ATLANTIC POWER CORP
Form 10-Q
November 05, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2012

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
COMMISSION FILE NUMBER 001-34691

ATLANTIC POWER CORPORATION

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**55-0886410**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Federal Street, Floor 30	
Boston, MA	**02110**
(Address of principal executive offices)	(Zip code)

(617) 977-2400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

The number of shares outstanding of the registrant's Common Stock as of November 1, 2012 was 119,333,349.

ATLANTIC POWER CORPORATION

FORM 10-Q

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

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GENERAL

In this Quarterly Report on Form 10-Q, references to "Cdn$" and "Canadian dollars" are to the lawful currency of Canada and references to "$" and "US$" and "U.S. dollars" are to the lawful currency of the United States. All dollar amounts herein are in U.S. dollars, unless otherwise indicated.

Unless otherwise stated, or the context otherwise requires, references in this Quarterly Report on Form 10-Q to "we," "us," "our," "Atlantic Power" and the "Company" refer to Atlantic Power Corporation, those entities owned or controlled by Atlantic Power Corporation and predecessors of Atlantic Power Corporation.

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PART I FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

ATLANTIC POWER CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 42,872	$ 60,651
Restricted cash	112,633	21,412
Accounts receivable	80,190	79,008
Current portion of derivative instruments asset (Notes 6 and 7)	10,792	10,411
Inventory	20,105	18,628
Prepayments and other current assets	27,751	7,615
Assets held for sale (Note 11)	203,111	
Refundable income taxes	3,646	3,042
Total current assets	501,100	200,767
Property, plant, and equipment, net of accumulated depreciation of $168.4 million and $116.3 million at September 30, 2012 and December 31, 2011, respectively	1,730,765	1,388,254
Transmission system rights, net of accumulated amortization of $51.4 million at December 31, 2011		180,282
Equity investments in unconsolidated affiliates (Note 3)	432,525	474,351
Other intangible assets, net of accumulated amortization of $155.0 million and $90.2 million at September 30, 2012 and December 31, 2011, respectively	557,356	584,274
Goodwill	334,668	343,586
Derivative instruments asset (Notes 6 and 7)	14,236	22,003
Other assets	73,345	54,910
Total assets	$ 3,643,995	$ 3,248,427
Liabilities		
Current Liabilities:		
Accounts payable	$ 13,997	$ 18,122
Accrued interest	29,453	19,916
Other accrued liabilities	82,690	43,968
Revolving credit facility (Note 4)	20,000	58,000
Current portion of long-term debt (Note 4)	303,890	20,958
Current portion of derivative instruments liability (Notes 6 and 7)	42,440	20,592
Dividends payable	11,627	10,733
Liabilities associated with assets held for sale (Note 11)	157,420	
Other current liabilities	4,014	165
Total current liabilities	665,531	192,454
Long-term debt (Note 4)	1,225,661	1,404,900
Convertible debentures (Note 5)	326,067	189,563
Derivative instruments liability (Notes 6 and 7)	103,411	33,170

Deferred income taxes		161,266		182,925
Power purchase and fuel supply agreement liabilities, net of accumulated amortization of $3.5 million and $1.4 million at September 30, 2012 and December 31, 2011, respectively		45,265		71,775
Other non-current liabilities		63,996		57,859
Commitments and contingencies (Note 14)				
Total liabilities		2,591,197		2,132,646
Equity				
Common shares, no par value, unlimited authorized shares; 119,294,718 and 113,526,182 issued and outstanding at September 30, 2012 and December 31, 2011, respectively		1,286,399		1,217,265
Preferred shares issued by a subsidiary company		221,304		221,304
Accumulated other comprehensiveincome (loss)		17,253		(5,193)
Retained deficit		(474,489)		(320,622)
Total Atlantic Power Corporation shareholders' equity		1,050,467		1,112,754
Noncontrolling interest		2,331		3,027
Total equity		1,052,798		1,115,781
Total liabilities and equity	$	3,643,995	$	3,248,427

See accompanying notes to consolidated financial statements.

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ATLANTIC POWER CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of U.S. dollars, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Project revenue:				
Energy sales	$ 72,033	$ 17,104	$ 218,883	$ 53,471
Energy capacity revenue	68,354	27,070	193,911	81,859
Other	14,112	521	51,036	1,153
	154,499	44,695	463,830	136,483
Project expenses:				
Fuel	58,565	14,818	176,176	46,202
Operations and maintenance	35,848	8,124	111,027	25,618
Depreciation and amortization	38,542	8,880	111,219	26,705
	132,955	31,822	398,422	98,525
Project other income (expense):				
Change in fair value of derivative instruments (Notes 6 and 7)	17,213	(11,484)	(40,953)	(12,497)
Equity in earnings of unconsolidated affiliates (Note 3)	4,000	2,374	12,420	5,647
Interest expense, net	(4,211)	(1,576)	(12,637)	(4,832)
Other expense, net	(567)	(7)	(538)	(40)
	16,435	(10,693)	(41,708)	(11,722)
Project income	37,979	2,180	23,700	26,236
Administrative and other expenses (income):				
Administration	6,309	11,839	21,992	20,379
Interest, net	25,829	3,337	69,269	10,815
Foreign exchange loss (Note 7)	7,659	21,576	4,440	20,383
Other expense (income), net	272		(5,728)	
	40,069	36,752	89,973	51,577
Loss from continuing operations before income taxes	(2,090)	(34,572)	(66,273)	(25,341)
Income tax expense (benefit) (Note 8)	3,166	(5,323)	(19,076)	(12,900)
Loss from continuing operations	(5,256)	(29,249)	(47,197)	(12,441)
Income from discontinued operations, net of tax (Note 11)	773	1,271	1,444	3,514
Net loss	(4,483)	(27,978)	(45,753)	(8,927)
Net income (loss) attributable to noncontrolling interest	2,963	(78)	9,071	(349)
Net loss attributable to Atlantic Power Corporation	$ (7,446)	$ (27,900)	$ (54,824)	$ (8,578)
Net loss per share attributable to Atlantic Power Corporation shareholders: (Note 10)				
Basic	$ (0.06)	$ (0.40)	$ (0.47)	$ (0.13)
Diluted	$ (0.06)	$ (0.40)	$ (0.47)	$ (0.13)

Weighted average number of common shares outstanding: (Note 10)				
Basic	119,011	68,910	115,437	68,384
Diluted	119,011	68,910	115,437	68,384

See accompanying notes to consolidated financial statements.

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ATLANTIC POWER CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of U.S. dollars)

(Unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net loss	$ (4,483)	$ (27,978)	$ (45,753)	$ (8,927)
Other comprehensive income (loss), net of tax:				
Unrealized loss on hedging activities	(300)	(1,495)	(833)	(2,257)
Net amount reclassified to earnings	216	253	672	784
Net unrealized losses on derivatives	(84)	(1,242)	(161)	(1,473)
Foreign currency translation adjustments	19,301		22,608	
Other comprehensive income, net of tax	19,217	(1,242)	22,447	(1,473)
Comprehensive income (loss)	14,734	(29,220)	(23,306)	(10,400)
Less: Comprehensive (income) loss attributable to noncontrolling interest	2,963	(78)	9,071	(349)
Comprehensive income (loss) attributable to Atlantic Power Corporation	$ 11,771	$ (29,142)	$ (32,377)	$ (10,051)

See accompanying notes to consolidated financial statements.

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ATLANTIC POWER CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

(Unaudited)

	Nine months ended September 30,	
	2012	**2011**
Cash flows from operating activities:		
Net loss	$ (45,753)	$ (8,927)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	117,464	32,711
Long-term incentive plan expense	2,344	2,257
Loss on the disposal of property, plant and equipment and other charges	840	
Impairment charge on equity investment	3,000	
Gain on sale of equity investments	(578)	
Equity in earnings from unconsolidated affiliates	(14,842)	(5,647)
Distributions from unconsolidated affiliates	26,821	15,542
Unrealized foreign exchange loss	21,552	28,175
Change in fair value of derivative instruments	40,953	12,497
Change in deferred income taxes	(24,278)	(10,315)
Change in other operating balances		
Accounts receivable	(2,873)	258
Prepayments, refundable income taxes and other assets	(18,656)	(570)
Accounts payable and accrued liabilities	14,855	1,536
Other liabilities	3,267	(1,178)
Cash provided by operating activities	124,116	66,339
Cash flows used in investing activities:		
Change in restricted cash	(105,494)	(12,379)
Proceeds from sale of equity investments	27,925	8,500
Cash paid for equity investment	(264)	
Proceeds from related party loan		15,455
Biomass development costs	(372)	(753)
Construction in progress	(336,153)	(78,256)
Purchase of property, plant and equipment	(1,172)	(814)
Cash used in investing activities	(415,530)	(68,247)
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of convertible debentures	130,000	
Proceeds from issuance of equity, net of offering costs	67,692	
Proceeds from project-level debt	261,226	65,374
Repayment of project-level debt	(12,050)	(13,166)
Payments for revolving credit facility borrowings	(60,800)	
Proceeds from revolving credit facility borrowings	22,800	
Deferred financing costs	(25,339)	
Dividends paid	(108,152)	(57,543)
Cash provided by (used in) financing activities	275,377	(5,335)
Net decrease in cash and cash equivalents	(16,037)	(7,243)
Less cash at discontinued operations	(1,742)	
Cash and cash equivalents at beginning of period	60,651	45,497

Cash and cash equivalents at end of period	$ 42,872	$ 38,254
Supplemental cash flow information		
Interest paid	$ 77,738	$ 21,567
Income taxes paid (refunded), net	$ 3,145	$ (352)
Accruals for construction in progress	$ 40,097	$ 19,547

See accompanying notes to consolidated financial statements.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of presentation and summary of significant accounting policies

Overview

Atlantic Power Corporation is a power generation and infrastructure company with a portfolio of assets in the United States and Canada. Our power generation projects sell electricity to utilities and other large commercial customers under long-term power purchase agreements ("PPAs"), which seek to minimize exposure to changes in commodity prices. Our power generation projects in operation have an aggregate gross electric generation capacity of approximately 3,351 megawatts ("MW") in which our ownership interest is approximately 2,118 MW. Our current portfolio consists of interests in 30 operational power generation projects across 11 states in the United States and two provinces in Canada and an 84 mile 500-kilovolt electric transmission line located in California. In addition, we have one 53 MW biomass project under construction in Georgia and one approximately 300 MW wind project under construction in Oklahoma. Atlantic Power also owns a majority interest in Rollcast Energy, a biomass power plant developer in North Carolina. Twenty-three of our projects are wholly owned subsidiaries.

Atlantic Power is a corporation established under the laws of the Province of Ontario, Canada on June 18, 2004 and continued to the Province of British Columbia on July 8, 2005. Our shares trade on the Toronto Stock Exchange under the symbol "ATP" and on the New York Stock Exchange under the symbol "AT." Our registered office is located at 355 Burrard Street, Suite 1900, Vancouver, British Columbia V6C 2G8 Canada and our headquarters is located at One Federal Street, Floor 30, Boston, Massachusetts, 02110, USA. Our telephone number in Boston is (617) 977-2400 and the address of our website is www.atlanticpower.com. Information contained on Atlantic Power's website or that can be accessed through its website is not incorporated into and does not constitute a part of this Quarterly Report on Form 10-Q. Atlantic Power has included its website address only as an inactive textual reference and does not intend it to be an active link to its website. We make available, free of charge, on our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). Additionally, we make available on our website our Canadian securities filings, which are not incorporated by reference into our Exchange Act filings.

The interim consolidated financial statements have been prepared in accordance with the SEC regulations for interim financial information and with the instructions to Form 10-Q. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to our financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011. Interim results are not necessarily indicative of results for the full year.

In our opinion, the accompanying unaudited interim consolidated financial statements present fairly our consolidated financial position as of September 30, 2012, the results of operations and comprehensive income for the three and nine month periods ended September 30, 2012 and 2011, and our cash flows for the nine month periods ended September 30, 2012 and 2011. In the opinion of management, all adjustments (consisting of normal recurring accruals and other adjustments) considered necessary for a fair presentation have been included.

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. Basis of presentation and summary of significant accounting policies (Continued)

Use of estimates

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the periods presented, we have made a number of estimates and valuation assumptions, including the fair values of acquired assets, the useful lives and recoverability of property, plant and equipment, intangible assets and liabilities related to PPAs and fuel supply agreements, the recoverability of equity investments, the recoverability of deferred tax assets, tax provisions, the valuation of shares associated with our Long-Term Incentive Plan ("LTIP") and the fair value of financial instruments and derivatives. In addition, estimates are used to test long-lived assets and goodwill for impairment and to determine the fair value of impaired assets. These estimates and valuation assumptions are based on present conditions and our planned course of action, as well as assumptions about future business and economic conditions. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2011. As better information becomes available or actual amounts are determinable, the recorded estimates are revised. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Recently issued accounting standards

Adopted

On January 1, 2012, we adopted changes issued by the Financial Accounting Standards Board ("FASB") to conform existing guidance regarding fair value measurement and disclosure between GAAP and International Financial Reporting Standards. These changes both clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and amend certain principles or requirements for measuring fair value or for disclosing information about fair value measurements. The clarifying changes relate to the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosure of quantitative information about unobservable inputs used for Level 3 fair value measurements. The amendments relate to measuring the fair value of financial instruments that are managed within a portfolio; application of premiums and discounts in a fair value measurement; and additional disclosures concerning the valuation processes used and sensitivity of the fair value measurement to changes in unobservable inputs for those items categorized as Level 3, a reporting entity's use of a nonfinancial asset in a way that differs from the asset's highest and best use, and the categorization by level in the fair value hierarchy for items required to be measured at fair value for disclosure purposes only. The adoption of these changes had no impact on our consolidated financial statements.

On January 1, 2012, we adopted changes issued by the FASB to the presentation of comprehensive income. These changes give an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements; the option to present components of other comprehensive income as part of the statement of changes in

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. Basis of presentation and summary of significant accounting policies (Continued)

shareholders' equity was eliminated. The items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income were not changed. Additionally, no changes were made to the calculation and presentation of earnings per share. We elected to present the two-statement option. Other than the change in presentation, the adoption of these changes had no impact on our consolidated financial statements.

Issued

In July 2012, the FASB issued changes to the testing of indefinite-lived intangible assets for impairment, similar to the goodwill changes issued in September 2011. These changes provide an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the fair value of an indefinite-lived intangible asset is less than its carrying amount. Such qualitative factors may include the following: macroeconomic conditions; industry and market considerations; cost factors; overall financial performance; and other relevant entity-specific events. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. These changes become effective for us for any indefinite-lived intangible asset impairment test performed on January 1, 2013 or later, although early adoption is permitted. We do not expect the adoption of these changes to have an impact on our consolidated financial statements.

2. Acquisitions and divestitures

2012 Acquisitions

On January 31, 2012, Atlantic Oklahoma Wind, LLC ("Atlantic OW"), a Delaware limited liability company and our wholly owned subsidiary, entered into a purchase and sale agreement with Apex Wind Energy Holdings, LLC, a Delaware limited liability company ("Apex"), pursuant to which Atlantic OW acquired a 51% interest in Canadian Hills Wind, LLC, an Oklahoma limited liability company ("Canadian Hills") for a nominal sum. Canadian Hills is the owner of a 298.45 MW wind energy project under construction in the state of Oklahoma.

On March 30, 2012, we completed the purchase of an additional 48% interest in Canadian Hills for a nominal amount, bringing our total interest in the project to 99%. Apex retained a 1% interest in the project. At the time, we also closed a $310 million non-recourse, project-level construction financing facility for the project, which includes a $290 million construction loan and a $20 million 5-year letter of credit facility. The construction loan is structured to be repaid by a tax equity investment when Canadian Hills commences commercial operations.

On October 31, 2012, the Canadian Hills project entered into an equity contribution agreement with four entities for their commitment of a tax equity investment in the project totalling $225.0 million in exchange for Class B equity interests in Canadian Hills which will be funded on date of commercial operations. We are actively pursuing additional tax equity investors to fund the remaining estimated $47.0 million needed to pay down the existing construction loan. If we are unable to subscribe

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

2. Acquisitions and divestitures (Continued)

additional investors, we will fund the remaining portion with either cash on hand or proceeds from our senior credit facility and will become an additional tax equity investor in the project owning the remaining Class B equity interest in Canadian Hills. In July 2012 we funded approximately $190.0 million of our equity contribution (net of financing costs). The acquisition of Canadian Hills was accounted for as an asset purchase and is consolidated in our consolidated balance sheet at September 30, 2012.

2012 Divestitures

On August 2, 2012, we entered into a purchase and sale agreement for the sale of our 50% ownership interest in the Badger Creek project. On September 4, 2012, the transaction closed and we received gross proceeds of $3.7 million. As a result of the pending sale, we recorded an impairment charge in the second quarter of 2012 of $3.0 million in equity in earnings from unconsolidated affiliates in the consolidated statements of operations.

On February 16, 2012, we entered into an agreement with Primary Energy Recycling Corporation ("Primary Energy" or "PERC"), whereby PERC agreed to purchase our 7,462,830.33 common membership interests in Primary Energy Recycling Holdings, LLC ("PERH") (14.3% of PERH total interests) for approximately $24.2 million, plus a management agreement termination fee of approximately $6.0 million, for a total sale price of $30.2 million. The transaction closed in May 2012 and we recorded a $0.6 million gain on sale of our equity investment.

2011 Divestiture

On February 28, 2011, we entered into a purchase and sale agreement with a third party for the purchase of our lessor interest in the Topsham project. The transaction closed on May 6, 2011 and we received proceeds of $8.5 million. No gain or loss was recorded on the sale.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. Equity method investments

The following summarizes the operating results for the three and nine months ended September 30, 2012 and 2011, respectively, for earnings in our equity method investments:

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Project revenue				
Chambers	$ 12,196	$ 11,616	$ 40,148	$ 37,894
Badger Creek	1,087	1,415	3,357	6,070
Gregory	5,814	7,810	14,766	22,624
Orlando	11,081	10,549	32,850	29,851
Selkirk	12,248	14,020	35,857	37,881
Other	9,218	3,093	31,522	8,045
	51,644	48,503	158,500	142,365
Project expenses				
Chambers	9,564	9,107	28,066	28,032
Badger Creek	831	1,509	2,971	5,907
Gregory	5,262	7,007	15,392	20,537
Orlando	10,189	10,156	30,487	29,224
Selkirk	10,663	12,572	31,722	37,861
Other	11,585	2,617	30,223	6,412
	48,094	42,968	138,861	127,973
Project other income (expense)				
Chambers	139	(730)	(1,476)	(1,820)
Badger Creek	(156)	(9)	(3,165)	(20)
Gregory	(46)	(218)	(272)	(449)
Orlando	(24)	(13)	(58)	(57)
Selkirk	(671)	(33)	1,516	(2,599)
Other	1,208	(2,158)	(3,764)	(3,800)
	450	(3,161)	(7,219)	(8,745)
Project income (loss)				
Chambers	2,771	1,779	10,606	8,042
Badger Creek	100	(103)	(2,779)	143
Gregory	506	585	(898)	1,638
Orlando	868	380	2,305	570
Selkirk	914	1,415	5,651	(2,579)
Other	(1,159)	(1,682)	(2,465)	(2,167)
	4,000	2,374	12,420	5,647

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Long-term debt

Long-term debt consists of the following:

	September 30, 2012	December 31, 2011	Interest Rate
Recourse Debt:			
Senior unsecured notes, due 2018	$ 460,000	$ 460,000	9.00%
Senior unsecured notes, due June 2036 (Cdn$210,000)	213,588	206,490	5.95%
Senior unsecured notes, due July 2014	190,000	190,000	5.90%
Series A senior unsecured notes, due August 2015	150,000	150,000	5.87%
Series B senior unsecured notes, due August 2017	75,000	75,000	5.97%
Non-Recourse Debt:			
Epsilon Power Partners term facility, due 2019	33,857	34,982	7.40%
Path 15 senior secured bonds	(1)	145,879	7.90% 9.00%
Auburndale term loan, due 2013	6,650	11,900	5.10%
Cadillac term loan, due 2025	38,431	40,231	6.02% 8.00%
Piedmont construction loan, due 2013	123,270(2)	100,796	Libor plus 3.50%
Canadian Hills construction loan, due 2013	238,755(3)		Libor plus 3.00%
Purchase accounting fair value adjustments	(1)	10,580	
Less current maturities	(303,890)	(20,958)	
Total long-term debt	$ 1,225,661	$ 1,404,900	

Current maturities consist of the following:

	September 30, 2012	December 31, 2011	Interest Rate
Current Maturities:			
Epsilon Power Partners term facility, due 2019	$ 2,625	$ 1,500	7.40%
Path 15 senior secured bonds	(1)	8,667	7.90% 9.00%
Auburndale term loan, due 2013	5,425	7,000	5.10%
Cadillac term loan, due 2025	2,400	3,791	6.02% 8.00%
Piedmont construction loan, due 2013	54,685(2)		Libor plus 3.50%
Canadian Hills construction loan, due 2013	238,755(3)		Libor plus 3.00%
Total current maturities	$ 303,890	$ 20,958	

(1) During the three months ended September 30, 2012, we designated the Path 15 project as an asset held for sale. Accordingly, Path 15 senior secured bonds current maturities of $9.0 million and long term debt of $143.0 million, including a purchase accounting fair value adjustment of $10.0 million, are recorded as a component of liabilities associated with assets held for sale on the consolidated balance sheets at September 30, 2012. See Note 11 for further discussion.

(2) The terms of the Piedmont project-level debt financing include a $51.0 million bridge loan for approximately 95.0% of the stimulus grant expected to be received from the U.S. Treasury 60 days after the start of commercial operations, and an $82.0 million construction term loan. The

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Long-term debt (Continued)

$51.0 million bridge loan will be repaid in early 2013 and repayment of the expected $82.0 million term loan will commence in 2013.

(3) On October 31, 2012, the Canadian Hills project entered into an equity contribution agreement with four entities for their commitment of a tax equity investment in the project to be funded on date of commercial operations. The proceeds from our equity contribution, the tax equity investments and a draw on our senior credit facility will be used to pay down the construction loan at the completion of construction.

Notes of Atlantic Power (US) GP

On June 22, 2012, Atlantic Power, Atlantic Power (US) GP and certain other of our subsidiaries entered into an amendment to the Note Purchase and Parent Guaranty Agreement, dated as of August 15, 2007 (the "Note Purchase Agreement"), which governs the 5.87% senior guaranteed notes, Series A, due August 15, 2017 (the "Series A Notes") and the 5.97% senior guaranteed notes, Series B, due August 15, 2019 (the "Series B Notes" and collectively the "Notes") of Atlantic Power (US) GP. Under the amendment, we agreed: (i) that Atlantic Power and the existing and future guarantors of our 9.00% senior notes due November 2018 (the "Senior Notes"), our senior credit facility and refinancings thereof would provide guarantees of the Notes; (ii) to shorten the maturity of the Series A Notes from August 15, 2017 to August 15, 2015; (iii) to shorten the maturity of the Series B Notes from August 15, 2019 to August 15, 2017; (iv) to include an event of default that would be triggered if certain defaults occurred under the debt instruments of Atlantic Power and certain of its subsidiaries; and (v) to add certain covenants, including covenants that limit the ability of Curtis Palmer LLC ("Curtis Palmer"), a wholly-owned subsidiary of Atlantic Power Limited Partnership (the "Partnership") to incur debt or liens, make distributions other than in the ordinary course of business, prepay debt or sell material assets and our ability to sell Curtis Palmer. The parties entered into the amendment following a series of discussions concerning our acquisition of the Partnership. Although we believe that the acquisition of the Partnership was in full compliance with the terms and conditions of the Note Purchase Agreement, the holders of the Notes agreed to waive certain defaults or events of default that they alleged may have occurred as a result of our acquisition of the Partnership in return for Atlantic Power and its subsidiaries entering into the amendment.

Non-Recourse Debt

Project-level debt of our consolidated projects is secured by the respective project and its contracts with no other recourse to us. Project-level debt generally amortizes during the term of the respective revenue generating contracts of the projects. The loans have certain financial covenants that must be met. At September 30, 2012, all of our projects were in compliance with the covenants contained in project-level debt. However, our Epsilon Power Partners, Delta-Person and Gregory projects had not achieved the levels of debt service coverage ratios required by the project-level debt arrangements as a condition to make distributions and were therefore restricted from making distributions to us. The non-recourse holding company debt relating to our investment in Chambers is held at Epsilon Power Partners, our wholly owned subsidiary.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Long-term debt (Continued)

Senior Credit Facility

As of September 30, 2012, $20.0 million was drawn on our senior credit facility and $135.5 million and Cnd$1.0 million were issued in letters of credit, but not drawn, to support contractual credit requirements at several of our projects. The applicable margin on our senior credit facility was 2.75% at September 30, 2012.

In connection with the continued evolution of the Company's strategy to focus on late-stage development and construction projects, and the possible disposition of certain projects, including our Florida projects, on November 2, 2012, we amended the senior credit facility in order to change certain financial and leverage ratio covenants and obtained certain waivers from our lenders in connection with certain of our projects. See Item 5. Other Information to this quarterly report on Form 10-Q for additional information.

5. Convertible debentures

The following table contains details related to outstanding convertible debentures:

(In thousands US$, except for share amounts)	6.5% Debentures due October 2014	6.25% Debentures due March 2017	5.6% Debentures due June 2017	5.75% Debentures due June 2019	Total
Balance at December 31, 2011	$ 44,103	$ 66,306	$ 79,154	$	$ 189,563
Issuance of convertible debentures				130,000	130,000
Principal amount converted to equity	(13)				(13)
Foreign exchange loss	1,516	2,279	2,722		6,517
Balance at September 30, 2012	$ 45,606	$ 68,585	$ 81,876	$ 130,000	$ 326,067
Common shares issued on conversion during the nine months ended September 30, 2012	1,048				1,048

Aggregate interest expense related to the convertible debentures was $4.9 million and $2.8 million for the three months ended September 30, 2012 and 2011, respectively, and $10.6 million and $9.3 million for the nine months ended September 30, 2012 and 2011, respectively.

On July 5, 2012, we issued, in a public offering, $130.0 million aggregate principal amount of 5.75% convertible unsecured subordinated debentures due June 30, 2019, (the "2012 Debentures") for net proceeds of $124.0 million. The 2012 Debentures pay interest semi-annually on June 30 and December 30 of each year beginning December 30, 2012. The 2012 Debentures are convertible into our common shares at an initial conversion rate of 57.9710 common shares per $1,000 principal amount of debentures. We used the proceeds to fund a portion of our equity commitment in Canadian Hills Wind, LLC.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

6. Fair value of financial instruments

The following represents the recurring measurements of fair value hierarchy of our financial assets and liabilities that were recognized at fair value as of September 30, 2012 and December 31, 2011. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

	September 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 42,872	$	$	$ 42,872
Restricted cash	112,633			112,633
Derivative instruments asset		25,028		25,028
Total	$ 155,505	$ 25,028	$	$ 180,533
Liabilities:				
Derivative instruments liability	$	$ 145,851	$	$ 145,851
Total	$	$ 145,851	$	$ 145,851

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 60,651	$	$	$ 60,651
Restricted cash	21,412			$ 21,412
Derivative instruments asset		32,414		$ 32,414
Total	$ 82,063	$ 32,414	$	$ 114,477
Liabilities:				
Derivative instruments liability	$	$ 53,762	$	$ 53,762
Total	$	$ 53,762	$	$ 53,762

The fair values of our derivative instruments are based upon trades in liquid markets. Valuation model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are classified within Level 2 of the fair value hierarchy. We use our best estimates to determine the fair value of commodity and derivative contracts we hold. These estimates consider various factors including closing exchange prices, time value, volatility factors and credit exposure. The fair value of each contract is discounted using a risk free interest rate.

We also adjust the fair value of financial assets and liabilities to reflect credit risk, which is calculated based on our credit rating and the credit rating of our counterparties. As of September 30, 2012, the credit valuation adjustments resulted in a $19.0 million net increase in fair value, which consists of a $1.3 million pre-tax increase in other comprehensive income and a $17.8 million increase in change in fair value of derivative instruments, offset by a $0.1 million increase to foreign exchange loss. As of December 31, 2011, the credit valuation adjustments resulted in a $5.8 million net increase in fair value, which consists of a $0.9 million pre-tax increase in other comprehensive income and a $5.1 million increase in change in fair value of derivative instruments, offset by a $0.2 million increase in foreign exchange loss.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities

We recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. For a certain limited number of contracts designated as cash flow hedges, we defer the effective portion of the change in fair value of the derivatives to accumulated other comprehensive income (loss), until the hedged transactions occur and are recognized in earnings. The ineffective portion of a cash flow hedge is immediately recognized in earnings.

For derivatives that are not designated as cash flow hedges, the changes in the fair value are immediately recognized in earnings. The guidelines apply to our natural gas swaps, interest rate swaps, and foreign exchange contracts.

Gas purchase agreements

On March 12, 2012, we discontinued the application of the normal purchase normal sales ("NPNS") exemption on gas purchase agreements at our North Bay, Kapuskasing and Nipigon projects. On that date, we entered into an agreement with a third party that resulted in the gas purchase agreements no longer qualifying for the NPNS exemption. The agreements at North Bay and Kapuskasing expire on December 31, 2016 and the agreements at Nipigon expire on December 31, 2012. These gas purchase agreements are derivative financial instruments and are recorded in the consolidated balance sheet at fair value and the changes in their fair market value are recorded in the consolidated statement of operations.

In May 2012, the Nipigon project entered into a long-term contract for the purchase of natural gas beginning on January 1, 2013 and expiring on December 31, 2022. This contract is accounted for as a derivative financial instrument and is recorded in the consolidated balance sheet at fair value at September 30, 2012. Changes in the fair market value of the contract are recorded in the consolidated statement of operations.

In May 2012, the Tunis project entered into a contract for the purchase of natural gas beginning on October 1, 2012 and expiring on March 31, 2013 and qualified for the NPNS exemption. On September 27, 2012, we discontinued the application of the NPNS exemption on this contract due to net settlements of a portion of the contract to a third party. As of September 30, 2012 this contract is accounted for as a derivative financial instrument and is recorded in the consolidated balance sheet at fair value. Changes in the fair market value of the contract are recorded in the consolidated statement of operations.

We have recorded a $10.0 million unrealized gain and a $49.1 million unrealized loss for the three and nine months ended September 30, 2012, respectively, related to our gas purchase agreements accounted for as derivative financial instruments.

Natural gas swaps

Our strategy to mitigate the future exposure to changes in natural gas prices at Orlando, Lake and Auburndale consists of periodically entering into financial swaps that effectively fix the price of natural gas expected to be purchased at these projects. These natural gas swaps are derivative financial instruments and are recorded in the consolidated balance sheet at fair value and the changes in their fair market value are recorded in the consolidated statement of operations.

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

The operating margin at our 50% owned Orlando project is exposed to changes in natural gas prices following the expiration of its fuel contract at the end of 2013. We have entered into natural gas swaps to effectively fix the price of 3.2 million Mmbtu of future natural gas purchases, or approximately 64% of our share of the expected natural gas purchases at the project during 2014 and 2015. We also entered into natural gas swaps to effectively fix the price of 1.3 million Mmbtu of future natural gas purchases representing approximately 25% of our share of the expected natural gas purchases at the project during 2016 and 2017.

The Lake project's operating margin is exposed to changes in natural gas spot market prices through the expiration of its PPA on July 31, 2013. We have entered into natural gas swaps to effectively fix the price of approximately 90% of the expected natural gas purchases at Lake for the remainder of 2012 and 83% of the expected natural gas purchases through July 31, 2013.

The Auburndale project's operating margin is exposed to changes in natural gas spot market prices through the expiration of its PPA at the end of 2013. We have entered into natural gas swaps to effectively fix the price of approximately 46% of the expected natural gas purchases at Auburndale for the remainder of 2012 and 79% of the expected natural gas purchases through December 31, 2013.

Interest rate swaps

The Cadillac project has an interest rate swap agreement that effectively fixes the interest rate on its non-recourse, project-level debt at 6.02% until February 15, 2015, 6.14% from February 16, 2015 to February 15, 2019, 6.26% from February 16, 2019 to February 15, 2023, and 6.38% thereafter. The notional amount of the interest rate swap agreement matches the outstanding principal balance over the remaining life of Cadillac's debt. This swap agreement, which qualifies for and is designated as a cash flow hedge, is effective through June 2025 and changes in the fair market value are recorded in accumulated other comprehensive income.

The Auburndale project hedged a portion of its exposure to changes in interest rates related to its variable-rate, non-recourse project-level debt. The interest rate swap agreement effectively converted the floating rate debt to a fixed interest rate of 5.10%. The notional amount of the swap matches the outstanding principal balance over the remaining life of Auburndale's debt. This swap agreement is effective through November 30, 2013. The interest rate swap agreement was designated as a cash flow hedge of the forecasted interest payments under the project-level Auburndale debt agreement and changes in the fair market value are recorded in accumulated other comprehensive income.

The Piedmont project has interest rate swap agreements to economically fix its exposure to changes in interest rates related to its variable-rate, non-recourse debt. The interest rate swap agreement effectively converted the floating rate debt to a fixed interest rate of 1.7% plus an applicable margin ranging from 3.5% to 3.75% until February 29, 2016. From March 1, 2016 until the maturity of the debt in November 2017, the fixed rate of the swap is 4.47% and the applicable margin is 4.0%, resulting in an all-in rate of 8.47%. The swap continues at the fixed rate of 4.47% from the maturity of the debt in November 2017 until November 2030. The notional amounts of the interest rate swap agreements match the estimated outstanding principal balance of Piedmont's cash grant bridge loan and the construction loan facility that will convert to a term loan. The interest rate swaps were executed in the fourth quarter 2010 and expire on February 29, 2016 and November 30, 2030. The

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

interest rate swap agreements are not designated as hedges, and changes in their fair market value are recorded in the consolidated statements of operations.

Epsilon Power Partners, a wholly owned subsidiary, has an interest rate swap to economically fix the exposure to changes in interest rates related to the variable-rate non-recourse debt. The interest rate swap agreement effectively converted the floating rate debt to a fixed interest rate of 4.24% and has a maturity date of July 2019. The notional amount of the swap matches the outstanding principal balance over the remaining life of Epsilon Power Partners' debt. This interest rate swap agreement is not designated as a hedge and changes in its fair market value are recorded in the consolidated statements of operations.

Foreign currency forward contracts

We use foreign currency forward contracts to manage our exposure to changes in foreign exchange rates, as we generate cash flow in U.S. dollars and Canadian dollars but pay dividends to shareholders and interest on our Canadian dollar denominated convertible debentures and long-term debt predominantly in Canadian dollars. We have a hedging strategy for the purpose of mitigating the currency risk impact on the long-term sustainability of dividends to shareholders. We have executed this strategy by entering into forward contracts to purchase Canadian dollars at a fixed rate to hedge an average of approximately 78% of our expected dividend and convertible debenture interest payments through 2015. Changes in the fair value of the forward contracts partially offset foreign exchange gain or losses on the U.S. dollar equivalent of our Canadian dollar obligations. At September 30, 2012, the forward contracts consist of (1) monthly purchases through the end of 2013 of Cdn$6.0 million at an exchange rate of Cdn$1.134 per U.S. dollar and (2) contracts assumed in our acquisition of the Partnership with various expiration dates through December 2015 to purchase a total of Cdn$112.0 million at an average exchange rate of Cdn$1.130 per U.S. dollar. It is our intention to periodically consider extending the length or terminating these forward contracts.

Volume of forecasted transactions

We have entered into derivative instruments in order to economically hedge the following notional volumes of forecasted transactions as summarized below, by type, excluding those derivatives that qualified for the NPNS exemption as of September 30, 2012 and December 31, 2011:

	Units	September 30, 2012	December 31, 2011
Natural gas swaps	Natural Gas (Mmbtu)	11,930	14,140
Gas Purchase Agreements	Natural Gas (GJ)	51,867	33,957
Interest Rate Swaps	Interest (US$)	48,450	52,711
Currency forwards	Cdn$	202,028	312,533

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

Fair value of derivative instruments

We have elected to disclose derivative instrument assets and liabilities on a trade-by-trade basis and do not offset amounts at the counterparty master agreement level. The following table summarizes the fair value of our derivative assets and liabilities:

	September 30, 2012	
	Derivative Assets	Derivative Liabilities
Derivative instruments designated as cash flow hedges:		
Interest rate swaps current	$	$ 1,469
Interest rate swaps long-term		5,391
Total derivative instruments designated as cash flow hedges		6,860
Derivative instruments not designated as cash flow hedges:		
Interest rate swaps current		2,531
Interest rate swaps long-term		11,436
Foreign currency forward contracts current	10,299	
Foreign currency forward contracts long-term	13,942	
Natural gas swaps current		18,764
Natural gas swaps long-term	294	6,588
Gas purchase agreements current	493	19,676
Gas purchase agreements long-term		79,996
Total derivative instruments not designated as cash flow hedges	25,028	138,991
Total derivative instruments	$ 25,028	$ 145,851

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

	December 31, 2011	
	Derivative Assets	Derivative Liabilities
Derivative instruments designated as cash flow hedges:		
Interest rate swaps current	$	$ 1,561
Interest rate swaps long-term		5,317
Total derivative instruments designated as cash flow hedges		6,878
Derivative instruments not designated as cash flow hedges:		
Interest rate swaps current		2,587
Interest rate swaps long-term		9,637
Foreign currency forward contracts current	10,630	224
Foreign currency forward contracts long-term	22,224	221
Natural gas swaps current		16,439
Natural gas swaps long-term		18,216
Gas purchase agreements current		
Gas purchase agreements long-term		
Total derivative instruments not designated as cash flow hedges	32,854	47,324
Total derivative instruments	$ 32,854	$ 54,202

Accumulated other comprehensive income

The following table summarizes the changes in the accumulated other comprehensive income (loss) ("OCI") balance attributable to derivative financial instruments designated as a hedge, net of tax:

For the three month period ended September 30, 2012	Interest Rate Swaps	Natural Gas Swaps	Total
Accumulated OCI balance at June 30, 2012	$ (1,667)	$ 207	$ (1,460)
Change in fair value of cash flow hedges	(300)		(300)
Realized from OCI during the period	274	(58)	216
Accumulated OCI balance at September 30, 2012	$ (1,693)	$ 149	$ (1,544)

For the three month period ended September 30, 2011	Interest Rate Swaps	Natural Gas Swaps	Total
Accumulated OCI balance at June 30, 2011	$ (479)	$ 503	$ 24
Change in fair value of cash flow hedges	(1,495)		(1,495)
Realized from OCI during the period	344	(91)	253

Accumulated OCI balance at September 30, 2011	$	(1,630)	$	412	$	(1,218)

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

For the nine month period ended September 30, 2012	Interest Rate Swaps	Natural Gas Swaps	Total
Accumulated OCI balance at December 31, 2011	$ (1,704)	$ 321	$ (1,383)
Change in fair value of cash flow hedges	(833)		(833)
Realized from OCI during the period	844	(172)	672
Accumulated OCI balance at September 30, 2012	$ (1,693)	$ 149	$ (1,544)

For the nine month period ended September 30, 2011	Interest Rate Swaps	Natural Gas Swaps	Total
Accumulated OCI balance at December 31, 2010	$ (427)	$ 682	$ 255
Change in fair value of cash flow hedges	(2,257)		(2,257)
Realized from OCI during the period	1,054	(270)	784
Accumulated OCI balance at September 30, 2011	$ (1,630)	$ 412	$ (1,218)

Impact of derivative instruments on the consolidated statements of operations

The following table summarizes realized (gains) and losses for derivative instruments not designated as cash flow hedges:

	Classification of (gain) loss recognized in income	Three months ended September 30, 2012	Three months ended September 30, 2011
Natural gas swaps	Fuel	$ 5,170	$ 1,744
Gas purchase agreements	Fuel	15,191	
Foreign currency forwards	Foreign exchange (gain) loss	(2,068)	(2,100)
Interest rate swaps	Interest, net	1,208	1,091

	Classification of (gain) loss recognized in income	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Natural gas swaps	Fuel	$ 14,994	$ 6,275
Gas purchase agreements	Fuel	47,839	
Foreign currency forwards	Foreign exchange (gain) loss	(17,110)	(7,792)
Interest rate swaps	Interest, net	3,556	3,022

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Accounting for derivative instruments and hedging activities (Continued)

The following table summarizes the unrealized gains and (losses) resulting from changes in the fair value of derivative financial instruments that are not designated as cash flow hedges:

	Classification of (gain) loss recognized in income	Three months ended September 30, 2012	Three months ended September 30, 2011
Natural gas swaps	Change in fair value of derivatives	$ 7,463	$ (3,017)
Gas purchase agreements	Change in fair value of derivatives	10,022	
Interest rate swaps	Change in fair value of derivatives	(272)	(8,467)
Total change in fair value of derivative instruments		$ 17,213	$ (11,484)
Foreign currency forwards	Foreign exchange (gain) loss	$ (4,694)	$ 39,950

	Classification of (gain) loss recognized in income	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Natural gas swaps	Change in fair value of derivatives	$ 9,883	$ (1,372)
Gas purchase agreements	Change in fair value of derivatives	(49,093)	
Interest rate swaps	Change in fair value of derivatives	(1,743)	(11,125)
Total change in fair value of derivative instruments		$ (40,953)	$ (12,497)
Foreign currency forwards	Foreign exchange (gain) loss	$ 8,169	$ 37,817

8. Income taxes

The difference between the actual tax expense (benefit) of $3.2 million and $(19.1) million for the three and nine months ended September 30, 2012 and the expected income tax benefit, based on the Canadian enacted statutory rate of 25%, of $(0.5) million and $(16.6) million, respectively, is primarily due to higher tax rates in various tax jurisdictions, and various other permanent differences, partially offset by a change in the valuation allowance.

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Current income tax expense (benefit)	$ 1,935	$ 104	$ 6,116	$ (366)
Deferred tax expense (benefit)	1,231	(5,427)	(25,192)	(12,534)
Total income tax expense (benefit)	$ 3,166	$ (5,323)	$ (19,076)	$ (12,900)

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

8. Income taxes (Continued)

As of September 30, 2012, we have recorded a valuation allowance of $98.4 million. This amount is comprised primarily of provisions against available Canadian and U.S. net operating loss carryforwards. In assessing the recoverability of our deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon projected future taxable income in the United States and in Canada and available tax planning strategies.

9. Employee Incentive Programs

Long-Term Incentive Program

The following table summarizes the changes in LTIP notional units during the nine months ended September 30, 2012:

	Units	**Grant Date Weighted-Average Price per Unit**	
Outstanding at December 31, 2011	485,781	$	11.49
Granted	226,752	$	14.66
Forfeited	(28,932)	$	13.63
Additional shares from dividends	27,579	$	13.25
Vested	(231,687)	$	10.10
Outstanding at September 30, 2012	479,493	$	13.56

Certain awards have a market condition based on our total shareholder return during the performance period compared to a group of peer companies. Compensation expense for notional units granted in 2012 is recorded net of estimated forfeitures. See further details as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011.

The calculation of simulated total shareholder return under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of September 30, 2012 and December 31, 2011:

	September 30, 2012	**December 31, 2011**
Weighted average risk free rate of return	0.14 0.27%	0.15 0.28%
Dividend yield	7.80%	7.90%
Expected volatility Atlantic Power	14.0 19.9%	22.20%
Expected volatility peer companies	11.3 144.6%	17.3 112.9%
Weighted average remaining measurement period	1.43 years	0.87 years

Equity Incentive Plan

On April 23, 2012 the Board of Directors, upon the recommendation of the Compensation Committee, adopted the 2012 Equity Incentive Plan (the "2012 Incentive Plan"), which was approved by our shareholders on June 22, 2012. The 2012 Incentive Plan increases the flexibility of the Compensation Committee to use various equity-based incentive awards as compensation tools to

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Employee Incentive Programs (Continued)

motivate our employees. Adoption of the 2012 Incentive Plan did not have any impact on previous award grants and 6,000 common shares have been granted under the 2012 Incentive Plan as of September 30, 2012. The 2012 Incentive Plan has an expiration date of June 22, 2022.

10. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average common shares outstanding during their respective period. Diluted earnings (loss) per share is computed including dilutive potential shares as if they were outstanding shares during the year. Dilutive potential shares include shares that would be issued if all of the convertible debentures were converted into shares at January 1, 2012. Dilutive potential shares also include the weighted average number of shares, as of the date such notional units were granted, that would be issued if the unvested notional units outstanding under the LTIP were vested and redeemed for shares under the terms of the LTIP.

The following table sets forth the diluted net income and potentially dilutive shares utilized in the per share calculation for the three and nine months ended September 30, 2012 and 2011:

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Numerator:				
Net income (loss) attributable to Atlantic Power Corporation	$ (7,446)	$ (27,900)	$ (54,824)	$ (8,578)
Denominator:				
Weighted average basic shares outstanding	119,011	68,910	115,437	68,384
Dilutive potential shares:				
Convertible debentures	20,459	13,718	15,672	14,190
LTIP notional units	481	415	477	363
Potentially dilutive shares	139,951	83,043	131,586	82,937
Diluted loss per share	$ (0.06)	$ (0.40)	$ (0.47)	$ (0.13)

Potentially dilutive shares from convertible debentures and potentially dilutive shares from LTIP notional units have been excluded from fully diluted shares in the three and nine months ended September 30, 2012 and 2011 because their impact would be anti-dilutive.

11. Held for Sale Business

During the three months ended September 30, 2012, we classified our Path 15 project, which is a component of the Southwest segment, as a held for sale business based on our plan to sell the project within the next twelve months. Accordingly, the assets and liabilities of Path 15 have been classified separately as held for sale in the consolidated balance sheet at September 30, 2012 and the project's net income is recorded as income from discontinued operations in the consolidated statements of operations, net of tax for the three and nine months ended September 30, 2012 and 2011. The

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Held for Sale Business (Continued)

following table summarizes the revenue, income from operations and income tax expense of Path 15 for the three and nine months ended September 30, 2012 and 2011:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenue	$ 7,227	$ 7,638	$ 20,751	$ 22,773
Income from operations of discontinued businesses	1,261	2,074	2,356	5,733
Income tax expense	488	803	912	2,219
Income from operations of discontinued businesses, net of tax	$ 773	$ 1,271	$ 1,444	$ 3,514

Basic and diluted earnings per share related to income from discontinued operations was $0.01 and $0.02 for the three months ended September 30, 2012 and 2011, respectively and $0.01 and $0.05 for the nine months ended September 30, 2012 and 2011, respectively.

The components of assets and liabilities held for sale are set forth in the following table:

	September 30, 2012
Current assets:	
Cash and cash equivalents	$ 1,742
Restricted cash	14,273
Accounts receivable	1,691
Other current assets	664
	18,370
Non-current assets assets:	
Transmission system rights	174,393
Goodwill	8,918
Other assets	1,430
Assets held for sale	203,111
Current liabilities:	
Accounts payable and other accrued liabilities	$ 5,380
Current portion of long-term debt	9,028
	14,408
Long term liabilities	
Long-term debt	143,012
Liabilities held for sale	157,420

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

12. Equity

The following table provides a reconciliation of the beginning and ending equity attributable to shareholders of Atlantic Power Corporation, preferred shares issued by a subsidiary company, noncontrolling interest and total equity as of September 30, 2012 and 2011:

	Nine months ended September 30, 2012			
	Total Atlantic Power Corporation Shareholders' Equity	Preferred shares issued by a subsidiary company	Noncontrolling Interest	Total Equity
Balance at January 1	$ 891,450	$ 221,304	$ 3,027	$ 1,115,781
Net income (loss)	(54,824)	9,767	(696)	(45,753)
Realized and unrealized loss on hedging activities, net of tax	(162)			(162)
Foreign currency translation adjustment, net of tax	22,608			22,608
Common shares issuance, net of costs	67,777			67,777
Compensation expense for LTIP	1,344			1,344
Convertible debenture conversion	13			13
Dividends declared on common shares	(99,043)			(99,043)
Dividends declared on preferred shares of a subsidiary company		(9,767)		(9,767)
Balance at September 30	$ 829,163	$ 221,304	$ 2,331	$ 1,052,798

	Nine months ended September 30, 2011			
	Total Atlantic Power Corporation Shareholders' Equity	Preferred shares issued by a subsidiary company	Noncontrolling Interest	Total Equity
Balance at January 1	$ 429,869	$	$ 3,507	$ 433,376
Net loss	(8,578)		(349)	(8,927)
Realized and unrealized loss on hedging activities, net of tax	(1,473)			(1,473)
Compensation expense for LTIP	1,232			1,232
Convertible debenture conversion	21,730			21,730
Dividends declared on common shares	(57,064)			(57,064)
Balance at September 30	$ 385,716	$	$ 3,158	$ 388,874

On August 8, 2012, we announced the details of our Dividend Reinvestment Plan ("DRIP"). The DRIP allows eligible holders of common shares to reinvest their cash dividends to acquire additional common shares of Atlantic Power at a 3% discount to market price.

On July 5, 2012, we closed a public offering of 5,567,177 common shares, at a purchase price of $12.76 per common share and Cdn$13.10 per common share, for aggregate net proceeds, after deducting the underwriting discounts and expenses, of approximately $67.7 million.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Segment and geographic information

We revised our reportable business segments during the fourth quarter of 2011 subsequent to our acquisition of the Partnership. The new operating segments are Northeast, Northwest, Southeast, Southwest and Un-allocated Corporate. Financial results for the three and nine months ended September 30, 2012 and 2011 have been presented to reflect the change in operating segments. We revised our segments to align with changes in management's resource allocation and assessment of performance. These changes reflect our current operating focus. The segment classified as Un-allocated Corporate includes activities that support the executive offices, capital structure and costs of being a public registrant in the United States and Canada. These costs are not allocated to the operating segments when determining segment profit or loss.

We analyze the performance of our operating segments based on Project Adjusted EBITDA which is defined as project income plus interest, taxes, depreciation and amortization (including non-cash impairment charges) and changes in fair value of derivative instruments. Project Adjusted EBITDA is not a measure recognized under U.S. generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. We use Project Adjusted EBITDA to provide comparative information about project performance without considering how projects are capitalized or whether they contain derivative contracts that are required to be recorded at fair value. A reconciliation of project (loss) income to Project Adjusted EBITDA is included in the tables below.

	Northeast	Southeast	Northwest	Southwest	Un-allocated Corporate	Consolidated
Three month period ended September 30, 2012:						
Operating revenues	$ 43,804	$ 48,194	$ 14,959	$ 47,734	$ (192)	$ 154,499
Segment assets	1,157,943	446,313	851,972	1,162,580	25,187	3,643,995
Project Adjusted EBITDA	$ 20,346	$ 23,150	$ 12,596	$ 23,440	$ (2,338)	$ 77,194
Change in fair value of derivative instruments	(10,160)	(7,187)				(17,347)
Depreciation and amortization	20,367	9,360	10,710	9,252	36	49,725
Interest, net	4,484	141	1,204	135	44	6,008
Other project (income) expense	258			156	415	829
Project (loss) income	5,397	20,836	682	13,897	(2,833)	37,979
Administration					6,309	6,309
Interest, net					25,829	25,829
Foreign exchange gain					7,659	7,659
Other income, net					272	272
Loss from continuing operations before income taxes	5,397	20,836	682	13,897	(42,902)	(2,090)
Income tax expense					3,166	3,166
Net loss	5,397	20,836	682	13,897	(46,068)	(5,256)
Income from discontinued operations				773		773
Net income (loss)	$ 5,397	$ 20,836	$ 682	$ 14,670	$ (46,068)	$ (4,483)

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Segment and geographic information (Continued)

	Northeast	Southeast	Northwest	Southwest	Un-allocated Corporate	Consolidated
Three month period ended September 30, 2011:						
Operating revenues	$ 4,933	$ 39,661	$	$	$ 101	$ 44,695
Segment assets	277,314	419,584	46,841	224,957	60,325	1,029,021
Project Adjusted EBITDA	$ 9,817	$ 21,635	$ 1,121	$ 1,523	$ (233)	$ 33,863
Change in fair value of derivative instruments	224	10,648			(1)	10,871
Depreciation and amortization	4,636	9,390	1,001	757	13	15,797
Interest, net	2,491	243	682	284	6	3,706
Other project (income) expense	1,300	12		1	(4)	1,309
Project (loss) income	1,166	1,342	(562)	481	(247)	2,180
Administration					11,839	11,839
Interest, net					3,337	3,337
Foreign exchange gain					21,576	21,576
Income from continuing operations before income taxes	1,166	1,342	(562)	481	(36,999)	(34,572)
Income tax benefit					(5,323)	(5,323)
Net loss	1,166	1,342	(562)	481	(31,676)	(29,249)
Income from discontinued operations				1,271		1,271
Net income (loss)	$ 1,166	$ 1,342	$ (562)	$ 1,752	$ (31,676)	$ (27,978)

	Northeast	Southeast	Northwest	Southwest	Un-allocated Corporate	Consolidated
Nine month period ended September 30, 2012:						
Operating revenues	$ 156,632	$ 137,406	$ 46,923	$ 121,674	$ 1,195	$ 463,830
Segment assets	1,157,943	446,313	851,972	1,162,580	25,187	3,643,995
Project Adjusted EBITDA	$ 85,156	$ 69,892	$ 38,453	$ 47,952	$ (9,645)	$ 231,808
Change in fair value of derivative instruments	46,283	(7,840)				38,443
Depreciation and amortization	58,028	28,099	31,730	28,902	37	146,796
Interest, net	13,922	404	3,833	412	(2)	18,569
Other project (income) expense	755	28		2,927	590	4,300
Project (loss) income	(33,832)	49,201	2,890	15,711	(10,270)	23,700
Administration					21,992	21,992
Interest, net					69,269	69,269
Foreign exchange gain					4,440	4,440

Other income, net					(5,728)	(5,728)
Loss from continuing operations before income taxes	(33,832)	49,201	2,890	15,711	(100,243)	(66,273)
Income tax benefit					(19,076)	(19,076)
Net loss	(33,832)	49,201	2,890	15,711	(81,167)	(47,197)
Income from discontinued operations				1,444		1,444
Net income (loss)	$ (33,832)	$ 49,201	$ 2,890	$ 17,155	$ (81,167)	$ (45,753)

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Segment and geographic information (Continued)

	Northeast	Southeast	Northwest	Southwest	Un-allocated Corporate	Consolidated
Nine month period ended September 30, 2011:						
Operating revenues	$ 14,498	$ 121,747	$	$	$ 238	$ 136,483
Segment assets	277,314	419,584	46,841	224,957	60,325	1,029,021
Project Adjusted EBITDA	$ 27,400	$ 63,892	$ 3,606	$ 4,894	$ (838)	$ 98,954
Change in fair value of derivative instruments	1,461	11,452				12,913
Depreciation and amortization	13,848	28,262	2,299	2,472	35	46,916
Interest, net	7,386	831	2,204	638	41	11,100
Other project (income) expense	1,731	57		5	(4)	1,789
Project (loss) income	2,974	23,290	(897)	1,779	(910)	26,236
Administration					20,379	20,379
Interest, net					10,815	10,815
Foreign exchange gain					20,383	20,383
Income from continuing operations before income taxes	2,974	23,290	(897)	1,779	(52,487)	(25,341)
Income tax benefit					(12,900)	(12,900)
Net loss	2,974	23,290	(897)	1,779	(39,587)	(12,441)
Income from discontinued operations				3,514		3,514
Net income (loss)	$ 2,974	$ 23,290	$ (897)	$ 5,293	$ (39,587)	$ (8,927)

The tables below provide information, by country, about our consolidated operations for the three and nine months ended September 30, 2012 and 2011. Revenue is recorded in the country in which it is earned and assets are recorded in the country in which they are located.

	Project Revenue Three Months Ended September 30,		Project Revenue Nine Months Ended September 30,	
	2012	2011	2012	2011
United States	$ 109,177	$ 44,695	$ 309,336	$ 136,483
Canada	45,322		154,494	
Total	$ 154,499	$ 44,695	$ 463,830	$ 136,483

	Property, Plant and Equipment, net of accumulated depreciation September 30,	
	2012	2011

United States	$ 1,164,340	$ 360,594
Canada	566,425	
Total	$ 1,730,765	$ 360,594

Progress Energy Florida ("PEF") and the Ontario Electricity Financial Corp ("OEFC") provided approximately 28% and 19%, respectively, of total consolidated revenues for the three months ended September 30, 2012, and 26% and 22%, respectively, of total consolidated revenues for the nine

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Segment and geographic information (Continued)

months ended September 30, 2012. PEF and the California Independent System Operator ("CAISO") provided approximately 70% and 15%, respectively, of total consolidated revenues for the three months ended September 30, 2011, and 74% and 15%, respectively, for the nine months ended September 30, 2011. PEF purchases electricity from the Auburndale and Lake projects in the Southeast segment, OEFC purchases electricity from the Calstock, Kapuskasing, Nipigon, North Bay and Tunis projects in the Northeast segment and the CAISO makes payments to Path 15 in the Southwest segment.

14. Commitments and contingencies

Path 15

In February 2011, we filed a rate application with the Federal Energy Regulatory Commission ("FERC") to establish Path 15's revenue requirement at $30.3 million for the 2011-2013 period. On March 7, 2012, Path 15 filed a formal settlement agreement establishing a revenue requirement at $28.8 million with the Administrative Law Judge for review and certification to FERC for approval. The settlement was approved by the FERC on May 23, 2012.

IRS Examination

In 2011, the Internal Revenue Service ("IRS") began an examination of our federal income tax returns for the tax years ended December 31, 2007 and 2009. On April 2, 2012, the IRS issued various Notices of Proposed Adjustments. The principal area of the proposed adjustments pertain to the classification of U.S. real property in the calculation of the gain related to our 2009 conversion from the previous Income Participating Security structure to our current traditional common share structure.

We intend to vigorously contest these proposed adjustments, including pursuing all administrative and judicial remedies available to us. We expect to be successful in sustaining our positions with no material impact to our financial results. No accrual has been made for any contingency related to any of the proposed adjustments as of September 30, 2012.

Lake

Our Lake project is currently involved in a dispute with PEF over off-peak energy sales in 2010. All amounts billed for off-peak energy during 2010 by the Lake project have been paid in full by PEF. The Lake project has filed a claim against PEF in which we seek to confirm our contractual right to sell off-peak energy at the contractual price for such sales. PEF filed a counter-claim against the Lake project, seeking, among other things, the return of amounts paid for off-peak power sales during 2010 and a declaratory order clarifying Lake's rights and obligations under the PPA. The Lake project has stopped dispatching during off-peak periods pending the outcome of the dispute. However, we strongly believe that the court will confirm our contractual right to sell off-peak power using the contractual price that was used during 2010 and that we will be able to continue such off-peak power sales for the remainder of the term of the PPA. We have not recorded any reserves related to this dispute and expect that the outcome will not have a material adverse effect on our financial position or results of operations.

ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Commitments and contingencies (Continued)

Morris

On May 29, 2011, our Morris facility was struck by lightning. As a result, steam and electric deliveries were interrupted to our host Equistar. We believe the interruption constitutes a force majeure under the energy services agreement with Equistar. Equistar disputes this interpretation and has initiated arbitration proceedings under the agreement for recovery of resulting lost profits and equipment damage among other items. The agreement with Equistar specifically shields Morris from exposure to consequential damages incurred by Equistar and management expects our insurance to cover any material losses we might incur in connection with such proceedings, including settlement costs. Management will attempt to resolve the arbitration through settlement discussions, but is prepared to vigorously defend the arbitration on the merits.

Other

In addition to the other matters listed above, from time to time, Atlantic Power, its subsidiaries and the projects are parties to disputes and litigation that arise in the normal course of business. We assess our exposure to these matters and record estimated loss contingencies when a loss is probable and can be reasonably estimated. There are no matters pending which are expected to have a material adverse impact on our financial position or results of operations or have been reserved for as of September 30, 2012.

15. Guarantees and condensed consolidating financial information

In connection with the tax equity investments in our Canadian Hills project, we have expressly indemnified the investors for certain representations and warranties made by a wholly-owned subsidiary with respect to matters which we believe are remote and improbable to occur. The expiration dates of these guarantees vary from less than one year through the indefinite termination date of the project. Our maximum undiscounted potential exposure is limited to the amount of tax equity investment less the sum of cash distributions made to the investors and any net federal income tax benefits arising from production tax credits.

As of September 30, 2012 and December 31, 2011, we had $460.0 million of Senior Notes. These notes are guaranteed by certain of our wholly owned subsidiaries, or guarantor subsidiaries.

Unless otherwise noted below, each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of September 30, 2012:

Atlantic Power Limited Partnership, Atlantic Power GP Inc., Atlantic Power (US) GP, Atlantic Power Corporation, Atlantic Power Generation, Inc., Atlantic Power Transmission, Inc., Atlantic Power Holdings, Inc., Atlantic Power Services Canada GP Inc., Atlantic Power Services Canada LP, Atlantic Power Services, LLC, Teton Power Funding, LLC, Harbor Capital Holdings, LLC, Epsilon Power Funding, LLC, Atlantic Auburndale, LLC, Auburndale LP, LLC, Auburndale GP, LLC, Atlantic Cadillac Holdings, LLC, Atlantic Idaho Wind Holdings, LLC, Atlantic Idaho Wind C, LLC, Baker Lake Hydro, LLC, Olympia Hydro, LLC, Teton East Coast Generation, LLC, NCP Gem, LLC, NCP Lake Power, LLC, Lake Investment, LP, Teton New Lake, LLC, Lake Cogen Ltd., Atlantic Renewables Holdings, LLC, Orlando Power Generation I, LLC, Orlando Power Generation II, LLC, NCP Dade Power, LLC, NCP Pasco LLC, Dade Investment, LP, Pasco Cogen, Ltd., Atlantic Piedmont

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

Holdings LLC, Teton Selkirk, LLC, Atlantic Oklahoma Wind, LLC, and Teton Operating Services, LLC.

The following condensed consolidating financial information presents the financial information of Atlantic Power, the guarantor subsidiaries, and Curtis Palmer in accordance with Rule 3-10 under the SEC's Regulation S-X. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor subsidiaries or Curtis Palmer operated as independent entities.

In this presentation, Atlantic Power consists of parent company operations. Guarantor subsidiaries of Atlantic Power are reported on a combined basis. For companies acquired, the fair values of the assets and liabilities acquired have been presented on a push-down accounting basis.

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

ATLANTIC POWER CORPORATION

CONDENSED CONSOLIDATING BALANCE SHEET

September 30, 2012

(in thousands of U.S. dollars)
(Unaudited)

	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Assets					
Current assets:					
Cash and cash equivalents	$ 42,510	$ (1,939)	$ 2,301	$	$ 42,872
Restricted cash	112,633				112,633
Accounts receivable	109,511	27,555	2,011	(58,887)	80,190
Prepayments, supplies, and other current assets	49,017	2,968	10,309		62,294
Asset held for sale	203,111				203,111
Total current assets	516,782	28,584	14,621	(58,887)	501,100
Property, plant, and equipment, net	1,558,898	173,034		(1,167)	1,730,765
Equity investments in unconsolidated affiliates	5,042,721		577,973	(5,188,169)	432,525
Other intangible assets, net	396,794	160,562			557,356
Goodwill	276,440	58,228			334,668
Other assets	483,253		447,380	(843,052)	87,581
Total assets	$ 8,274,888	$ 420,408	$ 1,039,974	$ (6,091,275)	$ 3,643,995
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	$ 139,566	$ 10,464	$ 34,997	$ (58,887)	$ 126,140
Revolving credit facility			20,000		20,000
Current portion of long-term debt	303,890				303,890
Other current liabilities	203,874		11,627		215,501
Total current liabilities	647,330	10,464	66,624	(58,887)	665,531
Long-term debt	575,661	190,000	460,000		1,225,661
Convertible debentures			326,067		326,067
Other non-current liabilities	1,207,579	8,261	1,150	(843,052)	373,938
Equity					
Preferred shares issued by a subsidiary company	221,304				221,304
Common shares	4,977,653	211,683	1,286,399	(5,189,336)	1,286,399
Accumulated other comprehensive income (loss)	17,253				17,253
Retained deficit	625,777		(1,100,266)		(474,489)

Total Atlantic Power Corporation shareholders' equity	5,841,987	211,683	186,133	(5,189,336)	1,050,467
Noncontrolling interest	2,331				2,331
Total equity	5,844,318	211,683	186,133	(5,189,336)	1,052,798
Total liabilities and equity	$ 8,274,888	$ 420,408	$ 1,039,974	$ (6,091,275)	$ 3,643,995

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

ATLANTIC POWER CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

Three months ended September 30, 2012

(in thousands of U.S. dollars)

	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Project revenue:					
Total project revenue	$ 150,006	$ 4,660	$	$ (167)	$ 154,499
Project expenses:					
Fuel	58,565				58,565
Project operations and maintenance	34,858	1,571	(466)	(115)	35,848
Depreciation and amortization	34,701	3,841			38,542
	128,124	5,412	(466)	(115)	132,955
Project other income (expense):					
Change in fair value of derivative instruments	17,213				17,213
Equity in earnings of unconsolidated affiliates	4,000				4,000
Interest expense, net	(1,409)	(2,802)			(4,211)
Other income, net	(567)				(567)
	19,237	(2,802)			16,435
Project income	41,119	(3,554)	466	(52)	37,979
Administrative and other expenses (income):					
Administration expense	4,174		2,135		6,309
Interest, net	20,374		5,456		25,829
Foreign exchange loss	4,474		3,185		7,659
Other Income (loss)	272				272
	29,293		10,776		40,069
Income (loss) from continuing operations before income taxes	11,826	(3,554)	(10,310)	(52)	(2,090)
Income tax expense	3,166				3,166
Net income (loss) from continuing operations	8,660	(3,554)	(10,310)	(52)	(5,256)
Net income from discontinued operations	773				773
Net income (loss)	9,433	(3,554)	(10,310)	(52)	(4,483)
Net income attributable to noncontrolling interest	2,963				2,963
	$ 6,470	$ (3,554)	$ (10,310)	$ (52)	$ (7,446)

Net income (loss) attributable to Atlantic Power Corporation	

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

ATLANTIC POWER CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

Nine months ended September 30, 2012

(in thousands of U.S. dollars)

	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Project revenue:					
Total project revenue	$ 440,689	$ 23,583	$	$ (442)	$ 463,830
Project expenses:					
Fuel	176,176				176,176
Project operations and maintenance	106,814	4,709	(206)	(290)	111,027
Depreciation and amortization	99,774	11,445			111,219
	382,764	16,154	(206)	(290)	398,422
Project other income (expense):					
Change in fair value of derivative instruments	(40,953)				(40,953)
Equity in earnings of unconsolidated affiliates	12,420				12,420
Interest expense, net	(4,286)	(8,345)	(6)		(12,637)
Other income, net	(538)				(538)
	(33,357)	(8,345)	(6)		(41,708)
Project income	24,568	(916)	200	(152)	23,700
Administrative and other expenses (income):					
Administration expense	14,118		7,874		21,992
Interest, net	60,476		8,620	173	69,269
Foreign exchange loss	3,163		1,277		4,440
Other income (loss)	(5,728)				(5,728)
	72,029		17,771	173	89,973
Loss from continuing operations before income taxes	(47,461)	(916)	(17,571)	(325)	(66,273)
Income tax benefit	(19,077)		1		(19,076)
Net loss from continuing operations	(28,384)	(916)	(17,572)	(325)	(47,197)
Income from discontinued operations, net of tax	1,444				1,444
Net loss	(26,940)	(916)	(17,572)	(325)	(45,753)
Net income attributable to noncontrolling interest	9,071				9,071
	$ (36,011)	$ (916)	$ (17,572)	$ (325)	$ (54,824)

Net loss attributable to Atlantic Power Corporation

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

ATLANTIC POWER CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

Three and nine months ended September 30, 2012

(in thousands of U.S. dollars)

	Three months ended September 30, 2012				
	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Net income (loss)	$ 6,470	$ (3,554)	$ (10,310)	$ (52)	$ (7,446)
Other comprehensive income (loss):					
Unrealized loss on hedging activities	(300)				(300)
Net amount reclassified to earnings	216				216
Net unrealized losses on derivatives	(84)				(84)
Foreign currency translation adjustments	19,301				19,301
Other comprehensive income, net of tax	19,217				19,217
Comprehensive income (loss)	$ 25,687	$ (3,554)	$ (10,310)	$ (52)	$ 11,771

	Nine months ended September 30, 2012				
	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Net income (loss)	$ (36,011)	$ (916)	$ (17,572)	$ (325)	$ (54,824)
Other comprehensive income (loss):					
Unrealized loss on hedging activities	(833)				(833)
Net amount reclassified to earnings	672				672
Net unrealized losses on derivatives	(161)				(161)
Foreign currency translation adjustments	22,608				22,608
Other comprehensive income, net of tax	22,447				22,447
Comprehensive income (loss)	$ (13,564)	$ (916)	$ (17,572)	$ (325)	$ (32,377)

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ATLANTIC POWER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Guarantees and condensed consolidating financial information (Continued)

ATLANTIC POWER CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Nine months ended September 30, 2012

(in thousands of U.S. dollars)

	Guarantor Subsidiaries	Curtis Palmer	Atlantic Power	Eliminations	Consolidated Balance
Net cash provided by (used in) operating activities	$ (13,219)	$ (1,907)	$ 139,242	$	$ 124,116
Cash flows used in investing activities:					
Acquisitions and investments, net of cash acquired	193,155		(193,419)		(264)
Proceeds from sale of equity investments	27,925				27,925
Construction in progress	(336,153)				(336,153)
Change in restricted cash	(105,494)				(105,494)
Biomass development costs	(372)				(372)
Purchase of property, plant and equipment	(1,155)	(17)			(1,172)
Net cash used in investing activities	(222,094)	(17)	(193,419)		(415,530)
Cash flows provided by financing activities:					
Proceeds from issuance of convertible debentures			130,000		130,000
Net proceeds from issuance of equity			67,692		67,692
Repayment for long-term debt	(12,050)				(12,050)
Deferred finance costs	(10,179)		(15,160)		(25,339)
Proceeds from project-level debt	261,226				261,226
Payments for revolving credit facility borrowings	(30,800)		(30,000)		(60,800)
Proceeds from revolving credit facility borrowings	22,800				22,800
Dividends paid	(9,802)		(98,350)		(108,152)
Net cash provided by financing activities	221,195		54,182		275,377
Net increase in cash and cash equivalents	(14,118)	(1,924)	5		(16,037)
Less cash at discontinued operation	(1,742)				(1,742)
Cash and cash equivalents at beginning of period	58,370	(15)	2,296		60,651
Cash and cash equivalents at end of period	$ 42,510	$ (1,939)	$ 2,301	$	$ 42,872

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FORWARD-LOOKING INFORMATION

Certain statements in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook," "objective," "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "plans," "continue," or similar expressions suggesting future outcomes or events. Examples of such statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements with respect to the following:

- the amount of distributions expected to be received from the projects;
- our ability to generate sufficient amounts of cash and cash equivalents to maintain our operations and meet obligations as they become due;
- expectations regarding completion of construction of certain projects; and
- the impact of legislative, regulatory, competitive and technological changes.

Such forward-looking statements reflect our current expectations regarding future events and operating performance and speak only as of the date of this Quarterly Report on Form 10-Q. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the assumption that the projects will operate and perform in accordance with our expectations. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. In addition, a number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors" included in the filings we make from time to time with the SEC. Our business is both highly competitive and subject to various risks.

These risks include, without limitation:

- general economic conditions, including exchange rate fluctuations;
- reductions in revenue, which could be substantial, upon expiration or termination of power purchase agreements;
- the dependence of our projects on their electricity, thermal energy and transmission services customers;
- exposure of certain of our projects to fluctuations in the price of electricity or natural gas;
- projects not operating according to plan;
- the dependence of our projects on third-party suppliers;
- the dependence of our windpower projects on suitable wind and associated conditions;

the adequacy of our insurance coverage;

the impact of significant environmental and other regulations on our projects;

increased competition, including for acquisitions;

our limited control over the operation of certain minority owned projects;

construction risks; and

labor disruptions.

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Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include third party projections of regional fuel and electric capacity and energy prices or cash flows that are based on assumptions about future economic conditions and courses of action. Although the forward-looking statements contained in this Quarterly Report on Form 10-Q are based upon what are believed to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. Certain statements included in this Quarterly Report on Form 10-Q may be considered "financial outlook" for the purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this Quarterly Report on Form 10-Q. These forward-looking statements are made as of the date of this Form 10-Q, except as expressly required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of Atlantic Power should be read in conjunction with the interim consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. All dollar amounts discussed below are in thousands of U.S. dollars, unless otherwise stated. The interim financial statements have been prepared in accordance with GAAP.

Overview of Our Business

Atlantic Power owns and operates a diverse fleet of power generation and infrastructure assets in the United States and Canada. Our power generation projects sell electricity to utilities and other large commercial customers largely under long-term power purchase agreements ("PPAs"), which seek to minimize exposure to changes in commodity prices. Our power generation projects in operation have an aggregate gross electric generation capacity of approximately 3,351 megawatts ("MW") in which our aggregate ownership interest is approximately 2,118 MW. Our current portfolio consists of interests in 30 operational power generation projects across 11 states in the United States and two provinces in Canada and a 500-kilovolt 84-mile electric transmission line located in California. In addition, we have one 53 MW biomass project under construction in Georgia and one approximately 300 MW wind project under construction in Oklahoma. We also own a majority interest in Rollcast Energy Inc., a biomass power plant developer in North Carolina. Twenty-three of our projects are wholly owned subsidiaries.

We sell the capacity and energy from our power generation projects under PPAs with a number of utilities and other parties. Under the PPAs, which have expiration dates ranging from 2012 to 2037, we receive payments for electric energy delivered to our customers (known as energy payments), in addition to payments for electric generating capacity (known as capacity payments). We also sell steam from a number of our projects to industrial and commercial purchasers under steam sales agreements. The transmission system rights associated with our power transmission project entitle us to payments indirectly from the utilities that make use of the transmission line.

Our power generation projects generally have long-term fuel supply agreements, typically accompanied by fuel transportation arrangements. In most cases, the term of the fuel supply and transportation arrangements corresponds to the term of the relevant PPAs, Many of the PPAs and steam sales agreements provide for the indexing or pass-through of fuel costs to our customers. In cases where there is not an effective pass-through of fuel costs, we often attempt to mitigate the market price risk of changing commodity costs through the use of financial hedging strategies.

We directly operate and maintain more than half of our power generation fleet. We, and the manager of our equity investments, also partner with recognized leaders in the independent power industry to operate and maintain our other projects, including Caithness Energy, LLC, Colorado Energy Management, Power Plant Management Services and the Western Area Power Administration. Under these operation, maintenance and management agreements, the operator is typically responsible for operations, maintenance and repair services.

We revised our reportable business segments during the fourth quarter of 2011 upon completion of the Partnership acquisition. The new operating segments are Northeast, Northwest, Southeast, Southwest and Un-allocated Corporate. Our financial results for the nine months ended September 30, 2012 have been presented to reflect these changes in our operating segments.

RECENT DEVELOPMENTS

Senior Credit Facility

In connection with the continued evolution of the Company's strategy to focus on late-stage development and construction projects, and the possible disposition of certain projects, including our Florida projects, on November 2, 2012, we amended the senior credit facility in order to change certain financial and leverage ratio covenants and obtained certain waivers from our lenders in connection with certain of our projects. See Item 5. Other Information to this quarterly report on Form 10-Q for additional information.

Canadian Hills

On January 31, 2012, Atlantic Oklahoma Wind, LLC ("Atlantic OW"), a Delaware limited liability company and a wholly owned subsidiary of Atlantic Power, entered into a purchase and sale agreement with Apex Wind Energy Holdings, LLC, a Delaware limited liability company ("Apex"), pursuant to which Atlantic OW acquired a 51% interest in Canadian Hills Wind, LLC, an Oklahoma limited liability company ("Canadian Hills") for a nominal sum. Canadian Hills is the owner of a 298.45 MW wind energy project under construction in the State of Oklahoma. Canadian Hills executed power PPAs for all of its output with Southwestern Electric Power Company (201.25 MW), Oklahoma Municipal Power Authority (49.2 MW), and Grand River Dam Authority (48 MW).

On March 30, 2012, we completed the purchase of an additional 48% interest in Canadian Hills for a nominal amount, bringing our total interest in the project to 99%. Apex retained a 1% interest in the project. At the time, we also closed a $310 million non-recourse, project-level construction financing facility for the project. The facility includes a $290 million construction loan and a $20 million 5-year letter of credit facility. Proceeds from the construction loan were used, in part, to repay Atlantic Power $29.3 million in member loans that were made to the project to fund construction prior to closing the construction financing facility. In connection with the closing of the construction financing facility, we committed to invest additional equity to cover the balance of the construction and development costs. We funded this equity commitment with the net proceeds from our July 5, 2012 public offering of common shares and convertible unsecured subordinated debentures. The net proceeds of our equity contribution was approximately $190.0 million. The acquisition of Canadian Hills was accounted for as an asset purchase and is consolidated in our consolidated balance sheet at September 30, 2012.

On October 31, 2012, the Canadian Hills project entered into an equity contribution agreement with four entities for the commitment of a tax equity investment in the project totalling $225.0 million in exchange for Class B equity interests in Canadian Hills which is to be funded on date of commercial operations. We are actively pursuing additional tax equity investors to fund the remaining estimated $47.0 million needed to pay down the existing construction loan. If we are unable to subscribe additional investors, we will fund the remaining portion with either cash on hand or proceeds from our senior credit facility and will become an additional tax equity investor in the project owning the remaining Class B equity interests in Canadian Hills.

Dividend Reinvestment Plan

On August 8, 2012, we announced the details of our Dividend Reinvestment Plan ("DRIP"). The DRIP allows eligible holders of common shares to reinvest their cash dividends to acquire additional common shares of Atlantic Power at a 3% discount to market price.

Common share and convertibles debenture offerings

On July 5, 2012, we closed a public offering of 5,567,177 common shares, at a purchase price of $12.76 per common share and Cdn$13.10 per common share, for aggregate net proceeds from the common share offering, after deducting the underwriting discounts and expenses, of approximately, $67.7 million. We also issued, in a public offering, $130.0 million aggregate principal amount of 5.75% convertible unsecured subordinated debentures due June 30, 2019, (the "2012 Debentures"), after deducting the underwriting discounts and offering expenses, for net proceeds of $124.0 million. The 2012 Debentures pay interest semi-annually on June 30 and December 30 of each year beginning December 30, 2012. The 2012 Debentures are convertible into our common shares at an initial conversion rate of 57.9710 common shares per $1,000 principal amount of debentures, subject to anti-dilution adjustments in certain circumstances. The 2012 Debentures may not be redeemed prior to June 30, 2015 (except in limited circumstances). After June 30, 2015, the 2012 Debentures may be redeemed by is, in whole or in part from time to time, upon certain conditions. Upon a change of control of the company, each holder may require that we purchase the 2012 Debentures upon the conditions set forth in the indenture governing the debentures. We used the net proceeds from the offerings to fund our equity commitment in Canadian Hills Wind, LLC.

Path 15

In February 2011, we filed a rate application with the Federal Energy Regulatory Commission ("FERC") to establish Path 15's revenue requirement at $30.3 million for the 2011-2013 period. On March 7, 2012, Path 15 filed a formal settlement agreement establishing a revenue requirement at $28.8 million with the Administrative Law Judge for review and certification to FERC for approval. The settlement was approved by the FERC on May 23, 2012. The new revenue requirement maintains the project's 13.5% regulated return on equity and will allow Path 15 to continue to make distributions consistent with our expectations through the 2013 rate period.

During the three months ended September 30, 2012, we classified our Path 15 project as a business held for sale based on our plan to sell the project within the next twelve months. Accordingly, the assets and liabilities of Path 15 have been classified separately as held for sale in the consolidated balance sheet at September 30, 2012 and the project's net income is recorded as income from discontinued operations, net of tax in the statement of operations for the three and nine months ended September 30, 2012 and 2011.

Badger Creek Sale

On August 6, 2012, we entered into a purchase and sale agreement for the sale of our 50% ownership interest in the Badger Creek project. On September 4, 2012, the transaction closed and we received gross proceeds of $3.7 million. During the second quarter of 2012, we recorded an impairment charge of $3.0 million which was recorded in equity in earnings from unconsolidated affiliates in the consolidated statements of operations.

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PERH Interest Sale

On February 16, 2012, we entered into an agreement with Primary Energy Recycling Corporation ("Primary Energy" or "PERC"), whereby PERC agreed to purchase our 7,462,830.33 common membership interests in Primary Energy Recycling Holdings, LLC ("PERH") (14.3% of PERH total interests) for approximately $24.2 million, plus a management agreement termination fee of approximately $6.0 million, for a total sale price of $30.2 million. The transaction closed in May 2012 and we recorded a $0.6 million gain on sale of our equity investment.

DuPont

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011, Chambers filed suit against DuPont de Nemours & Company ("DuPont") for breach of the energy services agreement related to unpaid amounts associated with disputed price change calculations for electricity. On April 25, 2012, the court issued its written opinion which ordered DuPont to pay Chambers a total of approximately $15.7 million. This amount represents DuPont's electricity underpayments from January 2003 through June 2009, and interest through July 22, 2011. The court also ordered that from July 1, 2009 going forward, the pricing methodology should be calculated in accordance with the court's prior ruling on summary judgment. In June 2012, Dupont paid the Chambers project the true-up settlement of this new pricing methodology for the period July 1, 2009 through September 30, 2011 of approximately $9.0 million. On July 13, 2012, DuPont filed an appeal of this ruling and was granted a stay on paying any damages on the electricity under payment from January 2003 through June 2009 including interest.

OUR POWER PROJECTS

The table on the following page outlines our portfolio of power generating and transmission assets in operation and under construction as of November 1, 2012, including our interest in each facility. Management believes the portfolio is well diversified in terms of electricity and steam buyers, fuel type, regulatory jurisdictions and regional power pools, thereby partially mitigating exposure to market, regulatory or environmental conditions specific to any single region.

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Project	Location	Type	MW	Economic Interest	Net MW	Primary Electric Purchasers	Power Contract Expiry	Customer Credit Rating (S&P)[3]
Northeast Segment								
Cadillac	Michigan	Biomass	40	100.00%	40	Consumers Energy	2028	BBB-
Chambers	New Jersey	Coal	262	40.00%	89	Atlantic City Elec.	2024	BBB+
					16	DuPont	2024	A
Kenilworth	New Jersey	Natural Gas	30	100.00%	30	Merck, & Co., Inc.	2012[1]	AA
Curtis Palmer	New York	Hydro	60	100.00%	60	Niagara Mohawk Power Corperation	2027	A-
Selkirk	New York	Natural Gas	345	17.70%	15	Merchant	N/A	N/R
					49	Consolidated Edison	2014	A-
Calstock	Ontario	Biomass	35	100.00%	35	Ontario Electricity Financial Corp	2020	AA-
Kapuskasing	Ontario	Natural Gas	40	100.00%	40	Ontario Electricity Financial Corp	2017	AA-
Nipigon	Ontario	Natural Gas	40	100.00%	40	Ontario Electricity Financial Corp	2022	AA-
North Bay	Ontario	Natural Gas	40	100.00%	40	Ontario Electricity Financial Corp	2017	AA-
Tunis	Ontario	Natural Gas	43	100.00%	43	Ontario Electricity Financial Corp	2014	AA-
Southeast Segment								
Auburndale	Florida	Natural Gas	155	100.00%	155	Progress Energy Florida	2013	BBB+

Lake	Florida	Natural Gas	121	100.00%	121	Progress Energy Florida	2013	BBB+
Pasco	Florida	Natural Gas	121	100.00%	121	Tampa Electric Company	2018	BBB+
Orlando	Florida	Natural Gas	129	50.00%	46	Progress Energy Florida	2023	BBB+
					19	Reedy Creek Improvement District[2]	2013	A-
Piedmont	Georgia	Biomass	54	98.0%	53	Georgia Power	2032	A
Northwest Segment								
Mamquam	British Columbia	Hydro	50	100.00%	50	British Columbia Hydro and Power Authority	2027	AAA
Moresby Lake	British Columbia	Hydro	6	100.00%	6	British Columbia Hydro and Power Authority	2022	AAA
Williams Lake	British Columbia	Biomass	66	100.00%	66	British Columbia Hydro and Power Authority	2018	AAA
Idaho Wind	Idaho	Wind	183	27.56%	50	Idaho Power Co.	2030	BBB
Rockland Wind Project	Idaho	Wind	80	30.00%	24	Idaho Power Co.	2036	BBB
Frederickson	Washington	Natural Gas	250	50.15%	125	Benton Co. PUD, Grays Harbor PUD, Franklin Co. PUD	2022	A
Koma Kulshan	Washington	Hydro	13	49.80%	7	Puget Sound Energy	2037	BBB
Southwest Segment								
Naval Station	California	Natural Gas	47	100.00%	47	San Diego Gas & Electric	2019	A
Naval Training Center	California	Natural Gas	25	100.00%	25	San Diego Gas & Electric	2019	A
North Island	California	Natural Gas	40	100.00%	40	San Diego Gas & Electric	2019	A

Oxnard	California	Natural Gas	49	100.00%	49	Southern California Edison	2020	BBB+
Path 15	California	Transmssion	N/A	100.00%	N/A	California Utilities via CAISO	N	