



EPCOR
Power L.P.

EPCOR Power L.P. Announces 2006 First Quarter Results

Edmonton, Alberta – April 27, 2006 (TSX: EP.UN) - EPCOR Power Services Ltd., the general partner of EPCOR Power L.P. (the Partnership), today released the Partnership's quarterly results for the period ended March 31, 2006.

"First quarter results showed a continuation of strong funds generated from operations that again exceeded cash distributions and capital expenditures even after excluding the one-time settlement payment from the Ontario Electricity Financial Corporation ("OEFC)." said Brian Vaasjo, President, EPCOR Power Services Ltd. "We are also pleased to have announced earlier this month, our intention to acquire from the Partnership's sponsor, EPCOR Utilities Inc., its majority interest in the Frederickson power facility. The acquisition is expected to close in the summer of this year, subject to regulatory approvals. The acquisition is expected to contribute modestly to the Partnership's funds generated from operations per unit and to cash available for distributions per unit on a sustainable basis."

Highlights of EPCOR Power L.P.'s financial performance included:

Funds generated from operations were \$50.6 million or \$1.07 per unit for the three months ended March 31, 2006 compared with \$41.6 million or \$0.88 per unit for the same period in 2005. ⁽¹⁾ The increase in funds generated from operations in total and on a per unit basis was primarily due to an agreement with the Ontario Electricity Financial Corporation ("OEFC") on a replacement for the Direct Customer Rate ("DCR") index that was discontinued in 2002. This settlement adjusts the amount owed to the Partnership under the power purchase agreements ("PPAs") for the Ontario plants for the period from 2002 through to the end of the respective PPAs. The retroactive portion of the settlement was received in the first quarter and positively impacted funds generated from operations and net income by \$8.5 million.

Net income was \$33.9 million or \$0.72 per unit for the three months ended March 31, 2006 compared to \$21.8 million or \$0.46 per unit for the same period in 2005. The increase in net income for the three months ended March 31, 2006 was primarily due to the settlement with the OEFC as discussed above, higher enhancement and diversion revenue at the Ontario plants as a result of higher natural gas prices as well as higher revenue at the Curtis Palmer plant due to above average water flows on the Hudson River.

Cash distributions of \$29.9 million or \$0.63 per unit were declared for the first quarter of 2006, consistent with the same period in 2005. Throughout the year, the Partnership utilizes funds generated from operations in excess of cash distributions to stabilize future quarterly cash distributions, to finance capital expenditures and to make discretionary debt repayments.

⁽¹⁾ Funds generated from operations is a non-GAAP financial measure that is defined in the interim report.

Operational and Financial Highlights <i>(unaudited)</i>	Three months ended March 31	
	2006	2005
<i>(millions of dollars except per unit and operational amounts)</i>		
Power Generated (GWh)	693	697
Weighted Average Plant Availability ^(a)	97%	99%
Funds Generated from Operations	50.6	41.6
Per unit	\$1.07	\$0.88
Net Income	33.9	21.8
Per unit	\$0.72	\$0.46
Capital Expenditures	0.8	0.5
Cash Available for Distributions ^(b)	49.3	40.7
Per Unit	\$1.04	\$0.86
Cash Distributions	29.9	29.9
Per unit	\$0.63	\$0.63
Weighted Average Units Outstanding	47.4	47.4

- a) Weighted Average Plant Availability is lower for the three months ended March 31, 2006 due to unplanned and planned outages at the Mamquam hydro electric plant in the current year.
- b) Cash Available for Distributions and Cash Available for Distributions per unit are non-GAAP financial measures that are defined in the interim report.

The March 31, 2006 interim report is shown below. The interim management discussion and analysis and interim consolidated financial statements are available on the EPCOR Power L.P. website (www.epcorpowlp.ca) and will be available at SEDAR (www.sedar.com).

EPCOR Power L.P.

Interim Report

March 31, 2006

Management's discussion and analysis

This management's discussion and analysis (MD&A), dated April 28, 2006 should be read in conjunction with the unaudited interim consolidated financial statements of EPCOR Power L.P. (the Partnership) for the three months ended March 31, 2006 and the audited consolidated financial statements and MD&A of EPCOR Power L.P. for the year ended December 31, 2005.

EPCOR Power Services Ltd., the General Partner of the Partnership, is an indirect wholly-owned subsidiary of EPCOR Utilities Inc. (collectively with its wholly owned subsidiaries "EPCOR") and has responsibility for management of the Partnership. The Audit Committee of the Board of Directors of the General Partner is to review and approve the interim MD&A of the Partnership in accordance with the Audit Committee's terms of reference. The Audit Committee has reviewed and approved the contents of this interim MD&A.

Forward-looking statements

Certain information in this MD&A is forward-looking and related to anticipated financial performance, events and strategies. When used in this context, words such as "will", "anticipate", "believe", "plan", "intend", "target", "expect" or similar words suggest future outcomes. By their nature, certain future events are subject to significant risks and uncertainties, which could cause the Partnership's actual results and experience to be materially different than the anticipated results. Such risks and uncertainties include, but are not limited to, the ability of the Partnership to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the availability and price of energy commodities, plant availability and water flows, regulatory and government decisions, competitive factors in the power industry, the current economic conditions in North America and the performance of contractors and suppliers.

Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Except as required by law, the Partnership disclaims any intention and assumes no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

RESULTS OF OPERATIONS

The Partnership reported funds generated from operations of \$50.6 million or \$1.07 per unit for the three months ended March 31, 2006 compared with \$41.6 million or \$0.88 per unit for the same period in 2005. Funds generated from operations is defined below under Non-GAAP measures. The increase in funds generated from operations in total and on a per unit basis was primarily due to an agreement with the Ontario Electricity Financial Corporation ("OEFEC") on a replacement for the Direct Customer Rate ("DCR") index that was discontinued in 2002. This settlement adjusts the amount owed under the power purchase agreements ("PPAs") for the Ontario plants for the period from 2002 through to the end of the respective PPAs. The retroactive portion of the settlement was received in the first quarter and positively impacted funds generated from operations and net income by \$8.5 million.

Operating Margin <i>(millions of dollars) (unaudited)</i>	Three months ended March 31	
	2006	2005
Ontario	32.2	21.9
Williams Lake	7.2	7.0
Mamquam/Queen Charlotte	2.3	2.7
Curtis Palmer	15.0	11.5
ManChief	4.8	4.5
Castleton	1.9	2.0
	63.4	49.6

Operating margin of \$63.4 million for the three months ended March 31, 2006 was \$13.8 million higher than the same period of 2005. Operating margin is defined below under Non-GAAP measures. The first quarter increase in operating margin was primarily due to the settlement with the OEFC, higher enhancement and diversion revenue at the Ontario plants as a result of higher natural gas prices and an increase in revenues at the Curtis Palmer plant due to higher water flows.

Non-GAAP measures

The Partnership uses operating margin, funds generated from operations, funds generated from operations per unit, cash available for distributions and cash available for distributions per unit as performance measures with respect to the plants and the Partnership. These terms are not defined financial measures according to Canadian generally accepted accounting principles (GAAP) and they do not have standardized meanings prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other enterprises. There have been no changes in the composition of these measures as used by the Partnership in 2006 or 2005.

The Partnership uses operating margin to measure the financial performance of plants or groups of plants. A reconciliation from operating margin to net income before income tax is as follows:

<i>(millions of dollars) (unaudited)</i>	Three months ended March 31	
	2006	2005
Operating Margin	63.4	49.6
Deduct:		
Depreciation and amortization	17.0	16.5
Management and administration	2.0	1.8
Foreign exchange loss	0.7	1.3
Financial charges and other	5.9	6.4
Net Income Before Income Tax	37.8	23.6

The Partnership uses funds generated from operations as a performance measure of the Partnership's ability, over the long term, to fund unitholder distributions, capital expenditures and debt repayment. A reconciliation of cash flow provided by operating activities to funds generated from operations is as follows:

<i>(millions of dollars) (unaudited)</i>	Three months ended March 31	
	2006	2005
Cash provided by operating activities	54.3	37.9
Increase/(decrease) in operating working capital	(3.7)	3.7
Funds generated from operations	50.6	41.6

Funds generated from operations per unit equals funds generated from operations divided by the weighted average number of units outstanding for the respective periods.

The Partnership uses cash available for distributions as a performance measure of the Partnership's ability over the long term to fund unitholder distributions. Cash available for distributions in excess of cash distributions is utilized by the Partnership to stabilize future quarterly cash distributions, to finance future capital expenditures and to make discretionary debt repayments. The Partnership makes quarterly cash distributions to Limited Partners in accordance with the Partnership Agreement and subject to Board approval. A reconciliation from cash provided by operating activities to cash available for distributions is as follows:

<i>(millions of dollars) (unaudited)</i>	Three months ended March 31	
	2006	2005
Cash provided by operating activities	54.3	37.9
Increase/(decrease) in operating working capital	(3.7)	3.7
Additions to property, plant and equipment	(0.8)	(0.5)
Long-term debt repaid	(0.5)	(0.4)
Cash available for distributions	49.3	40.7

Cash available for distributions per unit equals cash available for distributions divided by the weighted average number of units outstanding for the respective periods.

Frederickson Acquisition

On April 7, 2006 the Partnership announced an agreement to acquire from EPCOR a 100% interest in Frederickson Power L.P. ("FPLP") for an aggregate purchase price of US \$118 million, subject to certain closing adjustments. FPLP owns a 50.15% interest in the Frederickson power facility, a 249 megawatt ("MW") (nominal) single unit, natural gas-fired combined cycle generating facility located in Pierce County, Washington State, U.S.A. The acquisition is subject to regulatory approvals and is expected to close in the summer of 2006. In addition, at the closing of the acquisition, EPCOR will grant to the Partnership an option to acquire a 49% interest in the development rights for a second generating unit adjacent to the Frederickson facility site for \$US 4 million.

FPLP's portion (50.15%, or approximately 125 MW) of the Frederickson power facility's base 249 MW generating capacity has been sold under tolling arrangements in the form of power purchase agreements expiring in 2022 to three Washington State public utility districts. The remaining interest in the Frederickson power facility is held by Puget Sound Energy ("PSE") who uses its share of such capacity to serve its retail customers. EPCOR will continue to operate the Frederickson power facility.

The acquisition is expected to contribute modest accretion to the Partnership's per unit funds generated from operations and to cash available for distributions on a sustainable basis. On an annualized basis, the increase in funds generated from operations is anticipated to be approximately \$10 million. Additional expected benefits include the further geographic diversification of assets, the addition of new investment grade counterparties, and modestly extending the weighted average life of the Partnership's PPAs.

The purchase price of the acquisition will be financed out of cash on hand, available committed lines of credit and an issue of Subscription Receipts. The Partnership entered into an agreement with a syndicate of underwriters under which the underwriters bought 2,460,000 Subscription Receipts at a price of \$33.35 per Subscription Receipt, representing an aggregate issue of \$82 million. Each Subscription Receipt represents the right of the holder to receive one limited partnership unit of the Partnership upon closing of the acquisition. The Partnership expects to refinance the bank lines used for the acquisition through a public offering or private placement of debt securities on or about the date of closing of the acquisition.

Revenues and Plant Output
(millions of dollars except GWh)
(unaudited)

Three months ended March 31

	<i>GWh</i>	2006	<i>GWh</i>	2005
Ontario				
- Power ⁽²⁾	353	46.1	347	34.2
- Enhancements		3.7		2.9
- Diversions		1.3		1.1
		51.1		38.2
Williams Lake				
- Firm energy	129	9.4	128	9.2
- Excess energy	16	0.9	13	.5
	145	10.3	141	9.7
Mamquam/Queen Charlotte	48	3.5	53	3.4
Curtis Palmer ⁽³⁾	114	16.4	83	13.2
Manchief	23	6.4	4	6.2
Castleton	10	3.6	69	3.8
	693	91.3	697	74.5

Weighted Average Plant Availability⁽¹⁾

Three months ended March 31

<i>(unaudited)</i>	2006	2005
Ontario Plants	99%	99%
Williams Lake	100%	100%
Mamquam/Queen Charlotte ⁽⁴⁾	71%	81%
Curtis Palmer	98%	100%
Manchief	100%	100%
Castleton	100%	100%
Total	97%	99%

⁽¹⁾ Plant availability represents the percentage of time in the period that the plant is available to generate power, whether actually running or not, and is reduced by planned and unplanned outages.

⁽²⁾ Power revenues for the Ontario plants are higher due to the settlement on the DCR replacement index.

⁽³⁾ Revenues for Curtis Palmer for the three months ended March 31, 2006 were higher than the same period last year due to favourable water flows in 2006.

⁽⁴⁾ The 50 MW Mamquam facility was unavailable for part of the first quarter of 2005 and 2006 due to planned and unplanned maintenance outages.

Revenues of \$91.3 million for the three months ended March 31, 2006 were \$16.8 million higher than the same period in 2005. The increase was primarily due to the settlement with the OEFC on the replacement index for the DCR, an increase in enhancement and diversion revenues at the Ontario plants and higher water flows at Curtis Palmer.

Revenues at the Ontario plants of \$51.1 million for the three months ended March 31, 2006 was \$12.9 million higher than the same period in 2005 primarily due to OEFC settlement and higher enhancement and diversion revenues. Enhancement revenues reflect decisions by the Manager to voluntarily curtail power production in favour of selling the unused natural gas at prevailing market prices. This is normally done in off-peak hours when contracted power prices are lower. Gas diversions occur when the Partnership sells gas in excess of daily plant requirements in situations, other than voluntary curtailment, such as during planned and unplanned outages. Enhancement and diversion revenues for the three months ended March 31, 2006 were higher due to higher market prices for natural gas in 2006.

Revenues at the Williams Lake plant consist of firm energy sales, cost recovery components and excess energy sales under the power purchase agreements with British Columbia Hydro and Power Authority ("BC Hydro"). Firm revenues of \$9.4 million for the three months ended March 31, 2006 were \$0.2 million higher than the \$9.2 million reported in the same period in 2005. Excess energy sales were \$0.4 million higher in 2006 due to an increase in generation and a higher market-based excess energy price in 2006 of \$52 per MWh compared with \$40 per MWh in 2005.

The Mamquam and Queen Charlotte plants reported revenues of \$3.5 million for the three months ended March 31, 2006 compared to revenue of \$3.4 million for the same period last year. The net increase of \$0.1 million reflects lower power sales for \$0.2 million which were more than offset by higher cost recoveries in the first quarter of 2006 at Mamquam.

Revenue at the Curtis Palmer plant was \$16.4 million for the three months ended March 31, 2006, compared with \$13.2 million for the same period in 2005. The increase of \$3.2 million reflects higher water flows on the Hudson River.

Revenues at the Manchief plant were \$6.4 million for the three months ended March 31, 2006 compared with \$6.2 million for the same period in 2005. The increase of \$0.2 million for the first quarter of 2006 was due to slightly higher dispatch at the plant which is partly offset by a weaker U.S. dollar in 2006.

Revenues at the Castleton plant of \$3.6 million for the three months ended March 31, 2006, were slightly lower compared with 2005 due to a weaker U.S. dollar in 2006.

Cost of fuel

Fuel costs include commodity price and transportation costs. For the three months ended March 31, 2006 fuel costs were \$16.9 million compared with \$14.0 million for the same period in 2005. The increase in fuel costs partly resulted from the \$1.3 million retroactive impact of the DCR new index used in some of the Ontario gas supply contracts for the period from 2002 to the end of 2005. Contractual increases in other gas supply contracts for the Ontario plants also contributed to the increase.

Fuel costs at the Castleton plant for the three months ended March 31, 2006 were consistent with the same periods in 2005. The Curtis Palmer, Mamquam and Queen Charlotte hydroelectric plants do not have fuel costs. The power buyer under the Manchief PPA provides all the fuel requirements for that plant however the Partnership is obligated to pay for demand charges associated with the transportation of natural gas to the facility.

Operating and maintenance expense

Operating and maintenance expense is based on fixed fees, adjusted annually for inflation, payable to EPCOR for the operation and routine maintenance of the plants. Operating and maintenance expense was \$7.1 million for the three months ended March 31, 2006 compared to \$7.0 million for the same period in 2005.

Other plant operating expenses

Other plant operating expenses, which include insurance, property taxes and major maintenance expenses, of \$3.9 million for the three months ended March 31, 2006 was unchanged from the same period in 2005.

Depreciation and amortization

Depreciation and amortization expense for the three months ended March 31, 2006 was \$17.0 million and compared to \$16.5 million for the same period in 2005. The increase is primarily due to capital additions in 2005 which included two turbine overhauls being amortized over a five year period.

Management and administration

Management and administration costs, which include fees payable to EPCOR and general and administrative costs, were \$0.2 million higher for the three months ended March 31, 2006 compared to the same period in 2005 due to slightly higher enhancement fees paid as a result of increased enhancement opportunities.

Foreign exchange loss

The Partnership reported a foreign exchange loss of \$0.7 million for the three months ended March 31, 2006, compared to \$1.3 million loss for the same period in 2005. The foreign exchange losses reported in 2006 and 2005 were primarily unrealized and related to the translation of the Partnership's U.S. dollar-denominated debt.

Financial charges and other

Financial charges and other expenses of \$5.9 million for the three months ended March 31, 2006 was \$0.5 million lower compared with the same period in 2005 primarily due to short term interest income on higher cash balances in 2006 and a lower US dollar exchange rate on the US dollar debt interest payments.

Income taxes

Income taxes relate to the taxes of the Partnership's U.S. subsidiaries and withholding taxes on distributions from the U.S. subsidiaries. The increase of \$2.1 million in income tax expense for the three months ended March 31, 2006 compared to the same period in 2005 was due primarily to increased income from the Partnership's U.S. power plants.

LIQUIDITY AND CAPITAL RESOURCES

Cash distributions

Cash distributions of \$0.63 per unit were declared for the first quarter of 2006, consistent with the same period in 2005. Throughout the year, the Partnership utilizes cash available for distributions in excess of cash distributions to stabilize future quarterly cash distributions, to finance capital expenditures and to make discretionary debt repayments.

The first quarter 2006 cash distribution of \$0.63 per unit will be paid on April 28, 2006 to unitholders of record on March 31, 2006.

Capital expenditures

Capital expenditures for the three months ended March 31, 2006 totaled \$0.8 million compared with \$0.5 million for the same period in 2005 and consisted of plant improvements.

FOREIGN EXCHANGE RISK MANAGEMENT

The Partnership manages the foreign exchange risk of its future anticipated U.S. dollar-denominated cash flows from its U.S. plants through the use of forward foreign exchange contracts for periods up to six years. As at March 31, 2006, \$US 118 million or approximately 72 per cent of expected future cash flows were hedged for 2006 to 2012 at a weighted average exchange rate of 1.24.

TRANSACTIONS WITH RELATED PARTIES

<i>(millions of dollars) (unaudited)</i>	Three months end March 31	
	2006	2005
Revenues ⁽¹⁾		
Castleton - capacity payments	-	3.7
Ontario - enhancement revenues	-	3.1
Ontario - gas diversion sales	-	1.1
Ontario - Calstock guarantee fee	-	0.9
	-	8.8
Cost of Fuel		
Ontario - gas fuel supply ⁽¹⁾	-	5.7
Ontario - gas transportation ⁽¹⁾	-	2.8
Ontario - waste heat ⁽¹⁾	-	0.1
Castleton - gas demand charge	0.5	0.6
	0.5	9.2
Operating and Maintenance Expense	7.1	7.0
Management and Administration		
Base fee	0.3	0.3
Incentive fee	0.5	0.5
Enhancement fee	0.4	0.3
	1.2	1.1

⁽¹⁾ These transactions were related party transactions only until September 1, 2005 at which time TransCanada sold its interest in the Partnership to EPCOR.

CONTRACTUAL OBLIGATIONS

Under the terms of the long-term debt with a syndicate of Canadian chartered banks, the Partnership must maintain a debt-to-capitalization ratio which does not exceed 60 per cent at the end of each fiscal quarter and an interest-coverage ratio which is no less than 2.5 at the end of each fiscal quarter. Similarly, under the terms of the operating line, the Partnership must not exceed a debt-to-earnings before interest, taxes, depreciation and amortization (EBITDA) ratio of 3.25 and meet an interest coverage ratio of 2.5 or greater at the end of each fiscal quarter. As at March 31, 2006, the Partnership was in compliance with all of these covenants.

There have been no material changes to the Partnership's purchase obligations, including payments for the next five years and thereafter, since December 31, 2005. For further information on these obligations, refer to the MD&A in the Partnership's 2005 Annual Report.

In July 2004, NAL Resources Limited ("NAL") and Devon Canada Corporation ("Devon") commenced actions against the Partnership claiming the gas supply contracts under which NAL and Devon sell gas to the Partnership for its Tunis, Ontario power plant have been frustrated as of January 1, 2003 due to an alleged inability to determine the commodity charge for gas under such agreements. NAL and Devon additionally seek monetary damages based on referenced spot gas prices should the courts uphold their claims.

The Partnership has filed statements of defence and intends to vigorously defend the actions. The final outcome is not determinable and accordingly, no amount has been accrued in the financial statements.

SIGNIFICANT ACCOUNTING ESTIMATE

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Partnership's consolidated financial statements requires the use of estimates and assumptions which have been made using careful judgment. The Partnership's critical accounting estimate continues to be depreciation expense. For further information on the Partnership's critical accounting estimates, refer to the MD&A in the Partnership's 2005 Annual Report.

BUSINESS RISKS

The Partnership's business and operational risks, including the legal actions commenced by NAL Resources Limited and Devon Canada Corporation in 2004, remain substantially unchanged since December 31, 2005. For further information on business risks, refer to the MD&A in the Partnership's 2005 Annual Report.

OUTLOOK

The outlook for the Partnership's business remains substantially unchanged since December 31, 2005. Funds generated from operations per unit in 2006 are expected to decline relative to 2005 due to the October 2005 expiry of the Calstock guarantee fee of approximately \$2.5 million annually and a temporary stepdown in pricing of approximately 33 per cent under the Curtis Palmer PPA which began in the first quarter of 2006. This impact is estimated to reduce funds generated from operations by approximately \$14 million in 2006 compared to 2005. A portion of these impacts have been offset by the retroactive settlement with the OEFC on the replacement DCR index. The acquisition of the Frederickson facility, which is expected to close in the summer of 2006, is forecast to be modestly accretive to funds generated from operations on a per unit basis. Results for the Partnership will vary based on a number of factors, including the operational performance of the plants, natural gas prices, the level of waste heat fuel at the Ontario plants provided by TransCanada's adjacent compressor stations and water flows at the hydro electric facilities. Maintenance capital spending is expected to be slightly lower in 2006 than it has averaged in 2004 and 2005.

Based on the Partnership's 2006 operating and capital plan and taking into consideration the above noted factors, management estimates that 2006 cash available for distributions will exceed recent annual cash distributions of \$2.52 per unit.

SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA

<i>(unaudited)</i> <i>(millions of dollars except per unit amounts)</i>	2006	2005				2004		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Revenues	91.3	81.5	67.4	72.3	74.5	69.1	63.3	57.8
Net Income	33.9	21.2	28.0	15.5	21.8	30.2	29.1	21.3
Funds Generated from Operations	50.6	42.9	35.7	37.1	41.6	36.9	32.1	29.9
Capital Expenditures	0.8	9.2	2.1	2.6	0.5	3.8	1.6	8.6
Cash Available for Distributions	49.3	33.7	33.2	34.5	40.7	33.1	30.5	21.3
Cash Distributions	29.9	29.9	29.9	29.8	29.9	29.9	29.9	29.8
Per Unit Statistics								
Net Income	\$0.72	\$0.45	\$0.59	\$0.33	\$0.46	\$0.64	\$0.61	\$0.48
Funds Generated from Operations	\$1.07	\$0.91	\$0.75	\$0.78	\$0.88	\$0.78	\$0.68	\$0.66
Cash Available for Distributions	\$1.04	\$0.71	\$0.70	\$0.73	\$0.86	\$0.70	\$0.64	\$0.48
Cash Distributions	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63

Factors Impacting Quarterly Financial

Quarterly revenues, net income and funds generated from operations are affected by seasonal contract pricing, seasonal weather conditions, fluctuations in U.S. dollar exchange rates, attainment of firm energy requirements, natural gas prices, waste heat availability and planned and unplanned plant outages, as well as items outside of the normal course of operations. Quarterly net income is also affected by unrealized foreign exchange gains and losses on the Partnership's U.S. dollar-denominated long-term debt. Revenues, net income and funds generated from operations from the Partnership's Ontario plants are generally higher in the winter months (October to March) and lower in the summer months (April to September) due to seasonal pricing under the PPAs. Contributions from the Williams Lake plant are usually lower in the fourth quarter once the annual firm energy requirements are met and the plant is only producing lower-priced excess energy. Revenues and net income from the Partnership's hydroelectric plants are generally higher in the spring months due to seasonally higher water flows.

Significant items which impacted the last eight quarters' net income were as follows:

In the second quarter of 2004, the Partnership acquired the Curtis Palmer and Manchief power facilities, resulting in increased revenues, net income and funds generated from operations. The Partnership also issued U.S. dollar-denominated debt in the second quarter of 2004. This resulted in unrealized foreign exchange gains in quarters two, three and four of 2004, quarter three of 2005 and losses in the first, second and fourth quarters of 2005 and the first quarter of 2006 due to fluctuations in the U.S. dollar.

In the third quarter of 2004, the Partnership acquired the Mamquam and Queen Charlotte power facilities resulting in increased revenues, net income and funds generated from operations.

The fourth quarter of 2005 and the first quarter of 2006 had unseasonably high water flows at the Curtis Palmer hydroelectric facility and enhancement and diversion revenues at the Ontario plants increased due to higher natural gas prices.

The first quarter of 2006 the Partnership reached an agreement with the OEFC on a replacement for the DCR. The retroactive portion of the settlement was recorded in the quarter and increased revenues, net income, funds generated from operations and cash available for distributions.

QUARTERLY UNIT TRADING INFORMATION

The Partnership units trade on the Toronto Stock Exchange under the symbol EP.UN.

For the three months ended (<i>unaudited</i>)	Mar 31 2006	Dec. 31 2005	Sep. 30 2005	Jun. 30 2005	Mar. 31 2005
Unit Price					
High	36.00	\$37.00	\$37.47	\$37.06	\$35.90
Low	33.05	\$29.41	\$34.75	\$33.15	\$31.60
Close	33.75	\$35.25	\$35.99	\$36.60	\$33.60
Volume traded (millions)	4.9	5.4	3.7	3.7	3.5

As at March 31, 2006, the Partnership had 47,421,982 units outstanding. The weighted average number of units outstanding for the three months ended March 31, 2006 was 47.4 million which is consistent with the same period in 2005.

ADDITIONAL INFORMATION

Additional information relating to EPCOR Power L.P. including the Partnership's 2005 Annual Information Form (AIF) and continuous disclosure documents are available on SEDAR at www.sedar.com.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

Three months ended March 31

(millions of dollars except per unit amounts)

	2006	2005
Revenues	91.3	74.5
Cost of Fuel	16.9	14.0
Operating and Maintenance Expense	7.1	7.0
Other Plant Operating Expenses	3.9	3.9
Operating Margin	63.4	49.6
Other Costs		
Depreciation and amortization	17.0	16.5
Management and administration	2.0	1.8
Foreign exchange loss	0.7	1.3
Financial charges and other	5.9	6.4
	25.6	26.0
Net Income Before Income Tax	37.8	23.6
Income Tax Expense	3.9	1.8
Net Income	33.9	21.8
Net Income Per Unit	\$0.72	\$0.46
Weighted Average Units Outstanding (millions)	47.4	47.4

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended March 31	
	2006	2005
Operating Activities		
Net income	33.9	21.8
Items not affecting cash		
Depreciation and amortization	17.0	16.5
Future income tax	2.5	0.7
Unrealized foreign exchange loss	0.7	1.1
Other	(3.5)	1.5
Funds generated from operations	50.6	41.6
(Increase)/decrease in operating working capital	3.7	(3.7)
Cash provided by operating activities	54.3	37.9
Investing Activities		
Capital expenditures	(0.8)	(0.5)
Cash used in investing activities	(0.8)	(0.5)
Financing Activities		
Distributions paid	(29.9)	(29.9)
Long term debt repaid	(0.5)	(0.4)
Cash used in financing activities	(30.4)	(30.3)
Increase in Cash and Cash Equivalents	23.1	7.1
Cash and Cash Equivalents, Beginning of Period	32.2	20.2
Cash and Cash Equivalents, End of Period	55.3	27.3
Supplementary Cash Flow Information		
Income taxes paid	2.8	0.4
Interest paid	8.6	9.5

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

<i>(unaudited)</i> <i>(millions of dollars)</i>	March 31, 2006	December 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents	54.3	32.2
Accounts receivable	35.1	46.4
Inventories	7.3	7.2
Prepays and other	2.9	4.3
	<u>99.6</u>	<u>90.1</u>
Plant, Property and Equipment	863.2	873.7
Power Purchase Arrangements	342.2	347.9
Other Assets	3.6	3.7
	<u>1,308.6</u>	<u>1,315.4</u>
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable	28.3	42.5
Distributions payable	29.9	29.9
	<u>58.2</u>	<u>72.4</u>
Asset Retirement Obligations	17.6	17.1
Long-Term Debt	436.2	435.8
Future Income Taxes	5.0	2.5
Partners' Equity	791.6	787.6
Contingencies (Note 5)		
Subsequent Event (Note 6)		
	<u>1,308.6</u>	<u>1,315.4</u>

CONSOLIDATED PARTNERS' EQUITY

<i>(unaudited)</i> <i>(millions of dollars)</i>	March 31, 2006	December 31, 2005
Partnership Capital, beginning of period	1,015.6	1,015.6
Issue of Partnership units	-	-
Partnership Capital, end of period	<u>1,015.6</u>	<u>1,015.6</u>
Accumulated Deficit, beginning of period	(228.0)	(195.0)
Net Income	33.9	86.5
Cash Distributions	(29.9)	(119.5)
Accumulated Deficit, end of period	<u>(224.0)</u>	<u>(228.0)</u>
Partners' Equity	<u>791.6</u>	<u>787.6</u>

See accompanying notes to the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Significant Accounting Policies

The consolidated financial statements of the Partnership have been prepared by the management of the General Partner in accordance with Canadian generally accepted accounting principles. The accounting policies applied are consistent with those outlined in the Partnership's annual financial statements for the year ended December 31, 2005. These consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the respective periods. These consolidated financial statements for the three months ended March 31, 2006 do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements included in the Partnership's 2005 Annual Report.

Quarterly revenues, net income and funds generated from operations are affected by seasonal contract pricing, seasonal weather conditions, fluctuations in U.S. dollar exchange rates, attainment of firm energy requirements, natural gas prices, waste heat availability and planned and unplanned plant outages, as well as items outside of the normal course of operations. Quarterly net income is also affected by unrealized foreign exchange gains and losses on the Partnership's U.S. dollar-denominated long-term debt. Revenues, net income and funds generated from operations from the Partnership's Ontario plants are generally higher in the winter months (October to March) and lower in the summer months (April to September) due to seasonal pricing under the power purchase agreements (PPAs). Revenues and net income from the Partnership's hydroelectric plants are generally higher in the spring months due to seasonally higher water flows.

Since a determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions which have been made with careful judgment. In the opinion of management of the Partnership's General Partner, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Partnership's accounting policies.

2. Operating Leases

As at March 31, 2006, the carrying value of the Manchief, Mamquam and Queen Charlotte plant, property and equipment was \$233.1 million (March 31, 2005 – \$231.9 million) less accumulated depreciation of \$12.4 million (March 31, 2005 – \$5.6 million). The Partnership's revenues for the three months ended March 31, 2006 included \$9.9 million with respect to the Manchief, Mamquam and Queen Charlotte PPAs (\$9.6 million for the three months ended March 31, 2005).

3. United States Operations

For the three months ended March 31, 2006, the Partnership's U.S. operations generated approximately \$26.4 million of revenue (\$23.2 million for the three months ended March 31, 2005). As at March 31, 2006, the net book value of plant, property and equipment and PPAs was \$544.6 million (March 31, 2005 - \$577.9 million) related to assets held in the U.S.

4. Sale of Interest in the Partnership

On September 1, 2005, EPCOR Utilities Inc., collectively with its subsidiaries (EPCOR) completed its acquisition of TransCanada Corporation's (TransCanada) interest in TransCanada Power, L.P. (the Partnership). In connection with the close of the transaction, the Partnership was renamed EPCOR Power L.P. EPCOR's acquisition included: approximately 14.5 million units of the Partnership, representing approximately 30.6 per cent of the outstanding units; 100 per cent ownership of the General Partner of the Partnership; and management and operations agreements governing the ongoing operation of the Partnership's power generation assets.

5. Contingencies

In July 2004, NAL Resources Limited (“NAL”) and Devon Canada Corporation (“Devon”) commenced actions against the Partnership claiming the gas supply contracts under which NAL and Devon sell gas to the Partnership for its Tunis power plant have been frustrated as of January 1, 2003 due to an alleged inability to determine the commodity charge for gas under such agreements. NAL and Devon additionally seek monetary damages based on referenced spot gas prices should the courts uphold their claims.

The Partnership has filed statements of defence and will vigorously defend the actions. The final outcome is not determinable at this time and accordingly, no amount has been accrued in the financial statements.

6. Subsequent Event

On April 7, 2006 the Partnership announced an agreement to acquire from EPCOR a 100% interest in Frederickson Power L.P. (“FPLP”) for an aggregate purchase price of US \$118 million, subject to certain closing adjustments. FPLP owns a 50.15% interest in the Frederickson power facility, a 249 megawatt (“MW”) (nominal) single unit, natural gas-fired combined cycle generating facility located in Pierce County, Washington State, U.S.A. The acquisition is subject to regulatory approvals and is expected to close in the summer of 2006. In addition, at the closing of the acquisition, EPCOR will grant to the Partnership an option to acquire a 49% interest in the development rights for a second generating unit adjacent to the Frederickson facility site for \$US 4 million.

The purchase price of the acquisition will be financed out of cash on hand, available committed lines of credit and an issue of Subscription Receipts. The Partnership entered into an agreement with a syndicate of underwriters under which the underwriters bought 2,460,000 Subscription Receipts for sale to the public at a price of \$33.35 per Subscription Receipt, representing an aggregate issue of \$82 million. Each Subscription Receipt represents the right of the holder to receive one limited partnership unit of the Partnership upon closing of the acquisition. The Partnership expects to refinance the bank lines used for the acquisition through a public offering or private placement of debt securities on or about the date of closing of the acquisition.

FPLP’s portion (50.15%, or approximately 125 MW) of the Frederickson power facility’s base 249 MW generating capacity has been sold under tolling arrangements in the form of power purchase agreements expiring in 2022 to three Washington State public utility districts. The remaining interest in the Frederickson power facility is held by Puget Sound Energy (“PSE”) who uses its share of such capacity to serve its retail customers. EPCOR will continue to operate the Frederickson power facility.

7. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year’s presentation.

For further information on the Partnership visit www.epcorpowlp.ca or contact:

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