subject to optional redemption prior to February 15, 2014. Genoa Bonds maturing on or after February 15, 2015 are subject to redemption in whole or in part, on any date on or after February 15, 2014, at a redemption price of par, plus accrued interest to the date of redemption.

The Genoa Bonds require that the Village of Genoa maintain a debt service coverage ratio of net electric system revenues to debt service of 1.1 or greater.

*OMEGA JV6 Adjustable Rate Revenue Bonds*

The OMEGA JV6 Bonds were issued by AMP-Ohio on July 1, 2004 in the form of serial bonds on behalf of certain of its members who are financing participants in OMEGA JV6. Principal and interest on the OMEGA JV6 Bonds is payable in \$500,000 semi-annual installments on February 15 and August 15, beginning February 15, 2005. The OMEGA JV6 Bonds bear interest at an adjustable rate, which shall be established by reference to the Six-Month Municipal Market Data High Grade Index Rate (the "MMD Index Rate") plus 15 basis points. The adjustable rate will automatically be reset semi-annually, based on the MMD Index Rate as of two business days prior to the beginning of the next interest period. On August 15, 2019, the balance of the principal of the OMEGA JV6 Bonds, if not theretofore paid or provided for, shall become due and payable.

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OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (the "OMEGA JV6 Bonds") outstanding at December 31, 2008, are as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
<b>February 15 and August 15</b>		
2009	\$ 880,000	0.65 %
2010	935,000	0.65 %
2011	945,000	0.65 %
2012	957,000	0.65 %
2013	967,000	0.65 %
2014	979,000	0.65 %
2015	989,000	0.65 %
2016	166,000	0.65 %
	<u>\$ 6,818,000</u>	

The maturity table assumes a constant interest rate of 0.65%, which is equal to the interest rate used to calculate the August 15, 2009 and subsequent principal payments.

The OMEGA JV6 Bonds are payable solely from the basic and additional demand charges payable by the OMEGA JV6 financing members. The OMEGA JV6 Bonds require compliance by the financing members with the OMEGA JV6 joint venture agreement, which requires that each financing member maintain a debt service coverage ratio of 1.1 or greater. There is no recourse to AMP-Ohio regarding these bonds, other than from such revenues. AMP-Ohio will not be obligated to pay debt service on the OMEGA JV6 Bonds, except from demand charges received from OMEGA JV6 financing participants and other funds pledged or assigned therefore under the trust agreement.

The OMEGA JV6 Bonds are subject to optional redemption at any time, at the sole discretion of participants of OMEGA JV6, at the price of par plus accrued interest.

*Municipal Project Notes*

The municipal project notes are collateralized solely by revenues received by AMP-Ohio pursuant to its agreements with municipal members for construction of various electric utility projects. There is no recourse to AMP-Ohio regarding these notes, other than such revenues.

The aggregate amounts of future maturities for revolving credit loan and term debt are as follows:

<b>Years Ending December 31</b>	<b>AMP-Ohio Debt</b>	<b>OMEGA JV5</b>	<b>On Behalf of Financings</b>	<b>Combined Total</b>
2009	\$ 202,292,550	\$ 4,475,000	\$ 40,135,150	\$ 246,902,700
2010	76,220,000	4,570,000	3,785,000	84,575,000
2011	82,770,000	4,705,000	3,931,000	91,406,000
2012	299,759,993	4,860,000	4,102,000	308,721,993
2013	74,590,000	5,105,000	4,273,000	83,968,000
Thereafter	759,500,000	132,470,000	39,203,000	931,173,000
	<u>\$ 1,495,132,543</u>	<u>\$ 156,185,000</u>	<u>\$ 95,429,150</u>	<u>\$ 1,746,746,693</u>

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**9. Trustee Funds**

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:

	2008	2007
Combustion Turbine Bonds	\$ 594,814	\$ 581,414
Electricity Purchase Revenue Bonds	53,379,289	21,783,051
PSEC Bonds	539,589,141	-
Gorsuch 2008 Bonds	52,707,363	-
OMEGA JV2 Bonds	7,767,289	7,825,140
Wadsworth Bonds	1,586,055	1,602,991
Genoa Bonds	669,118	671,833
OMEGA JV6 Bonds	495,822	486,081
OMEGA JV5 Bonds	10,692,621	10,613,487
	<u>667,481,512</u>	<u>43,563,997</u>
Current portion	<u>(166,306,463)</u>	<u>(37,954,490)</u>
Noncurrent portion	<u>\$ 501,175,049</u>	<u>\$ 5,609,507</u>

*Combustion Turbine Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the Combustion Turbine Bonds dated December 1, 2006 contains, among others, the following provisions:

- AMP-Ohio will sell the output of the combustion turbine project to 33 of its member municipalities (the "Municipalities").
- AMP-Ohio is obligated to fix rates and charges sufficient to pay debt service on the Combustion Turbine Bonds and the Municipalities are obligated to fix rates and charges sufficient, with other available funds, to make monthly payments to AMP-Ohio that include amounts sufficient for AMP-Ohio to pay debt service on the Combustion Turbine Bonds.
- The following funds are established: (a) Project Fund (containing amounts from bond proceeds); (b) Bond Fund (containing all debt service payments); (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-Ohio's general accounts); (d) Overhaul Fund (containing amounts for the payment of principal and interest and for major repairs, replacements, renovations, rehabilitation and improvements to the project; and to the extent funds in the Bond Fund are not sufficient to make such payments, for reimbursements of draws under the Credit Facility, and for payments owed for the swap agreement); (e) Reserve and Contingency Fund (containing amounts for principal and interest on the Combustion Turbine Bonds to the extent funds in the Bond Fund are not sufficient to make such payments, for reimbursements of draws under the Credit Facility, for payments owed for the swap agreement and for operating and maintenance expenses of the project).

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Funds held by the trustee for the Combustion Turbine Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Bond Fund	\$ 594,814	\$ 581,414
	<u>594,814</u>	<u>581,414</u>
Current portion	(594,814)	(581,414)
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

*Electricity Purchase Revenue Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the Electricity Purchase Revenue Bonds dated August 1, 2007 contains, among others, the following provisions:

- AMP-Ohio will at all times fix, establish, maintain and collect fees and charges to the extent permitted under the provisions of the Power Schedules for the sale of electricity. These fees and charges should be equal to the amounts required to be paid during the year for debt service and other costs associated with the Electricity Purchase Revenue Bonds.
- The following subfunds are established: (a) Project Subfund (consisting of the Costs of Issuance Account and the Electricity Purchase Account; containing amounts to be paid for costs incurred by AMP-Ohio in connection with the issuance of the Electricity Purchase Revenue Bonds and the proceeds from the Electricity Purchase Revenue Bonds offering); (b) Revenue Subfund (containing the monthly payments from the Participants due under the Participants' Power Schedules); (c) Debt Service Subfund (consisting of the Debt Service Account and the Redemption Account, containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (d) Trust Indenture Expense Subfund (containing amounts to be paid for trust indenture expenses); (e) General Subfund (containing amounts to be maintained in AMP-Ohio's general accounts).
- Amounts deposited into the Debt Service Account will be invested into a guaranteed investment contract (the "GIC"). The GIC is effective on August 1, 2007, and it guarantees AMP-Ohio a rate of return of 5.216% on the funds invested. The GIC expires on February 1, 2013, which coincides with the date of the final principal payment of the Revenue Bonds.

Funds held by the trustee for the AMP-Ohio Electricity Purchase Revenue Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Cost of Issuance Account	\$ -	\$ 12,319
Revenue Subfund	28,648	10,902,434
Debt Service Account	53,350,641	10,868,298
	<u>53,379,289</u>	<u>21,783,051</u>
Current portion	(53,379,289)	(21,783,051)
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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*PSEC Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the PSEC Bonds dated November 1, 2007, and supplemented on May 1, 2008 contains, among others, the following provisions:

- AMP-Ohio 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 should be at least 110% of the annual debt service requirements of the PSEC Bonds.
- The following subfunds are established with the trustee: (a) Acquisition and Construction Subfund (containing amounts to be paid for costs incurred by AMP-Ohio in connection with the construction of the PSEC); (b) Cost of Issuance Subfund (containing amounts to be paid for costs incurred by AMP-Ohio 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; containing amounts to be paid for debt service and amounts to be paid should a redemption be triggered); (d) Subordinate Obligations Subfund.
- Amounts deposited into the Acquisition and Construction Subfund will be invested in a guaranteed investment contract (the "PSEC GIC"). The PSEC GIC is effective on August 1, 2008, and it guarantees AMP-Ohio a rate of return of 3.571% on the funds invested. The PSEC GIC expires on June 1, 2010.

Funds held by the trustee for the PSEC Bonds at December 31, 2008 are as follows:

Acquisition and Construction Subfund	\$ 347,939,698
Costs of Issuance Subfund	928,939
Capitalized Interest Subaccount	131,920,069
Debt Service payment Subaccount	<u>58,800,435</u>
	539,589,141
Current portion	<u>(43,907,260)</u>
Noncurrent portion	<u>\$ 495,681,881</u>

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*Gorsuch 2008 Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the Gorsuch 2008 Bonds dated August 1, 2008 contains, among others, the following provisions:

- AMP-Ohio will at all times establish and maintain rates and charges sufficient to pay for the Gorsuch participants' share of the Gorsuch project costs, which includes the debt service requirements of the Gorsuch 2008 Bonds.
- The following funds are established: Series A and Series B Project Funds (containing amounts from the bond proceeds); Series A and Series B Bond Funds (containing the monthly amounts received for debt service requirements); and Series A and Series B Debt Service Reserve Funds (containing minimum debt service reserve Series A and Series B requirements).
- Bond proceeds are required to be invested in an eligible investment at the direction of AMP-Ohio, except that under the terms of the Letter of Credit and Reimbursement Agreement, KeyBank holds the Series A and Series B Debt Service Reserve Funds, which are required to be invested in eligible investments. AMP-Ohio has invested the Series A and Series B Debt Service Reserve Funds, which were \$4,573,013 at December 31, 2008, in certificates of deposit outside of the control of the trustee. These investments mature on August 28, 2012 and are included in noncurrent investments on the consolidated balance sheets.

Funds held by the Trustee for the Gorsuch 2008 Bonds at December 31, 2008 are as follows:

Series A Bond Fund	\$ 590,533
Series A Project Fund	47,957,280
Series B Bond Fund	50,567
Series B Project Fund	<u>4,108,983</u>
	52,707,363
Current Portion	<u>(52,707,363)</u>
Noncurrent portion	<u>\$ -</u>

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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*OMEGA JV2 Project Distributive Generation Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the OMEGA JV2 Bonds dated January 1, 2001 contains, among others, the following provisions:

- The OMEGA JV2 Bonds are payable solely from payments to be made by the OMEGA JV2 financing participants pursuant to a financing agreement dated January 1, 2001. The payment obligations of each financing participant are payable from the revenues of its municipal electric utility system.
- The following funds are established: (a) AMP-Ohio Proceeds Fund (containing amounts from bond proceeds); (b) Acquisition Fund (consisting of the Bond Proceeds Subfund, the Contributions Subfund and the Costs of Issuance Account; containing the amounts from bond proceeds, proceeds from contributions by nonfinancing participants and costs of bond issuance, respectively); (c) Debt Service Fund (consisting of the Bond Payment Fund and Debt Service Reserve Fund, containing the monthly payments for annual debt service requirements); (d) Reserve and Contingency Fund (containing amounts for improvements and extraordinary operation and maintenance costs to be held by OMEGA JV2); (e) General Reserve Fund (consisting of amounts to be maintained in AMP-Ohio's general accounts).
- The trustee is to receive on or before the last business day (but not before the twenty-sixth day) of each month, the full bond debt service payments for each month during the term of the financing agreement from AMP-Ohio. 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 Reserve and Contingency Fund and then the Debt Service Reserve Fund.

Funds held by the trustee for the OMEGA JV2 Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Bond Payment Fund	\$ 3,105,395	\$ 3,089,871
Debt Service Reserve Fund	4,129,940	4,218,353
Reserve and Contingency Fund	<u>531,954</u>	<u>516,916</u>
	7,767,289	7,825,140
Current portion	<u>(3,637,349)</u>	<u>(3,606,787)</u>
Noncurrent portion	<u>\$ 4,129,940</u>	<u>\$ 4,218,353</u>

The Bond Payment Fund and the Debt Service Reserve Fund are restricted for payment of principal and interest on outstanding OMEGA JV2 Bond obligations. Debt service payments are to be made by the trustee in accordance with the trust agreement.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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*AMP-Ohio City of Wadsworth Project Electric System Improvement Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the Wadsworth Bonds dated March 1, 2002 contains, among others, the following provisions:

- The Wadsworth Bonds are payable solely from the revenues of the City of Wadsworth's municipal electric utility system, pursuant to a financing agreement dated March 1, 2002.
- The following funds are established: (a) AMP-Ohio Proceeds Fund (containing amounts from the bond proceeds); (b) Payment Fund (consisting of the Note Repayment Account, the Improvement Account and the Cost of Issuance Account, containing amounts for the repayment of principal, the costs of new improvements and the costs of bond issuance, respectively); (c) Bond Fund (containing the monthly payments for annual debt service requirements); (d) Rebate Fund (containing amounts required to be paid, if necessary, to the United States as provided by the IRC of 1986, as applicable); (e) Debt Service Reserve Fund (containing reserve amounts to the extent that the Bond Fund has deficiencies); (f) General Reserve Fund (amounts to be held and maintained in AMP-Ohio's general accounts).
- The trustee is to receive on or before the twenty-sixth day of each month, the full bond debt service payments for each month during the term of the financing agreement from AMP-Ohio. In the event the amounts in the Bond Fund are not sufficient to make scheduled payments, such deficiency would be drawn from the Debt Service Reserve Fund.

Funds held by the trustee for the Wadsworth Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Bond Fund	\$ 635,691	\$ 633,294
Debt Service Reserve Fund	<u>950,364</u>	<u>969,697</u>
	1,586,055	1,602,991
Current portion	<u>(635,691)</u>	<u>(633,294)</u>
	<u>\$ 950,364</u>	<u>\$ 969,697</u>

The Bond Fund and the Debt Service Reserve Fund are restricted for payment of principal and interest on outstanding Wadsworth Bond obligations. Debt service payments are to be made by the trustee in accordance with the trust agreement. There were no amounts held by AMP-Ohio for the General Reserve Fund at December 31, 2008 and 2007.

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
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*AMP-Ohio Village of Genoa Project Electric System Improvement Bonds*

The trust agreement executed by AMP-Ohio in conjunction with the issuance of the Genoa Bonds, dated October 1, 2004 contains, among others, the following provisions:

- The Genoa Bonds are payable solely from the revenues from the Village of Genoa's municipal electric utility system, pursuant to a financing agreement date October 1, 2004.
- The following funds are established: (a) Proceeds Fund (containing amount from bond proceeds); (b) Payment Fund (consisting of the Note Repayment Account and the Cost of Issuance Account, containing amounts for the repayment of principal and the costs of bond issuance, respectively); (c) Bond Fund (containing the monthly payments for annual debt service requirements); (d) Debt Service Reserve Fund (containing reserve amounts to the extent that the Bond Fund has deficiencies); (e) General Reserve Fund (containing amounts to be held and maintained in AMP-Ohio's general accounts).
- The trustee is to receive on or before the twenty-fifth day of each month, the full bond debt service payments for each month during the term of the financing agreement from AMP-Ohio. In the event the amounts in the Bond Fund are not sufficient to make scheduled payments, such deficiency would be drawn from the Debt Service Reserve Fund.

Funds held by the trustee for the Genoa Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Bond Fund	\$ 256,254	\$ 250,376
Debt Service Reserve Fund	412,864	421,457
	<u>669,118</u>	<u>671,833</u>
Current portion	<u>(256,254)</u>	<u>(250,376)</u>
	<u>\$ 412,864</u>	<u>\$ 421,457</u>

The Bond Fund and the Debt Service Reserve Fund are restricted for payment of principal and interest (and redemption premium, if any) on outstanding Genoa Bond obligations. Debt service payments are to be made by the trustee in accordance with the trust agreement. There were no amounts held by AMP-Ohio for the General Reserve Fund at December 31, 2008 and 2007.

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*OMEGA JV6 Adjustable Rate Revenue Bonds*

The trust agreement executed by AMP-Ohio 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-Ohio'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-Ohio'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-Ohio. 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.

Funds held by the trustee for the OMEGA JV6 Bonds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Bond Payment Fund	\$ 421,142	\$ 419,490
Reserve and Contingency Fund	74,680	66,591
	<u>495,822</u>	<u>486,081</u>
Current portion	<u>(495,822)</u>	<u>(486,081)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

There were no amounts held by AMP-Ohio for the Rebate Fund and General Reserve Fund at December 31, 2008 and 2007.

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*OMEGA JV5 Beneficial Interest Certificates*

Trustee funds include those assets comprising the Debt Service Reserve, Certificate Payment and Reserve and contingency Funds, which are established and maintained pursuant to the trust agreement for the OMEGA JV5 beneficial Interest Certificates. Substantially all assets in the Certificate Payment Fund are available only to meet principal and interest payments on the OMEGA JV5 Beneficial Interest Certificates. As part of the refunding of the 1993 Certificates in February 2004, the Debt Service Reserve Fund was liquidated. Assets in the Reserve and Contingency Fund are to be used for the following purposes (i) subject to certain conditions, to remedy deficiencies in bond debt service payments, (ii) to pay for operating expenses to the extent that other operating funds are not sufficient, (iii) to pay for major repairs and maintenance and (iv) to provide for the decommissioning of the project.

The aggregate amount of cash and investments in each of these funds at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Certificate Payment Fund	\$ 7,416,861	\$ 7,442,001
Reserve and Contingency Fund	3,275,760	3,171,486
	<u>10,692,621</u>	<u>10,613,487</u>
Current portion	<u>(10,692,621)</u>	<u>(10,613,487)</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

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

	<b>2008</b>	<b>2007</b>
Money market funds	\$ 63,740,849	\$ 6,325,923
Debt securities	202,501,161	20,847,470
Guaranteed investment contracts	401,239,502	16,390,604
	<u>\$ 667,481,512</u>	<u>\$ 43,563,997</u>

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**10. Fair Value of Financial Instruments**

Financial Instruments	December 31, 2008		December 31, 2007	
	Carry Value	Estimated Fair Value	Carry Value	Estimated Fair Value
<b>Assets</b>				
Investments	\$ 11,191,472	\$ 11,191,472	\$ 12,350,469	\$ 12,350,469
Trustee funds	656,975,048	656,975,048	32,980,045	32,980,045
Trustee funds on behalf of members	10,506,464	10,506,464	10,583,952	10,583,952
<b>Liabilities</b>				
Fixed rate term debt, including current maturities	\$ 1,301,526,216	\$ 1,232,356,612	\$ 498,693,146	\$ 491,216,057
Fixed rate term debt, including current maturities, on behalf of members	88,611,150	90,156,450	100,153,400	102,451,830
Variable rate term debt, including current maturities, the Companies and on behalf of members	115,628,000	115,628,000	20,751,000	20,751,000
Interest rate swaps	5,765,603	5,765,603	558,409	558,409

The carrying amounts of cash, accounts receivable, accounts payable, the AMP-Ohio project notes, the Prairie State BAN, the municipal project notes and the revolving credit loan approximate their fair value due to their short maturities. The carrying amount of the Gorsuch 2008 Bonds, the Combustion Turbine Bonds and the OMEGA JV6 Bonds approximate their fair value due to their variable rates of interest. The fair value of long-term debt reflect the present value of cash outflows relating to those obligations based on the current call price or the yield to maturity as deemed appropriate at the end of each respective year. The yields assumed were based on municipal bond ratings offered by organizations similar to the Organization.

Effective January 1, 2008, the Organization adopted SFAS 157, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP and, among other things, requires enhanced disclosures about assets and liabilities recognized at fair value. The Organization also adopted SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115*, on January 1, 2008, which provides the option to measure certain financial assets and financial liabilities at fair value. The Organization has analyzed its financial assets and financial liabilities within the scope of SFAS 159 and, as of December 31, 2008, has elected not to record eligible assets and liabilities at fair value.

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As defined in SFAS 157, 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. SFAS 157 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 SFAS 157 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. The Organization's Level 1 assets primarily consist of equity securities, mutual funds, debt securities and money market funds that are listed on active exchanges which are included in investments and trustee funds on the consolidated balance sheets. The Organization 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. Instruments in this category include the Organization's interest rate swaps. Interest rate swaps are included in other liabilities on the Organization's consolidated balance sheets.
- 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. The Organization's Level 3 assets consist of its investment in hedge funds, which are included in investments on the consolidated balance sheets.

The Organization 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. The Organization primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, the Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs.

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The following table sets forth the Organization's financial assets and financial liabilities that are accounted for at fair value by level within the fair value hierarchy as of December 31, 2008. As required by SFAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization'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, 2008			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Equity securities and mutual funds	\$ 1,916,595	\$ -	\$ -	\$ 1,916,595
Money market funds	63,740,849	-	-	63,740,849
Debt securities	5,847,500	-	-	5,847,500
Hedge funds	-	-	3,427,377	3,427,377
Total	\$ 71,504,944	\$ -	\$ 3,427,377	\$ 74,932,321
<b>Liabilities</b>				
Interest rate swaps	-	5,765,603	-	5,765,603
Total	\$ -	\$ 5,765,603	\$ -	\$ 5,765,603

The determination of the above fair value measures takes into consideration various factors required under SFAS 157. These factors include nonperformance risk, including counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of nonperformance risk was immaterial in the fair value measurements.

The following table provides a reconciliation of changes in the fair value of hedge fund investments classified as Level 3 in the fair value hierarchy during 2008:

<b>Balance as of January 1, 2008</b>	\$ 4,300,362
Settlements	-
Unrealized gains (losses)	<u>(872,985)</u>
<b>Balance as of December 31, 2008</b>	<b>\$ 3,427,377</b>

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**11. Asset Retirement Obligations**

Asset retirement obligations consist of the following:

	<b>AMP-Ohio</b>	<b>OMEGA Joint Ventures</b>	<b>Total</b>
Asset retirement obligation at December 31, 2006	\$ 4,249,947	\$ 2,189,061	\$ 6,439,008
Revisions to estimated cash flow	512,005	483,598	995,603
Accretion	<u>170,868</u>	<u>107,273</u>	<u>278,141</u>
Asset retirement obligation at December 31, 2007	4,932,820	2,779,932	7,712,752
Revision to estimated cash flow	1,755,184	942,109	2,697,293
Accretion	<u>196,797</u>	<u>130,378</u>	<u>327,175</u>
Asset retirement obligation at December 31, 2008	<u>\$ 6,884,801</u>	<u>\$ 3,852,419</u>	<u>\$ 10,737,220</u>

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**12. Employee Benefits**

**Pension Plan**

AMP-Ohio has a defined benefit pension plan (the "Pension Plan") covering substantially all hourly employees at the Gorsuch Project. Benefits for eligible employees at retirement are based primarily on years of service and compensation rates. AMP-Ohio's funding policy is to make contributions as required by applicable government regulations. Assets held by the Pension Plan consist primarily of treasury notes, marketable securities, and alternative investments.

**Postretirement Plan**

AMP-Ohio sponsors a postretirement benefit plan (the "Postretirement Plan") covering salaried and hourly employees at the Gorsuch Project who were hired before November 1, 2003. The Postretirement Plan provides prescription drug and medical, dental, and life insurance benefits. Benefits are available to employees who retire under provisions of the Postretirement Plan. The eligible employees' share of the medical insurance premiums in the postretirement period is increased on the basis of the provisions of the Postretirement Plan. At December 31, 2008 and 2007, \$11,191,472 and \$12,530,469, respectively, of investments in the accompanying combined balance sheets are designated to fund Postretirement Plan benefits.

The following table sets forth the benefit obligations, change in plan assets, funded status, amounts recognized in the combined 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	
	2008	2007	2008	2007
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 20,770,148	\$ 24,996,000	\$ 4,757,904	\$ 4,934,232
Service cost	822,155	787,014	129,994	161,851
Interest cost	1,159,003	1,292,540	295,890	260,718
Actuarial (gain) loss	534,296	(1,271,310)	244,444	(194,387)
Benefits paid	<u>(4,748,192)</u>	<u>(5,034,096)</u>	<u>(613,234)</u>	<u>(404,510)</u>
Benefit obligation at end of year	<u>18,537,410</u>	<u>20,770,148</u>	<u>4,814,998</u>	<u>4,757,904</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	39,468,765	17,001,000	-	-
Actual return on plan assets	(4,915,654)	3,101,861	-	-
Employer contributions	-	24,400,000	613,234	404,510
Benefits paid	<u>(4,748,192)</u>	<u>(5,034,096)</u>	<u>(613,234)</u>	<u>(404,510)</u>
Fair value of plan assets at end of year	<u>29,804,919</u>	<u>39,468,765</u>	<u>-</u>	<u>-</u>
<b>Funded status</b>	<u>\$ 11,267,509</u>	<u>\$ 18,698,617</u>	<u>\$ (4,814,998)</u>	<u>\$ (4,757,904)</u>

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	Pension Plan		Postretirement Plan	
	2008	2007	2008	2007
<b>Amounts recognized in the consolidated balance sheets</b>				
Prepaid pension costs	\$ 11,267,509	\$ 18,698,617	\$ -	\$ -
Current liabilities	-	-	(595,000)	(365,000)
Noncurrent liabilities	-	-	(4,219,998)	(4,392,904)
Net amount recognized	<u>\$ 11,267,509</u>	<u>\$ 18,698,617</u>	<u>\$ (4,814,998)</u>	<u>\$ (4,757,904)</u>
<b>Amounts recognized in accumulated other comprehensive income</b>				
Actuarial loss	\$ -	\$ 6,445,558	\$ -	\$ 1,241,889
Transition obligation	-	-	-	573,800
Net amount recognized	<u>\$ -</u>	<u>\$ 6,445,558</u>	<u>\$ -</u>	<u>\$ 1,815,689</u>
<b>Components of net periodic benefit cost</b>				
Service cost	\$ 822,155	\$ 787,014	\$ 129,994	\$ 161,851
Interest cost	1,159,003	1,292,540	295,890	260,718
Expected return on plan assets	(3,153,047)	(2,278,761)	-	-
Amortization of transition obligation	-	-	78,600	78,600
Recognized actuarial loss	283,547	855,375	69,060	90,659
Settlement loss	1,076,408	1,658,002	-	-
Net periodic benefit cost	<u>\$ 188,066</u>	<u>\$ 2,314,170</u>	<u>\$ 573,544</u>	<u>\$ 591,828</u>
<b>Weighted average assumptions</b>				
Discount rate	6.25%	6.25%	6.25%	6.25%
Expected return on plan assets	8.00%	8.50%	N/A	N/A
Rate of compensation increase	5.00%	5.00%	5.00%	5.00%
Health care trend rate	N/A	N/A	12.25%	8.40%

In accordance with the transition requirements of SFAS No. 158, AMP-Ohio has determined that the incremental effect of applying SFAS No. 158 at December 31, 2007, was to decrease prepaid pension costs by \$6,445,558, increase accrued pension and postretirement benefits by \$365,000, increase accrued pension and postretirement benefits - noncurrent by \$1,450,689 and increase accumulated other comprehensive income by \$8,261,247.

During 2008, AMP-Ohio determined that the unrecognized prior service costs and unrecognized actual gains and losses, which had previously been recorded as a component of accumulated other comprehensive income, were recoverable in future period in the regulatory rate setting process, as provided for under provisions of SFAS 71. This determination was made based on a new board resolution which allowed for the recoverability of such costs through rates. As a result, \$8,261,247 was transferred from accumulated other comprehensive income regulatory assets in December 2008.

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Amounts included in accumulated other comprehensive income as of December 31, 2008, that are expected to be recognized as components of net periodic benefit cost during 2008, are:

	<b>Pension Plan</b>	<b>Postretirement Plan</b>
Actuarial loss	\$ 1,049,352	\$ 81,372
Transition obligation	-	78,600

The accumulated benefit obligation for the Pension Plan was \$17,610,540 and \$20,429,125 at December 31, 2008 and 2007, respectively. The accumulated benefit obligation for the Postretirement Plan was \$4,814,998 and \$4,757,904 at December 31, 2008 and 2007, respectively.

AMP-Ohio has adjusted the initial unrecognized transition obligation for the Postretirement Plan for the effect of plan amendments. The remaining net unrecognized transition obligation for the Postretirement Plan is being amortized over the remaining transition period (7 years at December 31, 2008).

AMP-Ohio'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.

The Pension Plan's weighted-average asset allocations by asset category are as follows at December 31:

<b>Asset Category</b>	<b>2008</b>	<b>2007</b>
Equity securities	19%	32%
Debt securities	42%	30%
Alternative investments	36%	38%
Cash	3%	0%

AMP-Ohio does not expect to make any contributions to the Pension Plan for the year ending December 31, 2009.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<b>Pension Plan</b>	<b>Postretirement Plan</b>
2009	2,343,000	595,000
2010	1,277,000	627,000
2011	1,656,000	636,000
2012	1,882,000	647,000
2013	1,662,000	695,000
2014-2018	9,426,000	3,863,000

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Assumed health care cost trend rates have a significant effect on the amounts reported for postretirement health care plans. A one-percentage point change in assumed health care cost trend rate would have the following impact on the Postretirement Plan:

	<b>One-Percentage Point Increase</b>	<b>One-Percentage Point Decrease</b>
Effect on total of service and interest cost components	\$ 60,050	\$ (50,680)
Effect on postretirement benefit obligation	538,075	(528,196)

The assumed rate of increase in per capita cost of health care benefits is 12.25% in 2008. This rate is assumed to decrease gradually to 5.25% by 2015 and remain at that rate thereafter.

**Ohio Public Employees Retirement System**

All full-time permanent employees of MESA participate in the Ohio Public Employees Retirement System ("OPERS"), a statewide cost-sharing multiple-employer defined benefit public pension plan. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to OPERS. OPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code ("ORC").

The ORC provides statutory authority for employee and employer contributions. The employee contribution rate effective for 2008 and 2007 was 9.0% and 9.5%, respectively. The 2008 and 2007 employer contribution rate was 14.0% and 13.85%, respectively.

The employee contributions to OPERS totaled \$659,265 and \$668,793, \$578,480, for the years ended December 31, 2008, 2007 and 2006, respectively. Employer contributions were \$1,025,524, \$970,167, \$875,521, for the years ended December 31, 2008, 2007, and 2006, respectively.

**Postemployment Benefits**

OPERS administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit ("OPEB") as described in GASB Statement No.12.

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A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The ORC provides statutory authority requiring public employers to fund health care through their contributions to OPERS. The 2008 employer contribution rate was 14.0% of covered payroll; 7.0% of the employer contribution was used to fund health care for the year. These rates are the actuarially determined contribution requirement for OPERS. MESA's employer contributions to OPERS totaled \$1,025,524 and \$970,167 in 2008 and 2007, respectively. Of this amount, approximately \$512,762 and \$386,471 was used to fund post-employment benefits in 2008 and 2007, respectively.

The Health Care Preservation Plan ("HCPP") adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

The Traditional Pension and Combined Plans had 363,979 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 374,979.

The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2007.

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

The following assumptions are applicable:

**Actuarial Review** - The assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2007.

**Funding Method** - The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

**Assets Valuation Method** - All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

**Investment Return** - The investment assumption rate for 2007 was 6.50%.

**Active Employee Total Payroll** - An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

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**Health Care** - Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 4.00% for the next nine years. In subsequent years, (ten and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to: OPERS, 277 East Town Street, Columbus, OH 43215-4642.

**13. Power Sales Contracts**

AMP-Ohio's member power sales contracts for Gorsuch Project energy are long-term take-and-pay agreements. Under these agreements, member communities must take, and pay for, contracted power and energy when made available by AMP-Ohio. Accordingly, AMP-Ohio must make available such contracted power and energy from the Gorsuch Project or replacement power over the same period.

AMP-Ohio's member power sales contracts for AMP-Generating Station, PSEC and the hydro project are long-term take or pay agreements, which must be paid regardless of delivery or availability.

**14. Distributive Generation Agreement**

In 1996, AMP-Ohio entered into a 20-year distributive generation agreement with a member. Under the agreement, AMP-Ohio agreed to install six generating units in the member's community directly connected to the member's electric utility system. The member has agreed to pay AMP-Ohio a demand charge per megawatt hour of available capacity commencing from the date the units are installed plus operating expenses. At the end of the term of the agreement, the member has the right, at its option, to acquire the units for AMP-Ohio's remaining book cost plus \$1.

The generating units were initially financed by AMP-Ohio with a project note payable. In August 2003, \$4,442,444 of the project note was refinanced with a municipal project note from the member. The demand charge received under the distributive generation agreement is applied to the municipal project note from the member.

**15. Emission Allowances**

The Gorsuch Project is required to comply with provisions of the Clean Air Act Amendments of 1990 (the "CAA"). The Environmental Protection Agency ("EPA"), under the CAA, has awarded the Gorsuch Project, as a Phase II plant, 19,494 sulfur dioxide emission allowances per year through 2009 and 19,530 per year for the years 2010 to 2030. The EPA's allocated sulfur dioxide allowances are recorded at zero cost. The Gorsuch Project also purchases sulfur dioxide emission allowances on the open market.

The Gorsuch Project is required to comply with provisions of CAA to reduce nitrogen-oxide emissions. AMP-Ohio was allocated 574 nitrogen-oxide emission allowances in 2005 and 562 nitrogen-oxide emission allowances in both 2006 and 2007 from the EPA. The EPA allocated nitrogen-oxide emission allowances are recorded at zero cost. The Gorsuch Project also purchases nitrogen-oxide emission allowances on the open market.

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The USEPA sent a request pursuant to Clean Air Act ("CAA") Section 114 for information regarding historic operations and maintenance at the Richard H. Gorsuch Generating Station ("Gorsuch"). To the extent the USEPA finds probable violations in reviewing records obtained from utilities pursuant to Section 114, enforcement actions for alleged violations of the CAA are sometimes initiated. AMP-Ohio made its first response to the USEPA Section 114 request on July 28, 2008. AMP-Ohio subsequently submitted additional information on September 12, 2008 and a final submission on October 24, 2008. On February 9, 2009, USEPA requested additional information regarding two Gorsuch projects: 1981-1986 (Boiler Replacement Project), a period before AMP-Ohio acquired an interest in Gorsuch, and 1988-1991 (Station Improvement Uprate Program). AMP-Ohio is currently searching for responsive documents.

**16. Commitments and Contingencies**

**Environmental Matters**

The Organization 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.

*Clean Air Act*

The United States EPA ("USEPA") has determined that Ohio and several other states contribute significantly to nonattainment, or interfere with maintenance, of NAAQS for fine particulates and eight-hour ozone in downwind states, EPA promulgated the Clean Air Interstate Rule ("CAIR") to further control nitrogen oxide and sulfur dioxide emission from electric utility boilers. Phase I nitrogen oxide reductions will begin in 2009. Phase I sulfur dioxide reductions will begin in 2010. Phase II reductions for both nitrogen oxide and sulfur dioxide begin in 2015.

CAIR mandates a 50% reduction in the sulfur dioxide cap in 2010, effectively reducing the Gorsuch baseline allocation from 19,500 to 9,750. At 2015, the cap is further reduced by another 30%, leaving the Gorsuch Project with an effective baseline allocation of 6,825.

Nitrogen oxide allowances will be distributed to Ohio and allocated to existing sources based on the highest year of heat input during 1999-2002. Phase I nitrogen oxide allowances in 2009 will be calculated on a 0.15 lbs/mm Btu basis. The allocation factor is further reduced to 0.125 lbs/mm Btu in 2015.

On July 11, 2008, the D.C. Circuit Court of Appeals vacated CAIR. However, upon petition by USEPA, the Court of Appeals reversed its decision and remanded CAIR to USEPA without vacatur. As such, CAIR will become effective for nitrogen oxide in 2009, as set forth in the paragraphs above. However, CAIR will only remain effective until such time that USEPA reissues a modified CAIR (or a replacement regulatory program). Thus, the lifespan of CAIR and the allowance trading program is not known at this time.

*Mercury Emissions*

In December 2000, the EPA issued a determination that coal and oil-fired electric generating units should be regulated for emission of mercury. The EPA issued final Clean Air Mercury Rules ("CAMR") in May 2005, establishing a cap and trade program that will take effect in 2009. The Phase I cap of 38 tons per year becomes effective in 2010, and a second phase cap of 15 tons per year is effective beginning in 2018. On February 7, 2008, a federal court vacated the CAMR. This decision has been appealed and pending in the U.S. Supreme Court.

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Since litigation is on-going, the outcome is unknown to date. However, if the D.C. Circuit Court of Appeal's decision is upheld, CAMR will not be effective. Instead of CAMR, utility sources, like Gorsuch, will be subject to a CAA Section 112 Maximum Achievable Control Technology (MACT) standard for mercury and potentially other hazardous air pollutants ("HAPs"). MACT requires USEPA to set a standard to control mercury and potentially other HAPs at the level equivalent to the top twelve percent of operating sources in the utility category. If USEPA does not timely set a standard (within eighteen months of the Court's vacatur), Gorsuch will need to prepare a facility-specific case-by-case MACT that, likewise, requires an analysis of the top twelve percent of operating sources in the utility category.

*Clean Water Act*

Under court order pursuant to Section 316(b) of the Clean Water Act, the EPA issued regulations for cooling water intake structures applicable to the Gorsuch Project. The EPA's implementation schedule calls for imposing the Section 316(b) Best Available Technology ("BAT") requirements at the time of National Pollutant Discharge Elimination System ("NPDES") permit renewal. Gorsuch Project's NPDES permit does not expire until 2008. The Gorsuch Project performed ecosystem studies to determine its impact on aquatic wildlife. If new BAT requirements are implemented, it is possible that the cooling water intake structure may require an upgrade; the cost of which is unknown at this time.

*Fly Ash Disposal*

Gorsuch Station does not use fly ash disposal methods similar to the TVA Kinston Plant. However, the accident at Kingston has prompted increased regulatory scrutiny of fly ash disposal operations at all utility plants. AMP-Ohio believes it is compliant with all fly ash handling and disposal regulations. However increased scrutiny could result in additional regulatory requirements that are not possible to quantify at this time.

*Other Regulatory Matters*

Most metropolitan and industrialized counties in Ohio are non-attainment areas under the new ozone and fine particulate matter ambient air quality standards. This will require substantial local reduction of nitrogen oxides, volatile organic compounds, sulfur dioxide and particulate matter. In addition to emissions reductions required to achieve compliance in down-wind neighboring states, the site of the Gorsuch Project is a non-attainment area for ozone and fine particulate matter. The impact on the Gorsuch Project is uncertain at this time.

Washington County (Marietta - Parkersburg) may also become a non-attainment area under recently revised ambient air quality standards for lead. Ohio EPA, in a letter dated January 2009, notified AMP-Ohio of its concern about lead emissions from its Gorsuch Station. AMP-Ohio has responded to this letter and believed the concern is unfounded.

Pursuant to Section 114 (a) of the CAA, AMP-Ohio received a request from the USEPA to provide certain emissions information and emissions dispersion characteristics associated with the Gorsuch Project. Based on our discussions with USEPA staff, the Agency is attempting to determine the source(s) of higher than normal toxic metal deposition in the Marietta area. AMP-Ohio is cooperating fully with the USEPA's investigation

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**AMPGS**

AMP-Ohio is currently developing a twin unit, supercritical boiler, coal-fired, steam and electric generating facility having an aggregate net rated electric generating capacity of approximately 960 MW, to be known as the American Municipal Power Generating Station (“AMPGS”) in Meigs County, in southeastern Ohio on the Ohio River. AMP-Ohio has options on the proposed site for AMPGS. AMP-Ohio issued a limited notice to proceed in January 2009 to Bechtel Power Corporation, which was selected as the engineer, procure, construct contractor for the AMPGS. AMP-Ohio Members have subscribed for more than 750 MW of capacity from AMPGS, sufficient for the power sales contract relating to AMPGS to become effective.

AMP-Ohio has received an air permit from the Ohio Environmental Protection Agency for AMPGS. That permit was appealed to the Ohio Environmental Review Appeals Commission in two separate appeals. One appeal was dismissed. The other, brought by a coalition of environmental groups, is scheduled for a hearing in August 2009. The permit is now considered final, but remains subject to appeal through the Ohio appeals process. In addition, the Ohio Power Sitting Board has issued, respectively, Certificates of Generation and Transmission and of Environmental Compatibility and Public Need for AMPGS. The appeal period has expired and such certificates are now final.

**Other Purchase Commitments**

AMP-Ohio’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 SFAS 133. All such purchases are “covered” by corresponding power sales arrangements either with individual members or one of AMP-Ohio’s power pools.

Energy purchase commitments at December 31, 2008, are as follows:

2009	\$ 479,723,610
2010	467,936,902
2011	389,167,228
2012	266,259,499
2013	252,017,200
2014-2018	<u>154,572,198</u>
	<u>\$ 2,009,676,637</u>

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

AMP-Ohio has entered into multiple agreements with coal suppliers to meet the coal requirements of the Gorsuch Project. The terms of these contracts extend through December 31, 2008. Under the terms of these contracts, AMP-Ohio has a commitment to purchase a set amount of coal at a fixed price. If AMP-Ohio or the supplier is unable to take or deliver the coal, adjustments are to be made in the fixed price to pay the other party the difference between market price and the fixed purchase price. AMP-Ohio has committed to purchase \$38,008,500 of coal through the year ended December 31, 2009.

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**Other Commitments**

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

On November 14, 2002, AMP-Ohio entered into a 20 year lease for the land where the OMEGA JV6 Wind Turbine Project is located. The term of the lease allows for annual renewals if the project is commercially operable. The lease requires annual payments of \$1,000 per wind turbine unit. AMP-Ohio has assigned this lease to OMEGA JV6.

Transmission revenue of OMEGA JV4 in 2008 and 2007 was derived primarily from sales to two municipalities; 67% and 69%, respectively, from a nonparticipant and 32% and 30%, respectively, from a Participant. The contract with the participant can be cancelled on October 31, 2007 upon written notice six months prior to cancellation. As of December 31, 2008, no notice of cancellation had been received. A decision by the nonparticipant to purchase transmission service from a different provider would cause a significant decline in OMEGA JV4's transmission revenue and possibly impair the carrying value of the transmission line if replacement sales could not be found.

OMEGA JV5 has agreed to make certain payments in lieu of taxes to Wood County, West Virginia. The payments in lieu of taxes will be approximately \$840,000 annually until the later of September 1, 2028 or until such time as the Project ceases commercial operations.

**17. Subsequent Events**

On March 31, 2009, AMP-Ohio issued \$166,565,000 of Prairie State Energy Campus Project Revenue Bonds, Series 2009A. The bonds were issued to pay the principal and interest on AMP-Ohio's Prairie State Bond Anticipation Notes, Series 2009, fund the capitalized interest and pay the cost of issuance for the Series 2009A bonds, and fund a deposit to the Parity Common Reserve Account. The bonds were issues with interest rates varying 4.00% to 5.75% and with maturities of February 15, 2017 through February 15, 2039.

On April 1, 2009, AMP-Ohio received a Notice and Finding of Violation from the U.S. EPA ("NOV"). AMP-Ohio had previously received a Section 114 information request from the EPA for information regarding the Gorsuch Station. The NOV was addressed to both AMP-Ohio and Elkem. The NOV alleges that activities undertaken from 1981 - 1986 prior to AMP-Ohio's ownership, and from 1988 - 1991, during AMP-Ohio's and Elkem's joint ownership, constituted "major modifications" which triggered requirements for certain permits and analyses including a "Best Available Control Technology" analysis which were neither sought nor obtained, resulting in continuing violations of environmental laws and regulations by AMP-Ohio and Elkem. AMP-Ohio is reviewing the NOV and will meet with the EPA to discuss its involvement in this matter in further detail. At this time, AMP-Ohio cannot predict the outcome of these discussions, whether litigation will follow, or what potential outcomes may be.

# **Supplemental Financial Information**

**Report of Independent Auditors on Accompanying Information**

To the Board of Trustees and Members of American Municipal Power-Ohio, Inc.; and the Board of Participants and Members of Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6, and Municipal Energy Services Agency:

The report on our audits of the combined financial statements of American Municipal Power-Ohio, Inc., Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6, and Municipal Energy Services Agency (collectively, the "Organization") at December 31, 2008 and 2007 and for the years then ended appears on page one of this document. Those audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information is presented for the purposes of additional analysis of the combined financial statements rather than to present the financial position, results operations and cash flows of the individual entities. We did not audit the financial statements of the OMEGA Joint Ventures and MESA, related parties to American Municipal Power-Ohio, Inc., at December 31, 2008 and 2007 for the years then ended, which statements reflect total assets of \$222,551,886 and \$223,316,497 as of December 31, 2008 and 2007, respectively and total revenues of \$39,945,801 and \$38,884,472 for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the OMEGA Joint Ventures and MESA, is based solely on the report of the other auditors. However, the combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects, in relation to the combined financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

April 15, 2009

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Balance Sheet  
December 31, 2008**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Assets</b>									
Utility plant									
Electric plant in service	\$ 108,512,685	\$ 586,663	\$ 58,723,083	\$ 2,640,938	\$ 186,720,695	\$ 10,013,845	\$ -	\$ -	\$ 367,197,909
Accumulated depreciation	(74,847,536)	(269,027)	(23,369,588)	(972,965)	(45,363,139)	(1,452,600)	-	-	(146,274,855)
Total utility plant	33,665,149	317,636	35,353,495	1,667,973	141,357,556	8,561,245	-	-	220,923,054
Nonutility property and equipment									
Nonutility property and equipment	16,340,156	-	-	-	-	-	517,806	-	16,857,962
Accumulated depreciation	(5,320,044)	-	-	-	-	-	(335,481)	-	(5,655,525)
Total nonutility plant	11,020,112	-	-	-	-	-	182,325	-	11,202,437
Construction work-in-progress	450,070,916	-	-	-	-	-	-	-	450,070,916
Coal reserves	26,612,000	-	-	-	-	-	-	-	26,612,000
Trustee funds and other assets									
Trustee funds	501,175,049	-	-	-	-	-	-	-	501,175,049
Long-term financing receivable members	46,503,488	-	-	-	-	-	-	-	46,503,488
Investments	4,573,013	-	-	-	-	-	-	-	4,573,013
Regulatory assets	30,527,177	58,300	1,052,685	-	-	208,106	-	-	31,846,268
Prepaid power purchase asset	173,201,258	-	-	-	-	-	-	-	173,201,258
Prepaid pension costs	11,267,509	-	-	-	-	-	-	-	11,267,509
Intangible and other assets	13,303,546	-	-	-	2,481,375	-	-	-	15,784,921
Total trustee funds and other assets	780,551,040	58,300	1,052,685	-	2,481,375	208,106	-	-	784,351,506
Current assets									
Cash and cash equivalents	129,997,882	160,806	2,088,007	527,304	5,693,461	931,365	6,137,026	-	145,535,851
Cash and cash equivalents - restricted	5,981,425	-	313,927	-	-	-	-	-	6,295,352
Investments	11,191,472	-	-	-	-	-	-	-	11,191,472
Trustee funds	155,007,208	-	531,954	-	10,692,621	74,680	-	-	166,306,463
Accounts receivable	60,526,419	8,465	163,459	22,500	1,204,210	200,580	660,691	-	62,786,324
Amount due from (to) AMP-Ohio, Inc.	-	(100)	(4,134)	(1)	(6,764)	96	767,053	(756,150)	-
Amount due from (to) MESA	(767,053)	(4,047)	(43,468)	(2,372)	(100,266)	(12,218)	-	929,424	-
Amount due from (to) OMEGA JV1	100	-	-	-	-	-	4,047	(4,147)	-
Amount due from (to) OMEGA JV2	4,134	-	-	-	-	-	43,468	(47,602)	-
Amount due from (to) OMEGA JV4	1	-	-	-	-	-	2,372	(2,373)	-
Amount due from (to) OMEGA JV5	6,764	-	-	-	-	-	100,266	(107,030)	-
Amount due from (to) OMEGA JV6	(96)	-	-	-	-	-	12,218	(12,122)	-
Amount due from (to) OMEA	(9,192)	-	-	-	-	-	28,487	-	19,295
Amount due from (to) OPPEI	13,782	-	-	-	-	-	10,985	-	24,767
Financing receivable - members	35,897,372	-	-	-	-	-	-	-	35,897,372
Other receivables	-	-	-	-	-	-	-	-	-
Emission allowances	12,682,111	-	700	-	-	-	-	-	12,682,811
Inventories	2,292,790	43,541	473,795	-	134,608	-	-	-	2,944,734
Regulatory assets - current	15,101,523	-	-	-	-	-	-	-	15,101,523
Prepaid power purchase asset - current	57,681,076	-	-	-	-	-	-	-	57,681,076
Prepaid expenses and other assets	648,861	5,000	91,065	2,925	209,758	18,092	125,028	-	1,100,729
Total current assets	486,256,579	213,665	3,615,305	550,356	17,827,628	1,212,595	7,891,641	-	517,567,769
Total assets	\$ 1,788,175,796	\$ 589,601	\$ 40,021,485	\$ 2,218,329	\$ 161,666,559	\$ 9,981,946	\$ 8,073,966	\$ -	\$ 2,010,727,682

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Balance Sheet  
December 31, 2008**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Equities and Liabilities</b>									
Member and patron equities									
Contributed capital	\$ 770,296	\$ 582,452	\$ 58,770,598	\$ 1,882,838	\$ 200,000	\$ 9,105,841	\$ -	\$ -	\$ 71,312,025
Patronage capital	43,111,321	-	-	-	-	-	-	-	43,111,321
Accumulated net margin	-	(104,971)	(21,868,236)	324,561	5,954,117	(288,936)	-	-	(15,983,465)
Total member and patron equities	43,881,617	477,481	36,902,362	2,207,399	6,154,117	8,816,905	-	-	98,439,881
Long-term debt									
Term debt	1,202,197,316	-	-	-	121,109,150	-	-	-	1,323,306,466
Term debt on behalf of members	55,298,000	-	-	-	-	-	-	-	55,298,000
Line of credit and commercial paper	205,704,993	-	-	-	-	-	-	-	205,704,993
Total long-term debt	1,463,200,309	-	-	-	121,109,150	-	-	-	1,584,309,459
Current liabilities									
Accounts payable	55,706,160	961	159,662	-	814,473	909	1,361,571	-	58,043,736
Accrued salary and related benefits	1,139,735	-	-	-	-	-	1,310,829	-	2,450,564
Accrued pension and postretirement benefits	595,000	-	-	-	-	-	-	-	595,000
Accrued interest	30,601,686	-	-	-	1,760,827	-	-	-	32,362,513
Term debt - current	82,554,750	-	-	-	4,475,000	-	-	-	87,029,750
Term debt on behalf of members - current	40,131,150	-	-	-	-	-	-	-	40,131,150
Regulatory liability - current	2,592,780	-	-	-	134,608	-	-	-	2,727,388
Margin funds on deposit	19,800,000	-	-	-	-	-	-	-	19,800,000
Other liabilities	9,692,593	7,622	48,751	10,930	1,881,141	12,033	4,136,273	-	15,789,343
Total current liabilities	242,813,854	8,583	208,413	10,930	9,066,049	12,942	6,808,673	-	258,929,444
Other noncurrent liabilities									
Accrued pension and postretirement benefits	4,219,998	-	-	-	-	-	-	-	4,219,998
Asset retirement obligations	6,884,801	103,537	2,596,783	-	-	1,152,099	-	-	10,737,220
Other long-term liabilities	-	-	-	-	67,505	-	1,265,293	-	1,332,798
Regulatory liability	27,175,217	-	313,927	-	25,269,738	-	-	-	52,758,882
Total other noncurrent liabilities	38,280,016	103,537	2,910,710	-	25,337,243	1,152,099	1,265,293	-	69,048,898
Commitments and contingencies									
Total liabilities	1,744,294,179	112,120	3,119,123	10,930	155,512,442	1,165,041	8,073,966	-	1,912,287,801
Total equities and liabilities	\$ 1,788,175,796	\$ 589,601	\$ 40,021,485	\$ 2,218,329	\$ 161,666,559	\$ 9,981,946	\$ 8,073,966	\$ -	\$ 2,010,727,682

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Balance Sheet  
December 31, 2007**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Assets</b>									
<b>Utility plant</b>									
Electric plant in service	\$ 106,120,404	\$ 579,707	\$ 58,194,419	\$ 2,640,938	\$ 186,720,695	\$ 9,581,813	\$ -	\$ -	\$ 363,837,976
Accumulated depreciation	(68,647,311)	(246,395)	(20,455,586)	(874,690)	(40,700,520)	(1,132,413)	-	-	(132,056,915)
Total utility plant	37,473,093	333,312	37,738,833	1,766,248	146,020,175	8,449,400	-	-	231,781,061
<b>Nonutility property and equipment</b>									
Nonutility property and equipment	8,488,500	-	-	-	-	-	317,594	-	8,806,094
Accumulated depreciation	(4,923,001)	-	-	-	-	-	(231,543)	-	(5,154,544)
Total nonutility plant	3,565,499	-	-	-	-	-	86,051	-	3,651,550
Construction work-in-progress	144,495,149								144,495,149
Coal reserves	26,612,000								26,612,000
<b>Trustee funds and other assets</b>									
Trustee funds	5,609,507	-	-	-	-	-	-	-	5,609,507
Long-term financing receivable— members	49,992,033	-	-	-	-	-	-	-	49,992,033
Regulatory assets	10,560,049	53,268	872,199	-	-	153,258	-	-	11,638,774
Prepaid power purchase asset	230,882,334	-	-	-	-	-	-	-	230,882,334
Prepaid pension costs	18,698,617	-	-	-	-	-	-	-	18,698,617
Intangible and other assets	3,192,844	-	-	-	2,962,537	-	-	-	6,155,381
Total trustee funds and other assets	318,935,384	53,268	872,199	-	2,962,537	153,258	-	-	322,976,646
<b>Current assets</b>									
Cash and cash equivalents	88,646,642	261,116	1,743,310	570,823	5,629,578	713,713	754,888	-	98,320,070
Cash and cash equivalents—restricted	13,121,282	-	299,282	-	-	-	-	-	13,420,564
Investments	12,350,469	-	-	-	-	-	-	-	12,350,469
Trustee funds	26,757,496	-	516,916	-	10,613,487	66,591	-	-	37,954,490
Accounts receivable	50,710,299	17,158	182,740	22,500	1,020,073	116,640	805,025	-	52,874,435
Amount due from (to) AMP-Ohio, Inc.	-	(143)	(12,065)	(90)	(26,169)	-	638,504	(600,037)	-
Amount due from (to) MESA	(638,504)	(2,680)	(27,795)	(1,759)	(65,014)	(4,054)	-	739,806	-
Amount due from (to) OMEGA JV 1	143	-	-	-	-	-	2,680	(2,823)	-
Amount due from (to) OMEGA JV 2	12,065	-	-	-	-	-	27,795	(39,860)	-
Amount due from (to) OMEGA JV 4	90	-	-	-	-	-	1,759	(1,849)	-
Amount due from (to) OMEGA JV 5	26,169	-	-	-	-	-	65,014	(91,183)	-
Amount due from (to) OMEGA JV 6	-	-	-	-	-	-	4,054	(4,054)	-
Amount due from (to) OMEA	(7,558)	-	-	-	-	-	25,659	-	18,101
Amount due from (to) OPPEI	1,103	-	-	-	-	-	5,262	-	6,365
Financing receivable—members	44,888,983	-	-	-	-	-	-	-	44,888,983
Emission allowances	6,924,949	-	700	-	-	-	-	-	6,925,649
Inventories	2,380,718	32,643	327,494	-	122,765	-	-	-	2,863,620
Regulatory assets - current	5,423,191	-	-	-	-	-	-	-	5,423,191
Prepaid power purchase asset - current	57,839,106	-	-	-	-	-	-	-	57,839,106
Prepaid expenses and other assets	733,163	5,582	93,318	2,492	219,175	20,283	91,966	-	1,165,979
Total current assets	309,169,806	313,676	3,123,900	593,966	17,513,895	913,173	2,422,606	-	334,051,022
Total assets	\$ 840,250,931	\$ 700,256	\$ 41,734,932	\$ 2,360,214	\$ 166,496,607	\$ 9,515,831	\$ 2,508,657	\$ -	\$ 1,063,567,428

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Balance Sheet  
December 31, 2007**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Equities and Liabilities</b>									
Member and patron equities									
Contributed capital	\$ 746,556	\$ 582,452	\$ 58,770,598	\$ 1,882,838	\$ 200,000	\$ 9,100,084	\$ -	\$ -	\$ 71,282,528
Patronage capital	34,998,541	-	-	-	-	-	-	-	34,998,541
Accumulated net (deficit) margin	-	15,594	(19,420,326)	466,305	5,774,697	(281,796)	-	-	(13,445,526)
Accumulated other comprehensive loss	(8,261,247)	-	-	-	-	-	-	-	(8,261,247)
Total member and patron equities	27,483,850	598,046	39,350,272	2,349,143	5,974,697	8,818,288	-	-	84,574,296
Long-term debt									
Term debt	357,395,449	-	-	-	125,060,147	-	-	-	482,455,596
Term debt on behalf of members	58,933,000	-	-	-	-	-	-	-	58,933,000
Revolving credit loan	173,328,000	-	-	-	-	-	-	-	173,328,000
Total long-term debt	589,656,449	-	-	-	125,060,147	-	-	-	714,716,596
Current liabilities									
Accounts payable	40,876,277	509	38,183	176	733,276	-	225,983	-	41,874,404
Accrued salary and related benefits	1,110,778	-	-	-	-	-	1,129,129	-	2,239,907
Accrued pension and postretirement benefits	365,000	-	-	-	-	-	-	-	365,000
Accrued interest	8,512,603	-	-	-	1,797,741	-	-	-	10,310,344
Term debt—current	24,982,550	-	-	-	4,375,000	-	-	-	29,357,550
Term debt on behalf of members—current	48,851,400	-	-	-	-	-	-	-	48,851,400
Regulatory liability—current	7,431,361	-	-	-	122,765	-	-	-	7,554,126
Margin funds on deposit	57,800,000	-	-	-	-	-	-	-	57,800,000
Other liabilities	6,270,291	7,391	47,271	10,895	1,955,675	11,845	10,725	-	8,314,093
Total current liabilities	196,200,260	7,900	85,454	11,071	8,984,457	11,845	1,365,837	-	206,666,824
Other noncurrent liabilities									
Accrued pension and postretirement benefits	4,392,904	-	-	-	-	-	-	-	4,392,904
Asset retirement obligations	4,932,820	94,310	1,999,924	-	-	685,698	-	-	7,712,752
Other long-term liabilities	-	-	-	-	76,785	-	1,142,820	-	1,219,605
Regulatory liability	17,584,648	-	299,282	-	26,400,521	-	-	-	44,284,451
Total other noncurrent liabilities	26,910,372	94,310	2,299,206	-	26,477,306	685,698	1,142,820	-	57,609,712
Commitments and contingencies (Note 16)									
Total liabilities	812,767,081	102,210	2,384,660	11,071	160,521,910	697,543	2,508,657	-	978,993,132
Total equities and liabilities	\$ 840,250,931	\$ 700,256	\$ 41,734,932	\$ 2,360,214	\$ 166,496,607	\$ 9,515,831	\$ 2,508,657	\$ -	\$ 1,063,567,428

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Revenue and Expenses  
Year Ended December 31, 2008**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Revenues</b>									
Electric revenue	\$ 581,377,237	\$ 142,657	\$ 1,996,709	\$ 270,000	\$ 22,726,568	\$ 492,032	\$ -	\$ (9,612,161)	\$ 597,393,042
Service fees	5,934,333	-	-	-	-	-	-	-	5,934,333
Programs and other	9,146,035	-	-	-	-	-	14,317,835	(10,799,146)	12,664,724
Total revenues	<u>596,457,605</u>	<u>142,657</u>	<u>1,996,709</u>	<u>270,000</u>	<u>22,726,568</u>	<u>492,032</u>	<u>14,317,835</u>	<u>(20,411,307)</u>	<u>615,992,099</u>
<b>Operating Expenses</b>									
Purchased electric power	484,944,197	-	-	-	8,911,020	-	-	(9,559,020)	484,296,197
Production	20,188,885	42,132	635,353	13,276	858,342	87,726	-	-	21,825,714
Fuel	48,079,377	2,257	258,825	-	53,141	-	-	(53,141)	48,340,459
Depreciation and amortization	6,649,312	22,632	2,914,003	98,275	4,662,619	320,186	103,939	-	14,770,966
Administrative and general	6,429,708	81,501	749,299	39,479	1,350,784	112,021	10,923,350	(10,799,146)	8,886,996
Interest expense	16,906,420	2,271	93,737	-	5,713,012	34,370	-	-	22,749,810
Property and real estate taxes	1,063,714	-	-	-	839,975	-	-	-	1,903,689
Programs and other	8,596,145	(1,280)	(143,839)	14,399	423,683	(35,371)	3,308,860	-	12,162,597
Total operating expenses	<u>592,857,758</u>	<u>149,513</u>	<u>4,507,378</u>	<u>165,429</u>	<u>22,812,576</u>	<u>518,932</u>	<u>14,336,149</u>	<u>(20,411,307)</u>	<u>614,936,428</u>
Operating margin (loss)	3,599,847	(6,856)	(2,510,669)	104,571	(86,008)	(26,900)	(18,314)	-	1,055,671
<b>Nonoperating Revenues and Expenses</b>									
Interest income	2,309,886	3,841	62,759	12,201	265,428	19,760	18,314	-	2,692,189
Other, net	2,203,047	-	-	-	-	-	-	-	2,203,047
Total nonoperating revenues and expenses	<u>4,512,933</u>	<u>3,841</u>	<u>62,759</u>	<u>12,201</u>	<u>265,428</u>	<u>19,760</u>	<u>18,314</u>	<u>-</u>	<u>4,895,236</u>
Net margin (loss)	<u>\$ 8,112,780</u>	<u>\$ (3,015)</u>	<u>\$ (2,447,910)</u>	<u>\$ 116,772</u>	<u>\$ 179,420</u>	<u>\$ (7,140)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,950,907</u>

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Revenue and Expenses  
Year Ended December 31, 2007**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Revenues</b>									
Electric revenue	\$ 527,620,743	\$ 165,849	\$ 2,169,304	\$ 270,000	\$ 23,405,171	\$ 472,458	\$ -	\$ (10,255,339)	\$ 543,848,186
Service fees	5,594,034	-	-	-	-	-	-	-	5,594,034
Programs and other	8,253,207	-	-	-	-	-	12,401,690	(8,756,563)	11,898,334
Total revenues	541,467,984	165,849	2,169,304	270,000	23,405,171	472,458	12,401,690	(19,011,902)	561,340,554
<b>Operating Expenses</b>									
Purchased electric power	449,114,126	-	-	-	9,479,955	-	-	(10,127,955)	448,466,126
Production	21,246,663	20,787	707,179	19,951	957,083	70,889	-	-	23,022,552
Fuel	41,751,285	25,449	431,420	-	127,384	-	-	(127,384)	42,208,154
Depreciation and amortization	6,301,072	18,368	2,879,762	98,426	4,662,619	316,159	55,049	-	14,331,455
Administrative and general	5,224,342	102,413	767,814	47,576	1,361,100	99,674	10,111,925	(8,756,563)	8,958,281
Interest expense	10,115,661	3,219	75,462	-	5,782,675	28,592	-	-	16,005,609
Property and real estate taxes	950,168	-	-	-	839,975	-	-	-	1,790,143
Programs and other	6,333,315	(2,569)	(49,407)	18,898	343,634	(33,239)	2,269,413	-	8,880,045
Total operating expenses	541,036,632	167,667	4,812,230	184,851	23,554,425	482,075	12,436,387	(19,011,902)	563,662,365
Operating margin (loss)	431,352	(1,818)	(2,642,926)	85,149	(149,254)	(9,617)	(34,697)	-	(2,321,811)
<b>Nonoperating Revenues and Expenses</b>									
Interest income	1,303,878	13,045	97,394	28,581	539,807	30,044	34,697	-	2,047,446
Other, net	758,247	-	-	-	38,339	-	-	-	796,586
Total nonoperating revenues and expenses	2,062,125	13,045	97,394	28,581	578,146	30,044	34,697	-	2,844,032
Net margin (loss)	\$ 2,493,477	\$ 11,227	\$ (2,545,532)	\$ 113,730	\$ 428,892	\$ 20,427	\$ -	\$ -	\$ 522,221

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Cash Flows  
Year Ended December 31, 2008**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Cash flows from operating activities</b>									
Net margin(loss)	\$ 8,112,780	\$ (3,015)	\$ (2,447,910)	\$ 116,772	\$ 179,420	\$ (7,140)	\$ -	\$ -	\$ 5,950,907
Adjustments to reconcile net margin(loss) to net cash provided by operating activities									
Depreciation and amortization	6,649,312	22,632	2,914,003	98,275	4,662,619	320,186	103,939	-	14,770,966
Amortization of deferred financing costs	901,357	-	-	-	481,162	-	-	-	1,382,519
Amortization of premium and discount on term debt	(1,889,432)	-	-	-	524,003	-	-	-	(1,365,429)
Accretion of interest on asset retirement obligations	196,797	2,271	93,737	-	-	34,370	-	-	327,175
Unrealized loss on investments	997,094	-	-	-	-	-	-	-	997,094
Changes in assets and liabilities									
Investments	161,903	-	-	-	-	-	-	-	161,903
Accounts receivable	(9,816,120)	8,693	19,281	-	(184,137)	(83,940)	144,334	-	(9,911,889)
Amount due to/from AMP-Ohio, Inc.	-	(43)	(7,931)	(89)	(19,405)	(96)	(128,549)	156,113	-
Amount due to/from MESA	128,549	1,367	15,673	613	35,252	8,164	-	(189,618)	-
Amount due to/from OMEGA JV1	43	-	-	-	-	-	(1,367)	1,324	-
Amount due to/from OMEGA JV2	7,931	-	-	-	-	-	(15,673)	7,742	-
Amount due to/from OMEGA JV4	89	-	-	-	-	-	(613)	524	-
Amount due to/from OMEGA JV5	19,405	-	-	-	-	-	(35,252)	15,847	-
Amount due to/from OMEGA JV6	96	-	-	-	-	-	(8,164)	8,068	-
Amount due to/from OMEA	1,634	-	-	-	-	-	(2,828)	-	(1,194)
Amount due to/from OPPEI	(12,679)	-	-	-	-	-	(5,723)	-	(18,402)
Other receivables	-	-	-	-	-	-	-	-	-
Emission allowances	(5,757,162)	-	-	-	-	-	-	-	(5,757,162)
Inventories	87,928	(10,898)	(146,301)	-	(11,843)	-	-	-	(81,114)
Prepaid expenses and other assets	84,302	582	2,253	(433)	9,417	2,191	(33,062)	-	65,250
Regulatory assets and liabilities, net	(9,487,480)	(5,032)	(165,841)	-	(1,118,940)	(54,848)	-	-	(10,832,141)
Accounts payable	13,302,673	452	121,479	(176)	81,197	909	1,135,588	-	14,642,122
Prepaid power purchase asset	57,839,106	-	-	-	-	-	-	-	57,839,106
Margin deposits	(38,000,000)	-	-	-	-	-	-	-	(38,000,000)
Accrued salary and related benefits	28,957	-	-	-	-	-	304,173	-	333,130
Accrued pension and postretirement benefits	343,457	-	-	-	-	-	-	-	343,457
Accrued interest	22,089,083	-	-	-	(36,914)	-	-	-	22,052,169
Other liabilities	3,422,302	231	1,480	35	(8,019)	188	4,125,548	-	7,541,765
Net cash provided by operating activities	49,411,925	17,240	399,923	214,997	4,593,812	219,984	5,582,351	-	60,440,232

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Cash Flows  
Year Ended December 31, 2008**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Cash flows from investing activities</b>									
Purchase of utility plant	(637,097)	-	(25,543)	-	-	-	-	-	(662,640)
Purchase of nonutility property and equipment	(7,903,700)	-	-	-	-	-	(200,213)	-	(8,103,913)
Purchases of trustee funds' investments	(2,008,001,931)	-	(860,919)	-	(10,692,621)	(82,769)	-	-	(2,019,638,240)
Proceeds from sale of trustee funds' investments	1,379,613,664	-	845,881	-	10,613,487	74,680	-	-	1,391,147,712
Purchase of construction work-in-progress	(304,048,557)	-	-	-	-	-	-	-	(304,048,557)
Change in restricted cash and cash equivalents	7,139,857	-	(14,645)	-	-	-	-	-	7,125,212
Net cash used in investing activities	(933,837,764)	-	(55,226)	-	(79,134)	(8,089)	(200,213)	-	(934,180,426)
<b>Cash flows from financing activities</b>									
Proceeds from revolving credit loan and commercial paper program	1,599,596,000	-	-	-	-	-	-	-	1,599,596,000
Payments on revolving credit loan and commercial paper program	(1,567,219,007)	-	-	-	-	-	-	-	(1,567,219,007)
Principal payments on term debt	(77,588,454)	-	-	-	(4,375,000)	-	-	-	(81,963,454)
Proceeds from issuance of term debt	981,851,953	-	-	-	-	-	-	-	981,851,953
Cost of issuance from term debt	(11,012,059)	-	-	-	-	-	-	-	(11,012,059)
Principal payments on term debt on behalf of members	(48,851,400)	-	-	-	-	-	-	-	(48,851,400)
Proceeds from issuance of term debt on behalf of members	36,496,150	-	-	-	-	-	-	-	36,496,150
Proceeds from financing receivable - members	44,883,983	-	-	-	-	-	-	-	44,883,983
Funding of financing receivable - members	(32,403,827)	-	-	-	-	-	-	-	(32,403,827)
Proceeds from debt service to be refunded to members	-	-	-	-	1,517,669	-	-	-	1,517,669
Payment of debt service refunded to members	-	-	-	-	(1,593,464)	-	-	-	(1,593,464)
Capital contributions	23,740	-	-	-	-	5,757	-	-	29,497
Payments of disbursements to participants	-	(117,550)	-	(258,516)	-	-	-	-	(376,066)
Net cash provided by (used in) financing activities	925,777,079	(117,550)	-	(258,516)	(4,450,795)	5,757	-	-	920,955,975
Net change in cash and cash equivalents	41,351,240	(100,310)	344,697	(43,519)	63,883	217,652	5,382,138	-	47,215,781
Cash and cash equivalents, beginning of year	88,646,642	261,116	1,743,310	570,823	5,629,578	713,713	754,888	-	98,320,070
Cash and cash equivalents, end of year	\$ 129,997,882	\$ 160,806	\$ 2,088,007	\$ 527,304	\$ 5,693,461	\$ 931,365	\$ 6,137,026	\$ -	\$ 145,535,851
<b>Supplemental disclosure of cash information</b>									
Cash paid during the year for interest, net of amount capitalized	\$ 17,686,736	\$ -	\$ -	\$ -	\$ 5,851,374	\$ -	\$ -	\$ -	\$ 23,538,110
<b>Noncash investing and financing activities</b>									
Revisions to estimated cash flow for asset retirement obligations	1,755,184	6,956	503,122	-	-	432,031	-	-	2,697,293
Capital expenditures included in accounts payable	2,913,344	-	-	-	-	-	-	-	2,913,344

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Cash Flows  
Year Ended December 31, 2007**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Cash flows from operating activities</b>									
Net margin(loss)	\$ 2,493,477	\$ 11,227	\$ (2,545,532)	\$ 113,730	\$ 428,892	\$ 20,427	\$ -	\$ -	\$ 522,221
Adjustments to reconcile net margin to net cash provided by operating activities									
Depreciation and amortization	6,301,072	18,368	2,879,762	98,426	4,662,619	316,159	55,049	-	14,331,455
Amortization of premium and discount on term debt	(574,123)	-	-	-	476,424	-	-	-	(97,699)
Amortization of deferred financing costs	531,717	-	-	-	501,564	-	-	-	1,033,281
Accretion of interest on asset retirement obligations	170,868	3,219	75,462	-	-	28,592	-	-	278,141
Unrealized gain on investments	(584,030)	-	-	-	(25,841)	-	-	-	(609,871)
Changes in assets and liabilities									
Investments	(10,526,972)	-	-	-	-	-	-	-	(10,526,972)
Accounts receivable	(2,665,046)	(9,278)	118,639	-	(138,934)	97,606	6,983	-	(2,590,030)
Amount due to/from AMP-Ohio, Inc.	-	11,753	89,947	(1)	205,219	-	(121,486)	(185,432)	-
Amount due to/from MESA	640,486	(3,215)	(8,192)	(235)	(2,166)	(362)	-	(626,316)	-
Amount due to/from OMEGA JV1	(11,753)	-	-	-	-	-	3,215	8,538	-
Amount due to/from OMEGA JV2	(89,947)	-	-	-	-	-	8,192	81,755	-
Amount due to/from OMEGA JV4	1	-	-	-	-	-	235	(236)	-
Amount due to/from OMEGA JV5	(205,219)	-	-	-	-	-	2,166	203,053	-
Amount due to/from OMEGA JV6	-	-	-	-	-	-	362	(362)	-
Amount due to/from OMEA	7,558	-	-	-	-	-	(10,131)	-	(2,573)
Amount due to/from OPPEI	(1,103)	-	-	-	-	-	(5,262)	-	(6,365)
Other receivables	-	-	-	-	-	-	-	-	-
Emission allowances	2,554,043	-	-	-	-	-	-	-	2,554,043
Inventories	1,803,712	2,645	32,217	-	(1,339)	-	-	-	1,837,235
Prepaid expenses and other assets	1,301,565	(190)	(1,135)	-	(2,586)	87	(83,966)	-	1,213,775
Regulatory assets and liabilities, net	(11,937,596)	(4,351)	(111,254)	-	(1,173,282)	(45,042)	-	-	(13,271,525)
Accounts payable	(478,660)	(2,325)	(4,100)	(34,339)	91,800	-	(1,458)	-	(429,082)
Prepaid power purchase asset	(288,721,440)	-	-	-	-	-	-	-	(288,721,440)
Margin deposits	57,800,000	-	-	-	-	-	-	-	57,800,000
Accrued salary and related benefits	87,129	-	-	-	-	-	53,620	-	140,749
Accrued pension and postretirement benefits	(21,898,512)	-	-	-	-	-	-	-	(21,898,512)
Accrued interest	5,969,491	-	-	-	(32,137)	-	-	-	5,937,354
Other liabilities	(3,231,994)	(483)	(47)	(585)	(131,976)	(437)	167,262	-	(3,198,260)
Net cash (used in) provided by operating activities	(261,265,276)	27,370	525,767	176,996	4,858,257	417,030	74,781	(519,000)	(255,704,075)

**American Municipal Power-Ohio, Inc.; Ohio Municipal Electric Generation Agency  
Joint Ventures: 1, 2, 4, 5, and 6; Municipal Energy Services Agency  
Combining Statement of Cash Flows  
Year Ended December 31, 2007**

	AMP-Ohio, Inc.	Ohio Municipal Electric Generation Agency					Municipal Energy Services Agency	Eliminating Entries	Total
		JV1	JV2	JV4	JV5	JV6			
<b>Cash flows from investing activities</b>									
Purchase of utility plant	(529,891)	(60,567)	-	-	-	-	-	-	(590,458)
Purchase of nonutility property and equipment	(144,722)	-	-	-	-	-	(69,829)	-	(214,551)
Purchases of trustee funds' investments	(98,320,872)	-	(1,016,639)	-	(31,892,677)	(238,556)	-	-	(131,468,744)
Proceeds from sale of trustee funds' investments	94,428,510	-	1,003,396	-	31,708,669	227,365	-	-	127,367,940
Purchase of construction work-in-progress	(113,690,042)	-	-	-	-	-	-	-	(113,690,042)
Change in restricted cash and cash equivalents	(2,932,287)	-	(23,102)	-	-	-	-	-	(2,955,389)
Net cash used in investing activities	(121,189,304)	(60,567)	(36,345)	-	(184,008)	(11,191)	(69,829)	-	(121,551,244)
<b>Cash flows from financing activities</b>									
Proceeds from revolving credit loan	836,107,000	-	-	-	-	-	-	-	836,107,000
Payments on revolving credit loan	(703,094,000)	-	-	-	-	-	-	-	(703,094,000)
Principal payments on term debt	(24,746,000)	-	-	-	(4,285,000)	-	-	-	(29,031,000)
Proceeds from issuance of term debt	319,801,218	-	-	-	-	-	-	-	319,801,218
Cost of issuance from term debt	(2,806,086)	-	-	-	-	-	-	-	(2,806,086)
Proceeds from notes payable to related party	-	-	-	-	-	-	(519,000)	519,000	-
Principal payments on term debt on behalf of members	(54,528,350)	-	-	-	-	-	-	-	(54,528,350)
Proceeds from issuance of term debt on behalf of members	45,403,400	-	-	-	-	-	-	-	45,403,400
Proceeds from debt service to be refunded to members	-	-	-	-	1,599,345	-	-	-	1,599,345
Payment of debt service refunded to members	-	-	-	-	(1,599,086)	-	-	-	(1,599,086)
Proceeds from financing receivable—members	54,457,743	-	-	-	-	-	-	-	54,457,743
Funding of financing receivable—members	(41,133,983)	-	-	-	-	-	-	-	(41,133,983)
Capital contributions	13,950	-	-	-	-	8,036	-	-	21,986
Payments of disbursements to participants	(1,592,792)	-	-	(258,516)	(2,081,700)	-	-	-	(3,933,008)
Net cash provided by (used in) financing activities	427,882,100	-	-	(258,516)	(6,366,441)	8,036	(519,000)	519,000	421,265,179
Net change in cash and cash equivalents	45,427,520	(33,197)	489,422	(81,520)	(1,692,192)	413,875	(514,048)	-	44,009,860
Cash and cash equivalents, beginning of year	43,219,122	294,313	1,253,888	652,343	7,321,770	299,838	1,268,936	-	54,310,210
Cash and cash equivalents, end of year	\$ 88,646,642	\$ 261,116	\$ 1,743,310	\$ 570,823	\$ 5,629,578	\$ 713,713	\$ 754,888	\$ -	\$ 98,320,070
<b>Supplemental disclosure of cash information</b>									
Cash paid during the year for interest, net of amount capitalized	\$ 3,685,762	\$ -	\$ -	\$ -	\$ 5,884,722	\$ -	\$ -	\$ -	\$ 9,570,484
<b>Noncash investing and financing activities</b>									
Assets acquired directly with term debt	50,030,904	-	-	-	-	-	-	-	50,030,904
Capital expenditures included in accounts payable	1,386,134	-	-	-	-	-	-	-	1,386,134
Revisions to estimated cash flow for asset retirement obligations	512,005	24,445	362,101	-	-	97,052	-	-	995,603
Change in estimated cost of plant	-	-	(252,617)	-	-	-	-	-	(252,617)