

CLECO CORP  
Form 10-K/A  
March 30, 2004

---

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K/A  
Amendment No. 1**

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**For the fiscal year ended December 31, 2003**

**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**

**72-1445282**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**2030 Donahue Ferry Road, Pineville, Louisiana**

**71360-5226**

(Address of principal executive offices)

(Zip Code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class**  
Common Stock, \$1.00 par value, and  
associated rights to purchase Preferred Stock

**Name of each exchange on which  
registered**  
New York Stock Exchange  
Pacific Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

**Title of each class**

Edgar Filing: CLECO CORP - Form 10-K/A

4.50% Cumulative Preferred Stock, \$100 Par Value  
Convertible Cumulative Preferred Stock, \$100 Par Value, Series of 1991

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [  ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No .

The aggregate market value of the Cleco Corporation voting stock held by non-affiliates was \$790,252,977 on June 30, 2003, based on a price of \$17.32 per common share, the closing price of Cleco Corporation's common stock as reported on the New York Stock Exchange on such date. Cleco Corporation's Cumulative Preferred Stock is not listed on any national securities exchange, nor are prices for the Cumulative Preferred Stock quoted on any national automated quotation system; therefore, its market value is not readily determinable and is not included in the foregoing amount.

As of February 1, 2004, there were 46,941,783 shares outstanding of Cleco Corporation's Common Stock, par value \$1.00 per share.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Cleco Corporation's definitive Proxy Statement relating to its Annual Meeting of Shareholders to be held on April 23, 2004, are incorporated by reference into Part III herein.

---

**EXPLANATORY NOTE**

This amendment to Cleco Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2004 ("Cleco 10-K"), is made to include the Consolidated Financial Statements of Acadia Power Partners, LLC and subsidiary, as required by Rule 3-09 of Regulation S-X. The Cleco 10-K is part of a combined Form 10-K filed separately by Cleco Corporation and its wholly owned subsidiary, Cleco Power LLC. This Form 10-K/A is filed separately by Cleco Corporation, relates only to the Cleco 10-K and does not amend or affect Cleco Power LLC's Annual Report on Form 10-K that is part of the combined Form 10-K. This amendment consists solely of the preceding cover page, this explanatory note, the information required by Item 15 of Form 10-K, a signature page and an accountants' consent and certifications required to be filed as exhibits hereto. In accordance with Rule 12b-15 promulgated under the Securities Exchange Act of 1934, the complete text of Item 15, as amended, is included herein. However, other than the inclusion of the Consolidated Financial Statements of Acadia Power Partners, LLC and subsidiary, no changes to any financial statements or financial statement schedules in the Cleco 10-K have been made.

**PART IV****ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

	<b><u>Page</u></b> <sup>(1)</sup>
	55
15(a)(1) Report of Independent Auditors	55
15(a)(1) Consolidated Statements of Operations for the years ended December 31, 2003, 2002, and 2001	56
Consolidated Balance Sheets at December 31, 2003 and 2002	57
Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002, and 2001	58
Consolidated Statements of Comprehensive Income for the years ended December 31, 2003, 2002, and 2001	59
Consolidated Statements of Changes in Common Shareholders' Equity for the years ended December 31, 2003, 2002, and 2001	60
Notes to the Financial Statements	67
15(a)(2) Financial Statement Schedules	
Schedule I - Financial Statements of Cleco Corporation	
Condensed Statements of Operations for the years ended December 31, 2003, 2002, and 2001	7
Condensed Balance Sheets at December 31, 2003 and 2002	8
Condensed Statements of Cash Flows for the years ended December 31, 2003, 2002, and 2001	9
Condensed Statement of Changes in Common Shareholders' Equity for the years ended December 31, 2003, 2002, and 2001	10
Notes to the Condensed Financial Statements	11
Schedule II - Valuation and Qualifying Accounts	
Cleco Corporation	13
Schedule III - Financial Statements of Acadia Power Partners, LLC and subsidiary	
Report of Independent Auditors	14
Consolidated Balance Sheets at December 31, 2003 and 2002	15
Consolidated Statements of Operations for the years ended December 31, 2003, 2002, and 2001	16
Consolidated Statements of Members' Capital for the years ended December 31, 2003, 2002, and 2001	17
Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002, and 2001	18
Notes to the Consolidated Financial Statements	19
Financial Statement Schedules other than those shown in the above index are omitted because they are either not required or are not applicable or the required information is shown in the financial statements and notes thereto described in item 15(a)(1).	
15(a)(3) List of Exhibits	4
15(b) Reports on Form 8-K	6

(1) Page number cross references to items under 15(a)(1) are to the Form 10-K filed March 9, 2004. Page number cross references to items

Edgar Filing: CLECO CORP - Form 10-K/A

under 15(a)(2) and 15(a)(3) are to this Form 10-K/A.

The Exhibits designated by an asterisk were filed on March 9, 2004 with the Form 10-K to which this Form 10-K/A relates. The Exhibits not so designated have been previously filed with the SEC and are incorporated herein by reference. The Exhibits designated by two asterisks are management contracts and compensatory plans and arrangements required to be filed as Exhibits to this Report. The Exhibits designated by three asterisks are filed herewith.

3

---

Edgar Filing: CLECO CORP - Form 10-K/A

	<u>Exhibits</u>	<u>SEC File or Registration Number</u>	<u>Registration Statement or Report</u>	<u>Exhibit Number</u>
	<b>Cleco</b>			
2(a)	Plan of Reorganization and Share Exchange Agreement	333-71643-01	S-4(6/30/99)	C
3(a)	Articles of Incorporation of the Company, effective July 1, 1999	333-71643-01	S-4(6/30/99)	A
3(a)(1)	Bylaws of Cleco Corporation (revised effective October 24, 2003)			
3(b)	Bylaws of Cleco (revised effective July 28, 2000)	333-55656	S-3(2/14/01)	4.10
3(b)(1)	Operating Agreement of Cleco Power LLC (revised effective October 24, 2003)			
3(d)	Articles of Amendment to the Amended and Restated Articles of Incorporation of Cleco setting forth the terms of the \$25 Preferred Stock	1-15759	8-K(7/28/00)	1
3(e)	Articles of Amendment to the Amended and Restated Articles of Incorporation to increase amount authorized common stock and to effect a two-for-one split of the Company's common stock	1-15759	2001 Proxy Statement (3/01)	B-1
3(f)	Bylaws of Cleco, revised effective April 26, 2002	1-15759	10-Q(3/30/02)	3(a)
4(a)(1)	Indenture of Mortgage dated as of July 1, 1950, between Cleco and First National Bank of New Orleans, as Trustee	1-5663	10-K(1997)	4(a)(1)
4(a)(2)	First Supplemental Indenture dated as of October 1, 1951, to Exhibit 4(a)(1)	1-5663	10-K(1997)	4(a)(2)
4(a)(3)	Second Supplemental Indenture dated as of June 1, 1952, to Exhibit 4(a)(1)	1-5663	10-K(1997)	4(a)(3)
4(a)(4)	Third Supplemental Indenture dated as of January 1, 1954, to Exhibit 4(a)(1)	1-5663	10-K(1997)	4(a)(4)
4(a)(5)	Fourth Supplemental Indenture dated as of November 1, 1954, to Exhibit 4(a)(1)	1-5663	10-K(1997)	4(a)(5)
4(a)(6)	Tenth Supplemental Indenture dated as of September 1, 1965, to Exhibit 4(a)(1)	1-5663	10-K(1986)	4(a)(11)
4(a)(7)	Eleventh Supplemental Indenture dated as of April 1, 1969, to Exhibit 4(a)(1)	1-5663	10-K(1998)	4(a)(8)
4(a)(8)	Eighteenth Supplemental Indenture dated as of December 1, 1982, to Exhibit 4(a)(1)	1-5663	10-K(1993)	4(a)(8)
4(a)(9)	Nineteenth Supplemental Indenture dated as of January 1, 1983, to Exhibit 4(a)(1)	1-5663	10-K(1993)	4(a)(9)
4(a)(10)	Twenty-Sixth Supplemental Indenture dated as of March 15, 1990, to Exhibit 4(a)(1)	1-5663	8-K(3/90)	4(a)(27)
4(b)	Indenture between Cleco and Bankers Trust Company, as Trustee, dated as of October 1, 1988	33-24896	S-3(10/11/88)	4(b)
4(b)(1)	Agreement Appointing Successor Trustee dated as of April 1, 1996, by and among Central Louisiana Electric Company, Inc., Bankers Trust Company, and The Bank of New York	333-02895	S-3(4/26/96)	4(a)(2)
4(c)	Agreement Under Regulation S-K Item 601(b)(4)(iii)(A)	333-71643-01	10-Q(9/99)	4(c)
4(d)	Trust Indenture dated as of December 10, 1999 Between Cleco Evangeline LLC and Bank One Trust Company, N.A. as Trustee Relating to \$218,600,000, 8.82% Senior Secured Bonds due 2019	1-15759	10-K(1999)	4(m)
4(e)	Senior Indenture, dated as of May 1, 2000, between Cleco and Bank One, N.A., as trustee	333-33098	S-3/A(5/8/00)	4(a)
4(f)	Supplemental Indenture No. 1, dated as of May 25, 2000, to Senior Indenture providing for the issuance of Cleco's 8 3/4% Senior Notes due 2005	1-15759	8-K(5/24/00)	4.1
4(g)	Form of 8 3/4% Senior Notes due 2005 (included in Exhibit 4(f) above)	1-15759	8-K(5/24/00)	4.1
4(h)	Rights agreement between Cleco and EquiServe Trust Company, as Right Agent	1-15759	8-K(7/28/00)	1
4(i)	Perryville Energy Partners, LLC Construction and Term Loan Agreement			
4(j)	Form of Supplemental Indenture No. 2 providing for the issuance of \$100,000,000 principal amount of 7.000% Notes due May 1, 2008	1-15759	10-Q(3/31/03)	4(a)
4(j)(1)	Form of \$100,000,000 7.000% Notes due May 1, 2008	1-15759	10-Q(3/31/03)	4(b)
**10(a)	1990 Long-Term Incentive Compensation Plan	1-5663	1990 Proxy Statement(4/90)	A
*10(b)	Annual Incentive Compensation Plan amended and restated as of January 23, 2003			
**10(c)	Participation Agreement, Annual Incentive Compensation Plan			
**10(d)	Deferred Compensation Plan for Directors	1-5663	10-K(1992)	10(n)
**10(e)(1)	Supplemental Executive Retirement Plan	1-5663	10-K(1992)	10(o)(1)
*10(e)(1)(a)	First Amendment to Supplemental Executive Retirement Plan effective July 1, 1999			
*10(e)(1)(b)	Second Amendment to Supplemental Executive Retirement Plan dated July 1, 1999			

Edgar Filing: CLECO CORP - Form 10-K/A

*10(e)(1)(c)	Supplemental Executive Retirement Trust dated December 13, 2000			
**10(e)(2)	Form of Supplemental Executive Retirement Plan Participation Agreement between the Company and the following officers: David M. Eppler and Catherine C. Powell	1-5663	10-K(1992)	10(o)(2)
**10(f)	Form of Executive Severance Agreement between Cleco and the following officers: David M. Eppler and Catherine C. Powell	1-5663	10-K(1995)	10(f)
10(h)(1)	Term Loan Agreement dated as of April 2, 1991, among the 401(k) Savings and Investment Plan ESOP Trust, Cleco, as Guarantor, the Banks listed therein and The Bank of New York, as Agent	1-5663	10-Q(3/91)	4(b)
10(h)(2)	Assignment and Assumption Agreement, effective as of May 6, 1991, between The Bank of New York and the Canadian Imperial Bank of Commerce, relating to Exhibit 10(h)(1)	1-5663	10-Q(3/91)	4(c)

4

		<b>SEC File or Registration Number</b>	<b>Registration Statement or Report</b>	<b>Exhibit Number</b>
	<b>Exhibits</b>			
10(h)(3)	Assignment and Assumption Agreement dated as of July 3, 1991, between The Bank of New York and Rapides Bank and Trust Company in Alexandria, relating to Exhibit 10(h)(1)	1-5663	10-K(1991)	10(y)(3)
10(h)(4)	Assignment and Assumption Agreement dated as of July 6, 1992, among The Bank of New York, CIBC, Inc. and Rapides Bank and Trust Company in Alexandria, as Assignors, the 401(k) Savings and Investment Plan ESOP Trust, as Borrower, and Cleco, as Guarantor, relating to Exhibit 10(h)(1)	1-5663	10-K(1992)	10(bb)(4)
10(i)	Reimbursement Agreement (The Industrial Development Board of the Parish of Rapides, Inc. (Louisiana) Adjustable Tender Pollution Control Revenue Refunding Bonds, Series 1991) dated as of October 15, 1997, among the Company, various financial institutions, and Westdeutsche Landesbank Gironzentrale, New York Branch, as Agent	1-5663	10-K(1997)	10(i)
10(j)	401(k) Savings and Investment Plan ESOP Trust Agreement dated as of August 1, 1997, between UMB Bank, N.A. and Cleco	1-5663	10-K(1997)	10(m)
10(j)(1)	First Amendment to 401(k) Savings and Investment Plan ESOP Trust Agreement dated as of October 1, 1997, between UMB Bank, N.A. and Cleco	1-5663	10-K(1997)	10(m)(1)
10(k)	Form of Notice and Acceptance of Grant of Nonqualified Stock Options, with fixed option price	333-71643-01	10-Q(9/99)	10(a)
10(l)	Form of Notice and Acceptance of Grant of Nonqualified Stock Options, with variable option prices	333-71643-01	10-Q(9/99)	10(b)
10(m)	Form of Notice and Acceptance of Grant of Nonqualified Stock Options, awarded to Gregory L. Nesbitt	333-71643-01	10-Q (9/99) 2000 Proxy Statement(3/00)	10(c) A
**10(n)	2000 Long-Term Incentive Compensation Plan	333-71643-01		
10(o)	Form of Notice and Acceptance of Directors' Grant of Nonqualified Stock Options under Cleco's 2000 Long-Term Incentive Compensation Plan	1-15759	10-Q(6/00)	10(a)
10(p)	Form of Notice and Acceptance of Grant of Restricted Stock under Cleco's 2000 Long-Term Incentive Compensation Plan	1-15759	10-Q(6/00)	10(b)
10(q)	Form of Notice and Acceptance of Grant of Nonqualified Stock Options, with fixed option price under Cleco's 2000 Long-Term Incentive Compensation Plan	1-15759	10-Q(6/00)	10(c)
10(r)	Form of Notice and Acceptance of Grant of Nonqualified Stock Options, with variable option price under Cleco's 2000 Long-Term Incentive Compensation Plan	1-15759	10-Q(6/00)	10(d)
10(s)	Cleco Corporation Employee Stock Purchase Plan	333-44364	S-8(8/23/00)	4.3
*10(s)(1)	Amendment No. 1 to Employee Stock Purchase Plan dated January 22, 2004			
**10(t)	Cleco Corporation Deferred Compensation Plan	333-59696	S-8(4/27/01)	4.3
*10(u)	Deferred Compensation Trust dated January 2001			
**10(v)	Cleco Corporation 2000 Long-Term Incentive Compensation Plan	333-59692	S-8(4/27/01)	4.3
**10(w)	Formal Notice and Acceptance of Director's Grant of Nonqualified Stock Option	1-5663	10-Q(9/01)	10
10(x)(1)	364-Day Credit Agreement dated June 5, 2002	1-15759	10-Q(6/02)	10(a)
10(x)(2)	364-Day Credit Agreement, First Amendment	1-15759	10-Q(6/02)	10(b)
10(x)(3)	364-Day Credit Agreement, Second Amendment	1-15759	10-K(2002)	10(x)(3)
10(x)(4)	364-Day Credit Agreement dated as of May 7, 2003 among Cleco Corporation, the Bank of New York, as Administrative Agent, and the lenders and other parties thereto	1-15759	10-Q(6/30/03)	10(a)
10(y)	Resignation, Agreement and General Release between Cleco and Darrell J. Dubroc	1-15759	10-K(2002)	10(y)

## Edgar Filing: CLECO CORP - Form 10-K/A

10(z)(1)	Supplemental Executive Retirement Plan Participation Agreement between Cleco and Dilek Samil	1-15759	10-K(2002)	10(z)(1)
10(z)(2)	Supplemental Executive Retirement Plan Participation Agreement between Cleco and Samuel H. Charlton, III	1-15759	10-K(2002)	10(z)(2)
10(AA)(1)	Executive Employment Agreement between Cleco and Dilek Samil	1-15759	10-K(2002)	10(AA)(1)
*10(AA)(1)(a)	Amendment to Executive Employment Agreement between Cleco Corporation and Dilek Samil dated September 26, 2003			
*10(AA)(2)	Amended and Restated Executive Employment Agreement between Cleco Corporation and David Eppler dated January 1, 2002			
*10(AA)(3)	Executive Employment Agreement between Cleco Corporation and Sam Charlton dated August 28, 2002			
*10(AA)(4)	Executive Employment Agreement between Cleco Corporation and Neal Chadwick dated October 25, 2002			
*10(AA)(5)	Amended and Restated Executive Employment Agreement between Cleco Corporation and Cathy Powell dated January 1, 2002			
*10(AA)(6)	Executive Employment Agreements between the Company and Mark H. Segura			
10(AB)	Acadia Power Partners - Second amended and restated limited liability company agreement dated May 9, 2003	1-15759	10-Q(6/30/03)	10(c)
*10(AC)	Purchase and Sale Agreement by and between Perryville Energy Partners, L.L.C. and Entergy Louisiana, Inc. dated January 28, 2004			

5

<u>Exhibits</u>	<u>SEC File or Registration Number</u>	<u>Registration Statement or Report</u>	<u>Exhibit Number</u>
*11			
12(a)			
*21			
*23(a)			
***23(a)(1)			
*24(a)			
*31(a)			
***31(a)(1)			
*32(a)			
***32(a)(1)			

### ***15(b) Reports on Form 8-K***

#### ***Cleco Corporation:***

On November 6, 2003, Cleco Corporation furnished a Current Report on Form 8-K dated as of November 6, 2003, concerning the issuance of a press release regarding earnings for the three and nine months ended September 30, 2003.

On January 28, 2004, Cleco Corporation filed a Form 8-K dated as of January 28, 2004, concerning the issuance of a press release regarding the signing of an agreement providing for the sale of the Perryville power plant, the interim sale of the plant's output and the voluntary petitions filed under Chapter 11 by Perryville and PEH, and including as an exhibit such press release.

On March 9, 2004, Cleco Corporation furnished a Form 8-K dated as of March 9, 2004, concerning the issuance of a press release regarding earnings for the quarter and year ended December 31, 2003, and including as an exhibit such press release.

On March 19, 2004, Cleco Corporation filed a Form 8-K dated as of March 18, 2004, announcing that the Louisiana Public Service Commission (LPSC) approved a one-year extension of the rate stabilization plan of Cleco Power LLC, Cleco's regulated utility subsidiary, and including as an exhibit such press release.



## SCHEDULE I

**CLECO CORPORATION  
(PARENT COMPANY ONLY)  
CONDENSED STATEMENTS OF OPERATIONS**

	2003	For the year ended December 31, 2002 (Thousands)	2001
<b>Operating revenue</b>			
Equity (loss) income of subsidiaries	\$ (29,715)	\$ 74,209	\$ 74,152
Subsidiary revenue	-	-	62
Other income	14,117	13,183	10,859
Total operating (loss) revenue	(15,598)	87,392	85,073
<b>Expenses and other deductions</b>			
Administrative and general	3,666	3,093	1,716
Taxes other than income taxes	334	415	1,029
Subsidiary costs	924	982	-
Income tax benefit	(2,938)	(2,371)	(1,992)
Interest	17,345	13,398	12,047
Expenses and other deductions	19,331	15,517	12,800
<b>(Loss) income from continuing operations before preferred dividends</b>	<b>(34,929)</b>	71,875	72,273
<b>Discontinued operations</b>			
Loss on disposal of segment, net of income taxes	-	-	(2,035)
Total discontinued operations	-	-	(2,035)
<b>(Loss) income before preferred dividends</b>	<b>(34,929)</b>	71,875	70,238
Preferred dividend requirements, net	1,861	1,872	1,876
<b>Net (loss) income</b>	<b>\$ (36,790)</b>	\$ 70,003	\$ 68,362

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

## SCHEDULE I

**CLECO CORPORATION  
(PARENT COMPANY ONLY)  
CONDENSED BALANCE SHEETS**

	<u>At December 31,</u>	
	2003	2002
	(Thousands)	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 24,220	\$ 44,971
Receivable from subsidiaries	37,593	27,079
Notes receivable from subsidiaries	238,252	278,610
Taxes receivable	34,611	1,304
Other current assets	7,040	3,458
Total current assets	341,716	355,422
Investment in subsidiaries	486,243	524,815
Other assets	2,116	2,562
Deferred charges	4,760	1,895
Total assets	\$ 834,835	\$ 884,694
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Short-term debt	\$ 50,000	\$ 171,550
Long-term debt due within one year	-	202
Accounts payable	602	1,567
Interest accrued	2,088	1,246
Payable to subsidiaries	76,591	27,423
Deferred credits	1,504	1,073
Other current liabilities	2,582	1,660
Total current liabilities	133,367	204,721
Long-term debt	200,000	99,995
Total liabilities	333,367	304,716
<b>Shareholders' equity</b>		
Preferred stock		
Not subject to mandatory redemption	25,324	26,578
Deferred compensation related to preferred stock held by ESOP	(6,607)	(9,070)
Total preferred stock not subject to mandatory redemption	18,717	17,508
Common shareholders' equity		
Common stock, \$1 par value, authorized 100,000,000 shares, issued 47,299,119 shares at December 31, 2003, and 47,065,152 shares at December 31, 2002	47,299	47,065
Premium on common stock	154,928	152,745
Retained earnings	286,797	366,073
Treasury stock, at cost, 115,484 and 29,959 shares at December 31, 2003 and 2002, respectively	(2,493)	(579)
Accumulated other comprehensive loss	(3,780)	(2,834)
Total common shareholders' equity	482,751	562,470
<b>Total shareholders' equity</b>	<b>501,468</b>	<b>579,978</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 834,835</b>	<b>\$ 884,694</b>

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



## SCHEDULE I

**CLECO CORPORATION  
(PARENT COMPANY ONLY)  
STATEMENTS OF CASH FLOWS**

	<u>For the year ended December 31,</u>		
	2003	2002	2001
		(Thousands)	
<b>Operating activities</b>			
Net (loss) income before preferred dividends	\$ (34,929)	\$ 71,875	\$ 70,238
Noncash items included in net (loss) income			
Equity losses (earnings) of subsidiaries	29,715	(74,209)	(74,152)
Loss from disposal of segment, net of tax	-	-	2,035
Changes in assets and liabilities			
Accounts receivable from subsidiaries	(10,514)	(22,431)	3,328
Taxes receivable	(33,307)	2,083	(132)
Accounts payable to subsidiaries	49,168	27,423	-
Accounts payable	(965)	1,029	(71)
Interest accrued	842	454	62
Other, net	(1,153)	597	2,251
Net cash (used in) provided by operating activities	(1,143)	6,821	3,559
<b>Investing activities</b>			
Reductions (additions) to property, plant and equipment	-	856	(57)
Investment in subsidiaries	(58,771)	(51,218)	44,713
Distribution from subsidiaries	64,895	51,300	52,791
Notes receivable from subsidiaries	40,358	(29,369)	(127,336)
Cash transferred from restricted accounts, net	-	-	15,809
Net cash provided by (used in) investing activities	46,482	(28,431)	(14,080)
<b>Financing activities</b>			
Sale of common stock	-	44,300	-
Conversion of options to common stock	120	-	-
Issuance of common stock under employee stock purchase plan	(44)	-	-
Repurchase of common stock	(67)	(105)	(3,017)
Issuance of long-term debt	100,000	-	-
Repayment of long-term debt	(202)	(377)	(356)
(Decrease) increase in short-term debt	(121,550)	57,617	59,713
Dividends paid on common and preferred stock, net	(44,347)	(43,056)	(41,031)
Net cash (used in) provided by financing activities	(66,090)	58,379	15,309
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(20,751)</b>	<b>36,769</b>	<b>4,788</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>44,971</b>	<b>8,202</b>	<b>3,414</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 24,220</b>	<b>\$ 44,971</b>	<b>\$ 8,202</b>
<b>Supplementary cash flow information</b>			
Interest paid (net of amount capitalized)	\$ 14,857	\$ 11,976	\$ 8,805
<b>Supplementary noncash financing activity</b>			
Issuance of treasury stock	\$ -	\$ 1,507	\$ 2,125
Issuance of treasury stock - LTICP and ESOP plan	\$ 2,734	\$ -	\$ -

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



## SCHEDULE I

**CLECO CORPORATION  
(PARENT COMPANY ONLY)  
STATEMENT OF CHANGES IN  
COMMON SHAREHOLDERS' EQUITY**

	Common Stock Shares	Common Stock Amount	Premium on Common Stock	Long-Term Debt Payable in Company Common Stock	Retained Earnings	Treasury Stock Shares	Common Stock
	(Thousands, except share and per share amount)						
<b>BALANCE, JANUARY 1, 2001</b>	45,065,152	\$ 45,065	\$ 112,477	\$ 519	\$ 308,047	(73,072)	\$(1,000)
Treasury shares purchased						(148,432)	(3,000)
Issuance of treasury stock			(750)			87,304	1,000
Directors' restricted stock			(13)				
Dividend requirements, preferred stock, net					(1,876)		
Payment in common stock				(519)		31,958	
Cash dividends paid, common stock, \$0.870 per share					(39,155)		
Net income from continuing operations					72,273		
Loss from discontinued operations					(2,035)		
<b>BALANCE, DECEMBER 31, 2001</b>	45,065,152	45,065	111,714	-	337,254	(102,242)	(2,000)
Issuance of common stock	2,000,000	2,000	42,300				
Treasury shares purchased						(5,784)	(1,000)
Issuance of treasury stock			(1,260)			78,067	1,000
Directors' restricted stock			(9)				
Dividend requirements, preferred stock, net					(1,872)		
Cash dividends paid, common stock, \$0.895 per share					(41,184)		
Net income from continuing operations					71,875		
Other comprehensive income, net of tax							
<b>BALANCE, DECEMBER 31, 2002</b>	47,065,152	47,065	152,745	-	366,073	(29,959)	(2,000)
Common stock issued for compensatory plans	233,967	234	2,247				
Incentive shares forfeited						(91,022)	(2,000)
Issuance of treasury stock			(58)			5,497	
Directors' restricted stock			(6)				
Dividend requirements, preferred stock, net					(1,861)		
Cash dividends paid, common stock, \$0.900 per share					(42,486)		
Net loss from continuing operations					(34,929)		
Other comprehensive income, net of tax							
<b>BALANCE, DECEMBER 31, 2003</b>	47,299,119	\$ 47,299	\$ 154,928	\$ -	\$ 286,797	(115,484)	\$(2,000)

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

*Cleco Corporation (Parent Company Only) Notes to the Condensed Financial Statements*

**Note 1 - Summary of Significant Accounting Policies**

Cleco Corporation is an exempt holding company under PUHCA. Its major, first-tier subsidiaries consist of Cleco Power and Midstream.

Cleco Power contains the LPSC jurisdictional generation, transmission, and distribution electric utility operations serving Cleco's traditional retail and wholesale customers. Another subsidiary, Midstream, owns and operates merchant generation stations and merchant natural gas pipelines, invests in joint ventures that own and operate merchant generation stations, and engages in energy management activities.

The accompanying financial statements have been prepared to present the financial position, results of operations and cash flows of Cleco Corporation on a stand-alone basis as a holding company, and excluding the financial position, results of operations and cash flows of its subsidiaries. Investments in subsidiaries and other investees are stated at cost plus equity in undistributed earnings from date of acquisition. These financial statements should be read in conjunction with Cleco Corporation's consolidated financial statements.

**Note 2 - Debt**

Cleco Corporation has a credit facility totaling \$105.0 million. This facility is a 364-day facility, which provides that borrowings outstanding on the maturity date may be converted into a nine-month term loan. The commitment fees for this facility are based upon Cleco Corporation's lowest secured debt ratings and are currently 0.30%. The facility is scheduled to expire in May 2004. This facility provides working capital and other needs. If Cleco Power or Midstream defaults under their respective facilities, then Cleco Corporation would be considered in default under this facility. Perryville's default on the Senior Loan Agreement, which is discussed further in Item 8, "Financial Statements and Supplementary Data - Notes to the Financial Statements - Note 27 - Perryville," is not considered a default under this credit facility. As of December 31, 2003, Cleco was in compliance with the covenants in this credit facility. Off-balance sheet commitments entered into by Cleco with third parties for certain types of transactions between those parties and Cleco's subsidiaries, other than Cleco Power, reduce the amount of credit available to Cleco Corporation under the facility by an amount equal to the stated or determinable amount of the primary obligation. At December 31, 2003, there was \$50.0 million drawn on the facility, leaving \$55.0 million available. The \$55.0 million at December 31, 2003, was further reduced by off-balance sheet commitments of \$22.5 million, leaving available capacity of \$32.5 million. An uncommitted line of credit with a bank in an amount up to \$5.0 million is also available to support Cleco Corporation's working capital needs.

Total indebtedness was as follows:

	<u>For the year ended December 31,</u>	
	2003	2002
	(Thousands)	
Short-term bank loans.....	\$ 50,000	\$ 171,550

Edgar Filing: CLECO CORP - Form 10-K/A

Senior notes, 8.75% due 2005.....	\$	<b>100,000</b>	\$	100,000
Senior notes, 7.00% due 2008.....		<b>100,000</b>		-
Other long-term debt.....		-		197
Gross amount of long-term debt....		<b>200,000</b>		100,197
Less amount due in one year.....		-		202
Total long-term debt, net.....	\$	<b>200,000</b>	\$	99,995

The amounts payable under long-term debt agreements for each year through 2008 and thereafter are listed below:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter</u>
				(Thousands)		
Amounts payable under long-term debt agreements	\$ -	\$100,000	\$ -	\$ -	\$100,000	\$ -

**Note 3 - Dividends Received**

Cleco Corporation received \$44.4 million and \$51.3 million in cash dividends from Cleco Power during the years 2003 and 2002, respectively.



## SCHEDULE II

**CLECO CORPORATION**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**Years ended December 31, 2003, 2002 and 2001**

<u>Allowance for Uncollectible Accounts</u>	Balance at beginning of period	Additions charged to costs and expenses	Uncollectible account write-offs less recoveries	Balance at end of Period (1)
			(Thousands)	
<b>Year Ended December 31, 2003</b>	<b>\$ 1,071</b>	<b>\$ 17,407</b>	<b>\$ 1,324</b>	<b>\$ 17,154</b>
Year Ended December 31, 2002	\$ 1,561	\$ 688	\$ 1,178	\$ 1,071
Year Ended December 31, 2001	\$ 1,983	\$ 2,018	\$ 2,440	\$ 1,561

(1) Deducted in the balance sheet

**Report of Independent Auditors**

To the Members of

Acadia Power Partners, LLC and subsidiary

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, members' capital and cash flows present fairly, in all material respects, the financial position of Acadia Power Partners, LLC and subsidiary (the "Company") at December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Houston, Texas

March 11, 2004

**SCHEDULE III****Acadia Power Partners, LLC and Subsidiary**

## Consolidated Balance Sheets

December 31, 2003, and 2002

	<b>2003</b>	<b>2002</b> (Unaudited)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,286,987	\$ 1,362,059
Accounts receivable - trade	-	3,625,690
Accounts receivable - related parties	6,187,895	3,559,853
Inventory	1,773,860	1,282,608
Other current assets	2,967,907	2,881,420
Total current assets	14,216,649	12,711,630
Plant and equipment, net (Note 4)	474,560,519	496,098,322
Noncurrent assets		
Other noncurrent assets	4,167,438	1,606,800
Deferred transmission credits	-	861,705
Total assets	\$ 492,944,606	\$ 511,278,457
<b>Liabilities and Members' Capital</b>		
Current liabilities		
Accounts payable - trade	\$ 2,600,697	\$ 3,985,479
Accounts payable - related parties	324,978	-
Accrued liabilities	784,810	222,291
Total current liabilities	3,710,485	4,207,770
Commitments and Contingencies (Note 8)		
Members' capital	489,234,121	507,070,687
Total liabilities and members' equity	\$ 492,944,606	\$ 511,278,457

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

**SCHEDULE III****Acadia Power Partners, LLC and Subsidiary**

## Consolidated Statements of Operations

Years Ended December 31, 2003, 2002 and 2001

	<b>2003</b>	<b>2002</b> (Unaudited)	<b>2001</b> (Unaudited)
<b>Revenues</b>			
Nonaffiliated	\$ 16,053,598	\$ 23,784,443	\$ -
Related parties	66,992,531	25,317,550	-
Total revenues	83,046,129	49,101,993	-
<b>Power, plant generating and marketing expense</b>			
Plant operating expense	12,750,635	4,997,390	-
Depreciation expense	13,919,584	6,579,496	-
Purchased power expense - related parties	2,117,600	7,839,121	-
Total power plant generating and marketing expense	28,787,819	19,416,007	-
Income from operations	54,258,310	29,685,986	-
<b>Other income and expenses</b>			
Contract termination gain (Note 7)	105,500,000	-	-
Other income (expense)	(49,898)	3,139	-
Net income	\$ 159,708,412	\$ 29,689,125	\$ -

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

**SCHEDULE III****Acadia Power Partners, LLC and Subsidiary**

## Consolidated Statements of Members' Capital

Years Ended December 31, 2003, 2002 and 2001

	<b>Calpine Acadia Holdings, LLC</b>	<b>Acadia Power Holdings, LLC</b>	<b>Total Members' Capital</b>
<b>Balances at January 1, 2001 (Unaudited)</b>	\$ 96,177,478	\$ 96,177,478	\$ 192,354,956
Non-cash contributions	5,345,490	(5,345,490)	-
Cash contributions	108,852,192	119,543,172	228,395,364
<b>Balances at December 31, 2001 (Unaudited)</b>	210,375,160	210,375,160	420,750,320
Cash contributions	40,284,962	40,284,962	80,569,924
Distributions	(11,969,341)	(11,969,341)	(23,938,682)
Net income	14,844,562	14,844,563	29,689,125
<b>Balances at December 31, 2002 (Unaudited)</b>	253,535,343	253,535,344	507,070,687
Distributions	(136,977,283)	(40,567,695)	(177,544,978)
Net income	79,854,206	79,854,206	159,708,412
Interest on distributions	(3,822,083)	3,822,083	-
<b>Balances at December 31, 2003</b>	\$ 192,590,183	\$ 296,643,938	\$ 489,234,121

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

**SCHEDULE III****Acadia Power Partners, LLC and Subsidiary**

## Consolidated Statements of Cash Flows

Years Ended December 31, 2003, 2002 and 2001

	<b>2003</b>	<b>2002</b> (Unaudited)	<b>2001</b> (Unaudited)
<b>Cash flows from operating activities</b>			
Net income	\$ 159,708,412	\$ 29,689,125	\$ -
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	13,919,584	6,579,496	-
Changes in operating assets and liabilities			
Accounts receivable			
Trade	3,625,690	(3,625,690)	-
Related parties	(2,628,042)	1,785,637	-
Inventory	(491,252)	(1,282,608)	-
Other current assets	(86,487)	(2,881,420)	-
Noncurrent assets	(1,698,933)	(2,468,505)	-
Accounts payable and accrued liabilities			
Trade	(822,263)	(13,386,296)	-
Related parties	324,978	(5,345,490)	-
Net cash provided by operating activities	171,851,687	9,064,249	-
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment	(6,294,795)	(76,011,435)	(217,855,140)
Cash proceeds from sales and use tax refund	13,913,014	-	-
Net cash provided by (used for) investing activities	7,618,219	(76,011,435)	(217,855,140)
<b>Cash flows from financing activities</b>			
Contributions	-	80,569,924	228,395,364
Distributions	(177,544,978)	(23,938,682)	-
Net cash provided by (used for) investing activities	(177,544,978)	56,631,242	228,395,364
Net increase (decrease) in cash and cash equivalents	1,924,928	(10,315,944)	10,540,224
<b>Cash and cash equivalents</b>			
Beginning	1,362,059	11,678,003	1,137,779
Ending	\$ 3,286,987	\$ 1,362,059	\$ 11,678,003

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

## **Acadia Power Partners, LLC and Subsidiary**

Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

### **1. Background and Nature of Business**

These financial statements consolidate the accounts of Acadia Power Partners, LLC (the "Company"), a Delaware limited liability company, and its wholly owned subsidiary, Acadia Partners Pipeline, LLC (the "Subsidiary"). All intercompany balances have been eliminated. All information as of December 31, 2002 and for the two years then ended included in these financial statements is unaudited.

The Company, an electric generation company, was formed on October 8, 1999, for the purpose of designing, developing, constructing, owning, and operating a power generation project located in Louisiana. At formation, Cleco Midstream Resources, LLC ("Cleco"), a Louisiana limited liability company, and IEP USA Holdings, LLC ("IEP"), a Delaware limited liability company, owned 70 percent and 30 percent interests in the Company, respectively. The Subsidiary was formed on June 26, 2000, with the Company as the sole member.

In February 2000 Cleco and IEP transferred their respective ownership interests in the Company to Acadia Power Holdings, LLC ("Acadia Holdings"), a Louisiana limited liability company, and Calpine Acadia Holdings, LLC ("CAH"), a Delaware limited liability company and subsidiary of Calpine Corporation ("Calpine"). CAH and Acadia Holdings (collectively, the "Members") entered into the Amended and Restated Limited Liability Company Agreement (the "Agreement") dated February 29, 2000. Under the Agreement, the Company constructed, owns and operates a 1,160-megawatt (MW) natural gas-fired electric generation plant (the "Facility") located in Acadia Parish, Louisiana. Each member holds a 50 percent interest in the Company as of December 31, 2003 and 2002. The Members share in profits and losses of the Company in proportion of their ownership interests. The Company is governed by an executive committee with two representatives from each Member.

Construction on the Facility began in mid 2000 and the dates of commercial operations for Phase I and Phase II were July 2002, and August 2002, respectively. The Agreement will continue 49 years after the date that commercial operations begin. The Company was in the development stage until July 2002, when commercial operations began.

### **2. Business Risks**

Several current issues in the power industry could have an effect on the Company's financial performance. Some of the business risks which could cause future results to differ from expectations include (1) legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the electric utility industry; (2) the extent and timing of the entry of additional competition in the market in which we operate; (3) state, federal and other rate regulations in the areas in which we do business; (4) changes in or application of environmental and other laws and regulations to which we are subject; (5) changes in market conditions, including developments in energy and commodity supply, volume and pricing; (6) weather and other natural phenomena; (7) and the direct or indirect effects on our business resulting from the financial difficulties of competitors of the Company, including but not limited to, their effects on liquidity in the trading and power industry, and its effects on the capital markets views of the energy or trading industry.



## **Acadia Power Partners, LLC and Subsidiary**

Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

### **3. Summary of Significant Accounting Policies**

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The most significant estimates with regard to these financial statements relate to the useful lives and carrying value of our generation facility and related assets and depreciation. Additionally, we periodically review our assets for impairment requiring us to estimate future revenues and cash flows over the useful lives of the assets.

#### **Operational Data**

Operational data including, but not limited to, megawatt ("MW") and megawatt hours ("MWh") throughout these financial statements are unaudited.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short maturity.

#### **Accounts Receivable and Accounts Payable**

Accounts receivable and payable represent amounts due from customers and owed to vendors, respectively.

#### **Inventories**

The Company's inventories primarily include small parts. Inventory is valued at the lower of cost or market using the average cost method. Costs for large replacement parts estimated to be used within one year are determined using the specific identification method. For other replacement parts, costs are generally determined using the weighted average cost method.

#### **Other Current Assets**

Other current assets include prepaid expenses for insurance and long-term service agreement (LTSA) payments and deferred transmission credits (Note 6).

### **Major Maintenance**

As major maintenance occurs, and as parts are replaced on the plants' steam and combustion turbines, the costs are either expensed or transferred to property, plant and equipment and depreciated over the parts' estimated useful lives, generally three to six years, depending on the nature of maintenance activity performed under the service agreement.

### **Long-Lived Assets**

In accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company evaluates the impairment of long-lived assets, based on the projection of undiscounted pre-interest expense and pre-tax expense cash flows whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values. No impairment charge has been recorded to date.

## **Acadia Power Partners, LLC and Subsidiary**

Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

### **Concentration of Credit Risk**

The financial instruments that potentially subject the Company to concentration of credit risk consist primarily of accounts receivable. The Company's revenues are primarily from sales to Calpine Energy Services, L.P. ("CES"), a subsidiary of Calpine.

### **Fair Value of Financial Instruments**

The carrying amounts of accounts receivable and accounts payable, approximate their respective fair value because of their short maturity.

### **Income Taxes**

The Company is a limited liability company and, for income tax purposes, is treated as a partnership. The Company's taxable income or loss is therefore passed through to its members and reported on the respective members' tax returns. Accordingly, there is no income tax provision or current or deferred taxes in these financial statements.

### **Deferred Transmission Credits**

The Company defers the costs associated with transmission interconnect upgrades and amortizes them as the Company receives transmission credits or reimbursements from the transmission system operator (Note 6).

### **Revenue Recognition**

The Company has entered into tolling agreements that have been accounted for as operating leases. The Company recognizes revenue based on a rate that is straight-lined over the term of the lease (Note 5).

### **Reclassifications**

We have made certain reclassifications in the consolidated financial statements for the prior year to conform to the current years presentation.

### **New Accounting Pronouncements**

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*. This standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction,

development and/or normal use of the asset and requires that a liability for an asset retirement obligation be recognized when incurred, recorded at fair value and classified as a liability in the balance sheet. When the liability is initially recorded, the entity capitalizes the cost and increases the carrying value of the related long-lived asset. Asset retirement obligations represent future liabilities, and, as a result, accretion expense will be accrued on this liability until the obligation is satisfied. At the same time, the capitalized cost will be depreciated over the estimated useful life of the related asset. At the settlement date, the entity will settle the obligation for its recorded amount or recognize a gain or loss upon settlement. The adoption of SFAS No. 143 had no material impact on the Company's financial statements.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses accounting for restructuring and similar costs. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Previous guidance required the liability to be recorded at the date of commitment to an exit or disposal plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. The Company has adopted the provisions of SFAS

## Acadia Power Partners, LLC and Subsidiary

### Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

No. 146 for restructuring activities initiated after December 31, 2002; however, no restructuring costs have been incurred to date.

In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45"). This Interpretation addresses the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. In addition, the Interpretation clarifies the requirements related to the recognition of a liability by a guarantor at the inception of a guarantee for the obligations that the guarantor has undertaken in issuing the guarantee. The Company adopted the disclosure requirements of FIN 45 for the fiscal year ended December 31, 2002, and the recognition provisions on January 1, 2003. Adoption of this Interpretation did not have a material impact on the Company's consolidated financial statements.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB 51* ("FIN 46"). FIN 46 requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. Historically, entities have generally been consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. The objectives of FIN 46 are to provide guidance on the identification of Variable Interest Entities ("VIE") for which control is achieved through means other than a controlling financial interest, and how to determine which business enterprise, as the Primary Beneficiary, should consolidate the VIE. This new model for consolidation applies to an entity in which either (1) the entity lacks sufficient equity to absorb expected losses without additional subordinated financial support or (2) its at-risk equity holders as a group are not able to make decisions that have a significant impact on the success or failure of the entity's ongoing activities.

In December 2003, the FASB modified FIN 46 ("FIN 46-R") to make certain technical corrections and to address certain implementation issues. FIN 46, as originally issued, was effective immediately to VIEs created or acquired after January 31, 2003. FIN 46-R delayed the effective date of the interpretation to no later than March 31, 2004 (for calendar-year enterprises), except for Special Purpose Entities (SPEs) which the effective date is December 31, 2003. The Company expects to adopt the provisions of FIN 46-R for the Company's variable interests in all non-SPE VIEs as of March 31, 2004. The Company has no interests in VIE's and, therefore, does not anticipate that FIN 46-R will have any material impact on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 applies specifically to a number of financial instruments that companies have historically presented within their financial statements either as equity or between the liabilities section and the equity section, rather than as liabilities. SFAS No. 150 was effective for financial instruments entered into or modified after May 31, 2003, and otherwise was effective at the beginning of the

first interim period beginning after June 15, 2003. Adoption of SFAS No. 150 on January 1, 2003 did not have any impact on the Company's consolidated financial statements.

**Acadia Power Partners, LLC and Subsidiary**

## Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

**4. Plant and Equipment, Net**

Plant and equipment, net is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, generally 35 years for our power plant assets, including interconnect pipelines, with an estimated salvage value of 10 percent of the original cost. As of December 31, 2003 and 2002, the components of property, plant and equipment were as follows:

	2003	2002 (Unaudited)
Power plant and related equipment		
Buildings, Machinery & Equipment	\$ 492,281,981	\$ 499,900,200
Land	2,777,618	2,777,618
Less: Accumulated depreciation	(20,499,080)	(6,579,496)
Plant and equipment, net	\$ 474,560,519	\$ 496,098,322

In 2002 the Company filed for refunds of sales and use taxes paid during construction, pursuant to Louisiana's Enterprise Zone Program. The sales and use taxes were paid over a period from January 2001 through December 2002 and capitalized as a part of the cost for plant and equipment acquired by the Company. Total refunds of \$13,913,014 were recorded as a reduction of plant and equipment.

**5. Related Parties**

The Company entered into a tolling agreement dated July 27, 2001, with CES, which is effective for 20 years beginning July 1, 2002. Under the agreement, the Company has granted CES the right to receive the output of one train of the Facility consisting of approximately one-half of the full capacity. In accordance with the terms of the contract, CES will supply all fuel necessary to generate the energy it takes and will pay the Company a capacity charge as well as an operation and maintenance fee. This arrangement is being accounted for as an operating lease. The rate established in this agreement varies in the future, and therefore the Company recognizes revenue based on a rate that is straight-lined over the life of the lease. The Company recognized revenues of \$46,134,331, \$25,317,550 and \$0 in 2003, 2002 and 2001, respectively, based on this agreement, of which \$4,167,438 and \$1,606,800 are recorded as other noncurrent asset as of December 31, 2003 and 2002, respectively.

On May 10, 2003 the Company has entered into a second tolling agreement with CES effective through June 30, 2022. The agreement was completed concurrently with the termination of a previous tolling agreement dated October 9, 2000, with Aquila Energy Marketing Corporation ("Aquila"), which was effective for 20 years beginning July 1, 2002 (Notes 6 and 7). This CES agreement is similar in nature to the agreement described above. Under this agreement, the Company has granted CES the right to receive the output of the second train of the Facility consisting

of approximately one-half of the full capacity of the Facility. In accordance with the terms of the contract, CES will supply fuel necessary to generate the energy it takes and will pay the Company a capacity charge as well as an operation and maintenance fee. This agreement is



## Acadia Power Partners, LLC and Subsidiary

### Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

being accounted for as an operating lease. The rate established in the agreement is fixed and therefore the lease revenues are recognized on a straight-line basis. The Company recorded revenues of \$20,858,200, \$0 and \$0 in 2003, 2002 and 2001, respectively, based on this agreement.

The Company's revenue from the agreements above includes \$2,117,600 and \$7,260,033 in 2003 and 2002, respectively, for sale of purchased power to CES. Cost of this power was recorded as purchase power expense - related parties.

As a result of the two 20-year tolling agreements with CES, all of the output from the Acadia Power Plant is currently marketed by CES.

The Company's accounts receivable related to the agreements noted above were \$6,187,895 and \$3,559,853 as of December 31, 2003 and 2002, respectively.

The minimum lease rentals to be received by the Company in connection with the above tolling agreements are \$64.0 million, \$64.0 million, \$64.0 million, \$65.9 million and \$67.8 million for the years 2004 through 2008, respectively. Minimum lease rentals for 2009 and thereafter are \$915.8 million.

The Company has contracted with Calpine Central, LP ("CCLP"), a subsidiary of Calpine, to provide project management services, which have included the design, construction, and operation of the Facility. The project management agreement dated February 29, 2000, terminates at the fiftieth anniversary of the commercial operation date (Note 1). The Company agrees to reimburse costs incurred by CCLP included in the approved operating budget and future operating budgets. Based on this agreement, the Company reimbursed \$2,934,888, \$1,575,505 and \$4,492,149 in 2003, 2002 and 2001, respectively.

The Subsidiary has a Pipeline Operating Agreement with Cleco Energy, LLC, a subsidiary of Cleco, dated March 1, 2002. The agreement covers all operations, repair, improvements, alterations, inspections, testing, protection and other operations and activities that are necessary to maintain the facility in accordance with federal safety and maintenance standards promulgated under CFR part 192 and the regulations of the Louisiana Office of Conservation, and to accomplish the business objectives of the Subsidiary. Based on this agreement, the Subsidiary reimbursed \$96,061, \$209,819 and \$59,417 in 2003, 2002 and 2001, respectively.

The Company has an Agreement for Electric Service with Cleco Power, LLC ("Cleco Power"), the successor to Cleco Utility Group, Inc., an affiliate of Cleco, dated December 15, 2001. The agreement covers electrical purchases of the Facility for a five-year period pursuant to Cleco Power's Louisiana Public Service Commission ("LPSC") Rate Schedule GS and its Rider Schedule for Long-Term Economic Development Services, subject to approval by the LPSC. Based on this agreement, the Company paid \$2,117,600, \$7,839,121 and \$410,714 for services received in 2003, 2002 and 2001, respectively.

The Company has a Phase Shifting Transformer Funding Agreement with Cleco Power, dated January 4, 2001. The agreement covers the purchase and installation of a Phase Shifting Transformer. The installation of this project concluded in 2003. Based on this agreement, the Company paid \$1,052,238, \$0 and \$1,400,000 for the purchase and installation of the transformer in 2003, 2002 and 2001, respectively.



## **Acadia Power Partners, LLC and Subsidiary**

### Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

The Company has an Interconnection and Operating Agreement with Cleco Power, dated February 25, 2000, pursuant to which the Company's generation facilities are interconnected to Cleco Power's adjacent transmission facilities and the transmission system of Entergy Services, Inc. The Company is obligated to construct, own, operate and maintain all the interconnection facilities and equipment on its side of the point of interconnections, and Cleco Power is obligated to construct, own, operate, and maintain the interconnection facilities and equipment on its side of the point of interconnection. Based on this agreement, the Company has reimbursed Cleco Power its construction costs for these customer specific interconnection facilities. The Company reimbursed \$67,478, \$68,584, and \$452,125 in 2003, 2002 and 2001, respectively.

#### **6. Other Significant Agreements**

On October 9, 2000, the Company entered into a tolling agreement with Aquila that was effective for 20 years beginning July 1, 2002. Under the agreement, the Company granted Aquila the right to receive the output of one train of the facility. In accordance with the terms of the contract, Aquila supplied all fuel necessary to generate the energy it took and paid the Company a capacity charge as well as an operation and maintenance fee. Revenues recognized under this agreement were \$16,053,598, \$23,784,443 and \$0 in 2003, 2002 and 2001, respectively. Revenue includes \$0, \$579,087 and \$0 in 2003, 2002 and 2001, respectively, for sale of purchased power to Aquila. Cost of this purchased power was recorded as purchase power expense - related parties (Note 5). On May 9, 2003, the Company terminated its tolling agreement with Aquila (Note 7).

The Company entered into an interconnection and operating agreement with Entergy Gulf States, Inc. ("Entergy"), as amended and restated January 4, 2001. The agreement states that Entergy will reimburse the Company for costs incurred by the Company for transmission system upgrades, totaling approximately \$4,740,000. Entergy will reimburse the Company for these costs through future transmission credits or cash payments, as applicable. Additionally, these credits are transferable to the Company's marketing agent or power purchaser for use in offsetting the cost of transmitting the Company's power. The Company received in a combination of cash and credits reimbursements of \$1,653,554, \$1,478,295 and \$0 in 2003, 2002 and 2001, respectively, based on this agreement. Total deferred transmission credit balances as of December 31, 2003 and 2002 were \$1,608,151 and \$3,261,705, of which \$1,608,151 and \$2,400,000 were included in Other Current Assets.

The Company entered into a Procurement and Marketing Agreement dated October 9, 2003 with ONEOK Energy Marketing and Trading Company, L.P. ("ONEOK"), pursuant to which ONEOK shall arrange for the provision of replacement power and test fuel, and the sale of test power and natural gas that is not used by the Company's generation facility, as requested by the Company from time to time. The Company shall pay ONEOK for all actual costs incurred for this service (as defined in the agreement) plus a service fee applicable to each MWh of replacement power and each MMBtu of test fuel procured and/or sold during such month and a fixed fee.

#### **7. Contract Termination**

The Company had previously entered into a tolling agreement dated October 9, 2000, with Aquila, which was effective for 20 years beginning July 1, 2002. Under the agreement, the Company had granted Aquila the right to receive the output of one train of the Facility, consisting of



**Acadia Power Partners, LLC and Subsidiary**

Notes to Consolidated Financial Statements

December 31, 2003, 2002 and 2001

approximately one-half of the full capacity of the 1,160-MW Facility. On May 9, 2003, the Company terminated its 580-MW, 20-year tolling agreement with Aquila in return for a cash settlement of \$105.5 million, which was recognized as a gain in other income and expenses. CAH and Acadia Holdings agreed to allocate the distributions as follows: (i) CAH received \$105.5 million cash distribution in 2003; (ii) Acadia Holdings is entitled to receive an annual priority cash distribution of \$14.0 million starting from July 2003 through June 30, 2022; (iii) all distributions in excess of the first \$14.0 million are allocated between members in accordance with their respective interest; (iv) the priority distributions include imputed interest based on the rate of approximately 11.6%. Imputed interest for 2003 of \$3.8 million was recorded as an adjustment to the Members' capital balances.

**8. Commitments and Contingencies**

The Company entered into a long-term service agreement for spare parts, maintenance and related technical services on May 3, 2002. The term of the agreement, with respect to each of the Company's four combustion turbines began upon the commercial operation date, and terminates on an individual combustion turbine basis, at the end of the scheduled maintenance following the second major inspection of each respective combustion turbine or sixteen years, whichever comes first. The maintenance and payment schedules are based on estimates of when maintenance will occur on the turbines based on the number of run hours. The actual timing of maintenance may vary based on actual hours run versus estimated hours run due to operational and performance considerations. The agreement is cancelable by the Company in whole or part at any time by providing written notice to the counterparty. Upon notice to cancel by the Company, the Company is subject to a declining cancellation fee. At December 31, 2003, the contingent cancellation fee was \$2,000,000.

Air and water permits issued on or about July 13, 2000, by the Louisiana Department of Environmental Quality ("LDEQ") to the Company were judicially appealed by various citizens and environmental action groups (petitioners) in early August 2000.

On February 23, 2001, the court ruled that (a) construction could continue, (b) LDEQ had no jurisdiction over groundwater withdrawal and (c) the Company submitted certain documents too late during or subsequent to the public comment period. Therefore, the court remanded the permit back to LDEQ so the public could have additional time to comment. The public comment period closed on October 31, 2001. The Company and LDEQ entered into an out-of-court settlement agreement with all of the petitioners. The settlement obligated the Company to revise certain air emissions and to install components to reduce ground water consumption. The litigation was dismissed with prejudice on May 17, 2002, and the matter has been concluded in its entirety.

In December 2001, a lawsuit seeking \$1,500,000 in damages was filed against the Subsidiary alleging wrongful termination of a pipeline construction project. The case was settled out of court in May 2003, for \$1,100,000.

Edgar Filing: CLECO CORP - Form 10-K/A

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLECO CORPORATION

(Registrant)

/s/ David M. Eppler

(David M. Eppler)

(President, Chief Executive Officer and Director)

Date: March 30, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David M. Eppler</u> (David M. Eppler)	President, Chief Executive Officer and Director (Principal Executive Officer)	March 30, 2004
<u>/s/ Dilek Samil</u> (Dilek Samil)	Chief Financial Officer and Senior Vice President of Finance (Principal Financial Officer)	March 30, 2004
<u>/s/ R. Russell Davis</u> (R. Russell Davis)	Vice President and Controller (Principal Accounting Officer)	March 30, 2004

DIRECTORS\*

SHERIAN G. CADORÍA  
RICHARD B. CROWELL  
DAVID M. EPPLER  
J. PATRICK GARRETT  
F. BEN JAMES, JR.  
ELTON R. KING  
WILLIAM L. MARKS  
RAY B. NESBITT  
ROBERT T. RATCLIFF  
WILLIAM H. WALKER, JR.  
W. LARRY WESTBROOK

/s/ David M. Eppler

\*By: DAVID M. EPPLER

(David M. Eppler, as Attorney-in-Fact)

March 30, 2004