



**NORTHLAND POWER
INCOME FUND**

**QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 1999**

FINANCIAL AND OPERATING RESULTS

	<i>3 Months Ended Sept. 30^h</i>		<i>Year to Sept. 30^h</i>	
	1999	1998	1999	1998
FINANCIAL (thousands, except per unit amounts)				
Sales	\$12,766	\$10,981	\$43,304	\$39,211
Net Income	\$2,824	\$2,045	\$12,699	\$9,129
Funds from Operations				
Before Changes in Working Capital	\$5,407	\$4,629	\$20,448	\$18,744
Cash from Operations	\$5,278	\$2,629	\$22,220	\$19,554
Distribution Declared to Unitholders	\$4,624	\$3,082	\$20,960	\$19,419
Units Outstanding	30,823	30,823	30,823	30,823
Per Unit				
Funds from Operations				
Before Changes in Working Capital	\$0.18	\$0.15	\$0.66	\$0.61
Cash from Operations	\$0.17	\$0.09	\$0.72	\$0.63
Distribution Declared to Unitholders	\$0.15	\$0.10	\$0.68	\$0.63
OPERATIONS				
Electricity Production (megawatthours)	170,452	160,938	566,570	523,466
Steam Production (thousands of pounds)	180,841	0	647,264	578,039
Fuel Consumption (thousands of gigajoules)	1,601	1,346	5,220	4,862

MANAGEMENT'S DISCUSSION

Sales for the quarter ended September 30, 1999 were 16.3% ahead of the same quarter last year, which included no steam sales due to the strike at Abitibi-Consolidated's Iroquois Falls Mill. Electricity production at 170,452 megawatthours was 5.9% ahead of last year due to successful bids to the Ontario Interim Market ("OIM") and Ontario Power Generation Inc.'s decision not to exercise its limited right to curtail off-peak electricity purchases in August. Steam sales for the quarter ended September 30, 1999 were \$946,000. Sales of natural gas were up from last year because gas was sold to mitigate transportation costs rather than stored for winter consumption as in past years.

The cost of gas was up 21.0% from the same quarter last year because of increased gas and electricity sales. Expenses for the quarter were in line with last year while net income was \$779,000 ahead of the same quarter last year. Cash from operations was up \$2,649,000 due to the higher net income and a reduction in working capital related to lower gas inventory.

Year to date sales are 10.4% ahead of last year while the cost of sales is 16.1% higher due to additional gas sales and an 8.2% increase in electricity production attributable to cancelled curtailment and OIM sales. Expenses are down due mainly to the reduction in interest expense on the instalment receipt loan.

A quarterly distribution to unitholders of \$0.15 per unit was declared effective September 30, 1999 for payment on October 15th. This distribution was \$0.05 per unit (\$1,542,000) higher than the 1998 distribution for the same period. Distributions to unitholders declared in the first three quarters of 1999 total \$0.68 per unit, \$0.05 per unit higher than last year.

HISTORY OF QUARTERLY DISTRIBUTIONS TO UNITHOLDERS

<i>Distributions per unit^{1&2}</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>
<i>1997</i>		<i>\$0.21</i>	<i>\$0.14</i>	<i>\$0.25</i>
<i>1998</i>	<i>\$0.32</i>	<i>\$0.21</i>	<i>\$0.10</i>	<i>\$0.25</i>
<i>1999</i>	<i>\$0.32</i>	<i>\$0.21</i>	<i>\$0.15</i>	

¹ The total number of units outstanding was 30,823,443.

² Distributions are seasonal because the Fund's net income and cash from operations are higher in winter than summer. Contracted volumes and prices for electricity sales are higher in winter than summer, and steam sales are generally higher in winter.

Distributions to unitholders are expected to be approximately 95% tax deferred for 1999. The non-taxable portion of distributions represents a return of capital for Canadian income tax purposes, and will reduce the adjusted cost base of the units. The remaining 5% of distributions are taxable.

COLLECTIVE AGREEMENT NEGOTIATIONS

The unionized employees at the Iroquois Falls plant operated by Iroquois Falls Power Corp., the Fund's subsidiary, were in a legal position to strike at midnight on June 12, 1999. Talks continue and management and the union have agreed that there will be no strike or lockout during negotiations.

YEAR 2000 ISSUE

Testing of all plant equipment and systems for Y2K compliance was successfully completed as of June 30, 1999. The Manager has approached key suppliers and customers to determine the extent to which they are addressing their own Y2K compliance issues. In the event that, notwithstanding the Manager's efforts, problems are encountered on January 1, 2000, special plant shutdown/restart procedures and contingency plans will be in place as a precautionary measure.

OUTLOOK

At this time we expect to distribute \$0.93 per unit for the twelve months ending December 31, 1999. Distributions for the year ending December 31, 2000 are projected to also be \$0.93 per unit.

On behalf of Iroquois Falls Power Management Inc.

James C. Temerty
President

NORTHLAND POWER INCOME FUND

Consolidated Balance Sheets

(stated in thousands)

ASSETS

	Sept. 30, 1999	Dec. 31, 1998 ¹
	(Unaudited)	
Current Assets		
Cash and term deposits	\$ 5,569	\$ 7,440
Restricted cash	428	451
Other current assets	5,783	8,207
Total Current Assets	11,780	16,098
Deferred maintenance fees, net	3,270	4,089
Capital assets, net	250,815	257,673
Total Assets	\$ 265,865	\$ 277,860

LIABILITIES AND UNITHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,596	\$ 3,248
Distribution payable to unitholders	4,624	7,706
Total Liabilities	7,220	10,954
Unitholders' Equity		
Unit capital	290,152	290,152
Deficit	(31,507)	(23,246)
Total Unitholders' Equity	258,645	266,906
Total Liabilities and Unitholders' Equity	\$ 265,865	\$ 277,860

¹ Financial data is derived from the audited annual consolidated financial statements.

NORTHLAND POWER INCOME FUND

Consolidated Statements of Income and Deficit

(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended</i>		<i>9 Months Ended</i>	
	<i>Sept. 30, 1999</i>	<i>Sept. 30, 1998</i>	<i>Sept. 30, 1999</i>	<i>Sept. 30, 1998</i>
Sales	\$ 12,766	\$ 10,981	\$ 43,304	39,211
Cost of Sales	6,044	4,993	18,743	16,150
Gross Profit	6,722	5,988	24,561	23,061
Expenses				
Plant operating costs	1,355	1,372	4,145	4,245
Amortization	2,310	2,310	6,930	6,931
General and administrative costs	313	315	1,021	1,120
	3,978	3,997	12,096	12,296
Operating Income	2,744	1,991	12,465	10,765
Interest (Income)/Expense				
Instalment loan, interest expense & bank fees	0	1	0	1,862
Interest income	(61)	(75)	(244)	(286)
	(61)	(74)	(244)	1,576
Earnings before Income Taxes	2,805	2,065	12,709	9,189
Income Taxes				
Current	(19)	20	10	60
Net Income for the Period	\$ 2,824	\$ 2,045	\$ 12,699	\$ 9,129
Deficit, Beginning of Period	(29,707)	(20,670)	(23,246)	(11,418)
Distributions to Unitholders for the Period	(4,624)	(3,083)	(20,960)	(19,419)
Deficit, End of Period	\$ (31,507)	\$ (21,708)	\$ (31,507)	\$ (21,708)
Net Income per Unit	\$ 0.09	\$ 0.07	\$ 0.41	\$ 0.30

NORTHLAND POWER INCOME FUND

Consolidated Statements of Changes in Financial Position

(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended</i>		<i>9 Months Ended</i>	
	<i>Sept. 30, 1999</i>	<i>Sept. 30, 1998</i>	<i>Sept. 30, 1999</i>	<i>Sept. 30, 1998</i>
Operating Activities				
Net income for the period	\$ 2,824	\$ 2,045	\$ 12,699	\$ 9,129
Add items not involving a current outlay of cash				
Amortization	2,310	2,310	6,930	6,931
Deferred maintenance fee amortization	273	273	819	819
Instalment loan, interest exp. accrued and bank fee amortization	0	1	0	1,862
Loss on sale of fixed assets	0	0	0	3
Funds from operations before changes in working capital	5,407	4,629	20,448	18,743
Net change in non-cash working capital - operating	(129)	(2,000)	1,772	810
Cash provided by operating activities	5,278	2,629	22,220	19,553
Investing Activities				
Capital expenditures, net of restricted cash drawdown	(7)	0	(49)	(4)
Proceeds from sale of fixed assets	0	0	0	4
Cash used in investing activities	(7)	0	(49)	0
Financing Activities				
Distributions declared to unitholders	(4,624)	(3,083)	(20,960)	(19,419)
Changes in non-cash working capital - financing	(1,849)	(3,390)	(3,082)	(4,624)
Cash used in financing activities	(6,473)	(6,473)	(24,042)	(24,043)
Change in cash and term deposits	(1,202)	(3,844)	(1,871)	(4,489)
Cash and term deposits at beginning of period	6,771	6,540	7,440	7,185
Cash and term deposits at end of period	\$ 5,569	\$ 2,696	\$ 5,569	\$ 2,696
PER UNIT				
Funds from operations before changes in working capital	0.18	\$ 0.15	\$ 0.66	\$ 0.61
Cash provided by operating activities	0.17	\$ 0.09	\$ 0.72	\$ 0.63
Distribution declared to unitholders	0.15	\$ 0.10	\$ 0.68	\$ 0.63

NORTHLAND POWER INCOME FUND

TRUSTEE

Montreal Trust Company of Canada
Corporate Services
151 Front St. West, Suite 605
Toronto, Ontario M5J 2N1
Attention: Corporate Services

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
Stock Transfer Services
151 Front St. West, 8th Floor
Toronto, Ontario M5J 2N1

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Symbol: NPL.UN

BANK

Canadian Imperial Bank of Commerce
Commerce Court West
Toronto, Ontario M5L 1A2

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