

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

**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

**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
(Address of principal executive offices)

02116
(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 No

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 No

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):

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(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 No

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.

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES****ATLANTIC POWER CORPORATION****CONSOLIDATED BALANCE SHEETS**

(in thousands of U.S. dollars)

	March 31, 2012	December 31, 2011
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 106,609	\$ 60,651
Restricted cash	27,761	21,412
Accounts receivable	59,501	79,008
Current portion of derivative instruments asset (Notes 6 and 7)	10,610	10,411
Inventory	18,214	18,628
Prepayments and other	23,647	7,615
Refundable income taxes	2,301	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
Goodwill	343,586	343,586
Derivative instruments asset (Notes 6 and 7)	16,589	22,003
Other assets	64,216	54,910
Total assets	\$ 3,475,710	\$ 3,248,427
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)	109,873	33,170
Deferred income taxes	165,413	182,925
Power purchase and fuel supply agreement liabilities, net	46,811	71,775
Other non-current liabilities	60,022	57,859

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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:		
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:		
Fuel	62,099	17,068
Operations and maintenance	31,500	11,072
Depreciation and amortization	36,468	10,879
	130,067	39,019
Project other income (expense):		
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)
	(62,193)	223
Project (loss) income	(24,650)	14,869
Administrative and other expenses (income):		
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)		
Basic	113,578	67,654
Diluted	113,578	68,171

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 Corporation 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
Earnings from unconsolidated affiliates	(2,947)	(1,311)
Distributions from unconsolidated affiliates	249	1,450
Unrealized foreign exchange loss	12,916	1,878
Change in fair value of derivative instruments	58,122	(3,561)
Change in deferred income taxes	(17,676)	