



TO: AMPGS PARTICIPANTS
FROM: MARC S. GERKEN, P.E., PRESIDENT/CEO
SUBJECT: AMPGS STRANDED COST
DATE: NOVEMBER 18, 2011

City of Martinsville

Based on the current stranded costs associated with the development of the AMPGS project as of October 31, 2011, not including any further net proceeds from litigation, settlements, sale of land, etc. used to reduce, or repay, those amounts, the City of Martinsville's stranded cost is \$1,305,506.

Based on the AMP Board decision and concurrence of the AMPGS Participants, the AMP Board decided to add a development fee of approximately \$35 million to the Fremont Energy Campus. This development fee has been utilized to reduce the development cost associated with the AMPGS project for those AMPGS Participants that also participated in the AFEC project. The City of Martinsville's credit based on their level of participation in AFEC is \$479,404.

Therefore, the City of Martinsville's current stranded cost estimate is \$826,102. Should the City of Martinsville elect to pay the amount over 15 years, assuming a 3.0% interest rate, the annual payment is about \$69,200. Based on AMP's current load forecast for the City, this would equate to an adder of \$0.35/MWh to your power supply invoice.

The City of Martinsville has the following options:

1. Make a lump sum payment for the remaining stranded cost amount of \$826,102. This amount may be invoiced through the City's power supply invoice.
2. Make a monthly payment for any period up to 15 years. This may also be added to the City's power supply invoice.

There will be a true-up in the future to account for any fees collected through litigation, settlements, sale of land, as well as actual interest costs.

Should you have any questions concerning the stranded cost obligation, please feel free to contact Pam Sullivan at (614) 562-5733 or psullivan@amppartners.org.