



OHIO DEPARTMENT OF DEVELOPMENT

Bob Taft
Governor

Bruce Johnson
Director

October 27, 2005

Mr. Marc S. Gerken
President & CEO
American Municipal Power-Ohio
2600 Airport Drive
Columbus, Ohio 43219

Dear Mr. Gerken:

I am pleased to learn American Municipal Power-Ohio (AMP-Ohio) is considering a billion dollar investment in a coal-fired electric power plant in Meigs County. The Ohio Department of Development (ODOD) welcomes the opportunity to assist AMP-Ohio in its proposed new investment in the State of Ohio. The State has enacted a significant tax reform package, redefining the business landscape and making Ohio the place to expand and locate a business. In addition to creating a climate that encourages business investment, I would like to illustrate the State of Ohio's interest in AMP-Ohio's proposed project by providing the following preliminary commitment of assistance.

The State of Ohio's commitment of assistance is based upon the following understanding of the project:

- AMP-Ohio proposes to build and operate a 1,000-megawatt coal fired electric power plant in Letart Township, Meigs County.
- AMP-Ohio proposes to create 150 new full-time jobs within the first three years of initial project operations.
- The average hourly wage rate would be \$29.22, excluding additional benefits.
- AMP-Ohio would make a fixed asset investment of \$1.2 billion in the new facility.
- The State of Ohio is in competition with the State of West Virginia for this project.
- Local financial support will be offered for this project.

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TAX INCENTIVES

Ohio's Job Creation Tax Credit

Estimated Value: Up to \$2.33 million

The Ohio Job Creation Tax Credit program allows companies creating net new jobs in the State of Ohio to take a tax credit against its corporate franchise tax or state income tax based upon the number of new full-time jobs generated by a specific project. The credit is refundable if the company's annual tax liability is less than the annual tax credit amount. ODOD will recommend a 60 percent tax credit for 10 years to the Ohio Tax Credit Authority. The company's tax credit is calculated based upon the state income tax withholdings for the new jobs created for Ohio residents. Based on an average hourly wage of \$29.22 for the 150 new jobs, the credit would be worth an estimated **\$2.33 million** to the company over the 10-year term. The value of the credit will increase as payroll increases. The new jobs must be created within three years of the project's initial operations, and the company must commit to hiring at least 10 percent disadvantaged and/or minority persons, as defined by the Ohio Administrative Code. This credit is contingent upon submittal of an application, meeting all program requirements including adequate local financial support, and approval by the Ohio Tax Credit Authority. The company must maintain operations at the project site for at least **20 years**, twice the term of the tax credit.

WORKFORCE DEVELOPMENT

Ohio Investment in Training Program

Estimated Value: Up to \$150,000

Through the Ohio Investment in Training Program (OITP), the State of Ohio can assist a company with its specific training and other workforce development needs. Due to the project being located in a Priority Investment Area, up to 75 percent of allowable training costs for AMP-Ohio's project can be reimbursed, subject to the availability of funds. Eligible costs include instructor fees, materials, and other such expenses. The OITP has committed to fund up to **\$150,000** from fiscal year 2009 funds (which begins July 1, 2008) for the training of AMP-Ohio's employees. Use of 2009 funds is contingent upon future appropriations to the program by the Ohio General Assembly.

Bernie Murphy, the OITP Training Coordinator for Meigs County, is prepared to work with AMP-Ohio to develop a training proposal that best meets the needs of the company. Mr. Murphy may be reached at (740) 373-5970 or by e-mail at bemurphy@odod.state.oh.us.

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INFRASTRUCTURE ASSISTANCE

Grant and loan funds are available to assist with the costs of off-site infrastructure improvement development work associated with your project. The ODOD will work with AMP-Ohio to identify the appropriate funding when the plant's construction timeline and the project scope details have been determined. The use of state funds may require the payment of Ohio's prevailing wage rates, as determined by the Ohio Department of Commerce, Wage and Hour Bureau and is contingent upon approval by the State Controlling Board.

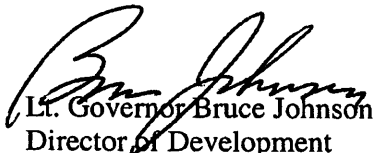
This preliminary commitment of assistance is based upon our understanding of the project as outlined herein. If any of these numbers are reduced, our commitment may be reduced proportionately. The commitments herein are contingent upon meeting all individual program requirements and receiving final approval from the Ohio Tax Credit Authority and the State Controlling Board.

The ODOD understands the confidential nature of negotiating financial incentives for business location and expansion plans. The Department will make a concerted effort to coordinate the release of public information in conjunction with AMP-Ohio's governmental affairs and communications office. Lack of coordination in the timing of announcements and required approvals could jeopardize the ODOD's ability to deliver the referenced incentives.

Please continue to work with Brad Biggs of my staff as you proceed with this project. Brad will assist you in gaining the necessary approvals for the commitments described herein. Brad will need to receive a written response from you by **November 30, 2005**, confirming our understanding of this project and acknowledging your acceptance of this commitment of assistance. Brad will also need to receive a completed financial assistance application to move forward with the incentive process. Please do not hesitate to contact Brad at (614) 644-8201 or by e-mail at bbiggs@odod.state.oh.us.

The ODOD will work closely with you to ensure that AMP-Ohio benefits from expanding its business in the State of Ohio. I believe that this offer of assistance, coupled with the local and state resources available to your company, fully enables the State of Ohio to address all of your company's project needs. I look forward to working with you in the future.

Sincerely,


Lt. Governor Bruce Johnson
Director of Development

BJ/jbb