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Atlantic Power Corp Annual and Special Meeting of Shareholders

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CORPORATE PARTICIPANTS

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*
Kevin T. Howell *Atlantic Power Corporation - Independent Chairman*
Ron Bialobrzeski *Atlantic Power Corporation - Director of Finance*
Terrence Ronan *Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer*

PRESENTATION

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Good morning, ladies and gentlemen, and welcome to the Annual Meeting of Shareholders of Atlantic Power Corporation. My name is Kevin Howell. I am the Chair of the Board of Directors, and I will act as Chair of today's meeting.

As an introductory note, to proactively deal with the unprecedented public health impact of COVID-19 and in light of restrictions on public gatherings and efforts to encourage social distancing, we're hosting today's meeting virtually via live audio webcast. We have shareholders attending via the web portal today. And for those who may not be able to attend, we have encouraged them to vote by using a form of proxy or voting instruction form provided in the proxy materials.

I would like to begin with the formal part of the meeting, following which I will ask Jim Moore, our President and CEO, and Terry Ronan, our CFO, to discuss Atlantic Power's business and review our financial results, following which they will answer any questions.

We are also pleased to have the following additional members of our current Board of Directors present for today's webcast: Foster Duncan, Danielle Mottor and Gilbert Palter.

(Operator Instructions) Though we may not be able to answer every question, we will do our best to provide a response to as many as possible. (Operator Instructions) Questions will generally appear shortly after they are submitted but will only be addressed during the question period at the end of the meeting.

Please note that this meeting is being recorded. However, no one attending is permitted to use any recording device.

I will now proceed to the formal part of the meeting. The meeting will now come to order. With the consent of the meeting, I appoint Jeff Levy as secretary of the meeting. Additionally, with the consent of the meeting, I ask Patty Sigiannis and Krystina Mostert of Computershare Investor Services to act as scrutineers.

I have been advised that on May 6 and May 8, the notice and access notice, together with the form of proxy, were mailed to each registered shareholder and beneficial shareholder, respectively, of record as of April 20, 2020, the record date of the meeting, advising that the notice of meeting, management information circular and annual report are available online. We have received an affidavit mailing from our transfer agent, and I ask that the secretary keep a copy of it with the minutes.

With the consent of the meeting, I will dispense with the reading of notice calling the meeting.

The scrutineer's preliminary report on attendance has been received. We confirm that a quorum is present. A copy of their report is available with the secretary for inspection.

I now declare the meeting to be properly constituted for the transaction of business. On behalf of the Board, I thank those shareholders who have chosen to attend the meeting today. I also thank those who have submitted their proxies in advance. To make the best use of our time today, certain shareholders and proxyholders have been asked to move and second all motions, which are called for in the notice of meeting.

The voting polls are now open for all resolutions. This will allow you to choose to vote on each resolution immediately or to wait until each item has been addressed prior to casting your vote. Voting will be conducted by online ballot. All registered shareholders and proxyholders who have properly logged in with their control numbers or username and wish to vote will be able to see on the screen all motions being brought forth at this meeting. Any such shareholder who hasn't voted or wishes to change their vote may do so by accessing the voting page on the web portal. Shareholders who have sent in proxies or voted via telephone or Internet and do not wish to change their vote do not need to take any further action.

The first item of business in this presentation of the -- is the presentation of the consolidated financial statements of Atlantic Power for the year ended December 31, 2019, in the auditor's report thereon. A copy of the financial statements was previously made available to shareholders and is available online and on the web portal. Shareholders are not asked to take any action regarding the financial statements. But if any shareholder has questions relating to the financial statements, I would suggest that they be asked later in the meeting when Jim and Terry discuss the company's financial results.

We will now proceed with the election of directors. As I mentioned previously, five directors are proposed to be elected at today's annual meeting. The company did not receive notice of any director nominations in connection with the meeting in accordance with its advance notice bylaw. Accordingly, the only persons eligible to be nominated for the election of the Board of Directors of the company are those listed in the management information circular and proxy statement for this meeting.

Terry Ronan has been asked to place before the meeting the names of those persons proposed to be nominated for election as directors.

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

I nominate Foster Duncan, Kevin Howell, Jim Moore, Danielle Mottor and Gil Palter.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

I second the nominations.

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Thank you. We will now proceed with the election of each of the persons who have been nominated for election as directors of the company.

All corporations listed on the Toronto Stock Exchange are required to elect directors individually. Consistent with this requirement, shareholders have been provided with the opportunity to vote for each nominee or withhold their vote on an individual basis. In addition, the Board of Directors has adopted a majority voting policy. Under that policy, a director is required to tender his or her resignation if he or she is elected with more votes withheld from the voting than cast in favor of his or her election.

Based on the proxies received, each of the nominees has votes for his or her election representing more than the requisite majority of the votes cast. And if elected, none of the nominees would be required to tender their resignation under the majority voting policy. In light of this, I propose that we proceed with a single motion to elect the nominees and vote on the matter.

Would Mr. Ronan move and Mr. Moore second a resolution for the election of the five persons nominated as directors and directing me as Chair to cast a single ballot for their election?

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

I move that each of the five persons nominated is, hereby, elected as a director of Atlantic Power to hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed, and the Chair is hereby authorized to cast a single ballot for the election of each of the five persons as a director of Atlantic Power.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

I second the motion.

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Thank you. We will now move on to the next item of business. We will now consider a nonbinding advisory vote on the compensation of Atlantic Power's named executive officers.

Mr. Ronan, may I have a motion to approve on a nonbinding advisory basis the compensation of the named executive officers?

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

I move that the compensation of Atlantic Power's named executive officers be approved on a nonbinding advisory basis. The Chair is, hereby, authorized to cast a single vote -- single ballot in favor of this resolution.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

I second the motion.

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Thank you again. We will now move on to the next item of business. We will now proceed with the appointment of auditors and the authorization of the Board of Directors to fix their remuneration.

Mr. Ronan, may I have a motion to appoint the auditors of Atlantic Power, please?

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

I move that KPMG LLP be appointed as the auditors of Atlantic Power to hold office until the next Annual Meeting of Shareholders or until their successor is duly appointed and that the Board of Directors be authorized to fix their remuneration. The Chair is hereby authorized to cast a single ballot in favor of this resolution.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

I second the motion.

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Thank you. We will now move on to the next item. We will now consider and if thought advisable, approve an ordinary resolution of the shareholders to approve, ratify and confirm the amendment to the sixth amended and restated long-term incentive plan. The full text of this resolution is set forth in Schedule B to the corporation's management information circular and form of proxy.

As described in the corporation's management information circular and form of proxy, unless the amount of common shares available for issuance under the plan has increased, the Compensation Committee will be required to either redeem notional shares 100% in cash with respect to a portion of the currently outstanding notional shares or stop making grants under the plan. The Board of Directors has determined that it's in the best interest of the corporation that the long-term incentive plan be amended to increase the number of common shares available for issuance under the plan.

In order for the resolution amending the long-term incentive plan to be effective, at least the majority of the votes cast by shareholders must be voted in favor of the resolution.

Mr. Ronan, may I have a motion for the approval, ratification and confirmation of the amendment to the sixth amended and restated long-term incentive plan as set out in Schedule B to the management information circular?

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

I move that the amendment to the sixth amended and restated long-term incentive plan be approved, ratified and confirmed as set out in Schedule B to the management information circular. The Chair is hereby authorized to cast a single ballot in favor of this resolution.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

I second the motion.

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Thank you. We would now ask that any registered shareholder or proxyholder who hasn't yet voted or wishes to change their vote do so now by accessing the voting page on the web portal and following the instructions there. As a reminder, shareholders who have sent in proxies or voted via telephone or Internet and do not want to change their vote do not need to take any further action. Once the electronic balloting closes, the voting page will disappear, and your votes will automatically be submitted. We'll now pause for a few seconds to allow final voting to occur.

(Voting)

Kevin T. Howell ***Atlantic Power Corporation - Independent Chairman***

Now that everyone has had the opportunity to vote, I now declare the polls for the 2020 Atlantic Power Corporation Annual and Special Meeting of Shareholders closed. We have been informed by the scrutineer that the preliminary vote report shows that each of the proposals presented for approval today has been duly passed by a requisite majority of shareholders.

I declare that each of Foster Duncan, Kevin Howell, Jim Moore, Danielle Mottor and Gilbert Palter have been duly elected as directors of the Board until the next Annual Meeting Shareholders, or until they resign or their successors are elected or appointed.

I further declare that the compensation of the named executive officers has been approved on a nonbinding advisory basis.

I further declare that KPMG LLP has been appointed as the company's auditor for the 2020 fiscal year.

Lastly, I declare that the resolution to approve, ratify, confirm the amendment to the sixth amended and restated long-term incentive plan is passed.

Ladies and gentlemen, we have now completed the formal part of the meeting. If there is no further business, the meeting is hereby terminated. On behalf of the management and the Board of Directors, I would like to thank each of you for attending this virtual meeting, and wish you all the very best in coming weeks and months.

Now that the formal part of the meeting has been concluded, I will turn the meeting over to Jim Moore and Terry Ronan who will give a brief presentation on behalf of management.

Terrence Ronan ***Atlantic Power Corporation - Executive VP, CFO and Principal Financial & Accounting Officer***

Good morning. I'd like to extend my thanks to all of you for joining us today.

Before we begin, let me remind everyone that this presentation may contain forward-looking statements. These statements are not guarantees of future performance and involve certain risks and uncertainties that are more fully described in our various securities filings, which are available on EDGAR and SEDAR. Actual results may differ materially from such forward-looking statements. Please see Slide 2 of the accompanying presentation for an additional discussion of forward-looking statements and the use of non-GAAP measures in this presentation. As a reminder, the accompanying presentation can be found in the Media & Events section of our website on the Presentations and Annual General Meeting.

Also, please note that all references in this presentation and in our remarks are in U.S. dollars and are approximate, unless we indicate otherwise.

I'll begin on Slide 3 with a brief review of the significant developments of the year-to-date. Project Adjusted EBITDA in the first quarter of 2020 modestly exceeded our expectations, primarily due to above-average water flows at Curtis Palmer. These results keep us on our track to achieve our Project Adjusted EBITDA guidance for this year.

During the first quarter, we executed favorable changes to our term loan and revolver, extending the maturity dates for each to April 2025 and reducing the cost of the facilities by 25 basis points to LIBOR plus 2.5%. If we achieve a leverage ratio of 2.75x or lower, which we expect could occur as early as next year, the spread will be reduced by another 25 basis points.

We also received the second tranche of insurance recovery for our Cadillac plant, which was damaged in the fire last September.

Reconstruction of the plant is progressing well. We continue to target returning it to service in the third quarter this year.

In terms of capital allocation, this year-to-date, we've been very active buyers of our common and preferred shares, as Jim will discuss in more detail.

Turning to developments on the commercial front. The Power Purchase Agreement, or PPA, at our Calstock plant was recently extended by six months through December of this year. This extension provides the Government of Ontario additional time to evaluate the role of Calstock and biomass generation in the province. We will continue to work with the government and other parties to develop a longer-term solution that values the non-power benefits provided by biomass plants such as Calstock.

The PPA at our Oxnard gas-fired plant in Southern California expired in May and was not renewed. We did execute a Reliability Must Run agreement with the California Independent System Operator through the end of this year. We will continue to pursue re-contracting options for Oxnard for 2021. The key variable will be whether electricity demand recovers to pre-pandemic levels.

As we discussed on our first quarter conference call, the impact of the pandemic has been limited to date. We're continuing to operate our plants safely and reliably. We have a substantially contracted business model with limited sensitivity to spot power prices. Now if demand does not recover, it may adversely affect our ability to re-contract those plants with PPAs expiring in the near term, such as Oxnard. Fortunately, none of our employees or contractors has tested positive for the coronavirus thus far. We are continuing to monitor this evolving situation as the ultimate outcome remains uncertain. However, we believe that we are well positioned to weather the storm overall.

Turning to Slide 4. I'll review this briefly as most of you are very familiar with what we have accomplished in terms of debt and cost reduction over the past five years. Since year-end 2014, we've reduced consolidated debt by more than $1.1 billion or 63%. This reduction in debt has been key to the improvement in our financial position. In the first quarter of this year, we repaid another $21.6 million of debt. Our leverage ratio at March 31 was 3.6x, a significant improvement from 6.9x at the end of 2014. Over the balance of the year, we expect to repay another $63 million of debt.

This reduction in debt, combined with several re-pricings on our credit facilities at lower spreads, has resulted in a reduction in our cash interest payments of $89 million or 70% since 2014. We've also reduced our overhead cost structure by $21 million or 44% during this period. The combined interest and overhead cost savings of $110 million have been meaningful offset to the impact of cash flow to date of expiring PPAs.

Turning to Slide 5. Along with the significant reshaping of our balance sheet and cost profile that I've just described, we've also been reshaping our portfolio, both in response to PPA expirations as well as market opportunities to sell or acquire assets. At year-end 2014, we had 27 operating plants. At the end of 2019, this had been reduced to 21. During this five-year period, we sold six plants, including all five of our wind plants. The wind sale was done at 14x EBITDA or 13x cash available for distribution, and we used the proceeds to redeem 9% debt. It was a cash-accretive transaction.

We closed our three plants in San Diego. Although we obtained new PPAs for them, we were not able to come with an agreement with the Navy on site control. Decommissioning of these three sites is expected to be completed this year.

We mothballed our Kapuskasing and North Bay plants in Ontario a year prior to the expiration of their PPAs under an agreement with the provincial government that provided for savings to customers and a significantly improved financial outcome for shareholders. We will consider returning these plants to service if market conditions warranted, but this appears unlikely in the next few years due to oversupply conditions in Ontario.

We returned our Tunis plant to service with a new 15-year PPA, and we acquired ownership of or equity interest in four biomass plants last year at attractive valuations. They have long-dated PPAs that increase our average remaining contract life and longer-term cash flows.

As you can see from Slide 5, the net result of these changes was a 1/3 reduction in operating capacity and Project Adjusted EBITDA. However, during this period, we reduced our debt by 63%, our cash interest payments by 70% and our overhead cost by 44%, again, mitigating to a large degree the impact to date of PPA expirations on operating cash flow.

Now I'd like to turn it over to Jim Moore, our President and Chief Executive Officer.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

Thank you, Terry. Good morning, and thank you for joining us today. My remarks this morning will address our capital allocation initiatives since I joined five years ago and in the current year-to-date and the potential for the next five years.

Slide 7 recaps our capital allocation initiatives over the past five years. Companies basically have five options for allocating discretionary cash: invest in your own business, pay down debt, undertake mergers or acquisitions, repurchase equity securities or pay common dividends.

Debt reduction: As Terry noted, we've reduced debt by more than $1.1 billion since year-end 2014. Debt reductions are not driven by returns, but they're based on the priority of strengthening the balance sheet. This progress has been recognized in credit ratings upgrades.

Investments in our business: We made internal investments in our fleet totaling $25 million in 2013 through 2016. We realized attractive cash returns. There is less need for this type of investment today.

Acquisitions or external investments to grow the company: We are always looking for new investments. We're always in the market. We are price-sensitive. We focus on price to value. From 2015 through 2017, we didn't find anything worth doing. In 2018 and 2019, we moved quickly on three compelling acquisitions, investing a total of $45 million to acquire ownership interest in four biomass plants and to consolidate our ownership of the Koma Kulshan hydro facility. The PPAs on these plants extend our remaining average contract term and increase our long-term cash flows. We expect the acquisitions to generate approximately $8 million to $10 million of Project Adjusted EBITDA annually on average through 2027.

Share repurchases: Beginning in late 2015 and continuing through the end of 2019, we repurchased 17 million common shares at an average price of $2.28 per share, reducing shares outstanding 11% during this period. We believe this represented a discount to our base case estimates of intrinsic value per share. We also invested $19.1 million to repurchase preferred shares at an average discount to par of 37%. This yielded after-tax cash returns of between 10% and 12%.

Common dividends: We did pay a $10 million common dividend in 2015. We omitted common dividends in early 2016 because we felt we had better uses of capital and still have today.

Slide 8. What have we done in terms of capital allocation this year? As Terry noted, we repaid $21.6 million of debt in the first quarter. We expect to repay a total of $84 million this year.

Share repurchases. We acted with speed and scale when the stock price sold off with the broader market in March. We launched a substantial issuer bid in late March and completed it on May 1, repurchasing 12.5 million common shares at a price of $2.00 per share. If we're roughly correct on our value estimates, then this price was compelling. Including amounts purchased under the normal course issuer bid this year through the end of May, we have invested nearly $34 million to purchase and cancel a total of 16.5 million common shares at an average price of $2.04 per share. We've also invested $6.4 million to purchase approximately 564,000 preferred shares at an average discount to par of 39%.

Recapping our securities repurchases over the past five years. We've allocated more than $72 million to common share repurchases. That represents 33.5 million common shares at an average price of $2.16 per share and $25.5 million US equivalent to preferred share purchases -- repurchases, 2.1 million preferred shares, average discount to par of 37%, after-tax cash yields of 10% to 12%.

Turning to Slide 9. Over the next five years, we expect to generate significant operating cash flow. Approximately 95% of this is from existing contracted assets. We expect to reduce our debt levels by 65% by year-end 2024. We expect cash interest payments and leverage ratios to be lower as a result of the significant debt repayment.

Turning to Slide 10. During the 2020 through 2024 period, we expect to generate $115 million to $165 million of discretionary cash flow. This is after repaying $423 million of debt, as I discussed in the previous slide. It is also after funding maintenance on our plants and paying dividends on our preferred shares. So we'll have $115 million to $165 million of discretionary cash flow to invest versus a current market capitalization of approximately $187 million.

What will we do with this cash? Well, we have a capital allocation framework, not a predetermined plan. We're driven by price to value. We will invest externally but only when we believe the returns are superior to those we can achieve by investing internally or by repurchasing shares.

Slide 10 lays out capital allocation alternatives over the long haul. Option A is to let cash build on the balance sheet. And by 2025, we'd be -- expect to be net debt neutral. Option B is to allocate the cash to continue repurchases of common or preferred shares. Option C is to make external growth investments that meet our return criteria. Capacity to do those acquisitions is also bolstered by $102 million of availability under our revolver. Option D is a combination of these alternatives. This is the most likely scenario. We rank order these options based on price to value and try to allocate the capital as rationally as possible.

QUESTIONS AND ANSWERS

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

Before taking any questions received during the meeting, I will now address a few key questions we have received from shareholders, as listed on Slide 11.

First question is, what are the low, base and high case forecasts for cash flow for the period immediately following your five-year outlook?

Well, in the past, we've received questions from shareholders. In fact, I think at one of the first AGMs I attended up in Toronto, a retail shareholder asked, well, why don't we publish our intrinsic value estimates? And we don't do that because the estimates are ranges. They're based on assumptions about discount rates and power prices that change quarter-to-quarter, and we don't want investors to over-rely on our security analysis. We're here to operate the business and allocate capital, so we look at intrinsic value to inform those decisions. But it's not precise point forecast numbers. They're ranges.

So then we'll get questions from institutional shareholders. Well, can you tell us what the cash flow is going to look like after the PPAs expire? And really there, you're looking out to 2026 before your major re-contracting has occurred. And to know the answer to that question, you need to know what is New York and federal public policy in 2026. What is it in the period running up to 2026? What are the net capacity additions to the grid? What are gas prices? What are power prices in six years, basically?

So all of that is pretty speculative, and we don't feel comfortable putting it out. Some people might overly rely on it, thinking it comes from management, even though there's a lot of uncertainty around what our power price is going to be in six years. And I think most people would rightly highly discount the value of that information since we really have no capacity to accurately forecast power prices in six years based on all the different market fundamentals that will be shifting and public policy issues that bear upon power prices.

The next question is: With all the debt and cost reductions, asset sales, acquisitions, your disciplined capital allocation over the last five years, why has the share price declined during this period?

And believe me, it's frustrating. It's a great question. I don't think any of us thought we would accomplish the things Terry laid out and buy in the number of shares we bought in and make the investments we've made and see the share price range bound and then falling in the COVID pandemic. But what's happened is over that five-year period, all the positive things impacting intrinsic value, like debt reduction, selling assets, buying assets, overhead reductions, have been swimming upstream because the forward curves of power prices have declined significantly during the period. And that's taken, I think, by the markets as an indicator of the ability to re-contract plants as existing PPAs expire. So the expectation of lower cash flows post-PPA after 2022, but more significantly in 2026 and beyond, helps to offset the positive steps taken by the company, leaving the stock in a holding pattern.

I'd say also as an overlay, over the last 10 or 12 years, small-cap value and energy have not been the best places to be, and we're a small-cap value investor in the energy sector. That doesn't explain away why the share price hasn't moved, but I think it's fair to say we're in sectors that are not popular today. And we've been fighting upstream against some of these oversupplied markets and low and falling power prices.

Okay. Well, if that's the case, what are the key reasons to hold on to Atlantic Power shares? What are the sources of potential upside?

The stock price appears to discount existing cash flows plus limited degrees of re-contracting and not much else. One of the analyst presentations I looked at, I think, was RBC, had a low-, medium-, high-case scenario. They had ranges of CAD 2.50, CAD 3.50 and CAD 4.50. At the U.S. exchange rate at the time, that was approximately $1.78 in their low case, approximately $2.50 in the medium case and approximately $3.20 in their high case. So at today's share price, yesterday's closing price, you can see the market is taking a low case view of the share price.

But what are the upsides? We could do more growth acquisitions. We paid off over $1 billion of debt. That de-risked the balance sheet. It gave us a lot of financial strength. It put us in a position to move with strength and speed when we came into the COVID pandemic. Unlike some titans in the industry, energy and otherwise, we didn't take any government money. We didn't lay off any employees. We didn't cut any salaries. We didn't cut any benefits. None of that was done due to COVID, and we didn't cut back on returns of capital to shareholders. In fact, we stood up and bought in $25 million of shares. So that balance sheet strength allowed us to do all of that. But really, going forward, we're going to have to see more growth from acquisitions, I believe, over time. We'll have to look at what the value of the post-PPA gas and biomass plants are, and that gets you out to that 2026 kind of time frame before we more fully know that answer.

There's a lot of upside in this company to higher gas prices based on our hydros being price takers. High gas prices would be good for re-contracting on the hydro plants. There's a lot of upside leverage in this company, given all the reduction in interest rates and overhead. We're very leveraged to the upside on power prices. We think we have a well-defined and defensible downside position, and the stock is really kind of trading off that downside position today. But if we get higher power prices even in the mid-range of the last five years, that ought to mean our intrinsic value is significantly higher than the current [share price] (corrected by company after the call).

Just to give you one example. Curtis Palmer is in New York, a hydro facility. There's a big New York renewables push. The government wants 70% renewables by 2030 or a carbon pricing regime. So one of two things will happen. A lot of these regimes will fall apart and be delayed as the true costs become apparent as opposed to the perceived cost today. If that happens, things like the gas plants will have more value and be far more efficient than lithium ion batteries. So our gas fleet will pick up in value. If it doesn't happen and the governments push through and say, "No, this is too important. We're going to force these costs on to the grid." The re-contracting scenario for Curtis Palmer when it comes to the end of its PPA life, approximately 2025, ought to be much better than what they are today. And our guess would be they'd be better than the current forward curves are showing you or what you could re-contract at today.

So if you're really heavily dependent on these forward price curves, why not just sell the company?

And we get that question not very often but occasionally. It's always when the stock is at a 52-week low. We never get -- nobody calls and says, "We hit $3," or, I guess this year, we were at $2.63, was the high. "Why don't you sell?" The first shareholder who calls when we're at a 52-week high and says, "Gee, is now a good time to sell?" is going to get an autographed copy of my collected annual report letters. So I'm sure I'll be hearing from a lot of people looking for that.

But we're open to selling the company at the right price. I've said before, I've been involved in the sale of three different IPP companies, independent power producers, twice as CEO, once, I believe, I was a COO at the time. Another time, I was on the Board of Directors and Chairman and CEO of the U.S. subsidiary of an international company that we spun off. Twice, I've been involved in selling at least 1/4 of the assets and an IPP business. We are not afraid to monetize or to sell assets or the company if we get to a point where the markets are pretty optimistic and people are willing to pay us what we think the company is going to be worth over the long haul. We're always happy in that scenario to de-risk and give the shareholders their money. And we have fairly major insider ownership. It's come up quite a bit in the last five years. And now it's at 3.4%. And so we are all very interested in the share price. I've got probably 99% of my equity investment is in Atlantic Power. So it means a lot.

We've got significant discretionary cash flow over the next five years. I talked about that range of $115 million to $165 million against the current market cap. There's just a lot of money relative to the size of the company to be invested over the next five years. And we don't believe this is reflected in the current stock price. We think if we do a good and intelligent job in investing that capital, we ought to drive the future share price up above things like the RBC range I laid out.

So let me just summarize here. I think, basically, if you look at those questions, it's really a buy, sell or hold type of analysis. When we operate the company, we're not out promoting the shares. We don't think trying to sell a happy story to get the short-term share price up is really the way to do business. We focus on intrinsic value per share. We're focused on valuations. We expressed our view on the share price with the $25 million SIB and the other share repurchases I outlined over the last five years.

Over the next five years, we think that the share price ought to react to continued deleveraging. We're paying off the mortgage on the house. Second, as we get re-contracting clarity, and we think we'll be re-contracting into more positive markets, we're seeing some positive signs at [Frederickson] (corrected by company after the call) and Curtis Palmer that make us optimistic about what we might be able to re-contract for, as we get clarity on that, I think people can feel more comfortable on the future, starting out in 2026 and beyond.

And then as we allocate this $115 million to $165 million and our ability to invest the letter of credit for asset acquisitions as well, again, all relative to a market capitalization of the common stock of $186 million or so is, to me, an extraordinary set of numbers that ought to be able to be used to advantage the shareholders over the next five years.

Our best option on capital allocation is really to invest in growth and M&A, such as we did with the $45 million, the five projects we've done so far. It extends the life of the PPAs. It extends your cash flow. It raises it. Gives more people more confidence in the future.

But meanwhile, so that's all about intrinsic value, price-to-value stuff. And we're always also asking, as major shareholders in the company, how do the shareholders eat? How do they get paid? And the best answer and what we're focused on today is allocate capital to build intrinsic value and eventually, the market price will catch up with the shares. It's been frustrating. We went through this rebuilding phase for three years or so, and it's been tough markets in the energy sector. And small cap and value investing haven't been in favor. All of that may change going forward. And as we pay down debt and get contracting clarity and as we invest this capital, eventually, the market price should more adequately reflect the true value of the shares as we best estimate them. If not, we could pivot back to paying dividends. That's always an option. Or we could sell the company, just run an auction, and see what price we can get for it. If we do that, we'd like to do it when things are strong. We get approaches all the time on buying assets in the company, and we're always open. It's all about price to value for us.

In allocating capital and making strategic decisions, we're laser-focused on shareholder value, and we're trying to do the best we can to estimate values and then look at the price to value and allocate the capital as rationally as possible and then make our big strategic decisions as rationally as possible. As investors, we're very patient. As shareholders, we're not going to be infinitely patient. We don't control the markets, but we're ready to move in speed and scale when that's warranted, as we did with the asset acquisitions for $45 million and as we did with the SIB this year.

So that's the end of my answers to the questions we've put up on the website. I'll ask Ron if we have any further questions.

Ron Bialobrzeski ***Atlantic Power Corporation - Director of Finance***

Jim, we have not received any questions.

James J. Moore, Jr. ***Atlantic Power Corporation - CEO, President & Director***

Okay. Well, having no further questions, I want to say we appreciate your ownership and interest in the company. We look forward to updating you on our progress as it unfolds. As always, we remain focused on building and protecting intrinsic value per share in your company as best we can with a long-term ownership orientation.

Thank you for joining us today.