ATLANTIC POWER CORP Form 10-Q May 07, 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 March 31, 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 (State or other jurisdiction of incorporation or organization)

55-0886410 (I.R.S. Employer Identification No.)

200 Clarendon Street, Floor 25 Boston, MA

02116

(Zip code)

(Address of principal executive offices)

(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

Smaller reporting company o

(Do not check if a

 $smaller \ reporting \ company)$ Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No \acute{y}

The number of shares outstanding of the registrant's Common Stock as of May 2, 2012 was 113,680,643.

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ATLANTIC POWER CORPORATION

FORM 10-Q

THREE MONTHS ENDED MARCH 31, 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)

Asserts Carrent Asserts: Cash and cash equivalents \$ 106,609 \$ 60,651 Restricted cash 27,761 21,412 Accounts receivable 99,501 79,008 Current portion of derivative instruments asset (Notes 6 and 7) 10,610 10,411 Inventory 18,214 18,028 Prepayments and other 23,647 7,615 Refundable income taxes 230 3,042 Total current assets 248,643 200,767 Property, plant, and equipment, net 1,549,626 1,388,254 Transmission system rights 178,319 180,282 Equity investments in unconsolidated affiliates (Note 3) 477,098 474,351 Other intangible assets, net 597,633 584,274 Condwill 34,358 34,358 Derivative instruments saset (Notes 6 and 7) 16,589 22,009 Other assets 3,475,710 \$ 3,248,427 Total assets \$ 2,056 \$ 1,81,22 Current Liabilities \$ 2,056 \$ 1,81,22 Current Liabilities 2,145		March 31, 2012 (unaudited)	De	ecember 31, 2011
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Liabilities *** 3,475,710** \$ 3,248,427 Liabilities Current Liabilities: Accounts payable \$ 20,561** \$ 18,122 Accorded interest 33,534** 19,916 Other Accrued liabilities 41,456** 43,968 Revolving credit facility (Note 5) 246,520** 20,958 Current portion of long-term debt (Note 5) 246,520** 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030** 20,592 Dividends payable 10,921** 10,733 Other current liabilities 477,100** 192,454 Long-term debt (Note 5) 1,364,665** 1,404,900 Convertible debentures 193,269** 189,563 Derivative instruments liability (Notes 6 and 7) 192,454 Long-term debt (Note 5) 1,364,685** 1,404,900 Convertible debentures 193,269** 189,563 Derivative instruments liability (Notes 6 and 7) 192,454 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775		•		
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Current Liabilities: Current Liabilities: Accounts payable \$ 20,561 \$ 18,122 Accrued interest 33,534 19,916 Other Accrued liabilities 41,456 43,968 Revolving credit facility (Note 5) 72,800 58,000 Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 199,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Total assets	\$ 3,475,710	\$	3,248,427
Accounts payable \$ 20,561 \$ 18,122 Accrued interest 33,534 19,916 Other Accrued liabilities 41,456 43,968 Revolving credit facility (Note 5) 72,800 58,000 Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 477,100 192,454 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Liabilities			
Accrued interest 33,534 19,916 Other Accrued liabilities 41,456 43,968 Revolving credit facility (Note 5) 72,800 58,000 Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Current Liabilities:			
Other Accrued liabilities 41,456 43,968 Revolving credit facility (Note 5) 72,800 58,000 Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Accounts payable	\$ 20,561	\$	18,122
Revolving credit facility (Note 5) 72,800 58,000 Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Accrued interest	33,534		19,916
Current portion of long-term debt (Note 5) 246,520 20,958 Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Other Accrued liabilities	41,456		43,968
Current portion of derivative instruments liability (Notes 6 and 7) 50,030 20,592 Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Revolving credit facility (Note 5)	72,800		58,000
Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Current portion of long-term debt (Note 5)	246,520		20,958
Dividends payable 10,921 10,733 Other current liabilities 1,278 165 Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Current portion of derivative instruments liability (Notes 6 and 7)	50,030		20,592
Total current liabilities 477,100 192,454 Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775		10,921		10,733
Long-term debt (Note 5) 1,364,685 1,404,900 Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Other current liabilities	1,278		165
Convertible debentures 193,269 189,563 Derivative instruments liability (Notes 6 and 7) 109,873 33,170 Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Total current liabilities	477,100		192,454
Derivative instruments liability (Notes 6 and 7)109,87333,170Deferred income taxes165,413182,925Power purchase and fuel supply agreement liabilities, net46,81171,775				
Deferred income taxes 165,413 182,925 Power purchase and fuel supply agreement liabilities, net 46,811 71,775		,		
Power purchase and fuel supply agreement liabilities, net 46,811 71,775	Derivative instruments liability (Notes 6 and 7)	109,873		
1 11.0	Deferred income taxes	165,413		182,925
Other non-current liabilities 60,022 57,859	Power purchase and fuel supply agreement liabilities, net	46,811		71,775
	Other non-current liabilities	60,022		57,859

Commitments and contingencies (Note 12)

Total liabilities	2,417,173	2,132,646
Equity		
Common shares, no par value, unlimited authorized shares; 113,680,643 and 113,526,182 issued and outstanding at		
March 31, 2012 and December 31, 2011, respectively	1,217,893	1,217,265
Preferred shares issued by a subsidiary company	221,304	221,304
Accumulated other comprehensive income (loss)	12,216	(5,193)
Retained deficit	(395,743)	(320,622)
Total Atlantic Power Corporation shareholders' equity	1,055,670	1,112,754
Noncontrolling interest	2,867	3,027
Total equity	1,058,537	1,115,781
Total liabilities and equity	\$ 3,475,710	\$ 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 March 31,				
	2012			2011		
Project revenue:		2012		2011		
Energy sales	\$	75,968	\$	18,502		
Energy capacity revenue		62,518		27,138		
Transmission services		7,161		7,644		
Other		21,963		381		
		167,610		53,665		
Project expenses:		107,010		22,002		
Fuel		62,099		17,068		
Operations and maintenance		31,500		11,072		
Depreciation and amortization		36,468		10,879		
1		,		-,		
		130,067		39,019		
Project other income (expense):		150,007		37,017		
Change in fair value of derivative instruments (Notes 6 and 7)		(58,122)		3,561		
Equity in earnings of unconsolidated affiliates (Note 3)		2,947		1,311		
Interest expense		(7,033)		(4,647)		
Other income (expense), net		15		(2)		
outer meome (outpense), nee		10		(-)		
		(62,193)		223		
		(02,193)		223		
		(24.650)		14.060		
Project (loss) income		(24,650)		14,869		
Administrative and other expenses (income):		7 022		4.054		
Administration		7,833		4,054		
Interest, net		22,036		3,968		
Foreign exchange loss (gain) (Note 7)		986		(658)		
		30,855		7,364		
Income (loss) from operations before income taxes		(55,505)		7,505		
Income tax expense (benefit)		(16,291)		1,523		
Net (loss) income		(39,214)		5,982		
Net loss attributable to noncontrolling interest		(161)		(154)		
Net income attributable to Preferred share dividends of a subsidiary company		3,239				
Net (loss) income attributable to Atlantic Power Corporation	\$	(42,292)	\$	6,136		
		, ,		,		
Net (loss) income per share attributable to Atlantic Power Corporation shareholders: (Note 10)						
Basic	\$	(0.37)	\$	0.09		
Diluted	\$	(0.37)	\$	0.09		
Weighted average number of common shares outstanding: (Note 10)	Ψ	(0.57)	Ψ	0.07		
Basic		113,578		67,654		
Diluted		113,578		68,171		
2.1000		110,070		00,171		

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)

	Atlantic Power Corportation Three months ended March 31,		Noncontrolling Interests Three months ended March 31,				Total Three months ended March 31,				
	2012		2011		2012 2011				2012		2011
Net (loss) income	\$ (39,214)	\$	5,982	\$	3,078	\$	(154)	\$	(42,292)	\$	6,136
Other comprehensive income, net of tax:											
Unrealized loss on hedging activities	15		721						15		721
Net amount reclassified to earnings	230		(449)						230		(449)
Net unrealized losses on derivatives	245		272						245		272
Foreign currency translation adjustments	17,164								17,164		
Total other comprehensive income, net of tax	17,409		272						17,409		272
Comprehensive income (loss)	\$ (21,805)	\$	6,254	\$	3,078	\$	(154)	\$	(24,883)	\$	6,408

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)

	Three months ended March 31,			
		2012	2011	
Cash flows from operating activities:				
Net (loss) income	\$	(39,214)	\$ 5,982	
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization		36,468	10,879)
Long-term incentive plan expense		1,081	825	í
Earnings from unconsolidated affiliates		(2,947)	(1,311	.)
Distributions from unconsolidated affiliates		249	1,450)
Unrealized foreign exchange loss		12,916	1,878	j
Change in fair value of derivative instruments		58,122	(3,561)
Change in deferred income taxes		(17,676)		