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Cleco Corporate Holdings LLC
Form 10-Q
November 02, 2016

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 September 30, 2016

Or

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

Commission file number 1-15759

CLECO CORPORATE HOLDINGS LLC

(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

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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 Corporate Holdings 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 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

As of November 2, 2016, Cleco Corporate Holdings LLC has no common stock outstanding. All of the outstanding interest of Cleco Corporate Holdings LLC is held by Cleco Group LLC, a wholly owned subsidiary of Cleco Partners L.P.

Cleco Power LLC, a wholly owned subsidiary of Cleco Corporate Holdings LLC, 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 Corporate Holdings LLC and Cleco Power LLC. Information in this filing relating to Cleco Power LLC is filed by Cleco Corporate Holdings LLC and separately by Cleco Power LLC on its own behalf. Cleco Power LLC makes no representation as to information relating to Cleco Corporate Holdings LLC (except as it may relate to Cleco Power LLC) or any other affiliate or subsidiary of Cleco Corporate Holdings LLC.

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 Corporate Holdings LLC (Cleco Holdings) 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 power plant located at the Acadia Power Station in Eunice, Louisiana
Acadia Unit 2	Entergy Louisiana’s 580-MW, combined cycle power plant located at the Acadia Power Station in Eunice, Louisiana, which is operated by Cleco Power
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
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
Attala	Attala Transmission LLC, a wholly owned subsidiary of Cleco Holdings
CCR	Coal combustion by-products or residual
CPP	Clean Power Plan
Cleco Group	Cleco Group LLC, a wholly owned subsidiary of Cleco Partners
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 is 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.
CO ₂	Carbon dioxide
Coughlin	Cleco Power’s 775-MW, combined-cycle power plant located in St. Landry, Louisiana
DHLC	Dolet Hills Lignite Company, LLC, a wholly owned subsidiary of SWEPCO
Diversified Lands	Diversified Lands LLC, a wholly owned subsidiary of Cleco Holdings
Dolet Hills	A 650-MW 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
EPA	U.S. Environmental Protection Agency
ERO	Electric Reliability Organization
ESPP	Employee Stock Purchase Plan
Evangeline	Cleco Evangeline LLC, a wholly owned subsidiary of Midstream

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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 U.S.
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
kWh	Kilowatt-hour(s)
LED	Louisiana Economic Development
LIBOR	London Interbank Offered Rate
LPSC	Louisiana Public Service Commission
LTIP	Long-Term Incentive Compensation Plan
Madison Unit 3	A 641-MW generating unit at Cleco Power's plant site in Boyce, Louisiana
MATS	Mercury and Air Toxics Standards
Merger	Merger of Merger Sub with and into Cleco Corporation pursuant to the terms of the Merger Agreement which was completed on April 13, 2016
Merger Agreement	Agreement and Plan of Merger, dated as of October 17, 2014, by and among Cleco Partners, Merger Sub, and Cleco Corporation
Merger Commitments	Cleco Partners', Cleco Holdings', and Cleco Power's 77 commitments to the LPSC as defined in Docket No. U-33434 of which a performance report must be filed annually by October 31 for the 12 months ending June 30

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ABBREVIATION OR
ACRONYM

DEFINITION

Merger Sub	Cleco MergerSub Inc., previously an indirect wholly owned subsidiary of Cleco Partners that was merged with and into Cleco Corporation, with Cleco Corporation surviving the Merger, and Cleco Corporation converting to a limited liability company and changing its name to Cleco Holdings
Midstream	Cleco Midstream Resources LLC, a wholly owned subsidiary of Cleco Holdings
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, a credit rating agency
MW	Megawatt(s)
MWh	Megawatt-hour(s)
NAAQS	National Ambient Air Quality Standards
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
Perryville	Perryville Energy Partners, L.L.C., a wholly owned subsidiary of Cleco Holdings
Registrant(s)	Cleco Holdings and/or Cleco Power
Rodemacher Unit 2	A 523-MW 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.
ROE	Return on equity
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services, a credit rating agency
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SO ₂	Sulfur dioxide
Support Group	Cleco Support Group LLC, a wholly owned subsidiary of Cleco Holdings
SWEPCO	Southwestern Electric Power Company, an electric utility subsidiary of American Electric Power Company, Inc.
VaR	Value-at-Risk

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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, future capital expenditures; 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:

the effects of the Merger on Cleco Holdings’ and Cleco Power’s business relationships, operating results, and business generally,

- 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, timing, and amount of rate increases or decreases; the impact that rate cases or requests for FRP extensions may have on operating decisions of Cleco Power; the results of periodic NERC, LPSC, and FERC audits; participation in MISO and the related operating challenges and uncertainties, including increased wholesale competition relative to more suppliers; and compliance with the ERO reliability standards for bulk power systems by Cleco Power,

the ability to recover fuel costs through the FAC,

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 or fuel supply costs, fuel shortages, transportation problems, or other developments; fuel mix of Cleco’s generating 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 downsizing of businesses in Cleco’s service area, monetary fluctuations, changes in commodity prices, and inflation rates,

the ability of the lignite reserves at Dolet Hills 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 power 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 to recover costs of compliance with environmental laws and regulations, including those through the EAC, financial or regulatory accounting principles or policies imposed by FASB, the SEC, FERC, the LPSC, or similar entities with regulatory or accounting oversight, 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, battery storage, 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, the restriction on the ability of Cleco Power to make distributions to Cleco Holdings in certain instances, as a result of the Merger Commitments, Cleco Holdings' dependence on the earnings, dividends, or distributions from its subsidiaries to meet its debt obligations,

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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 Holdings and Cleco Power,
the ability to remain in compliance with debt covenants,
the availability or cost of capital resulting from changes in global markets, 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 aging workforce and changes in management.

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 see "Risk Factors" in the Registrants' Combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, and in the Registrants' Combined Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

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 Holdings

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, 2015. 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 HOLDINGS

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	SUCCESSOR FOR THE THREE MONTHS ENDED SEPT. 30, 2016	PREDECESSOR FOR THE THREE MONTHS ENDED SEPT. 30, 2015	
Operating revenue			
Electric operations	\$ 323,707	\$ 325,994	
Other operations	18,976	19,937	
Gross operating revenue	342,683	345,931	
Electric customer credits	177	(463)
Operating revenue, net	342,860	345,468	
Operating expenses			
Fuel used for electric generation	101,908	105,052	
Power purchased for utility customers	36,058	31,544	
Other operations	35,361	33,021	
Maintenance	19,412	20,183	
Depreciation and amortization	42,535	39,120	
Taxes other than income taxes	12,574	13,145	
Merger transaction and commitment costs	1,869	831	
Total operating expenses	249,717	242,896	
Operating income	93,143	102,572	
Interest income	318	346	
Allowance for equity funds used during construction	1,308	660	
Other income	658	162	
Other expense	(248) (2,723)
Interest charges			
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	32,233	18,781	
Allowance for borrowed funds used during construction	(375) (188)
Total interest charges	31,858	18,593	
Income before income taxes	63,321	82,424	
Federal and state income tax expense	23,700	27,761	
Net income	\$ 39,621	\$ 54,663	

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

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CLECO HOLDINGS

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	SUCCESSOR PREDECESSOR	
	FOR THE THREE MONTHS ENDED SEPT. 30, 2016	FOR THE THREE MONTHS ENDED SEPT. 30, 2015
Net income	\$ 39,621	\$ 54,663
Other comprehensive (loss) income, net of tax		
Postretirement benefits (loss) gain (net of tax benefit of \$1,442 and tax expense of \$366, respectively)	(2,305) 586
Net gain on cash flow hedges (net of tax expense of \$0 and \$33, respectively)	—	53
Total other comprehensive (loss) income, net of tax	(2,305) 639
Comprehensive income, net of tax	\$ 37,316	\$ 55,302

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

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CLECO HOLDINGS

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	SUCCESSOR PREDECESSOR		
	APR. 13, 2016 - SEPT. 30, 2016	JAN. 1, 2016 - APR. 12, 2016	FOR THE NINE MONTHS ENDED SEPT. 30, 2015
Operating revenue			
Electric operations	\$ 553,634	\$ 281,154	\$ 880,169
Other operations	33,110	19,080	53,472
Gross operating revenue	586,744	300,234	933,641
Electric customer credits	(381)	(364)	(3,642)
Operating revenue, net	586,363	299,870	929,999
Operating expenses			
Fuel used for electric generation	168,159	96,378	277,187
Power purchased for utility customers	60,439	27,249	109,758
Other operations	59,633	33,563	93,018
Maintenance	42,317	29,813	60,700
Depreciation and amortization	76,695	44,076	112,866
Taxes other than income taxes	22,953	14,611	38,734
Merger transaction and commitment costs	173,172	34,912	2,561
Gain on sale of asset	—	(1,095)	—
Total operating expenses	603,368	279,507	694,824
Operating (loss) income	(17,005)	20,363	235,175
Interest income	515	265	734
Allowance for equity funds used during construction	2,057	723	2,197
Other income	2,395	870	1,279
Other expense	(435)	(590)	(3,494)
Interest charges			
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	58,926	22,330	59,264
Allowance for borrowed funds used during construction	(603)	(207)	(640)
Total interest charges	58,323	22,123	58,624
(Loss) income before income taxes	(70,796)	(492)	177,267
Federal and state income tax (benefit) expense	(28,502)	3,468	65,448
Net (loss) income	\$ (42,294)	\$ (3,960)	\$ 111,819

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)	SUCCESSOR PREDECESSOR		
	APR. 13, 2016 - SEPT. 30, 2016	JAN. 1, 2016 - APR. 12, 2016	FOR THE NINE MONTHS ENDED SEPT. 30, 2015
Net (loss) income	\$ (42,294)	\$ (3,960)	\$ 111,819
Other comprehensive (loss) income, net of tax			
Postretirement benefits (loss) gain (net of tax benefit of \$1,442, tax expense of \$367, and tax expense of \$1,158, respectively)	(2,305)	587	1,851
Net gain on cash flow hedges (net of tax expense of \$0, \$37, and \$99, respectively)	—	60	159
Total other comprehensive (loss) income, net of tax	(2,305)	647	2,010
Comprehensive (loss) income, net of tax	\$ (44,599)	\$ (3,313)	\$ 113,829

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

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CLECO HOLDINGS

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	SUCCESSOR AT SEPT. 30, 2016	PREDECESSOR AT DEC. 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 81,570	\$ 68,246
Restricted cash and cash equivalents	31,684	9,263
Customer accounts receivable (less allowance for doubtful accounts of \$4,901 in 2016 and \$2,674 in 2015)	61,017	43,255
Accounts receivable - affiliate	3,794	—
Other accounts receivable	24,416	27,677
Unbilled revenue	47,075	33,995
Fuel inventory, at average cost	29,661	72,838
Material and supplies, at average cost	81,131	76,731
Energy risk management assets	9,994	7,673
Accumulated deferred fuel	23,472	12,910
Cash surrender value of company-/trust-owned life insurance policies	76,861	73,823
Prepayments	5,658	7,883
Regulatory assets	39,468	14,117
Other current assets	696	448
Total current assets	516,497	448,859
Property, plant, and equipment		
Property, plant, and equipment	3,402,425	4,661,212
Accumulated depreciation	(47,134)	(1,536,158)
Net property, plant, and equipment	3,355,291	3,125,054
Construction work in progress	112,547	66,509
Total property, plant, and equipment, net	3,467,838	3,191,563
Equity investment in investee	19,272	16,822
Goodwill	1,491,519	—
Prepayments	4,608	4,542
Restricted cash and cash equivalents	22,869	16,195
Regulatory assets - deferred taxes, net	234,128	236,941
Regulatory assets	477,919	284,689
Net investment in direct financing lease	13,431	13,464
Intangible asset	147,516	74,963
Tax credit fund investment, net	11,499	13,741
Other deferred charges	17,416	22,299
Total assets	\$ 6,424,512	\$ 4,324,078

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

(Continued on next page)

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Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	SUCCESSOR AT SEPT. 30, 2016	PREDECESSOR AT DEC. 31, 2015
Liabilities and member's equity/shareholders' equity		
Liabilities		
Current liabilities		
Long-term debt due within one year	\$ 20,385	\$ 19,421
Accounts payable	89,674	93,822
Accounts payable - affiliate	175	—
Customer deposits	56,806	55,233
Provision for rate refund	3,201	2,696
Provision for merger commitments	32,996	—
Taxes payable	29,413	2,573
Interest accrued	39,323	7,814
Energy risk management liabilities	418	275
Regulatory liabilities - other	—	312
Deferred compensation	11,425	10,156
Other current liabilities	22,515	14,277
Total current liabilities	306,331	206,579
Long-term liabilities and deferred credits		
Accumulated deferred federal and state income taxes, net	1,026,019	925,103
Accumulated deferred investment tax credits	2,874	3,245
Postretirement benefit obligations	238,107	205,036
Restricted storm reserve	17,077	16,177
Other deferred credits	32,521	24,670
Total long-term liabilities and deferred credits	1,316,598	1,174,231
Long-term debt, net	2,744,041	1,268,427
Total liabilities	4,366,970	2,649,237
Commitments and Contingencies (Note 12)		
Member's equity/Shareholders' equity		
Member's equity/Common shareholders' equity		
Membership interest/Common stock ⁽¹⁾	2,102,141	456,412
(Accumulated deficit)/Retained earnings	(42,294) 1,245,014
Accumulated other comprehensive loss	(2,305) (26,585
Total member's equity/common shareholders' equity	2,057,542	1,674,841
Total liabilities and member's equity/shareholders' equity	\$ 6,424,512	\$ 4,324,078

⁽¹⁾At December 31, 2015, shareholders' equity included \$418.5 million of premium on common stock, \$61.1 million of common stock, and \$23.2 million of treasury stock. At December 31, 2015, Cleco Holdings had 100,000,000 shares of common stock authorized, 61,058,918 shares of common stock issued, and 60,482,468 shares of common stock outstanding, par value \$1 per share. At December 31, 2015, Cleco Holdings had 576,450 shares of treasury stock.

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)	APR. 13, 2016 - SEPT. 30, 2016	JAN. 1, 2016 - APR. 12, 2016	SUCCESSOR FOR THE NINE MONTHS ENDED SEPT. 30, 2015
Operating activities			
Net (loss) income	\$ (42,294)	\$ (3,960)	\$ 111,819
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization	104,561	45,869	117,831
Gain on sale of asset	—	(1,095)	—
Unearned compensation expense	769	3,276	4,819
Allowance for equity funds used during construction	(2,056)	(724)	(2,197)
Net deferred income taxes	(25,681)	2,219	62,871
Deferred fuel costs	(11,489)	977	1,010
Cash surrender value of company-/trust-owned life insurance	(2,198)	(840)	2,258
Provision for merger commitments	40,357	—	—
Changes in assets and liabilities			
Accounts receivable	(23,157)	(1,865)	(24,890)
Accounts and notes receivable, affiliate	(3,794)	—	—
Unbilled revenue	(13,643)	563	(2,019)
Fuel inventory and materials and supplies	19,464	19,312	(3,422)
Prepayments	(236)	2,395	3,659
Accounts payable	(15,294)	8,348	(32,248)
Customer deposits	5,421	3,342	9,357
Postretirement benefit obligations	2,267	9,746	10,430
Regulatory assets and liabilities, net	9,640	5,178	13,858
Other deferred accounts	(2,065)	6,878	(8,029)
Taxes accrued	5,006	10,820	24,878
Interest accrued	13,479	17,909	13,115
Deferred compensation	(987)	(793)	(1,335)
Other operating	8,633	2,224	2,239
Net cash provided by operating activities	66,703	129,779	304,004
Investing activities			
Additions to property, plant, and equipment	(102,677)	(42,392)	(116,678)
Allowance for equity funds used during construction	2,056	724	2,197
Proceeds from sale of property	263	1,932	429
Premiums paid on trust-owned life insurance	—	—	(2,571)
Contributions to equity investment in investee	—	(2,450)	(1,840)
Return of equity investment in tax credit fund	901	476	1,649
Contributions to tax credit fund	—	—	(4,091)

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Transfer of cash (to) from restricted accounts, net	(33,943) 4,847	4,536
Other investing	137	53	173
Net cash used in investing activities	(133,263) (36,810)	(116,196)

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CLECO HOLDINGS
 CLECO POWER 2016 3RD QUARTER FORM 10-Q

CLECO HOLDINGS

Condensed Consolidated Statements of Cash Flows (Unaudited)

	SUCCESSOR		PREDECESSOR
	APR. 13, 2016	JAN. 1, 2016	FOR THE NINE MONTHS ENDED SEPT. 30, 2015
(THOUSANDS)	SEPT. 30, 2016	APR. 12, 2016	
Financing activities			
Draws on credit facilities	15,000	3,000	108,000
Payments on credit facilities	Ø15,000	Ø10,000	Ø147,000
Issuance of long-term debt	1,350,000	—	—
Repayment of long-term debt	Ø1,358,268	Ø8,546	Ø100,824
Payment of financing costs	Ø6,860	Ø43	Ø186
Dividends paid	Ø572	Ø24,579	Ø73,076
Contribution from member	100,720	—	—
Distributions to member	(56,000)		