



**NORTHLAND POWER
INCOME FUND**

**QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2000**

FINANCIAL AND OPERATING RESULTS

	<i>3 Months Ended Sept. 30</i>		<i>Year to Sept. 30</i>	
	2000	1999	2000	1999
FINANCIAL (thousands, except per unit amounts)				
Sales	\$12,699	\$12,766	\$43,354	\$43,304
Net Income	\$2,834	\$2,824	\$12,620	\$12,699
Funds from Operations				
Before Changes in Working Capital	\$5,417	\$5,407	\$20,369	\$20,448
Cash from Operations	\$722	\$5,278	\$16,745	\$22,220
Distribution Declared to Unitholders	\$4,624	\$4,624	\$20,960	\$20,960
Units Outstanding	30,823	30,823	30,823	30,823
Per Unit				
Funds from Operations				
Before Changes in Working Capital	\$0.18	\$0.18	\$0.66	\$0.66
Cash from Operations	\$0.02	\$0.17	\$0.54	\$0.72
Distribution Declared to Unitholders	\$0.15	\$0.15	\$0.68	\$0.68
OPERATIONS				
Electricity Production (megawatthours)	163,003	170,452	540,912	566,570
Steam Production (thousands of pounds)	182,407	180,841	704,181	647,264
Fuel Consumption (thousands of gigajoules)	1,520	1,601	5,294	5,220

MANAGEMENT'S DISCUSSION

Sales for the quarter ended September 30, 2000 were 0.5% lower than the same quarter last year. Electricity production at 163,003 megawatthours was 4.4% behind last year due to our customer's decision to exercise its limited right to curtail electricity purchases; in 1999 electricity purchases were not curtailed in August. Electricity was sold to the Ontario Interim Market, outside the provisions of the Fund's long-term Power Purchase Agreement at a favourable price but at a level below the 1999 volume. Steam production was up slightly during the quarter as Abitibi-Consolidated Inc. ("Abitibi") reduced its own steam production; however, steam revenue was lower than the same quarter last year due to the timing of the summer take-or-pay reconciliation. Sales of gas associated with mitigation of fixed transportation costs were up from last year due to favourable market prices.

The total cost of gas was down 4.6% from the same quarter last year due to a reduction in the volume of gas consumed (5.0%). Expenses for the quarter were \$184,000 higher than last year and net income was \$10,000 ahead of the same quarter last year.

Cash from operations was \$4,556,000 behind last year due to changes in working capital, namely, the purchase of storage gas for winter consumption and a higher level of receivables as August's electricity payment of \$3,794,000 was received in early October rather than September, as last year. These items, combined with commencement of monthly distributions, also affected the fund's cash and working capital position at September 30, 2000 compared to the prior year.

Year to date sales are 0.1% ahead of last year's results as a result of additional gas sales offsetting reduced electricity sales. Cost of sales are 0.2% lower than last year; 1999 gas costs included fees to withdrawal gas from storage. Expenses are \$146,000 higher than last year and net income is \$79,000 lower than the same period last year.

The Fund changed its distribution policy in August, moving from quarterly to monthly distributions. An amount of \$0.075 per unit was distributed for August and September (paid on September 15th and October 15th) resulting in a total distribution of \$0.15 for the 3rd quarter. This distribution equaled the 1999 distribution for the same period. Distributions to unitholders declared in the first half of 2000 totalling \$0.68 per unit are consistent with 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>	<i>\$0.25</i>
<i>2000</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. Both contracted volumes and prices for electricity sales are higher in winter than summer, and steam sales are also anticipated to be higher in winter.

Distributions to unitholders are expected to be approximately 95% tax deferred for 2000. 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.

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, 2000 ²	Dec. 31, 1999 ¹
	(Unaudited)	
Current Assets		
Cash and term deposits	\$ 0	\$ 7,987
Restricted cash	269	426
Other current assets	11,081	7,883
Total Current Assets	11,350	16,296
Deferred maintenance fees, net	2,178	2,997
Capital assets, net	241,720	248,513
Total Assets	\$ 255,248	\$ 267,806

LIABILITIES AND UNITHOLDERS' EQUITY

Current Liabilities		
Bank indebtedness	\$ 1,602	\$ 0
Accounts payable and accrued liabilities	3,044	3,470
Distribution payable to unitholders	2,312	7,706
Total Liabilities	6,958	11,176
Unitholders' Equity		
Unit capital	290,152	290,152
Deficit	(41,862)	(33,522)
Total Unitholders' Equity	248,290	256,630
Total Liabilities and Unitholders' Equity	\$ 255,248	\$ 267,806

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

² Effective January 1, 2000, the Fund adopted the new recommendations of the CICA with respect to accounting for income taxes. Under the new recommendations, the liability method of tax allocation is used in accounting for income taxes. Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocation. There is no impact to the consolidated financial statements of the Fund as a result of the implementation of the new recommendations.

NORTHLAND POWER INCOME FUND

Consolidated Statements of Income and Deficit
(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended September 30</i>		<i>9 Months Ended September 30</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Sales	\$ 12,699	\$ 12,766	\$ 43,354	\$ 43,304
Cost of Sales	5,767	6,044	18,707	18,743
Gross Profit	6,932	6,722	24,647	24,561
Expenses				
Plant operating costs	1,456	1,355	4,197	4,145
Amortization	2,310	2,310	6,930	6,930
General and administrative costs	396	313	1,115	1,021
	4,162	3,978	12,242	12,096
Operating Income	2,770	2,744	12,405	12,465
Interest Income	55	61	229	244
Earnings before Income Taxes	2,825	2,805	12,634	12,709
Income Taxes				
Current	(9)	(19)	14	10
Net Income for the Period	\$ 2,834	\$ 2,824	\$ 12,620	\$ 12,699
Deficit, Beginning of Period	(40,072)	(29,707)	(33,522)	(23,246)
Distributions to Unitholders for the Period	(4,624)	(4,624)	(20,960)	(20,960)
Deficit, End of Period	\$ (41,862)	\$ (31,507)	\$ (41,862)	\$ (31,507)
Net Income per Unit	\$ 0.09	\$ 0.09	\$ 0.41	\$ 0.41

NORTHLAND POWER INCOME FUND

Consolidated Statements of Cash Flows

(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended September 30</i>		<i>9 Months Ended September 30</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Operating Activities				
Net income for the period	\$ 2,834	\$ 2,824	\$ 12,620	\$ 12,699
Add (deduct) items not involving cash				
Amortization	2,310	2,310	6,930	6,930
Amortization of maintenance fee	273	273	819	819
Funds from operations before changes in working capital	5,417	5,407	20,369	20,448
Net change in non-cash working capital balances related to operations	(4,695)	(129)	(3,624)	1,772
Cash provided by operating activities	722	5,278	16,745	22,220
Investing Activities				
Additions to capital assets	(25)	(11)	(136)	(72)
Cash used in investing activities	(25)	(11)	(136)	(72)
Financing Activities				
Restricted cash drawdown	28	4	157	23
Distribution to unitholders	(8,785)	(6,473)	(26,355)	(24,042)
Cash used in financing activities	(8,757)	(6,469)	(26,197)	(24,019)
Net increase in cash and cash equivalents during the period	(8,060)	(1,202)	(9,589)	(1,871)
Cash and cash equivalents, beginning of the period	6,458	6,771	7,987	7,440
Cash and cash equivalents and bank indebtedness, end of period	\$ (1,602)	\$ 5,569	\$ (1,602)	\$ 5,569
PER UNIT				
Funds from operations before changes in working capital	\$ 0.18	\$ 0.18	\$ 0.66	\$ 0.66
Cash provided by operating activities	\$ 0.02	\$ 0.17	\$ 0.54	\$ 0.72
Distribution declared to unitholders	\$ 0.15	\$ 0.15	\$ 0.68	\$ 0.68

NORTHLAND POWER INCOME FUND

TRUSTEE

Montreal Trust Company of Canada
Corporate Services
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Services

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
Stock Transfer Services
100 University Avenue
Toronto, Ontario M5J 2Y1

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Symbol: NPL.UN

BANK

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

For Further Information Contact:

Barbara Bokla
Telephone (416) 962-6262 ext. 156
Facsimile (416) 962-6266
E-Mail barb@northlandpower.ca

Iroquois Falls Power Management Inc.
17th Floor, 30 St. Clair Avenue West
Toronto, Ontario M4V 3A2



**NORTHLAND POWER
INCOME FUND**