

AMP LETTER TO MEMBERS

American Municipal Power, Inc. (AMP) achieved many things in 2017 that continue the organization's forward-focused course. We saw the last three of eight turbines for Hydro Phase I reach commercial operation in 2017, bringing the project to completion. The Phase II Solar Project accomplished a great deal of progress last year, with facilities in Bowling Green, Marshallville, Prospect and Front Royal reaching commercial operation. These facilities will help to maintain our members' diverse generation portfolio and provide carbon-free, renewable energy for many years to come.

AMP increased our presence and influence in the regulatory world, with a great emphasis placed on rising transmission costs and the need for meaningful oversight of supplemental transmission projects. AMP commissioned an expert in U.S. energy markets to review the rising cost of transmission within the PJM Interconnection region in recent years and the findings were stark — showing a rise in transmission rates as high as 475 percent in some areas of the PJM footprint. AMP's tireless work on this issue has helped place it at the forefront of stakeholders and regulators agendas.

AMP engaged an outside consultant to oversee an update to our Strategic Plan in an effort to adapt to a changing industry. Eight internal strategic plan teams were established and began working to accomplish the newly outlined goals. The updated plan will help to guide AMP forward and position us for success in the coming years as the industry and our focus changes.

The AMP Advanced Metering Program made great strides in 2017. With the first implementation complete and proving more beneficial than initially forecasted, this program promises to continue to offer incredible value to subscribing members.

Additionally, the strength of our member-focused safety and training programs has continued to broaden and evolve. With hundreds of participants in our training programs throughout the year, and an increase of 34 percent in the usage of our Circuit Rider program, we are excited to see how these services continue to provide value to member communities.

With the completion of many of AMP's long-term generation projects, our focus is shifting toward adapting the new norm of a continuously evolving industry and the financial health of the organization and our members. With a high-performing staff, completed long-term projects and a forward-looking strategic plan in place, the organization is well positioned for the challenges and opportunities that lie ahead.



Marc S. Gerken, PE
AMP President/CEO



Steve Dupee
AMP Board of Trustees Chair
Village Manager of Wellington



Marc Gerken, PE (right) AMP President/CEO and Steve Dupee, AMP Board of Trustees Chair