

## Atlantic Power Corporation Announces Strong Fourth Quarter and Year-End 2006 Results

BOSTON, MASSACHUSETTS – Atlantic Power Corporation (TSX: ATP.UN, ATP.DB) (the “Company”) today announced its results for the three months and year ended December 31, 2006. All amounts are in US dollars unless otherwise indicated.

### 2006 Highlights:

- Accretive purchase of an interest in Path 15 transmission line
- Cash distributions to shareholders increased at an annual rate of Cdn.\$0.03 per IPS
- Cdn.\$90 million of IPSs and Cdn.\$60 million of 6.25% convertible debentures publicly issued
- Cdn \$86 million of IPSs privately issued
- Ownership in Atlantic Power Holdings increased to 100%
- 17% EBITDA increase and conservative 75% payout ratio

“2006 was another year of strong financial and operating performance for Atlantic Power,” commented Barry Welch, President and CEO. “Looking ahead, we are confident our solid base of power-producing assets, combined with the ongoing execution of our proven growth and value-enhancing strategies, will continue to deliver stable, sustainable and growing cash flow over the long-term.”

### Path 15 Acquisition

In September 2006 Atlantic Power Holdings, LLC (“Holdings”) indirectly acquired 100% of the equity interests in Trans-Elect NTD Holdings Path 15, LLC, the indirect owner of approximately 72% of the transmission system rights in the Path 15 transmission project (“Path 15”) located in California. Path 15 is an 84-mile, 500-kilovolt transmission line built along an existing transmission corridor to help alleviate what had been a chronic transmission congestion point in the State’s north-south capacity. The Project commenced commercial operations in December 2004. The Company paid \$78.4 million in cash for the equity interests including transaction costs, and assumed approximately \$145 million in non-recourse project-level debt.

“The Path 15 acquisition was a highly strategic purchase for Atlantic Power. It helps to mitigate risk by increasing the diversity and duration of our project portfolio. Most importantly, it was immediately accretive to our cash flow,” Mr. Welch stated.

### IPS and Convertible Offerings

On October 11, 2006 the Company completed a \$150 million bought deal financing with the issuance of 8,531,000 income participating securities (“IPS”) for gross proceeds of Cdn. \$90 million and Cdn. \$60 million of 6.25% convertible secured debentures. The net proceeds of the financing were used to partially repay \$37 million of an acquisition credit facility arranged in connection with the purchase of Path 15 and to redeem a portion of the ownership interests in Holdings held by subsidiaries of ArcLight Energy Partners Funds I and II and another investor. With the closing of the financing, the Company increased its ownership interest in Holdings to approximately 86% from 70.1%.

On December 20, 2006, the Company completed a private placement of 8,600,000 IPSs to three institutional investors, including the Caisse de dépôt et placement du Québec, who as a result owned 19% of the Company’s Common Shares at that time. In addition, Cdn. \$3.0 million principal amount of Separate Subordinated Notes were sold. On February 7, 2007, the Company used the net proceeds of these private placements to redeem all of the remaining interests held by the Existing Investors in Atlantic Holdings. Following completion of the redemption, Atlantic Holdings became a wholly-owned subsidiary of the Company.

### Distribution Increase

Concurrent with the closing of the Path 15 acquisition, the Company increased its cash distributions to shareholders by an annual rate of Cdn. \$0.03 per IPS commencing with the September 2006 distribution. Since its initial public offering in November 2004 the Company has increased annualized cash distributions per IPS by 6%.

### Extending Power Purchase Agreements

The Company continued its strategy to mitigate risk by extending the duration of its power producing projects. During 2006 the Company’s Rumford project operated under an interim market-based power purchase agreement (“PPA”). Subsequent to the year-end, the facility signed a new three-year agreement with Rumford Paper Company, the Project’s steam host that provides fixed payments of approximately \$2.7 million per year with no operating, fuel or power price risks.

### Cash Flow Available for Distribution

For the three months ended December 31, 2006 Cash Flow Available for Distribution was \$11.6 million (Cdn \$0.25 per IPS) compared to \$20.6 million (Cdn \$0.54 per IPS) for the same period last year. Distributions declared in the quarter were \$12.9 million (Cdn \$0.27 per IPS), resulting in a payout ratio of 111%, versus 47% in last year’s fourth quarter. The lower payout ratio in the fourth quarter of 2005 was due to the one-time add-back of a \$5.5 million estimated tax payable on an asset disposal (as no disposal proceeds were included in CFFO). The higher payout ratio in fourth quarter 2006 was due to a number of factors, including a decrease in distributions received from equity investments, revisions of income tax estimates for the full year of 2006 that were recorded in the fourth quarter, and an increase in interest expense, and lower realized gains on foreign currency transactions. In addition, distributions declared on IPSs increased by 29% over the comparable period in the prior year as a result of both higher distributions per IPS and a substantial increase in IPSs outstanding.

For the year ended December 31, 2006, Cash Flow Available for Distribution was \$57.9 million (Cdn \$1.45 per IPS) compared to \$48.7 million (Cdn \$1.53 per IPS) last year. Distributions declared for 2006 were \$43.4 million (Cdn \$1.04 per IPS), resulting in a payout ratio of 75%, as compared to 67% last year. The increase in Cash Flow Available for Distribution was due to higher operating cash flow, primarily driven by the acquisitions of Chambers and Path 15, partially offset by lower distributions from equity investments, including the impact of the sale of Masspower in 2005. The higher payout ratio is a result of higher declared distributions per IPS and an increase in the number of IPSs outstanding when compared to last year.

### **Strong Operating Performance**

The Company reported project income of \$14.6 million in the fourth quarter of 2006. Net income for the three months ended December 31, 2006 was \$2.9 million or \$0.06 per IPS. The Company generated project revenue of \$242.9 million and project income of \$57.2 million in 2006. Net loss for the year ended December 31, 2006 was \$2.4 million or (\$0.05) per IPS.

EBITDA at the Projects, including earnings from equity investments, increased 25% in the fourth quarter of 2006 compared to the prior year period. The increases were driven by the contribution from the Chambers acquisition acquired in late 2005 and from the Path 15 acquisition which closed on September 15, 2006, improved EBITDA from Selkirk due to the sale of excess natural gas at favorable prices and a fourth quarter 2005 reduction from a semi-annual adjustment to partnership income required by its legal structure, and from Gregory due to higher dispatch. These positive factors were partially offset by reduced EBITDA from Rumford due to its operation under an interim market-based PPA and Chambers due to decreased dispatch.

For the year ended December 31, 2006, EBITDA at the Projects was up 17% compared to the same period in 2005. The twelve months of 2006 included contributions from Chambers and Path 15, and improved margins at Lake and Selkirk due to scheduled increases in PPA capacity payments. Partially offsetting these positive contributions was the absence of any contribution from Masspower which was sold in 2005, Rumford's reduced EBITDA due to both its transition to a market-based interim PPA and a third quarter 2006 forced outage, and a first quarter 2006 unplanned turbine outage at Pasco, which included voluntarily accelerated major maintenance and an upgrade to the plant's combustion turbines' output and efficiency.

The calculation of Cash Flow Available for Distribution and a breakdown of unaudited EBITDA by individual project for the three months and year ended December 31, 2006 attached to this news release.

### **Recent Canadian Federal Income Tax Proposals**

On December 21, 2006, the Department of Finance (Canada) released for public comment draft legislation significantly modifying the income tax rules applicable to certain publicly listed trusts and partnerships. An investment in IPSs does not involve a publicly listed trust or partnership but an investment in IPSs shares certain characteristics with investments in publicly listed trust or partnership entities that are the subject of the draft legislation and the proposals first announced on October 31, 2006. Management believes that the proposed rules do not apply to the Company and do not alter the tax consequences of an investment in Common Shares and Subordinated Notes represented by IPSs. However, there is no assurance that the December 21, 2006 draft legislation and, more generally, Canadian federal income tax laws and administrative policies will not be changed in a manner that adversely affects the holders of Common Shares and Subordinated Notes represented by IPSs.

The Company's financial statements for the period and management's discussion and analysis for year ended December 31, 2006 are available on the Company's web site at [www.atlanticpowercorporation.com](http://www.atlanticpowercorporation.com) or on SEDAR [www.sedar.com](http://www.sedar.com).

Atlantic Power Corporation owns interests in a diversified portfolio of 15 power generation projects and one transmission line located primarily in

*Certain statements in this news release constitute forward-looking statements, which reflect the expectations of the manager of the Company regarding the Projects and the anticipated financial results and operations of the Projects. Words such as "will", "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. 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. 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" contained in the Company's annual information form dated March 28, 2007. Although the forward-looking statements contained in this news release 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. These forward-looking statements are made as of the date of this news release and the Company assumes no obligation to update or revise them to reflect new events or circumstances.*

*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 Cash Flows from Operating Activities to Cash Flow Available for Distributions is attached to this news release and is also included in the MD&A for the twelve months ended December 31, 2006. 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.*

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Additional assets available online: [Photos \(2\)](#)

<https://investors.atlanticpower.com/2007-03-28-Atlantic-Power-Corporation-Announces-Strong-Fourth-Quarter-and-Year-End-2006-Results>