

CLECO POWER LLC
Form 10-Q
August 05, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-15759

CLECO CORPORATION

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of incorporation or organization)

72-1445282
(I.R.S. Employer Identification No.)

2030 Donahue Ferry Road, Pineville, Louisiana
(Address of principal executive offices)

71360-5226
(Zip Code)

Registrant's telephone number, including area code: (318) 484-7400

Commission file number 1-05663

CLECO POWER LLC

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of incorporation or organization)

72-0244480
(I.R.S. Employer Identification No.)

2030 Donahue Ferry Road, Pineville, Louisiana
(Address of principal executive offices)

71360-5226
(Zip Code)

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Registrant's telephone number, including area code: (318) 484-7400

Indicate by check mark whether the Registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrants were required to submit and post such files). Yes No

Indicate by check mark whether Cleco Corporation is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether Cleco Power LLC is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act) Yes No

Number of shares outstanding of each of Cleco Corporation's classes of Common Stock, as of the latest practicable date.

Registrant	Description of Class	Shares Outstanding at July 31, 2009
Cleco Corporation	Common Stock, \$1.00 Par Value	60,476,642

Cleco Power LLC, a wholly owned subsidiary of Cleco Corporation, meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

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This combined Form 10-Q is separately filed by Cleco Corporation and Cleco Power. Information in this filing relating to Cleco Power is filed by Cleco Corporation and separately by Cleco Power on its own behalf. Cleco Power makes no representation as to information relating to Cleco Corporation (except as it may relate to Cleco Power) or any other affiliate or subsidiary of Cleco Corporation.

This report should be read in its entirety as it pertains to each respective Registrant. The Notes to the Unaudited Condensed Consolidated Financial Statements are combined.

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GLOSSARY OF TERMS

References in this filing, including all items in Parts I and II, to “Cleco” mean Cleco Corporation and its subsidiaries, including Cleco Power, and references to “Cleco Power” mean Cleco Power LLC and its subsidiary, unless the context clearly indicates otherwise. Additional abbreviations or acronyms used in this filing, including all items in Parts I and II are defined below:

ABBREVIATION OR ACRONYM	DEFINITION
401(k) Plan	Cleco Power 401(k) Savings and Investment Plan
Acadia	Acadia Power Partners, LLC and its combined-cycle, natural gas-fired power plant near Eunice, Louisiana, 50% owned by APH and 50% owned by Cajun. Prior to September 13, 2007, Acadia was 50% owned by APH and 50% owned by Calpine Acadia Holdings, LLC.
AFUDC	Allowance for Funds Used During Construction
Amended EPC Contract	Amended and Restated EPC Contract between Cleco Power and Shaw, executed on May 12, 2006, for engineering, procurement, and construction of Rodemacher Unit 3, as amended by Amendment No. 1 thereto effective March 9, 2007, and Amendment No. 2 thereto dated as of July 2, 2008
APB	Accounting Principles Board
APB Opinion No. 10	Consolidated Financial Statements, Poolings of Interest, Convertible Debt and Debt Issued with Stock Warrants Installment Method of Accounting
APB Opinion No. 18	The Equity Method of Accounting for Investments in Common Stock
APH	Acadia Power Holdings LLC, a wholly owned subsidiary of Midstream
Attala	Attala Transmission LLC, a wholly owned subsidiary of Cleco Corporation. Prior to February 1, 2007, Attala was a wholly owned subsidiary of Midstream.
Bear Energy	BE Louisiana LLC, an indirect wholly owned subsidiary of JPMorgan Chase & Co. In September 2008, BE Louisiana LLC was merged into JPMVEC.
Bear Stearns Companies Inc.	The parent company of Bear, Stearns & Co. Inc.
Cajun	Cajun Gas Energy L.L.C., an affiliate of pooled investment funds managed by King Street Capital Management, L.P.
CES	Calpine Energy Services, L.P.
Cleco Energy	Cleco Energy LLC, a wholly owned subsidiary of Midstream
Cleco Innovations LLC	A wholly owned subsidiary of Cleco Corporation
Cleco Katrina/Rita	Cleco Katrina/Rita Hurricane Recovery Funding LLC, a wholly owned subsidiary of Cleco Power
Diversified Lands	Diversified Lands LLC, a wholly owned subsidiary of Cleco Innovations LLC, a wholly owned subsidiary of Cleco Corporation
EITF	Emerging Issues Task Force of the FASB
EITF No. 08-5	Issuer’s Accounting for Liabilities Measured at Fair Value with a Third Party Credit Enhancement
Entergy	Entergy Corporation
Entergy Gulf States	Entergy Gulf States, Inc.

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Entergy Louisiana	Entergy Louisiana, Inc.
Entergy Mississippi	Entergy Mississippi, Inc.
Entergy Services	Entergy Services, Inc., as agent for Entergy Louisiana and Entergy Gulf States
EPA	United States Environmental Protection Agency
EPC	Engineering, Procurement, and Construction
ERO	Electric Reliability Organization
ESPP	Cleco Corporation Employee Stock Purchase Plan
Evangeline	Cleco Evangeline LLC, a wholly owned subsidiary of Midstream, and its combined-cycle, natural gas-fired power plant located in Evangeline Parish, Louisiana
Evangeline Tolling Agreement	Capacity Sale and Tolling Agreement between Evangeline and BE Louisiana LLC (as successor to Williams Power Company, Inc. (formerly known as Williams Energy Marketing & Trading Company)) which expires in 2020. In September 2008, BE Louisiana LLC was merged into JPMVEC.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN	FASB Interpretation No.
FIN 18	Accounting for Income Taxes in Interim Periods – an interpretation of APB Opinion No. 28
FIN 39	Offsetting of Amounts Related to Certain Contracts – an interpretation of APB Opinion No. 10 and FASB Statement No. 105
FIN 45	Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others
FIN 46R	Consolidation of Variable Interest Entities – an Interpretation of Accounting Research Bulletin No. 51 (revised December 2003)
FIN 48	Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109
FSP	FASB Staff Position
FSP EITF No. 03-6-1	Determining Whether Instruments Granted in Shared Based Payment Transactions Are Participating Securities
FSP No. FAS 107-1 and APB 28-1	Interim Disclosures about Fair Value of Financial Instruments
FSP No. FAS 115-2 and FAS 124-2	Recognition and Presentation of Other-Than-Temporary Impairments
FSP No. FAS 132(R)-1	Employers’ Disclosures about Postretirement Benefit Plan Assets
FSP No. FAS 141(R)-1	Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies
FSP No. FAS 142-3	Determining the Useful Life of Intangible Assets
FSP No. FAS 157-4	Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly
FSP No. FIN 39-1	Amendment of FASB Interpretation No. 39
GAAP	Generally Accepted Accounting Principles in the United States

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ABBREVIATION OR ACRONYM	DEFINITION
GO Zone	Gulf Opportunity Zone Act of 2005 (Public Law 109-135)
ICT	Independent Coordinator of Transmission
Interconnection Agreement	One of two Interconnection Agreement and Real Estate Agreements, one between Attala and Entergy Mississippi, and the other between Perryville and Entergy Louisiana
IRP	Integrated Resource Planning
IRS	Internal Revenue Service
JPMVEC	J.P. Morgan Ventures Energy Corporation. In September 2008, Bear Energy was merged into JPMVEC.
kWh	Kilowatt-hour(s) as applicable
LIBOR	London Inter-Bank Offer Rate
Lignite Mining Agreement	Dolet Hills Mine Lignite Mining Agreement, dated as of May 31, 2001
LPSC	Louisiana Public Service Commission
LTICP	Cleco Corporation Long-Term Incentive Compensation Plan
Midstream	Cleco Midstream Resources LLC, a wholly owned subsidiary of Cleco Corporation
MMBtu	Million British thermal units
Moody's	Moody's Investors Service
MW	Megawatt(s) as applicable
Not meaningful	A percentage comparison of these items is not statistically meaningful because the percentage difference is greater than 1,000%.
PCAOB	Public Company Accounting Oversight Board
PCB	Polychlorinated biphenyls
Perryville	Perryville Energy Partners, L.L.C., a wholly owned subsidiary of Cleco Corporation. Prior to February 1, 2007, Perryville was a wholly owned subsidiary of Perryville Energy Holdings LLC, a wholly owned subsidiary of Midstream.
Power Purchase Agreement	Power Purchase Agreement, dated as of January 28, 2004, between Perryville and Entergy Services
PRP	Potentially responsible party
Registrant(s)	Cleco Corporation and Cleco Power
RFP	Request for Proposal
Rodemacher Unit 3	A 600-MW solid-fuel generating unit under construction by Cleco Power at its existing Rodemacher plant site in Boyce, Louisiana
RTO	Regional Transmission Organization
Sale Agreement	Purchase and Sale Agreement, dated as of January 28, 2004, between Perryville and Entergy Louisiana
SEC	Securities and Exchange Commission
SERP	Cleco Corporation Supplemental Executive Retirement Plan
SFAS	Statement of Financial Accounting Standards
SFAS No. 5	Accounting for Contingencies
SFAS No. 71	Accounting for the Effects of Certain Types of Regulation
SFAS No. 107	Disclosures about Fair Value of Financial Instruments
SFAS No. 109	Accounting for Income Taxes

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SFAS No. 123(R)	Share-Based Payment
SFAS No. 131	Disclosures about Segments of an Enterprise and Related Information
SFAS No. 132(R)	Employers' Disclosures about Postretirement Benefit Plan Assets
SFAS No. 133	Accounting for Derivative Instruments and Hedging Activities
SFAS No. 141(R)	Business Combinations
SFAS No. 142	Goodwill and Other Intangible Assets
SFAS No. 149	Amendment of Statement 133 on Derivative Instruments and Hedging Activities
SFAS No. 157	Fair Value Measurements
SFAS No. 161	Disclosures about Derivative Instruments and Hedging Activities
SFAS No. 162	The Hierarchy of Generally Accepted Accounting Principles
SFAS No. 165	Subsequent Events
SFAS No. 166	Accounting for Transfers of Financial Assets – an amendment of FASB Statement 140
SFAS No. 167	Consolidation of Variable Interest Entities, an amendment to FIN 46R
SFAS No. 168	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles
Shaw	Shaw Contractors, Inc., a subsidiary of The Shaw Group Inc.
SWEPCO	Southwestern Electric Power Company, a wholly owned subsidiary of American Electric Power Company, Inc.
VaR	Value-at-risk
Williams	Williams Power Company, Inc.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes “forward-looking statements” about future events, circumstances, and results. All statements other than statements of historical fact included in this Quarterly Report are forward-looking statements, including, without limitation, statements regarding the construction, timing, and cost of Rodemacher Unit 3; timing and outcome of Cleco Power’s proposed new rate plan; JPMVEC’s performance under the Evangeline Tolling Agreement; future capital expenditures; projections; business strategies; goals; competitive strengths; market and industry developments; development and operation of facilities; future environmental regulations and remediation liabilities; and the anticipated outcome of various regulatory and legal proceedings. Although the Registrants believe that the expectations reflected in such forward-looking statements are reasonable, such forward-looking statements are based on numerous assumptions (some of which may prove to be incorrect) and are subject to risks and uncertainties that could cause the actual results to differ materially from the Registrants’ expectations. In addition to any assumptions and other factors referred to specifically in connection with these forward-looking statements, the following list identifies some of the factors that could cause the Registrants’ actual results to differ materially from those contemplated in any of the Registrants’ forward-looking statements:

- § Factors affecting utility operations, such as unusual weather conditions or other natural phenomena; catastrophic weather-related damage (such as hurricanes and other storms); unscheduled generation outages; unanticipated maintenance or repairs; unanticipated changes to fuel costs, cost of and reliance on natural gas as a component of Cleco’s generation fuel mix and their impact on competition and franchises, fuel supply costs or availability constraints due to higher demand, shortages, transportation problems or other developments; decreased customer load; environmental incidents; environmental compliance costs; power transmission system constraints; or the outcome of Cleco Power’s proposed new rate plan filed with the LPSC in July 2008;
- § Cleco Corporation’s holding company structure and its dependence on the earnings, dividends, or distributions from its subsidiaries to meet its debt obligations and pay dividends on its common stock;
- § Cleco Power’s ability to construct, operate, and maintain, within its projected costs (including financing) and timeframe, Rodemacher Unit 3, in addition to any other self-build projects identified in future IRP and RFP processes;
- § Dependence of Cleco Power for energy from sources other than its facilities and the uncertainty of future long-term sources of such additional energy;
- § Nonperformance by and creditworthiness of counterparties under tolling, power purchase, and energy service agreements, or the restructuring of those agreements, including possible termination;
- § Regulatory factors such as changes in rate-setting policies, recovery of investments made under traditional regulation, recovery of storm restoration costs; the frequency and timing of rate increases or decreases, the results of periodic fuel audits, the results of the IRP and RFP processes, the formation of the RTOs and the ICTs, and the compliance with the ERO reliability standards for bulk power systems by Cleco Power, Acadia, and Evangeline;
- § Financial or regulatory accounting principles or policies imposed by FASB, the SEC, the PCAOB, FERC, the LPSC or similar entities with regulatory or accounting oversight;

§ Economic conditions, including the ability of customers to continue paying for utility bills, related growth and/or down-sizing of businesses in Cleco's service area, monetary fluctuations, changes in commodity prices, and inflation rates;

§ The current global financial crisis and U.S. recession;

§ Credit ratings of Cleco Corporation, Cleco Power, and Evangeline;

§ Ability to remain in compliance with debt covenants;

§ Changing market conditions and a variety of other factors associated with physical energy, financial transactions, and energy service activities, including, but not limited to, price, basis, credit, liquidity, volatility, capacity, transmission, interest rates, and warranty risks;

§ Acts of terrorism;

§ Availability or cost of capital resulting from changes in Cleco's business or financial condition, interest rates, or market perceptions of the electric utility industry and energy-related industries;

§ Uncertain tax positions;

§ Employee work force factors, including work stoppages and changes in key executives;

§ Legal, environmental, and regulatory delays and other obstacles associated with mergers, acquisitions, reorganizations, investments in joint ventures, or other capital projects, including Rodemacher Unit 3, the joint project to upgrade the Acadiana Load Pocket transmission system, and Cleco Power's acquisition of 50 percent of Acadia;

§ Costs and other effects of legal and administrative proceedings, settlements, investigations, claims, and other matters;

§ Changes in federal, state, or local laws, and changes in tax laws or rates, regulating policies or environmental laws and regulations; and

§ Ability of Cleco Power to recover, from its retail customers, the costs of compliance with environmental laws and regulations.

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For additional discussion of these factors and other factors that could cause actual results to differ materially from those contemplated in the Registrants' forward-looking statements, please read "Risk Factors" in the Registrants' Combined Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

All subsequent written and oral forward-looking statements attributable to the Registrants or persons acting on their behalf are expressly qualified in their entirety by the factors identified above.

The Registrants undertake no obligation to update any forward-looking statements, whether as a result of changes in actual results, changes in assumptions, or other factors affecting such statements.

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PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Cleco Corporation

These unaudited condensed consolidated financial statements should be read in conjunction with Cleco Corporation's Consolidated Financial Statements and Notes included in the Registrants' Combined Annual Report on Form 10-K for the fiscal year ended December 31, 2008. For more information on the basis of presentation, see "Notes to the Unaudited Condensed Consolidated Financial Statements — Note 1 — Summary of Significant Accounting Policies — Basis of Presentation."

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CLECO CORPORATION

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	FOR THE THREE MONTHS ENDED JUNE 30,	
	2009	2008
Operating revenue		
Electric operations	\$ 195,651	\$ 259,581
Other operations	8,712	12,758
Affiliate revenue	2,863	2,448
Operating revenue	207,226	274,787
Operating expenses		
Fuel used for electric generation	50,326	22,887
Power purchased for utility customers	56,547	151,949
Other operations	25,941	22,862
Maintenance	14,766	14,589
Depreciation	19,479	19,336
Taxes other than income taxes	8,300	9,455
Total operating expenses	175,359	241,078
Operating income	31,867	33,709
Interest income	271	1,258
Allowance for other funds used during construction	17,538	14,993
Equity loss from investees	(3,125)	(2,365)
Other income	1,633	91
Other expense	(480)	(1,377)
Interest charges		
Interest charges, including amortization of debt expenses, premium, and discount, net of capitalized interest	20,150	14,947
Allowance for borrowed funds used during construction	(6,421)	(5,026)
Total interest charges	13,729	9,921
Income before income taxes	33,975	36,388
Federal and state income tax expense	6,949	6,999
Net income	27,026	29,389
Preferred dividends requirements, net of tax	12	12
Net income applicable to common stock	\$ 27,014	\$ 29,377
Average shares of common stock outstanding		
Basic	60,175,528	59,998,227
Diluted	60,451,665	60,168,947
Basic earnings per share		
From continuing operations	\$ 0.45	\$ 0.49
Net income applicable to common stock	\$ 0.45	\$ 0.49
Diluted earnings per share		
From continuing operations	\$ 0.45	\$ 0.49
Net income applicable to common stock	\$ 0.45	\$ 0.49

Cash dividends paid per share of common stock	\$0.225	\$0.225
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The accompanying notes are an integral part of the condensed consolidated financial statements.

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CLECO CORPORATION

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED JUNE 30,	
	2009	2008
Net income	\$27,026	\$29,389
Other comprehensive income (loss), net of tax:		
Net unrealized loss from available-for-sale securities (net of tax benefit of \$18 in 2008)	-	(29)
Amortization of post-retirement benefit net gain (loss) (net of tax benefit of \$14 in 2009 and \$8 in 2008)	1	(5)
Other comprehensive income (loss)	1	(34)
Comprehensive income, net of tax	\$27,027	\$29,355

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CLECO CORPORATION

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	FOR THE SIX MONTHS ENDED JUNE 30,	
	2009	2008
Operating revenue		
Electric operations	\$398,517	\$469,462
Other operations	15,820	22,821
Affiliate revenue	5,825	5,054
Operating revenue	420,162	497,337
Operating expenses		
Fuel used for electric generation	138,629	68,423
Power purchased for utility customers	102,265	241,743
Other operations	50,892	45,138
Maintenance	25,325	24,702
Depreciation	38,613	38,686
Taxes other than income taxes	15,333	18,286
Gain on sales of assets	-	(99)
Total operating expenses	371,057	436,879
Operating income	49,105	60,458
Interest income	682	2,875
Allowance for other funds used during construction	34,529	28,677
Equity loss from investees	(14,876)	(6,939)
Other income	2,674	157
Other expense	(1,332)	(2,046)
Interest charges		
Interest charges, including amortization of debt expenses, premium, and discount, net of capitalized interest	41,466	29,265
Allowance for borrowed funds used during construction	(12,634)	(9,603)
Total interest charges	28,832	19,662
Income before income taxes	41,950	63,520
Federal and state income tax expense	8,275	12,060
Net income	33,675	51,460
Preferred dividends requirements, net of tax	23	23
Net income applicable to common stock	\$33,652	\$51,437
Average shares of common stock outstanding		
Basic	60,132,358	59,948,801
Diluted	60,279,903	60,068,682
Basic earnings per share		
From continuing operations	\$0.56	\$0.86
Net income applicable to common stock	\$0.56	\$0.86
Diluted earnings per share		
From continuing operations	\$0.56	\$0.86
Net income applicable to common stock	\$0.56	\$0.86

Cash dividends paid per share of common stock	\$0.450	\$0.450
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The accompanying notes are an integral part of the condensed consolidated financial statements.

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CLECO CORPORATION

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	FOR THE SIX MONTHS ENDED JUNE 30,	
	2009	2008
Net income	\$33,675	\$51,460
Other comprehensive income (loss), net of tax:		
Net unrealized loss from available-for-sale securities (net of tax benefit of \$27 in 2008)	-	(43)
Amortization of post-retirement benefit net gain (loss) (net of tax benefit of \$27 in 2009 and \$15 in 2008)	3	(9)
Other comprehensive income (loss)	3	(52)
Comprehensive income, net of tax	\$33,678	\$51,408

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CLECO CORPORATION

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT JUNE 30, 2009	AT DECEMBER 31, 2008
Assets		
Current assets		
Cash and cash equivalents	\$41,996	\$ 97,483
Restricted cash	31,874	62,311
Customer accounts receivable (less allowance for doubtful accounts of \$2,085 in 2009 and \$1,632 in 2008)	41,577	40,677
Accounts receivable – affiliate	13,247	3,428
Other accounts receivable	32,174	34,209
Taxes receivable	10,193	13,663
Unbilled revenue	26,718	19,713
Fuel inventory, at average cost	69,847	57,221
Material and supplies inventory, at average cost	40,472	37,547
Risk management assets, net	7,871	368
Accumulated deferred fuel	51,466	69,154
Cash surrender value of company-/trust-owned life insurance policies	25,804	22,934
Prepayments	2,121	3,751
Regulatory assets – other	2,553	2,553
Other current assets	1,881	1,367
Total current assets	399,794	466,379
Property, plant and equipment		
Property, plant and equipment	2,075,516	2,015,269
Accumulated depreciation	(971,521)	(948,581)
Net property, plant and equipment	1,103,995	1,066,688
Construction work in progress	1,057,608	978,598
Total property, plant and equipment, net	2,161,603	2,045,286
Equity investment in investees	248,485	249,144
Prepayments	5,502	6,067
Restricted cash	38,815	40,671
Regulatory assets and liabilities – deferred taxes, net	208,143	174,804
Regulatory assets – other	160,932	158,206
Intangible asset	162,452	167,826
Other deferred charges	32,045	32,821
Total assets	\$3,417,771	\$ 3,341,204
The accompanying notes are an integral part of the condensed consolidated financial statements.		

(Continued on next page)

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CLECO CORPORATION

Condensed Consolidated Balance Sheets (Unaudited) (Continued)

(THOUSANDS)	AT JUNE 30, 2009	AT DECEMBER 31, 2008
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Long-term debt due within one year	\$ 11,087	\$ 63,546
Accounts payable	83,154	117,337
Retainage	28	12,734
Accounts payable – affiliate	2,861	8,229
Customer deposits	30,511	27,155
Interest accrued	11,123	16,787
Accumulated current deferred taxes, net	62,031	64,838
Risk management liability, net	29,858	30,109
Regulatory liabilities – other	131	392
Deferred compensation	5,791	5,118
Other current liabilities	13,146	14,588
Total current liabilities	249,721	360,833
Deferred credits		
Accumulated deferred federal and state income taxes, net	371,559	373,825
Accumulated deferred investment tax credits	10,620	11,286
Postretirement benefit obligations	155,602	155,910
Regulatory liabilities – other	120,644	85,496
Restricted storm reserve	25,894	27,411
Uncertain tax positions	81,401	76,124
Other deferred credits	94,022	82,635
Total deferred credits	859,742	812,687
Long-term debt, net	1,238,757	1,106,819
Total liabilities	2,348,220	2,280,339
Commitments and Contingencies (Note 10)		
Shareholders' equity		
Preferred stock		
Not subject to mandatory redemption, \$100 par value, authorized 1,491,000 shares, issued 10,288 shares at June 30, 2009 and December 31, 2008, respectively	1,029	1,029
Common shareholders' equity		
Common stock, \$1 par value, authorized 100,000,000 shares, issued 60,207,811 and 60,066,345 shares and outstanding 60,187,035 and 60,042,514 shares at June 30, 2009 and December 31, 2008, respectively	60,208	60,066
Premium on common stock	396,608	394,517
Retained earnings	621,902	615,514
Treasury stock, at cost, 20,776 and 23,831 shares at June 30, 2009 and December 31, 2008, respectively	(366)	(428)

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Accumulated other comprehensive loss	(9,830)	(9,833)
Total common shareholders' equity	1,068,522	1,059,836
Total shareholders' equity	1,069,551	1,060,865
Total liabilities and shareholders' equity	\$3,417,771	\$ 3,341,204

The accompanying notes are an integral part of the condensed consolidated financial statements.

CLECO CORPORATION
CLECO POWER

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CLECO CORPORATION

Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	FOR THE SIX MONTHS ENDED JUNE 30,	
	2009	2008
Operating activities		
Net income	\$33,675	\$51,460
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	63,658	42,436
Gain on sale of assets	-	(99)
Provision for doubtful accounts	1,365	1,228
Loss from equity investments	14,876	6,939
Unearned compensation expense	2,458	1,654
Allowance for other funds used during construction	(34,529)	(28,677)
Amortization of investment tax credits	(666)	(690)
Net deferred income taxes	(18,972)	(20,920)
Deferred fuel costs	16,600	(36,677)
Loss (gain) on economic hedges	631	(4,506)
Cash surrender value of company-/trust-owned life insurance	(1,940)	772
Changes in assets and liabilities:		
Accounts receivable	(3,100)	(23,226)
Accounts and notes receivable, affiliate	(9,819)	2,020
Unbilled revenue	(7,005)	(6,446)
Fuel, materials and supplies inventory	(15,550)	(2,504)
Prepayments	1,892	1,971
Accounts payable	(25,610)	20,023
Accounts and notes payable, affiliate	(19,305)	(27,200)
Customer deposits	5,823	2,816
Post retirement benefit obligation	(308)	(1,201)
Regulatory assets and liabilities, net	31,972	22,297
Other deferred accounts	(23,421)	12,255
Retainage payable	(12,706)	8,291
Taxes accrued	17,182	19,583
Interest accrued	(5,664)	(9,309)
Risk management assets and liabilities, net	(10,237)	19,566
Other operating	(1,347)	1,256
Net cash (used in) provided by operating activities	(47)	53,112
Investing activities		
Additions to property, plant and equipment	(131,690)	(190,841)
Allowance for other funds used during construction	34,529	28,677
Proceeds from sale of property, plant and equipment	366	287
Return of equity investment in investees	-	7,860
Equity investment in investees	(21,651)	-

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Premiums paid on company-/trust-owned life insurance	(400)	(629)
Settlements received from insurance policies	-	941
Transfer of cash from (to) restricted accounts	32,294	(38,915)
Other investing	(2)	661
Net cash used in investing activities	(86,554)	(191,959)
Financing activities		
Retirement of long-term obligations	(60,017)	(350,189)
Repayment of capital leases	(643)	(58)
Issuance of long-term debt	118,000	537,541
Deferred financing costs	-	(281)
Dividends paid on preferred stock	(23)	(23)
Dividends paid on common stock	(27,088)	(27,007)
Other financing	885	620
Net cash provided by financing activities	31,114	160,603
Net (decrease) increase in cash and cash equivalents	(55,487)	21,756
Cash and cash equivalents at beginning of period	97,483	129,013
Cash and cash equivalents at end of period	\$41,996	\$150,769
Supplementary cash flow information		
Interest paid (net of amount capitalized)	\$39,396	\$24,893
Income taxes paid	\$8,131	\$40,180
Supplementary non-cash investing and financing activities		
Issuance of treasury stock – LTICP	\$62	\$47
Issuance of common stock – LTICP/ESPP	\$146	\$23
Accrued additions to property, plant and equipment not reported above	\$7,083	\$22,737
Incurrence of capital lease obligation – barges	\$22,050	\$-

The accompanying notes are an integral part of the condensed consolidated financial statements.

CLECO CORPORATION
CLECO POWER

2009 2ND QUARTER FORM 10-Q

PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Cleco Power

These unaudited condensed consolidated financial statements should be read in conjunction with Cleco Power's Consolidated Financial Statements and Notes included in the Registrants' Combined Annual Report on Form 10-K for the fiscal year ended December 31, 2008. For more information on the basis of presentation, see "Notes to the Unaudited Condensed Consolidated Financial Statements — Note 1 — Summary of Significant Accounting Policies — Basis of Presentation."

CLECO CORPORATION
CLECO POWER

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CLECO POWER

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED JUNE 30,	
	2009	2008
Operating revenue		
Electric operations	\$ 195,651	\$ 259,581
Other operations	8,688	12,714
Affiliate revenue	349	594
Operating revenue	204,688	272,889
Operating expenses		
Fuel used for electric generation	50,326	22,887
Power purchased for utility customers	56,547	151,949
Other operations	24,229	21,706
Maintenance	13,675	13,645
Depreciation	19,184	19,007
Taxes other than income taxes	7,654	8,181
Total operating expenses	171,615	237,375
Operating income	33,073	35,514
Interest income	255	999
Allowance for other funds used during construction	17,538	14,993
Other income	204	115
Other expense	(443)	(518)
Interest charges		
Interest charges, including amortization of debt expenses, premium, and discount	17,926	13,857
Allowance for borrowed funds used during construction	(6,421)	(5,026)
Total interest charges	11,505	8,831
Income before income taxes	39,122	42,272
Federal and state income taxes	8,916	9,610
Net income	\$ 30,206	\$ 32,662

The accompanying notes are an integral part of the condensed consolidated financial statements.

CLECO CORPORATION
CLECO POWER

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CLECO POWER

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	FOR THE SIX MONTHS ENDED JUNE 30,	
	2009	2008
Operating revenue		
Electric operations	\$ 398,517	\$ 469,462
Other operations	15,774	22,775
Affiliate revenue	697	1,102
Operating revenue	414,988	493,339
Operating expenses		
Fuel used for electric generation	138,629	68,423
Power purchased for utility customers	102,265	241,743
Other operations	47,649	42,620
Maintenance	23,104	22,838
Depreciation	38,029	38,025
Taxes other than income taxes	15,363	15,995
Total operating expenses	365,039	429,644
Operating income	49,949	63,695
Interest income	658	1,576
Allowance for other funds used during construction	34,529	28,677
Other income	1,600	216
Other expense	(2,155)	(864)
Interest charges		
Interest charges, including amortization of debt expenses, premium, and discount	39,275	26,065
Allowance for borrowed funds used during construction	(12,634)	(9,603)
Total interest charges	26,641	16,462
Income before income taxes	57,940	76,838
Federal and state income taxes	12,716	16,569
Net income	\$45,224	\$60,269

The accompanying notes are an integral part of the condensed consolidated financial statements.

CLECO CORPORATION
CLECO POWER

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CLECO POWER

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT JUNE 30, 2009	AT DECEMBER 31, 2008
Assets		
Utility plant and equipment		
Property, plant and equipment	\$2,059,300	\$ 1,999,119
Accumulated depreciation	(959,924)	(937,568)
Net property, plant and equipment	1,099,376	1,061,551
Construction work in progress	1,056,024	977,377
Total utility plant, net	2,155,400	2,038,928
Current assets		
Cash and cash equivalents	31,875	91,542
Restricted cash	31,874	62,311
Customer accounts receivable (less allowance for doubtful accounts of \$2,085 in 2009 and \$1,632 in 2008)	41,577	40,677
Other accounts receivable	31,160	34,130
Taxes receivable	-	5,992
Accounts receivable – affiliate	2,096	2,059
Unbilled revenue	26,718	19,713
Fuel inventory, at average cost	69,847	57,221
Material and supplies inventory, at average cost	40,472	37,547
Risk management assets, net	7,871	368
Prepayments	1,919	3,099
Regulatory assets – other	2,553	2,553
Accumulated deferred fuel	51,466	69,154
Cash surrender value of life insurance policies	5,603	5,563
Other current assets	792	1,144
Total current assets	345,823	433,073
Prepayments	5,502	6,067
Restricted cash	38,718	40,574
Regulatory assets and liabilities – deferred taxes, net	208,143	174,804
Regulatory assets – other	160,932	158,206
Intangible asset	162,452	167,826
Other deferred charges	20,907	22,119
Total assets	\$3,097,877	\$ 3,041,597
Liabilities and member's equity		
Member's equity	\$959,221	\$ 929,178
Long-term debt, net	1,120,757	1,076,819
Total capitalization	2,079,978	2,005,997
Current liabilities		
Long-term debt due within one year	11,087	63,546
Accounts payable	79,916	109,450

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Accounts payable – affiliate	6,181	7,536
Retainage	28	12,734
Customer deposits	30,511	27,155
Taxes accrued	56,739	-
Interest accrued	11,471	16,762
Accumulated deferred taxes, net	63,686	67,233
Risk management liability, net	29,858	30,109
Regulatory liabilities – other	131	392
Other current liabilities	10,339	10,200
Total current liabilities	299,947	345,117
Deferred credits		
Accumulated deferred federal and state income taxes, net	330,569	337,148
Accumulated deferred investment tax credits	10,620	11,286
Postretirement benefit obligations	126,693	128,373
Regulatory liabilities – other	120,644	85,496
Restricted storm reserve	25,894	27,411
Uncertain tax positions	60,394	54,306
Other deferred credits	43,138	46,463
Total deferred credits	717,952	690,483
Total liabilities and member’s equity	\$3,097,877	\$ 3,041,597
The accompanying notes are an integral part of the condensed consolidated financial statements.		

CLECO CORPORATION
CLECO POWER

2009 2ND QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	FOR THE SIX MONTHS ENDED JUNE 30,	
	2009	2008
Operating activities		
Net income	\$45,224	\$60,269
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43,967	41,519
Provision for doubtful accounts	1,365	1,223
Unearned compensation expense	770	447
Allowance for other funds used during construction	(34,529)	(28,677)
Amortization of investment tax credits	(666)	(690)
Net deferred income taxes	(23,102)	(18,407)
Deferred fuel costs	16,600	(36,677)
Loss (gain) on economic hedges	631	(4,506)
Cash surrender value of company-owned life insurance	(523)	(211)
Changes in assets and liabilities:		
Accounts receivable	(2,167)	(23,641)
Accounts and notes receivable, affiliate	84	(1,327)
Unbilled revenue	(7,005)	(6,446)
Fuel, materials and supplies inventory	(15,550)	(2,504)
Prepayments	2,227	1,455
Accounts payable	(20,878)	23,698
Accounts and notes payable, affiliate	(1,636)	17,878
Customer deposits	5,823	2,816
Post retirement benefit obligations	(1,680)	(349)
Regulatory assets and liabilities, net	31,972	22,297
Other deferred accounts	(25,688)	6,581
Retainage payable	(12,706)	8,291
Taxes accrued	62,731	14,406
Interest accrued	(5,291)	(4,973)
Risk management assets and liabilities, net	(10,237)	19,566
Other operating	331	566
Net cash provided by operating activities	50,067	92,604
Investing activities		