

CLECO CORP
Form 10-Q
April 28, 2015

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 March 31, 2015

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)

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

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(§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 x 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 x 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 x (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 x

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 April 20, 2015
Cleco Corporation	Common Stock, \$1.00 Par Value	60,480,586

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 Quarterly Report on 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 subsidiaries, 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
ABR	Alternate Base Rate which is the greater of the prime rate, the federal funds effective rate plus 0.50%, or the LIBOR plus 1.0%
Acadia	Acadia Power Partners, LLC, previously a wholly owned subsidiary of Midstream. Acadia Power Partners, LLC was dissolved effective August 29, 2014.
Acadia Unit 1	Cleco Power’s 580-MW, combined cycle, natural gas-fired power plant located at the Acadia Power Station in Eunice, Louisiana
Acadia Unit 2	Entergy Louisiana’s 580-MW, combined cycle, natural gas-fired power plant located at the Acadia Power Station in Eunice, Louisiana, which is operated by Cleco Power
AFUDC	Allowance for Funds Used During Construction
Amended Lignite Mining Agreement	Amended and restated lignite mining agreement effective December 29, 2009
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ARRA	American Recovery and Reinvestment Act of 2009, an economic stimulus package passed by Congress in February 2009
Attala	Attala Transmission LLC, a wholly owned subsidiary of Cleco Corporation
CCR	Coal combustion by-products or residual
CERCLA	The Comprehensive Environmental Response, Compensation, and Liability Act of 1980
Cleco Katrina/Rita	Cleco Katrina/Rita Hurricane Recovery Funding LLC, a wholly owned subsidiary of Cleco Power
Cleco Partners	Cleco Partners L.P., a Delaware limited partnership that prior to the closing of the Merger will be owned by a consortium of investors, including funds or investment vehicles managed by Macquarie Infrastructure and Real Assets, British Columbia Investment Management Corporation, John Hancock Financial, and other infrastructure investors.
Coughlin	Cleco Power’s 775-MW, combined-cycle, natural gas-fired power plant located in St. Landry, Louisiana. Coughlin was transferred to Cleco Power on March 15, 2014.
CSAPR	The Cross-State Air Pollution Rule
DHLC	Dolet Hills Lignite Company, LLC, a wholly owned subsidiary of SWEPCO
Diversified Lands	Diversified Lands LLC, a wholly owned subsidiary of Cleco Corporation
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010
Dolet Hills	A 650-MW lignite/natural gas generating unit at Cleco Power’s plant site in Mansfield, Louisiana. Cleco Power has a 50% ownership interest in the capacity of Dolet Hills.
EAC	Environmental Adjustment Clause
EGU	Electric Generating Unit
Entergy Gulf States	Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana	Entergy Louisiana, LLC
Entergy Mississippi	Entergy Mississippi, Inc.
EPA	United States Environmental Protection Agency

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ERO	Electric Reliability Organization
ESPP	Cleco Corporation Employee Stock Purchase Plan
Evangeline	Cleco Evangeline LLC, a wholly owned subsidiary of Midstream
FAC	Fuel Adjustment Clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FTR	Financial Transmission Right
FRP	Formula Rate Plan
GAAP	Generally Accepted Accounting Principles in the United States
Interconnection Agreement	One of two Interconnection and Real Estate Agreements, one between Attala and Entergy Mississippi, and the other between Perryville and Entergy Louisiana
IRS	Internal Revenue Service
ISO	Independent System Operator
kWh	Kilowatt-hour(s)
LIBOR	London Inter-Bank Offer Rate
LMP	Locational Marginal Price
LPSC	Louisiana Public Service Commission
LTICP	Cleco Corporation Long-Term Incentive Compensation Plan
Madison Unit 3	A 600-MW solid-fuel generating unit at Cleco Power's plant site in Boyce, Louisiana
MATS	Mercury and Air Toxics Standards

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ABBREVIATION OR ACRONYM	DEFINITION
Merger	Merger of Merger Sub with and into Cleco Corporation pursuant to the terms of the Merger Agreement
Merger Agreement	Agreement and Plan of Merger, dated as of October 17, 2014, by and among Cleco Partners, Merger Sub, and Cleco Corporation
Merger Sub	Cleco Merger Sub, Inc., a Louisiana corporation and an indirect wholly-owned subsidiary of Cleco Partners
Midstream	Cleco Midstream Resources LLC, a wholly owned subsidiary of Cleco Corporation
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, a credit rating agency
MW	Megawatt(s)
MWh	Megawatt-hour(s)
NERC	North American Electric Reliability Corporation
NMTC	New Markets Tax Credit
NMTC Fund	USB NMTC Fund 2008-1 LLC was formed to invest in projects qualifying for New Markets Tax Credits and Solar Projects
NO _x	Nitrogen oxides
Oxbow	Oxbow Lignite Company, LLC, 50% owned by Cleco Power and 50% owned by SWEPCO
PCB	Polychlorinated biphenyl
Perryville	Perryville Energy Partners, L.L.C., a wholly owned subsidiary of Cleco Corporation
PPA	Power Purchase Agreement
PRP	Potentially Responsible Party
Registrant(s)	Cleco Corporation and/or Cleco Power
Rodemacher Unit 2	A 523-MW coal/natural gas generating unit at Cleco Power's plant site in Boyce, Louisiana. Cleco Power has a 30% ownership interest in the capacity of Rodemacher Unit 2.
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services, a credit rating agency
SEC	Securities and Exchange Commission
SERP	Cleco Corporation Supplemental Executive Retirement Plan
SO ₂	Sulfur dioxide
Support Group	Cleco Support Group LLC, a wholly owned subsidiary of Cleco Corporation
SWEPCO	Southwestern Electric Power Company, an electric utility subsidiary of American Electric Power Company, Inc.
VaR	Value-at-Risk
VIE	Variable Interest Entity

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Combined 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 Combined Quarterly Report are forward-looking statements, including, without limitation, results of the Merger; future capital expenditures; projections, including with respect to base revenue; business strategies; goals, beliefs, plans and objectives; competitive strengths; market developments; development and operation of facilities; growth in sales volume; meeting capacity requirements; expansion of service to existing customers and service to new customers; future environmental regulations and remediation liabilities; electric customer credits; 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:

- certain risks and uncertainties associated with the merger of an indirect, wholly-owned subsidiary of Cleco Partners with and into Cleco Corporation including, without limitation:
 - the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement or could otherwise cause the failure of the Merger to close;
 - the failure to obtain regulatory approvals required for the Merger, or required regulatory approvals delaying the Merger or causing the parties to abandon the Merger;
 - the failure to obtain any financing necessary to complete the Merger;
 - risks related to disruption of management’s attention from Cleco’s ongoing business operations due to the Merger;
 - the outcome of any legal proceeding, regulatory proceeding, or enforcement matter that may be instituted against Cleco and others relating to the Merger;
 - the risk that the pendency of the Merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the pendency of the Merger;
 - the effect of the Merger on Cleco’s relationships with its customers, operating results, and business;
 - the amount of the costs, fees, expenses, and charges related to the Merger;
 - the receipt of an unsolicited offer from another party to acquire assets or capital stock of Cleco Corporation that could interfere with the Merger; and
 - future regulatory or legislative actions that could adversely affect Cleco’s participation in the Merger.

regulatory factors such as changes in rate-setting practices or policies, the unpredictability in political actions of governmental regulatory bodies, adverse regulatory ratemaking actions, recovery of investments made under traditional regulation, recovery of storm restoration costs, the frequency and timing of rate increases or decreases, the impact that rate cases or requests for extensions of an FRP may have on operating decisions of Cleco Power, the results of periodic NERC and LPSC audits, participation in MISO and the related operating challenges and uncertainties, including increased wholesale competition relative to more suppliers, and the compliance with the ERO reliability standards for bulk power systems by Cleco Power,

factors affecting utility operations, such as unusual weather conditions or other natural phenomena; catastrophic weather-related damage caused by hurricanes and other storms or severe drought conditions; unscheduled generation outages; unanticipated maintenance or repairs; unanticipated changes to fuel costs, fuel supply costs, or availability constraints due to higher demand, shortages, transportation problems, or other developments; fuel mix of Cleco’s generation facilities; decreased customer load; environmental incidents and compliance costs; and power transmission system constraints,

reliance on third parties for determination of Cleco Power's commitments and obligations to markets for generation resources and reliance on third-party transmission services,
global and domestic economic conditions, including the ability of customers to continue paying 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 ability of the Dolet Hills lignite reserve to provide sufficient fuel to the Dolet Hills Power Station until at least 2036,
Cleco Power's ability to maintain its right to sell wholesale generation at market-based rates within its control area,
Cleco Power's dependence on energy from sources other than its facilities and future sources of such additional energy,
reliability of Cleco Power's generating facilities,
the imposition of energy efficiency requirements or increased conservation efforts of customers,
the impact of current or future environmental laws and regulations, including those related to CCRs, greenhouse gases, and energy efficiency that could limit or terminate the operation of certain generating units, increase costs, or reduce customer demand for electricity,
the ability of Cleco Power to recover from its customers the costs of compliance with environmental laws and regulations, including capital expenditures associated with MATS,
financial or regulatory accounting principles or policies imposed by FASB, the SEC, FERC, the LPSC, or similar entities with regulatory or accounting oversight,

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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,
legal, environmental, and regulatory delays and other obstacles associated with acquisitions, reorganizations, investments in joint ventures, or other capital projects,
costs and other effects of legal and administrative proceedings, settlements, investigations, claims, and other matters, the availability and use of alternative sources of energy and technologies, such as wind, solar, and distributed generation,
changes in federal, state, or local laws (including tax laws), changes in tax rates, disallowances of tax positions, or changes in other regulating policies that may result in a change to tax benefits or expenses,
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,
acts of terrorism, cyber attacks, data security breaches or other attempts to disrupt Cleco's business or the business of third parties, or other man-made disasters,

nonperformance by and creditworthiness of the guarantor counterparty of the NMTC Fund,
credit ratings of Cleco Corporation and Cleco Power,
ability to remain in compliance with debt covenants,
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, and
employee work force factors, including work stoppages, aging workforce, and changes in key executives.

For more 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, 2014.

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 (UNAUDITED)

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, 2014. 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 MAR. 31,	
	2015	2014
Operating revenue		
Electric operations	\$277,514	\$269,759
Other operations	17,732	14,814
Gross operating revenue	295,246	284,573
Electric customer credits	211	(186)
Operating revenue, net	295,457	284,387
Operating expenses		
Fuel used for electric generation	88,125	59,047
Power purchased for utility customers	44,081	52,724
Other operations	28,557	26,993
Maintenance	19,082	32,369
Depreciation	37,278	41,741
Taxes other than income taxes	13,472	14,106
Merger transaction costs	2,140	—
Loss on sale of assets	—	69
Total operating expenses	232,735	227,049
Operating income	62,722	57,338
Interest income	297	602
Allowance for equity funds used during construction	1,076	1,631
Other income	866	971
Other expense	(589)	(672)
Interest charges		
Interest charges, including amortization of debt expense, premium, and discount, net	20,443	20,758
Allowance for borrowed funds used during construction	(321)	(490)
Total interest charges	20,122	20,268
Income before income taxes	44,250	39,602
Federal and state income tax expense	17,328	13,678
Net income applicable to common stock	\$26,922	\$25,924
Average number of basic common shares outstanding	60,463,693	60,472,969
Average number of diluted common shares outstanding	60,700,085	60,713,587
Basic earnings per share		
Net income applicable to common stock	\$0.45	\$0.43
Diluted earnings per share		
Net income applicable to common stock	\$0.44	\$0.43
Dividends declared per share of common stock	\$0.4000	\$0.3625

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED MAR.	
	31, 2015	2014
Net income	\$26,922	\$25,924
Other comprehensive income, net of tax:		
Postretirement benefits gain (net of tax expense of \$381 in 2015 and \$528 in 2014)	609	844
Net gain on cash flow hedges (net of tax expense of \$33 in 2015 and \$33 in 2014)	53	53
Total other comprehensive income, net of tax	662	897
Comprehensive income, net of tax	\$27,584	\$26,821

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 MAR. 31, 2015	AT DEC. 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$64,836	\$44,423
Restricted cash and cash equivalents	3,255	8,986
Customer accounts receivable (less allowance for doubtful accounts of \$948 in 2015 and \$922 in 2014)	46,924	41,500
Other accounts receivable	24,876	28,098
Unbilled revenue	32,041	38,475
Fuel inventory, at average cost	59,076	64,747
Material and supplies inventory, at average cost	71,321	71,124
Energy risk management assets	2,245	10,776
Accumulated deferred federal and state income taxes, net	48,725	76,785
Accumulated deferred fuel	12,901	21,554
Cash surrender value of company-/trust-owned life insurance policies	73,160	71,167
Prepayments	6,731	10,284
Regulatory assets	11,462	12,212
Other current assets	4,300	473
Total current assets	461,853	500,604
Property, plant, and equipment		
Property, plant, and equipment	4,532,422	4,508,960
Accumulated depreciation	(1,465,504)	(1,442,960)
Net property, plant, and equipment	3,066,918	3,066,000
Construction work in progress	101,611	99,458
Total property, plant, and equipment, net	3,168,529	3,165,458
Equity investment in investees	14,540	14,540
Prepayments	5,235	4,891
Restricted cash and cash equivalents	15,485	15,130
Regulatory assets - deferred taxes, net	235,889	234,370
Regulatory assets	305,471	311,867
Net investment in direct financing lease	13,490	13,498
Intangible asset	87,264	90,642
Tax credit fund investment, net	6,840	7,251
Other deferred charges	19,632	20,822
Total assets	\$4,334,228	\$4,379,073

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)

(THOUSANDS)	AT MAR. 31, 2015	AT DEC. 31, 2014
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Long-term debt due within one year	\$53,809	\$18,272
Accounts payable	81,228	127,268
Customer deposits	54,222	53,411
Provision for rate refund	2,054	2,264
Taxes payable	11,769	2,197
Interest accrued	23,077	8,669
Energy risk management liabilities	432	827
Regulatory liabilities - other	468	312
Deferred compensation	10,685	11,374
Other current liabilities	16,691	13,176
Total current liabilities	254,435	237,770
Long-term liabilities and deferred credits		
Accumulated deferred federal and state income taxes, net	908,427	918,858
Accumulated deferred investment tax credits	3,932	4,161
Postretirement benefit obligations	199,709	197,623
Regulatory liabilities - other	156	312
Restricted storm reserve	15,230	14,916
Other deferred credits	30,507	28,510
Total long-term liabilities and deferred credits	1,157,961	1,164,380
Long-term debt, net	1,290,579	1,349,653
Total liabilities	2,702,975	2,751,803
Commitments and Contingencies (Note 11)		
Shareholders' equity		
Common shareholders' equity		
Common stock, \$1 par value, authorized 100,000,000 shares, issued 61,058,918 and 61,051,286 shares and outstanding 60,480,586 and 60,421,467 shares at March 31, 2015, and December 31, 2014, respectively	61,059	61,051
Premium on common stock	414,147	415,482
Retained earnings	1,211,291	1,208,712
Treasury stock, at cost, 578,332 and 629,819, shares at March 31, 2015, and December 31, 2014, respectively	(23,241)	(25,310)
Accumulated other comprehensive loss	(32,003)	(32,665)
Total shareholders' equity	1,631,253	1,627,270
Total liabilities and shareholders' equity	\$4,334,228	\$4,379,073

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED MAR.	
	31, 2015	2014
Operating activities		
Net income	\$26,922	\$25,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,744	45,137
Unearned compensation expense	1,843	1,977
Allowance for equity funds used during construction	(1,076)	(1,631)
Net deferred income taxes	15,058	10,366
Deferred fuel costs	10,218	(148)
Cash surrender value of company-/trust-owned life insurance	(765)	(1,113)
Changes in assets and liabilities:		
Accounts receivable	(5,688)	(1,541)
Unbilled revenue	6,434	5,714
Fuel, materials and supplies inventory	5,474	6,985
Prepayments	3,209	3,237
Accounts payable	(36,063)	(13,672)
Customer deposits	3,199	2,598
Postretirement benefit obligations	3,076	2,142
Regulatory assets and liabilities, net	3,839	(4,367)
Other deferred accounts	2,552	(4,691)
Taxes accrued	8,383	(3,702)
Interest accrued	14,367	17,283
Other operating	(400)	46
Net cash provided by operating activities	99,326	90,544
Investing activities		
Additions to property, plant, and equipment	(36,297)	(47,139)
Allowance for equity funds used during construction	1,076	1,631
Return of investment in company-owned life insurance	—	1,303
Premiums paid on company-/trust-owned life insurance	(1,229)	(1,404)
Return of equity investment in tax credit fund	693	478
Contributions to tax credit fund	(461)	(11,182)
Transfer of cash from (to) restricted accounts, net	5,377	(4,367)
Sale of restricted investments	—	11,138
Maturity of restricted investments	—	1,458
Other investing	284	122
Net cash used in investing activities	(30,557)	(47,962)
Financing activities		
Draws on credit facility	33,000	40,000
Payments on credit facility	(48,000)	(50,000)
Repayment of long-term debt	(8,053)	(7,581)
Repurchase of common stock	—	(12,449)
Dividends paid on common stock	(24,663)	(22,450)

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Other financing	(640)	(601)
Net cash used in financing activities	(48,356)	(53,081)
Net increase (decrease) in cash and cash equivalents	20,413		(10,499)
Cash and cash equivalents at beginning of period	44,423		28,656	
Cash and cash equivalents at end of period	\$64,836		\$18,157	
Supplementary cash flow information				
Interest paid, net of amount capitalized	\$4,743		\$4,346	
Income taxes paid, net	\$558		\$9,971	
Supplementary non-cash investing and financing activities				
Accrued additions to property, plant, and equipment	\$10,179		\$29,476	
Decreases in property, plant, and equipment	\$175		\$—	
Issuance of common stock – ESPP	\$—		\$75	

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

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CLECO CORPORATION

Condensed Consolidated Statements of Changes in Common Shareholders' Equity (Unaudited)

(THOUSANDS, EXCEPT SHARE AMOUNTS)	COMMON STOCK		TREASURY STOCK		PREMIUM ON COMMON STOCK	RETAINED EARNINGS	AOCI	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT	SHARES	COST				
Balances, Dec. 31, 2014	61,051,286	\$ 61,051	(629,819)	\$(25,310)	\$ 415,482	\$ 1,208,712	\$(32,665)	\$ 1,627,270
Common stock issued for compensatory plans	7,632	8	51,487	2,069	(1,335)	—	—	742
Dividends on common stock, \$0.40 per share	—	—	—	—	—	(24,343)	—	(24,343)
Net income	—	—	—	—	—	26,922	—	26,922
Other comprehensive income, net of tax	—	—	—	—	—	—	662	662
Balances, Mar. 31, 2015	61,058,918	\$ 61,059	(578,332)	\$(23,241)	\$ 414,147	\$ 1,211,291	\$(32,003)	\$ 1,631,253

The accompanying notes are an integral part of the Condensed Consolidated
Financial Statements.

CLECO CORPORATION
CLECO POWER

2015 1ST QUARTER FORM 10-Q

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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, 2014. 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

2015 1ST QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED MAR.	
	31, 2015	2014
Operating revenue		
Electric operations	\$277,514	\$269,759
Other operations	17,213	14,272
Affiliate revenue	333	335
Gross operating revenue	295,060	284,366
Electric customer credits	211	(186)
Operating revenue, net	295,271	284,180
Operating expenses		
Fuel used for electric generation	88,125	59,047
Power purchased for utility customers	44,081	58,191
Other operations	28,482	25,321
Maintenance	18,944	30,256
Depreciation	36,983	40,203
Taxes other than income taxes	12,986	12,974
Total operating expenses	229,601	225,992
Operating income	65,670	58,188
Interest income	256	602
Allowance for equity funds used during construction	1,076	1,631
Other income	452	363
Other expense	(588)	(509)
Interest charges		
Interest charges, including amortization of debt expense, premium, and discount, net	20,223	20,248
Allowance for borrowed funds used during construction	(321)	(490)
Total interest charges	19,902	19,758
Income before income taxes	46,964	40,517
Federal and state income tax expense	18,359	14,210
Net income	\$28,605	\$26,307

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CLECO CORPORATION
 CLECO POWER

2015 1ST QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED MAR.	
	31, 2015	2014
Net income	\$28,605	\$26,307
Other comprehensive (loss) income, net of tax:		
Postretirement benefits (loss) gain (net of tax (benefit) expense of (\$54) in 2015 and \$328 in 2014)	(87) 525
Net gain on cash flow hedges (net of tax expense of \$33 in 2015 and \$33 in 2014)	53	53
Total other comprehensive (loss) income, net of tax	(34) 578
Comprehensive income, net of tax	\$28,571	\$26,885

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CLECO CORPORATION
CLECO POWER

2015 1ST QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT MAR. 31, 2015	AT DEC. 31, 2014
Assets		
Utility plant and equipment		
Property, plant, and equipment	\$4,518,778	\$4,495,490
Accumulated depreciation	(1,455,455)	(1,433,206)
Net property, plant, and equipment	3,063,323	3,062,284
Construction work in progress	98,415	96,702
Total utility plant, net	3,161,738	3,158,986
Current assets		
Cash and cash equivalents	62,992	39,162
Restricted cash and cash equivalents	3,255	8,986
Customer accounts receivable (less allowance for doubtful accounts of \$948 in 2015 and \$922 in 2014)	46,924	41,500
Accounts receivable - affiliate	10,434	23,621
Other accounts receivable	24,877	27,949
Unbilled revenue	32,041	38,475
Fuel inventory, at average cost	59,076	64,747
Material and supplies inventory, at average cost	71,321	71,124
Energy risk management assets	2,245	10,776
Accumulated deferred federal and state income taxes, net	—	6,725
Accumulated deferred fuel	12,901	21,554
Cash surrender value of company-owned life insurance policies	19,765	19,678
Prepayments	5,561	7,283
Regulatory assets	11,462	12,212
Other current assets	3,483	368
Total current assets	366,337	394,160
Equity investment in investee	14,532	14,532
Prepayments	5,235	4,891
Restricted cash and cash equivalents	15,464	15,109
Regulatory assets - deferred taxes, net	235,889	234,370
Regulatory assets	305,471	311,867
Intangible asset	87,264	90,642
Other deferred charges	17,226	18,429
Total assets	\$4,209,156	\$4,242,986

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

(Continued on next page)

CLECO CORPORATION
CLECO POWER

2015 1ST QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT MAR. 31, 2015	AT DEC. 31, 2014
Liabilities and member's equity		
Member's equity	\$1,549,429	\$1,545,858
Long-term debt, net	1,228,579	1,292,653
Total capitalization	2,778,008	2,838,511
Current liabilities		
Long-term debt due within one year	53,809	18,272
Accounts payable	76,641	116,925
Accounts payable - affiliate	8,070	7,760
Customer deposits	54,222	53,411
Provision for rate refund	2,054	2,264
Taxes payable	14,103	3,115
Interest accrued	23,737	9,224
Energy risk management liabilities	432	827
Accumulated deferred federal and state income taxes, net	2,886	—
Regulatory liabilities - other	468	312
Other current liabilities	12,795	9,380
Total current liabilities	249,217	221,490
Commitments and Contingencies (Note 11)		
Long-term liabilities and deferred credits		
Accumulated deferred federal and state income taxes, net	992,400	1,001,332
Accumulated deferred investment tax credits	3,932	4,161
Postretirement benefit obligations	141,912	135,825
Regulatory liabilities - other	156	312
Restricted storm reserve	15,230	14,916
Other deferred credits	28,301	26,439
Total long-term liabilities and deferred credits	1,181,931	1,182,985
Total liabilities and member's equity	\$4,209,156	\$4,242,986

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CLECO CORPORATION
 CLECO POWER

2015 1ST QUARTER FORM 10-Q

CLECO POWER

Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	FOR THE THREE MONTHS ENDED MAR.	
	31, 2015	2014
Operating activities		
Net income	\$28,605	\$26,307
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,242	42,358
Allowance for equity funds used during construction	(1,076) (1,631
Net deferred income taxes	(1,459) 14,472
Deferred fuel costs	10,218	(148
Changes in assets and liabilities:		
Accounts receivable)