

**AGENCY AGREEMENT
BETWEEN
CITY OF OBERLIN, OHIO
AND
AMERICAN MUNICIPAL POWER, INC.
DATED AS OF JANUARY 25, 2010**

WHEREAS, the City of Oberlin, Ohio (herein "Municipality") owns and operates an electric system for the benefit of its residents and customers; and

WHEREAS, Municipality is a member of American Municipal Power, Inc., ("AMP"); and

WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric power and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of its Members, such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Ohio, Michigan, Pennsylvania, Virginia and West Virginia; and

WHEREAS, a need has been identified for an environmentally sound, reasonably priced and reliable long term power source for Municipality's electric utility consumers; and

WHEREAS, a number of licenses for the construction and operation of several regional hydroelectric facilities at existing dams may be available to AMP members via application to the Federal Energy Regulatory Commission ("FERC") ; and

WHEREAS, Municipality has an opportunity to submit an application to the FERC for a Preliminary Permit and License to construct and operate a hydroelectric power generation facility (herein "Hydroelectric Facility") on the Ohio River or other regional waterway; and

WHEREAS, an engineering study by R.W. Beck for AMP indicates that AMP members, including Municipality, could beneficially use additional hydroelectric capacity over and above what is already under development by AMP under development agreements between AMP and its members, including Municipality; and

WHEREAS, an engineering study performed by MWH for AMP on the feasibility of available Ohio River hydroelectric projects at existing dams ranks the Pike Island Project just

behind the Willow Island Project. AMP is currently pursuing the Cannelton, Smithland, and Willow Island Projects as well as the Meldahl Project with the City of Hamilton. The Pike Island Project was ranked 6th in the evaluation by MWH. The Pike Island project was estimated to produce approximately 40 MW and 220,000,000 Kilowatt-hours annually; and

WHEREAS, Municipalities receive certain preferences in the granting of such Preliminary Permits and Licenses; and

WHEREAS, if Municipality is successful in obtaining a License from FERC to construct and operate a Hydroelectric Facility, then such License is intended to be used by Municipality and other members of AMP for the benefit of Municipality and the other members of AMP; and

WHEREAS, pursuant to the terms and conditions set forth herein, AMP and Municipality desire to enter into an agency agreement in which AMP is appointed as the Municipality's agent for the purpose of applying for and obtaining a Preliminary Permit and License from FERC for the construction and operation of a Hydroelectric Facility for the benefit of Municipality and other AMP members.

NOW, THEREFORE, Municipality and AMP, in exchange of mutual consideration, which both parties acknowledge the receipt and sufficiency of, agree as follows:

SECTION 1. APPOINTMENT, ACCEPTANCE AND GENERAL OBLIGATIONS OF AMP.

1.1. Pursuant to and subject to the terms and conditions set forth herein, Municipality hereby designates and appoints AMP as its exclusive Agent with respect to applying to the FERC for a license to construct and operate a Hydroelectric Facility on the Ohio River or other regional waterway (herein "Application"). The FERC license to be pursued will be the Pike Island Project license or such other project license as Municipality and AMP agree in writing. AMP hereby accepts such designation and appointment as Municipality's agent for the Application. AMP shall undertake and be responsible for the following obligations and undertakings, all of which shall be at the sole cost and expense of the AMP, except that Municipality shall be responsible for its proportionate share of any costs incurred by AMP which are billed to Municipality pursuant to a separate Development Subscription or Construction Agreements executed by Municipality and AMP:

- A. AMP will undertake all activities and actions, including but not limited to the retention of any necessary consultants and experts; preparing and filing all documents and studies; and

performing all other obligations necessary to prosecute the Application with FERC for a license to construct, operate and maintain the Facility. Such Application will be in the name of Municipality and on behalf of Municipality.

- B. AMP shall have the right to negotiate and agree to any terms and conditions that AMP deems reasonable pertaining to the Application and any proceedings related thereto, which are deemed necessary by AMP to secure FERC approval for a license to construct, operate and maintain the Facility.

SECTION 2. GENERAL OBLIGATIONS OF MUNICIPALITY.

2.1 The Municipality agrees to the following obligations:

- A. Act in good faith and assist AMP as necessary to obtain the license for the Facility.
- B. To make capacity from such project available on a *pro rata* basis to other AMP Members.
- C. To transfer or otherwise make available any license from FERC granted pursuant to the Application for use for the benefit of AMP members or any subset thereof, for the construction, operation and maintenance of the Facility at no cost or expense to AMP, and of its members, or any subset thereof.

2.2 Municipality shall not be obligated to participate, financially or otherwise, in the construction or operation of a Hydroelectric Facility or any effort undertaken by AMP on behalf of its members or any subset thereof to construct or operate the Hydroelectric Facility.

SECTION 3. COSTS AND EXPENSES.

3.1 AMP agrees to be responsible and liable for all costs incurred in the Application process for a license to construct and operate the Facility. AMP further agrees to indemnify and hold harmless Municipality from any costs, expenses or liabilities incurred in connection with any Application made pursuant to this agency agreement for a license from FERC for the construction and operation of the Facility. To the extent that Municipality incurs any costs or expenses related to the Application, Municipality shall timely submit an invoice to AMP for reimbursement for such costs and expenses and AMP shall reimburse same within thirty (30) days of receipt of the invoice.

SECTION 4. TERM OF AGREEMENT.

4.1. Municipality and AMP hereby agree that AMP shall be the exclusive Agent for Municipality with respect to the Application for and during the term of this Agreement. The term of this Agreement shall commence on the date last executed below and shall continue until the FERC approves the Application and issues a license to the Municipality to construct, operate and maintain the Facility, or the Parties execute a written agreement to terminate the agency relationship, or December 31, 2015, whichever first occurs.

SECTION 5. NOTICES.

5.1. All notices or demands of any kind which either party is required or desires to give or make upon the other in connection with the Agreement or arising out of the relationship created hereby, shall be given in writing and shall be provided (subject to the right of either party to designate a different address by notice given as provided herein) by United States registered or certified mail, postage prepaid, addressed in the case of Municipality to:

City of Oberlin, Ohio
Attn: Steve Dupee, OMLPS Director
289 South Professor Street
Oberlin, Ohio 44074

and addressed in the case of AMP to:

AMP
Attn: Marc Gerken, P.E., President/CEO
1111 Schrock Road
Suite 100
Columbus, Ohio 43229

with a copy to:

AMP
Attn: Phil Meier, Asst. Vice President – Hydro Development
1111 Schrock Road

Suite 100

Columbus, Ohio 43229

5.2. Any notice so sent shall be deemed to have been given forty-eight (48) hours after the same has been deposited in the United States mail, registered or certified mail, within the State of Ohio with postage thereof fully prepaid.

SECTION 6. VALIDITY OF AMENDMENTS.

6.1. No amendment or modification of this Agreement shall be valid unless executed by the authorized agent of each of the parties hereto.

SECTION 7. MISCELLANEOUS PROVISIONS.

7.1. Captions of sections and parts of this Agreement are for convenience only and shall not be considered in resolving any questions of interpretation or construction.

7.2. Whenever in this Agreement words of obligation or duty are used, such words shall have the force and effect of covenants; subject in each case to any grace periods provided. The timely and complete performance of every duty, and the accuracy of each and every warranty and representation made by either party hereto, shall be a condition precedent to the other party's obligations hereunder.

7.3. Both parties certify to their complete familiarity with the provisions of this agreement and agree that the provisions hereof shall not be construed either for or against either party.

7.4. Nothing herein contained shall be deemed for any purpose as creating any relation between the parties hereto other than the relationship of independent contracting parties entering into an agency agreement.

7.5. This Agreement contains all of the terms, covenants and conditions regarding the agency relationship provided for herein between Municipality and AMP.

7.6. Should any term or provision of this Agreement be held to be illegal, unconstitutional or unenforceable, all other terms and provisions shall remain in full force and effect.

WHEREFORE, each of the undersigned warrant and represent that each as the requisite inherent, implied and actual authority to bind the undersigned's respective entity to the terms and conditions of this Agency Agreement.

AMERICAN MUNICIPAL POWER, INC.

APPROVED AS TO FORM

By: _____
Marc S. Gerken, P.E., President/CEO

By: _____
John W. Bentine, General Counsel

Date

Date

CITY OF OBERLIN, OHIO

APPROVED AS TO FORM

By: _____
(Title)

By: _____
Eric R. Severs, Oberlin Law Director

Date

Date