

Algonquin Power Income Fund

April 15, 2002

Algonquin Power Income Fund Announces Agreement for Acquisition of 44 MW Natural Gas Fired Generating Station

Toronto, Ontario - Algonquin Power Income Fund (the "Fund") announced today that it has executed definitive agreements with Dynamis Incorporated ("Dynamis") which will result in the acquisition of a 43.5MW natural gas fired generating station located in Sanger, California by Sanger Power, L.L.C. ("Sanger"), a wholly-owned indirect subsidiary of the Fund. In addition to the agreements recently executed with Dynamis, the Fund anticipates entering into definitive agreements with Viacom Inc. ("Viacom") for the contemporaneous acquisition of certain assets comprising the Sanger generating station which are the subject of a sale-lease back transaction previously structured between Dynamis and Viacom.

The Sanger generating station is a combined cycle generating station comprised of a 32MW Westinghouse natural gas fired turbine and a 11.5MW General Electric steam turbine and has demonstrated a successful operating history since its commissioning in 1991. Electrical energy and capacity produced by the facility are sold to Pacific Gas and Electric Company pursuant to a long term power purchase agreement ending in May 2021. Payments under the power purchase agreement consist of a monthly capacity payment and an energy payment related to the cost of natural gas consumed by the facility, effectively hedging the economics of the Sanger facility acquisition against changes in the price of natural gas.

A small portion of the thermal energy produced by the facility is sold for use in the production of an agricultural product.

The aggregate purchase price of approximately \$79.5MM (Cdn) to be paid to Dynamis and Viacom will be satisfied in part by the assumption by Sanger of liability relating to \$30.8MM (Cdn) of tax-exempt US\$ denominated bonds previously issued by the California Pollution Control Financing Authority maturing in May 2021. The balance of the purchase price will be funded jointly through the use of proceeds of previous trust unit offerings completed by the Fund and certain debt financing provided by the Fund's lending syndicate.

"This acquisition represents an important step in the previously announced strategy to diversify the generating assets of the Fund into three separate divisions: Hydroelectric, Cogeneration and Alternative Fuels and the power purchase arrangements associated with the Sanger generating station will provide long term, highly stable cash flows to the Fund" commented Ian Robertson, director of Algonquin Power Management Inc., the manager of the Fund. "In addition, the economics of the Sanger generating station acquisition will be immediately accretive to the Fund, adding approximately \$0.04 per Unit to distributable income in the 12 month period following the acquisition."

Closing of the acquisition of the Sanger generating station is anticipated to occur on May 1, 2002 and will be subject to, among other things, execution of definitive agreements with Viacom and obtaining certain transfer approvals required in respect of the transaction.

The Fund's trust units are listed and posted for trading on The Toronto Stock Exchange under the symbol "APF.UN". The Fund's electrical generating portfolio is divided into three divisions: The Hydroelectric Division currently holds direct and indirect equity interests in 47 hydroelectric generating facilities located in Ontario (5), Quebec (12), Newfoundland (1), Alberta (1), New York State (12), New Hampshire (13), New Jersey (1) and Vermont (2) representing aggregate installed generating capacity of approximately 140MW; The Cogeneration Division portfolio is currently comprised of two natural gas fired generating stations representing approximately 13MW of installed capacity located in New Jersey and Illinois and minority term investments in two natural gas/wood waste fired generating facilities with joint installed capacity of approximately 140MW located in northern Ontario and one 150MW natural gas powered combined cycle cogeneration plant located in south-eastern Ontario; Created in large part through the recent take-over bids for the Drayton Valley Power Income Fund and the KMS Power Income Fund, the Alternative Fuels Division is comprised of a 10MW energy-from-waste facility located in Ontario, a 1.6MW landfill gas powered generating station located in Illinois and partnership, share and debt interests in three bio-mass fired generating facilities with combined installed capacity of approximately 70MW located in Alberta, Quebec and Nova Scotia. In addition to electricity generating assets, the Infrastructure Division of the Fund owns two wastewater treatment facilities located near Phoenix, Arizona.

The opportunity to acquire the Sanger generating station arose pursuant to a strategic alliance agreement between the manager of the Fund and KMS Energy, Inc., the former manager of the KMS Power Income Fund and it is anticipated that such association will continue to provide attractive acquisition opportunities for the Fund.

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