

ATLANTIC POWER CORP
Form 10-Q
November 06, 2014

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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 September 30, 2014

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.)

One Federal Street, 30th Floor
Boston, MA
(Address of principal executive offices)

02110
(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

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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):

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 November 3, 2014 was 120,806,572.

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ATLANTIC POWER CORPORATION

FORM 10-Q

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

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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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ATLANTIC POWER CORPORATION
CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)

	September 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 167.6	\$ 158.6
Restricted cash	18.5	96.2
Accounts receivable	64.6	64.3
Current portion of derivative instruments asset (Notes 7 and 8)		0.2
Inventory	20.3	16.0
Prepayments and other current assets	14.6	16.1
Refundable income taxes	2.6	4.0
Total current assets	288.2	355.4
Property, plant, and equipment, net of accumulated depreciation of \$262.7 million and \$175.1 million at September 30, 2014 and December 31, 2013, respectively	1,710.4	1,813.4
Equity investments in unconsolidated affiliates	360.2	394.3
Other intangible assets, net of accumulated amortization of \$188.4 million and \$136.9 million at September 30, 2014 and December 31, 2013, respectively	399.8	451.5
Goodwill (Note 5)	197.2	296.3
Derivative instruments asset (Notes 7 and 8)	5.8	13.0
Restricted cash	17.5	18.0
Deferred financing costs	67.3	41.7
Other assets	10.1	11.4
Total assets	\$ 3,056.5	\$ 3,395.0
Liabilities		
Current liabilities:		
Accounts payable	\$ 10.4	\$ 14.0
Accrued interest	21.5	17.7
Other accrued liabilities	51.3	58.8
Current portion of long-term debt (Note 6)	26.1	216.2
Current portion of convertible debentures	40.0	42.1
Current portion of derivative instruments liability (Notes 7 and 8)	29.6	28.5
Dividends payable		6.8
Other current liabilities	8.4	5.3
Total current liabilities	187.3	389.4
Long-term debt (Note 6)	1,413.1	1,254.8
Convertible debentures	351.4	363.1
Derivative instruments liability (Notes 7 and 8)	52.4	76.1
Deferred income taxes (Note 9)	98.8	111.5
Power purchase and fuel supply agreement liabilities, net of accumulated amortization of \$10.6 million and \$8.1 million at September 30, 2014 and December 31, 2013, respectively	34.9	38.7
Other non-current liabilities	61.8	65.4

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Commitments and contingencies (Note 16)

Total liabilities	2,199.7	2,299.0
Equity		
Common shares, no par value, unlimited authorized shares; 120,806,572 and 120,205,813 issued and outstanding at September 30, 2014 and December 31, 2013, respectively (Note 13)	1,287.0	1,286.1
Preferred shares issued by a subsidiary company (Note 13)	221.3	221.3
Accumulated other comprehensive loss	(46.9)	(22.4)
Retained deficit	(850.4)	(655.4)
Total Atlantic Power Corporation shareholders' equity	611.0	829.6
Noncontrolling interests (Note 13)	245.8	266.4
Total equity	856.8	1,096.0
Total liabilities and equity	\$ 3,056.5	\$ 3,395.0

See accompanying notes to consolidated financial statements.

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ATLANTIC POWER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

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

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Project revenue:				
Energy sales	\$ 69.6	\$ 72.9	\$ 234.2	\$ 226.6
Energy capacity revenue	49.1	49.9	124.0	127.1
Other	19.6	17.2	68.6	59.7
	138.3	140.0	426.8	413.4
Project expenses:				
Fuel	49.3	46.7	159.5	144.4
Operations and maintenance	34.0	37.3	101.2	111.0
Development	1.0	1.4	2.7	4.9
Depreciation and amortization	40.8	42.0	122.3	124.7
	125.1	127.4	385.7	385.0
Project other income (expense):				
Change in fair value of derivative instruments (Notes 7 and 8)	0.4	(3.5)	12.3	33.4
Equity in earnings of unconsolidated affiliates (Note 4)	15.4	39.1	27.3	55.0
Interest expense, net	(5.8)	(9.0)	(26.3)	(25.7)
Impairment (Note 5)	(91.8)	(34.8)	(106.6)	(34.7)
	(81.8)	(8.2)	(93.3)	28.0
Project (loss) income	(68.6)	4.4	(52.2)	56.4
Administrative and other expenses (income):				
Administration	9.2	8.4	26.7	28.5
Interest, net	26.7	27.5	120.8	78.7
Foreign exchange (gain) loss (Note 8)	(19.0)	9.1	(20.4)	(12.9)
Other income (Note 3)			(2.1)	(9.5)
	16.9	45.0	125.0	84.8
Loss from continuing operations before income taxes	(85.5)	(40.6)	(177.2)	(28.4)
Income tax expense (benefit) (Note 9)	5.6		(7.4)	(1.9)