

- In the CO₂ sensitivity case, AMPGS is lower than market by 23 percent or a savings of \$2.05 billion over a 20 year period in 2014 dollars.
 - When looking at cost savings over time it is also important to remember that AMPGS participants will own a generation asset, they're not just purchasing power from a new source.
 - Major benefits of the project: low-cost alternative compared to market power; less dependence on the market, which means less risk; economies of scale with more than 80 communities participating in the project; tax-exempt financing; control of project decisions; long-term owned asset versus short-term market purchases.
 - Project risks: coal prices (which also have a significant effect on market); CO₂ costs (which also have a significant effect on market); construction schedule delays; construction costs of labor and materials; fertilizer price volatility (revenue from the Powerspan scrubber technology).
- *"This plant has already risen in cost by over \$2.1 billion."* This is an old argument, based on the original estimate contained in the news release in October 2005 when Meigs County was announced as the preferred site for the project. At that time, \$1.2 billion was used. It was an "off-the-shelf" estimate on what it would cost to build a plant of this size and type. It was not specific to the AMPGS project and did not include all elements of the project (i.e. transmission line and interconnection costs were not included, nor any of the environmental mitigation costs).
 - *"The 'take or pay' contract means that electric ratepayers will have to pay for the plant no matter what it ends up costing..."* They continue to characterize a take-or-pay contract as an AMP-Ohio creation that puts undue risk on participants. This is an established contracting mechanism. A simple Google search of the term yields numerous links to definitions from legitimate reference sources, and examples of projects across the country that have been thusly funded. It makes the project similar to any significant construction that a municipality would undertake, and allows for more affordable financing rates. The Belleville Hydroelectric Plant, OMEGA JV2 distributed generation project and the AMP-Ohio Wind Farm were built based on take-or-pay contracts and the same contracts are being used for the hydroelectric projects that AMP-Ohio currently has under development as well as the Prairie State Energy Campus project.
 - *"Around the country, costs of construction and coal are increasing."* It is true that the cost of building anything has increased. This fact is not limited to coal plants. If the need for base load power is recognized, then escalating construction costs is a "non-issue" – it will impact any generation that is developed. The impact is also being seen in AMP-Ohio hydroelectric projects, it has certainly been seen in the development of wind generation as well as other renewable projects. In terms of coal, it is a market commodity, which comes with price fluctuations. Other fossil fuels experience the same fluctuations – some with even more volatility. In this part of the country, hydro has an average capacity factor of 65 percent, wind-25 percent, solar-18 percent; these realities make their use as a base load source a very difficult

challenge. As a point of fact, the nation is currently seeing a softening of certain commodities markets, which means our timing could be ideal.

- *“No one knows how high the cost of financing will go due to the credit crisis.”* It is true that as a snapshot in time, now is a tough time to go to the market. However, we’re not proposing to go to the market at this time. AMP-Ohio has positioned itself well in recent years to take on projects of this nature. The organization’s commercial paper program and line-of-credit means we won’t be forced into the market prematurely and can afford to wait for a time that is better for the organization and participants in the project. It bears noting that in July, 2008, AMP-Ohio went to market on bond sales to finance our portion of the Prairie State Energy Campus project – a coal-fired generation facility under construction in southern Illinois. Approximately \$962 million of orders were received, which when levelized yielded over \$760 million in financing. The true interest rate of those bonds was below the estimate contained in the project feasibility study.
- *“AMP-Ohio convinced its member communities to agree to binding, 50 year contracts...”* AMP-Ohio member communities are currently over-exposed to an increasingly dysfunctional wholesale electric market. The extreme volatility of the market has led to significant wholesale power cost increases and instability in power supply planning. The 50 year contract brings many years of power at stable, predictable rates. Numerous studies have shown that power from the plant will be at rates well below projected market rates, including when factoring in the cost of impacts from a carbon regulated regime. After the bonds are paid off (30-35 years) only operating and fuel costs will remain, further decreasing the cost of power.
- *“The member communities of AMP-Ohio who are participating have the right to make a collective decision to cancel...”* This is true. We now have a participants committee in addition to the full participants group. It is the participants that will make major decisions regarding plant develop, including if and when we give full-notice-to-proceed to Bechtel the EPC contractor for the project. However, this is a “group decision.” The Power Sales Contract for AMPGS is a valid and legally binding obligation of the 81 participating communities. No one community can cancel its participation. Communities executed these contracts for the purpose of securing reliable, stable power supply.
- The AMPGS project brings significant economic benefits to the state and the region at a time when it is very much needed. It represents a major investment and will provide jobs – both construction (1,600 jobs) and permanent operational (165 jobs) employment – to an economically disadvantaged area. Once operational, the facility will supply stable, self-controlled power supply for municipal residents and commercial/industrial customers. The associated fertilizer plant – reusing by-product for the emission control equipment – will provide rich fertilizer in support of farmers and agricultural interests. The production and sale of the ammonium sulfate fertilizer also means 50 percent less waste needing to be landfilled on an annual basis. All this is being done with much cleaner generation than currently exists.
- *“If AMP-Ohio cancels this plant, they will not be alone. A total of 38 proposed coal plants have been canceled across the country...”* What activist groups fail to understand or refuse to acknowledge is that the AMPGS project is fundamentally different than other projects in the

country that have been cancelled. AMP-Ohio and our members are not building for growth, we're embarking on a generation asset development effort as a strategic response to changes in the industry that have made the wholesale electric market increasingly dysfunctional, prompting dramatic increases in the cost of wholesale power. The AMPGS project is part of a diversified, balanced approach – an approach that includes significant development of renewable resources. Being developed in tandem with six hydroelectric projects and the use of Powerspan technology make the AMPGS project unique.

Environmental Issues

- Communities in partnership with AMP-Ohio are working to reduce their emissions footprint. Currently, AMP-Ohio member communities secure 65 percent of their base load power from the wholesale market. In this region, the vast majority of that power comes from older, less-efficient coal-fired power plants. This fact alone means that participation in the AMPGS project will reduce the emission footprint for participating communities. The AMP-Ohio Board of Trustees has committed to take the 1950s vintage Richard H. Gorsuch Generating Station as it currently operates off line once the AMPGS facility is operational. Additionally – and maybe more importantly, the AMPGS project is one component of a diversified generation asset development effort. This effort includes the development of additional renewable generation resources in the region; hydroelectric, wind and solar are part of this effort. Communities participating in all of the AMP-Ohio projects planned or under development will have an average of 21 percent renewable generation in their portfolio by the year 2015. An average of 62 percent of their base load power will come from new clean-coal generation facilities, displacing power currently purchased from older, much less efficient plants with higher emissions
- Emissions. The plant will produce emissions. A final air permit has been issued for this project. The Ohio EPA spent nearly two years reviewing and evaluating the air permit application for the AMPGS project. This effort yielded a final air permit containing the most stringent emission limits for any facility in the state, which will make the AMPGS facility one of the cleanest facilities of its type in the nation. In this process, Ohio EPA has determined that emissions from the facility will be below harmful levels. In preparing the air permit application, AMP-Ohio consultants performed rigorous air quality modeling. The purpose of the Class II air quality modeling and air toxic modeling requirements was to demonstrate that the proposed AMPGS facility will not cause any significant environmental impacts even to the most sensitive people, plants and animals within the impact area.

- As proposed, the AMPGS project is a state-of-the-art clean coal facility, taking advantage of the latest is proven emission control technology. The stringent limits on emissions contained in the air permit bear witness to this fact.

Emissions Comparison of Existing Ohio Coal Plants and AMPGS

| Facility | SO2 (lbs/MWh) | NOx (lbs/MWh) |
|------------------------------|---------------|---------------|
| Cardinal | 15.12 | 2.99 |
| Beckjord | 20.32 | 3.85 |
| Miami Fort | 18.63 | 3.84 |
| Avon Lake [†] | 24.50 | 3.56 |
| Eastlake [†] | 18.87 | 2.91 |
| Conesville [†] | 20.00 | 3.95 |
| JM Stuart [†] | 14.11 | 3.47 |
| WH Sammis [†] | 11.08 | 2.64 |
| Muskingum River [†] | 32.78 | 4.78 |
| Kyger Creek [†] | 18.30 | 4.87 |
| Bay Shore [†] | 6.90 | 3.39 |
| WH Zimmer [†] | 4.60 | 2.89 |
| Killen Station [†] | 10.97 | 3.45 |
| JM Gavin [†] | 2.97 | 4.07 |
| AMPGS* | 1.62 | 0.76 |

† Based on 2005 emission data as supplied by E.I.P.

* Estimate based on Ohio EPA Final Air PTI

- Even though CO₂ emissions are not regulated as an air pollutant, AMP-Ohio is proactively partnering in a pilot program to test the capture of CO₂ emissions. The CO₂ capture testing is being conducted using equipment that uses the same pollution control technology (Powerspan) proposed by AMP-Ohio for AMPGS, and AMPGS will be designed to readily and cost effectively accommodate future CO₂ capture equipment. This fact was recognized by the Director of the Ohio EPA, Chris Korleski, in his letter accompanying the final air permit-to-install:

"I recognize and appreciate AMP-Ohio's recognition in its permit application that it must continue to evaluate emerging CO₂ control technology. I am encouraged that AMP-Ohio appears to be seriously engaged in climate change issues."

- AMP-Ohio is doing more regionally in terms of the deployment of renewable resources than anyone. From building Ohio's only commercial wind farm to the significant investment in hydroelectric generation currently underway to working with our members on new wind and solar projects, AMP-Ohio is putting projects in the area while other utilities are looking to other regions for projects.

- Municipalities must engage in long term planning in order to ensure the ability to provide services to residents and businesses in the future. This is true whether you're talking about water/wastewater plants, distribution systems or electric power resources. The generation asset development effort currently underway by AMP-Ohio member communities is an example of this long-range planning.
- OCA insinuates that the elected officials of AMP-Ohio member communities are either not smart enough, or not putting forth the effort to make logical decisions and that they don't listen to their constituents, this is simply not true. AMP-Ohio staff made numerous presentations before Councils in participating communities; these meetings also included presentations from various activist groups and were covered extensively by the news media.