Atlantic Power Corporation

Atlantic Power Corporation Announces Second Quarter 2006 Results

BOSTON, MASSACHUSETTS--(CCNMatthews - Aug. 10, 2006) - Atlantic Power Corporation (TSX:ATP.UN) (the "Company") today announced its results for the three and six months ended June 30, 2006. All amounts are in US dollars unless otherwise indicated.

Highlights:

- Increase in cash available for distribution of 83% from Q2 2005

- Aggregate power generation up 29% for the quarter and 20% for year-to-date

- Acquisition of California transmission line adds regulated 30-year cash flow

- Lower payout ratio: 49% for the second quarter and 65% for year-to-date

- $10 million revolver balance from Chambers acquisition repaid

"We continue to post strong cash flow in 2006 as we maintain our focus on maximizing returns on our assets while we achieve growth through solid acquisitions," commented Barry Welch, President and CEO.

For the three months ended June 30, 2006 Cash Flow Available for Distribution was $21.1 million (Cdn $0.54 per IPS) compared to $11.6 million (Cdn $0.38 per IPS) last year. Distributions declared in the quarter were $10.3 million (Cdn $0.26 per IPS), resulting in a payout ratio of 49%, versus 64% in last year's second quarter. The $10 million borrowing on the Company's revolver from the Chambers acquisition last year was repaid during the second quarter. The Company reported project income of $16.8 million in the second quarter of 2006. Net income for the three months ended June 30, 2006 was $4.7 million or $0.11 (Cdn $0.12) per IPS.

For the six months ended June 30, 2006, Cash Flow Available for Distribution was $31.4 million (Cdn $0.81 per IPS) compared to $18.9 million (Cdn $0.62 per IPS) last year. Distributions declared in the first six months of 2006 were $20.2 million (Cdn $0.52 per IPS), and the payout ratio improved to 65%, as compared to 79% last year. The Company generated project revenue of $113.1 million and project income of $29.0 million in the first six months of 2006. Net income for the six months ended June 30, 2006 was $8.0 million or $0.18 (Cdn $0.21) per IPS.

EBITDA at the Projects increased 28% in the second quarter of 2006 compared to the prior year period. For the six months ended June 30, 2006, EBITDA at the Projects was up 15% compared to the same period in 2005. The increases were driven by the contribution in 2006 from Chambers ownership, improved operating margin at the Lake Project, and a return to normal operations at the Orlando Project following completion of its turbine upgrades during the second quarter of 2005. These positive factors were partially offset by the absence of Masspower results following its sale in the fourth quarter of 2005 and lower results from Rumford as it transitioned from the previous power purchase agreement to a market-based interim agreement.

The calculation of Cash Flow Available for Distribution and a breakdown of unaudited EBITDA by individual project for the three and six-month periods ended June 30, 2006 is attached to this news release.

"We are very pleased with our project portfolio's performance this year. Aggregate generation for the quarter was up over 29% in the period, primarily due to the contribution from the Chambers Project, and plant availability increased 3.1%," Mr. Welch commented.

Path 15 Acquisition

On June 29, 2006 the Company announced that Atlantic Power Holdings, LLC ("Holdings") had agreed to indirectly acquire 100% of Trans-Elect NTD Path 15, LLC, which owns approximately 72% of the transmission system rights in the Path 15 transmission project (the "Project" or "Path 15") located in California. Path 15 is a critical 84-mile, 500-kilovolt transmission line with strong federal and state support. It generates highly stable 30-year regulated cash flows that are independent of power prices or line utilization. The Project has very low operating risk with proven technology and a solid operating history. It will be accretive to cash flow and further enhances the diversity of the Company's project portfolio

The equity purchase price for the Project will be approximately $85.5 million and will be financed with an acquisition credit facility. There are agreed upon price adjustments in the purchase agreement to keep the Company neutral to the outcome of the two final issues still pending in the project's initial rate case with the Federal Energy Regulatory Commission (FERC). Existing debt at the Project's operating and holding companies will be assumed in the transaction but will be non-recourse to both the Company and Holdings. The acquisition is subject to approval by the FERC, which is expected in the third quarter of 2006.

"We are very pleased to be acquiring this important asset," commented Barry Welch, President and CEO. "The Project strengthens our ability to generate stable, sustainable and predictable cash flows over the long term, while enhancing the diversity and reducing the risk of our project portfolio."

The Company's financial statements for the period and management's discussion and analysis for the six months ended June 30, 2006 are available on the Company's web site at www.atlanticpowercorporation.com or on SEDAR www.sedar.com.

Atlantic Power Corporation owns interests in a diversified portfolio of 15 power generation projects located primarily in major markets in the United States. The Company's objectives are to sustain and grow its cash distributions over the long term by enhancing the performance of its existing assets and by making accretive acquisitions.

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to the projects and the anticipated financial results of the Company. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions. Cash Flow Available for Distribution is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Management believes Cash Flow Available for Distributions is a relevant supplemental measure of the Company's ability to earn and distribute cash returns to investors. A reconciliation of net cash provided by operating activities to Cash Flow Available for Distributions is set out in this MD&A. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

EBITDA, earnings before interest, taxes, depreciation and amortization, is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management uses aggregate EBITDA at the Projects as a cash flow measure to provide aggregate annual comparative information about Project performance. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

CALCULATION OF CASH FLOW AVAILABLE FOR DISTRIBUTION

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
Cash flows from operating activities	15,978	8,098	24,005	12,655
Project level debt repayment	(7,201)	(5,246)	(11,238)	(6,742)
Interest IPS portion of subordinated notes	6,325	4,683	12,452	9,436
Income tax installments recoverable	7,849	4,734	8,397	4,734
Purchase of property, plant and equipment	(1,814)	(718)	(2,236)	(1,182)
Cash flow available for distribution, USD	21,137	11,551	31,380	18,901
Cash flow available for distribution, CAD	24,141	14,063	35,761	22,940
Interest on IPS subordinated notes	6,325	4,683	12,452	9,436
Dividends on IPS common shares	3,948	2,702	7,773	5,444
Total IPS distributions, USD	10,273	7,385	20,225	14,880
Total IPS distributions, CAD	11,422	9,203	22,843	18,406

Cash flow available for

distribution per IPS, CAD $ 0.54 $ 0.38 $ 0.81 $ 0.62 Total distribution per IPS, CAD $ 0.26 $ 0.25 $ 0.52 $ 0.50

PROJECT EBITDA

(In thousands of U.S. dollars)	Three months ended June 30 2006	Three months ended June 30 2005	Six months ended June 30 2006	Six months ended June 30 2005
	(Unaudited)		(Unaudited)	
EBITDA from consolidated and proportionately consolidated projects				
Badger	937	1,219	2,386	2,747
Chambers	6,952	-	12,928	-
Koma Kulshan	529	353	557	468
Lake	7,668	6,454	15,460	11,872
Mid-Georgia	1,093	667	1,399	1,380
Onondaga	1,761	2,145	3,061	2,910
Orlando	2,884	180	4,974	2,887
Pasco	3,021	3,288	4,553	6,302
Stockton	424	604	1,290	1,286
Topsham	881	(355)	1,296	475
Other	127	(240)	292	(462)
Total EBITDA from consolidated and proportionately consolidated projects	26,277	14,315	48,196	29,865
Amortization	10,465	7,331	20,942	14,773
Interest expense, net	956	1,066	4,543	2,925
Other income	-	-	(2,499)	-
Earnings from consolidated and proportionately consolidated projects	14,856	5,918	25,210	12,167
EBITDA from equity projects				
Delta Person	566	373	1,091	963
Gregory	825	1,182	1,783	2,307
Jamaica	865	1,141	1,873	2,096
Masspower	-	2,899	-	5,615
Rumford	196	1,817	1,039	3,612
Selkirk	4,622	4,421	7,787	9,413
Other	(13)	(98)	(60)	(196)
Total EBITDA from equity projects	7,061	11,735	13,513	23,810
Amortization	3,357	4,298	6,350	7,659
Interest expense, net	1,635	1,843	3,039	3,927
Income tax	80	195	300	386
Equity earnings, net	1,989	5,399	3,824	11,838
Project income				
Total EBITDA from all projects	33,337	26,050	61,708	53,675
Amortization	13,822	11,630	27,292	22,433
Interest expense, net	2,590	2,908	7,581	6,851
Other income	-	-	(2,499)	-
Income tax	80	195	300	386
Project income	16,845	11,317	29,034	24,005

Earnings from consolidated and proportionately consolidated projects	14,856	5,918	25,210	12,167
Equity earnings, net	1,989	5,399	3,824	11,838
Project income	16,845	11,317	29,034	24,005

(1) EBITDA, earnings before interest, taxes, depreciation and amortization, is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management uses aggregate EBITDA at the Projects as a cash flow measure to provide comparative information about Project performance.

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