CLECO POWER LLC
Form 10-Q
August 11, 2016

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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 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	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

Commission file number 1-05663
CLECO POWER LLC
(Exact name of registrant as specified in its charter)

Louisiana	72-0244480
(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

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 x No ¨

Indicate by check mark whether the Registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrants were required to submit and post such files). Yes x 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 x (Do not check if a smaller reporting company) Smaller reporting company ¨

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

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

As of August 11, 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.

CLECO HOLDINGS
CLECO POWER 2016 2ND QUARTER FORM 10-Q

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
ARRA	American Recovery and Reinvestment Act of 2009
Attala	Attala Transmission LLC, a wholly owned subsidiary of Cleco Holdings
CCR	Coal combustion by-products or residual
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
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
CSAPR	Cross-State Air Pollution Rule
DHLC	Dolet Hills Lignite Company, LLC, a wholly owned subsidiary of SWEPCO
Diversified Lands	Diversified Lands LLC, a wholly owned subsidiary of Cleco Holdings
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
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
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)
LDEQ	Louisiana Department of Environmental Quality
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

ABBREVIATION OR ACRONYM	DEFINITION
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
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
Not Meaningful	A percentage comparison of these items is not statistically meaningful because the percentage difference is greater than 1,000%
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
PPA	Power purchase agreement
PRP	Potentially Responsible Party
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

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 and LPSC 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 down-sizing 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,

- 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,
- ability to remain in compliance with debt covenants,
- 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.

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 Holdings' 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."

CLECO HOLDINGS

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015
Operating revenue			
Electric operations	$ 229,927	$ 30,997	$ 276,661
Other operations	14,133	1,949	15,803
Gross operating revenue	244,060	32,946	292,464
Electric customer credits	(558)	(43)	(3,390)
Operating revenue, net	243,502	32,903	289,074
Operating expenses			
Fuel used for electric generation	66,251	8,934	84,011
Power purchased for utility customers	24,382	4,144	34,132
Other operations	24,270	4,244	31,436
Maintenance	22,905	5,182	21,436
Depreciation and amortization	34,160	5,137	36,468
Taxes other than income taxes	10,379	1,704	12,117
Merger transaction and commitment costs	171,303	33,390	(410)
Total operating expenses	353,650	62,735	219,190
Operating (loss) income	(110,148)	(29,832)	69,884
Interest income	197	41	90
Allowance for equity funds used during construction	749	72	460
Other income	1,738	364	764
Other expense	(187)	(73)	(695)
Interest charges			
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	26,693	2,592	20,040
Allowance for borrowed funds used during construction	(228)	(23)	(130)
Total interest charges	26,465	2,569	19,910
(Loss) income before income taxes	(134,116)	(31,997)	50,593
Federal and state income tax (benefit) expense	(52,202)	(8,669)	20,359
Net (loss) income	$ (81,914)	$ (23,328)	$ 30,234

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

CLECO HOLDINGS

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	SUCCESSOR	PREDECESSOR	
(THOUSANDS)	APR. 13, 2016 - JUNE 30, 2016	APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015
Net (loss) income	$ (81,914)	$ (23,328)	$ 30,234
Other comprehensive income, net of tax			
Postretirement benefits gain (net of tax expense of $0, $37, and $411, respectively)	—	59	656
Net gain on cash flow hedges (net of tax expense of $0, $4, and $33, respectively)	—	7	53
Total other comprehensive income, net of tax	—	66	709
Comprehensive (loss) income, net of tax	$ (81,914)	$ (23,262)	$ 30,943

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

CLECO HOLDINGS

Condensed Consolidated Statements of Income (Unaudited)

(THOUSANDS)	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Operating revenue			
Electric operations	$ 229,927	$281,154	$554,175
Other operations	14,133	19,080	33,535
Gross operating revenue	244,060	300,234	587,710
Electric customer credits	(558)	(364)	(3,179)
Operating revenue, net	243,502	299,870	584,531
Operating expenses			
Fuel used for electric generation	66,251	96,378	172,136
Power purchased for utility customers	24,382	27,249	78,213
Other operations	24,270	33,563	59,995
Maintenance	22,905	29,813	40,518
Depreciation and amortization	34,160	44,076	73,746
Taxes other than income taxes	10,379	14,611	25,589
Merger transaction and commitment costs	171,303	34,912	1,730
Gain on sale of asset	—	(1,095)	—
Total operating expenses	353,650	279,507	451,927
Operating (loss) income	(110,148)	20,363	132,604
Interest income	197	265	388
Allowance for equity funds used during construction	749	723	1,537
Other income	1,738	870	1,409
Other expense	(187)	(590)	(1,063)
Interest charges			
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	26,693	22,330	40,483
Allowance for borrowed funds used during construction	(228)	(207)	(451)
Total interest charges	26,465	22,123	40,032
(Loss) income before income taxes	(134,116)	(492)	94,843
Federal and state income tax (benefit) expense	(52,202)	3,468	37,687
Net (loss) income	$ (81,914)	$(3,960)	$57,156

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

CLECO HOLDINGS

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(THOUSANDS)	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Net (loss) income	$ (81,914)	$ (3,960)	$ 57,156
Other comprehensive income, net of tax			
Postretirement benefits gain (net of tax expense of $0, $367, and $792, respectively)	—	587	1,265
Net gain on cash flow hedges (net of tax expense of $0, $37, and $66, respectively)	—	60	106
Total other comprehensive income, net of tax	—	647	1,371
Comprehensive (loss) income, net of tax	$ (81,914)	$ (3,313)	$ 58,527

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

CLECO HOLDINGS

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	SUCCESSOR AT JUNE 30, 2016	PREDECESSOR AT DEC. 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 16,912	$ 68,246
Restricted cash and cash equivalents	144,150	9,263
Customer accounts receivable (less allowance for doubtful accounts of $3,957 in 2016 and $2,674 in 2015)	46,503	43,255
Accounts receivable - affiliate	3,786	—
Other accounts receivable	25,681	27,677
Unbilled revenue	46,419	33,995
Fuel inventory, at average cost	38,023	72,838
Material and supplies, at average cost	79,469	76,731
Energy risk management assets	13,989	7,673
Accumulated deferred fuel	19,543	12,910
Cash surrender value of company-/trust-owned life insurance policies	76,424	73,823
Prepayments	7,798	7,883
Regulatory assets	40,929	14,117
Other current assets	841	448
Total current assets	560,467	448,859
Property, plant, and equipment		
Property, plant, and equipment	3,376,333	4,661,212
Accumulated depreciation	(20,990)	(1,536,158)
Net property, plant, and equipment	3,355,343	3,125,054
Construction work in progress	97,194	66,509
Total property, plant, and equipment, net	3,452,537	3,191,563
Equity investment in investee	19,272	16,822
Goodwill	1,490,402	—
Prepayments	4,656	4,542
Restricted cash and cash equivalents	24,291	16,195
Regulatory assets - deferred taxes, net	230,523	236,941
Regulatory assets	471,389	284,689
Net investment in direct financing lease	13,442	13,464
Intangible asset	157,731	74,963
Tax credit fund investment, net	12,072	13,741
Other deferred charges	17,072	22,299
Total assets	$ 6,453,854	$ 4,324,078

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

(Continued on next page)

CLECO HOLDINGS

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	SUCCESSOR AT JUNE 30, 2016	PREDECESSOR AT DEC. 31, 2015
Liabilities and member's equity/shareholders' equity		
Liabilities		
Current liabilities		
Long-term debt due within one year	$ 20,007	$ 19,421
Accounts payable	100,802	93,822
Accounts payable, affiliate	146	—
Customer deposits	56,328	55,233
Provision for rate refund	3,618	2,696
Provision for merger commitments	142,003	—
Taxes payable	16,246	2,573
Interest accrued	14,041	7,814
Energy risk management liabilities	371	275
Regulatory liabilities - other	—	312
Deferred compensation	10,933	10,156
Other current liabilities	17,776	14,277
Total current liabilities	382,271	206,579
Long-term liabilities and deferred credits		
Accumulated deferred federal and state income taxes, net	1,002,784	925,103
Accumulated deferred investment tax credits	2,998	3,245
Postretirement benefit obligations	213,638	205,036
Restricted storm reserve	16,775	16,177
Other deferred credits	27,935	24,670
Total long-term liabilities and deferred credits	1,264,130	1,174,231
Long-term debt, net	2,759,226	1,268,427
Total liabilities	4,405,627	2,649,237
Commitments and Contingencies (Note 12)		
Member's equity/Shareholders' equity		
Member's equity/Common shareholders' equity		
Membership interest/Common stock [(1)]	2,130,141	456,412
(Accumulated deficit)/Retained earnings	(81,914)	1,245,014
Accumulated other comprehensive loss	—	(26,585)
Total member's equity/common shareholders' equity	2,048,227	1,674,841
Total liabilities and member's equity/shareholders' equity	$ 6,453,854	$ 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.

CLECO HOLDINGS

Condensed Consolidated Statements of Cash Flows (Unaudited)

	SUCCESSOR	PREDECESSOR	
(THOUSANDS)	APR. 13, 2016 - JUNE 30, 2016	JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Operating activities			
Net (loss) income	$ (81,914)	$ (3,960)	$ 57,156
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	57,718	45,869	76,951
Gain on sale of asset	—	(1,095)	—
Unearned compensation expense	361	3,276	3,341
Allowance for equity funds used during construction	(748)	(724)	(1,537)
Net deferred income taxes	(47,264)	2,219	33,367
Deferred fuel costs	(7,717)	977	7,251
Cash surrender value of company-/trust-owned life insurance	(1,761)	(840)	(366)
Provision for merger commitments	150,840	—	—
Changes in assets and liabilities			
Accounts receivable	(5,360)	(1,865)	(8,062)
Accounts and notes receivable, affiliate	(3,786)	—	—
Unbilled revenue	(12,988)	563	(4,866)
Fuel inventory and materials and supplies	12,765	19,312	4,973
Prepayments	(2,425)	2,395	1,295
Accounts payable	(19,143)	8,348	(27,652)
Accounts and notes payable, affiliate	146	—	—
Customer deposits	2,787	3,342	6,104
Postretirement benefit obligations	936	9,746	6,878
Regulatory assets and liabilities, net	4,104	5,178	8,764
Other deferred accounts	(7,109)	6,878	(7,872)
Taxes accrued	(8,161)	10,820	16,959
Interest accrued	(11,760)	17,909	1,112
Deferred compensation	(1,436)	(793)	(908)
Other operating	2,705	2,224	1,579
Net cash provided by operating activities	20,790	129,779	174,467
Investing activities			
Additions to property, plant, and equipment	(43,623)	(42,392)	(78,180)
Allowance for equity funds used during construction	748	724	1,537
Proceeds from sale of property	159	1,932	—
Premiums paid on trust-owned life insurance	—	—	(1,375)
Contributions to equity investment in investee	—	(2,450)	(840)
Return of equity investment in tax credit fund	475	476	1,172
Contributions to tax credit fund	—	—	(923)
Transfer of cash (to) from restricted accounts, net	(147,830)	4,847	(41)

Other investing	104	53	459
Net cash used in investing activities	(189,967)	(36,810)	(78,191)

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CLECO HOLDINGS

Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Financing activities			
Draws on credit facilities	15,000	3,000	62,000
Payments on credit facilities	(15,000)	(10,000)	(87,000)
Issuance of long-term debt	1,350,000	—	—
Repayment of long-term debt	(1,350,000)	(8,546)	(43,053)
Payment of financing costs	(5,830)	(43)	(154)
Dividends paid	(572)	(24,579)	(48,869)
Contribution from member	100,720	—	—
Distribution to member	(28,000)	—	—
Other financing	(559)	(717)	(1,194)
Net cash provided by (used in) financing activities	65,759	(40,885)	(118,270)
Net (decrease) increase in cash and cash equivalents	(103,418)	52,084	(21,994)
Cash and cash equivalents at beginning of period	120,330	68,246	44,423
Cash and cash equivalents at end of period	$ 16,912	$ 120,330	$ 22,429
Supplementary cash flow information			
Interest paid, net of amount capitalized	$ 37,466	$ 2,478	$ 36,751
Income taxes paid (refunded), net	$ 256	$ (481)	$ 306
Supplementary non-cash investing and financing activities			
Accrued additions to property, plant, and equipment	$ 19,668	$ 10,619	$ 7,674
Additions to property, plant, and equipment - ARO	$ —	$ 961	$ —

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

CLECO HOLDINGS

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(THOUSANDS)	COMMON STOCK/MEMBERSHIP INTEREST[1]	RETAINED EARNINGS/(ACCUMULATED DEFICIT)	AOCI	TOTAL SHAREHOLDERS'/ MEMBER'S EQUITY
PREDECESSOR				
Balances, Dec. 31, 2015	$ 456,412	$ 1,245,014	$(26,585)	$ 1,674,841
Common stock issued for compensatory plans	(1,277)	—	—	(1,277)
Dividends on common stock, $0.40 per share	—	(24,190)	—	(24,190)
Net loss	—	(3,960)	—	(3,960)
Other comprehensive income, net of tax	—	—	647	647
Balances, Apr. 12, 2016	$ 455,135	$ 1,216,864	$(25,938)	$ 1,646,061
SUCCESSOR				
Balances, Apr. 13, 2016 [2]	$ 2,158,141	$ —	$—	$ 2,158,141
Distribution to member	(28,000)	—	—	(28,000)
Net loss	—	(81,914)	—	(81,914)
Balances, June 30, 2016	$ 2,130,141	$ (81,914)	$—	$ 2,048,227

[1]At April 12, 2016, and December 31, 2015, shareholders' equity of the predecessor company included $61.1 million of common stock. At April 12, 2016, and December 31, 2015, shareholders' equity of the predecessor company included $414.6 million and $418.5 million of premium on common stock, and $20.5 million and $23.2 million of treasury stock, respectively.

[2]The April 13, 2016, beginning balance of the successor company differs from the April 12, 2016, ending balances of the predecessor company due to acquisition accounting adjustments related to the Merger.

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

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Cleco Power

These unaudited Condensed Consolidated Financial Statements should be read in conjunction with Cleco Power's Consolidated Financial Statements and Notes included in the Registrants' Combined Annual Report on Form 10-K for the fiscal year ended December 31, 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."

CLECO POWER

Condensed Consolidated Statements of Income (Unaudited)

	FOR THE THREE MONTHS ENDED JUNE 30,	
(THOUSANDS)	2016	2015
Operating revenue		
Electric operations	$263,155	$276,661
Other operations	15,564	15,283
Affiliate revenue	225	331
Gross operating revenue	278,944	292,275
Electric customer credits	(601)	(3,390)
Operating revenue, net	278,343	288,885
Operating expenses		
Fuel used for electric generation	75,185	84,011
Power purchased for utility customers	28,526	34,132
Other operations	29,287	31,650
Maintenance	27,954	21,230
Depreciation and amortization	36,240	36,126
Taxes other than income taxes	11,491	11,493
Merger commitment costs	151,501	—
Total operating expenses	360,184	218,642
Operating (loss) income	(81,841)	70,243
Interest income	146	48
Allowance for equity funds used during construction	821	460
Other income	204	846
Other expense	(272)	(474)
Interest charges		
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	19,564	19,531
Allowance for borrowed funds used during construction	(251)	(130)
Total interest charges	19,313	19,401
(Loss) income before income taxes	(100,255)	51,722
Federal and state income tax (benefit) expense	(39,026)	19,909
Net (loss) income	$(61,229)	$31,813

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

CLECO POWER

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	FOR THE THREE MONTHS ENDED JUNE 30,	
(THOUSANDS)	2016	2015
Net (loss) income	$(61,229)	$31,813
Other comprehensive income, net of tax		
Postretirement benefits gain (net of tax expense of $113 in 2016 and $180 in 2015)	181	288
Net gain on cash flow hedges (net of tax expense of $33 in 2016 and 2015)	53	53
Total other comprehensive income, net of tax	234	341
Comprehensive (loss) income, net of tax	$(60,995)	$32,154

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

CLECO POWER

Condensed Consolidated Statements of Income (Unaudited)

	FOR THE SIX MONTHS ENDED JUNE 30,	
(THOUSANDS)	2016	2015
Operating revenue		
Electric operations	$513,312	$554,175
Other operations	32,178	32,495
Affiliate revenue	457	665
Gross operating revenue	545,947	587,335
Electric customer credits	(922)	(3,179)
Operating revenue, net	545,025	584,156
Operating expenses		
Fuel used for electric generation	162,629	172,136
Power purchased for utility customers	51,631	78,213
Other operations	58,681	60,130
Maintenance	52,492	40,175
Depreciation and amortization	74,843	73,109
Taxes other than income taxes	23,916	24,479
Merger commitment costs	151,501	—
Gain on sale of asset	(1,095)	—
Total operating expenses	574,598	448,242
Operating (loss) income	(29,573)	135,914
Interest income	325	304
Allowance for equity funds used during construction	1,472	1,537
Other income	351	1,297
Other expense	(789)	(1,062)
Interest charges		
Interest charges, including amortization of debt issuance costs, premiums, and discounts, net	39,034	39,755
Allowance for borrowed funds used during construction	(435)	(451)
Total interest charges	38,599	39,304
(Loss) income before income taxes	(66,813)	98,686
Federal and state income tax (benefit) expense	(26,463)	38,268
Net (loss) income	$(40,350)	$60,418

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

CLECO POWER

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	FOR THE SIX MONTHS ENDED JUNE 30,	
(THOUSANDS)	2016	2015
Net (loss) income	$(40,350)	$60,418
Other comprehensive income, net of tax		
Postretirement benefits gain (net of tax expense of $239 in 2016 and $126 in 2015)	381	201
Net gain on cash flow hedges (net of tax expense of $66 in 2016 and 2015)	106	106
Total other comprehensive income, net of tax	487	307
Comprehensive (loss) income, net of tax	$(39,863)	$60,725

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

CLECO POWER

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Assets		
Utility plant and equipment		
Property, plant, and equipment	$4,694,517	$4,645,698
Accumulated depreciation	(1,571,433)	(1,525,298)
Net property, plant, and equipment	3,123,084	3,120,400
Construction work in progress	96,725	66,069
Total utility plant, net	3,219,809	3,186,469
Current assets		
Cash and cash equivalents	7,310	65,705
Restricted cash and cash equivalents	144,150	9,263
Customer accounts receivable (less allowance for doubtful accounts of $3,957 in 2016 and $2,674 in 2015)	46,503	43,255
Accounts receivable - affiliate	3,812	1,908
Other accounts receivable	25,245	27,553
Unbilled revenue	46,419	33,995
Fuel inventory, at average cost	38,023	72,838
Material and supplies, at average cost	79,469	76,731
Energy risk management assets	13,989	7,673
Accumulated deferred fuel	19,543	12,910
Cash surrender value of company-owned life insurance policies	20,155	20,003
Prepayments	6,707	6,309
Regulatory assets	19,362	14,117
Other current assets	—	337
Total current assets	470,687	392,597
Equity investment in investee	19,272	16,822
Prepayments	4,656	4,542
Restricted cash and cash equivalents	24,270	16,174
Regulatory assets - deferred taxes, net	230,523	236,941
Regulatory assets	269,397	284,689
Intangible asset	66,711	74,963
Other deferred charges	14,133	20,534
Total assets	$4,319,458	$4,233,731

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

(Continued on next page)

CLECO POWER

Condensed Consolidated Balance Sheets (Unaudited)

(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Liabilities and member's equity		
Member's equity	$1,527,541	$1,552,404
Long-term debt, net	1,224,624	1,234,433
Total capitalization	2,752,165	2,786,837
Current liabilities		
Long-term debt due within one year	20,007	19,421
Accounts payable	92,595	88,235
Accounts payable - affiliate	6,432	6,598
Customer deposits	56,328	55,233
Provision for rate refund	3,618	2,696
Provision for merger commitments	142,003	—
Taxes payable	5,916	17,045
Interest accrued	8,915	7,813
Energy risk management liabilities	371	275
Regulatory liabilities - other	—	312
Other current liabilities	12,159	10,078
Total current liabilities	348,344	207,706
Commitments and Contingencies (Note 12)		
Long-term liabilities and deferred credits		
Accumulated deferred federal and state income taxes, net	1,016,256	1,043,531
Accumulated deferred investment tax credits	2,998	3,245
Postretirement benefit obligations	154,985	152,152
Restricted storm reserve	16,775	16,177
Other deferred credits	27,935	24,083
Total long-term liabilities and deferred credits	1,218,949	1,239,188
Total liabilities and member's equity	$4,319,458	$4,233,731

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

CLECO POWER

Condensed Consolidated Statements of Cash Flows (Unaudited)

(THOUSANDS)	FOR THE SIX MONTHS ENDED JUNE 30, 2016	2015
Operating activities		
Net (loss) income	$(40,350)	$60,418
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	79,059	75,591
Gain on sale of asset	(1,095)	—
Allowance for equity funds used during construction	(1,472)	(1,537)
Net deferred income taxes	(22,438)	34,583
Deferred fuel costs	(6,740)	7,251
Provision for merger commitments	150,840	—
Changes in assets and liabilities		
Accounts receivable	(6,914)	(8,204)
Accounts and notes receivable, affiliate	(680)	5,857
Unbilled revenue	(12,425)	(4,866)
Fuel inventory and materials and supplies	32,077	4,973
Prepayments	(512)	(867)
Accounts payable	(13,238)	(22,311)
Accounts and notes payable, affiliate	(4,129)	(2,619)
Customer deposits	6,129	6,104
Postretirement benefit obligations	2,426	3,533
Regulatory assets and liabilities, net	8,854	8,764
Other deferred accounts	(231)	(6,409)
Taxes accrued	(11,129)	18,949
Interest accrued	1,102	1,099
Other operating	5,056	1,888
Net cash provided by operating activities	164,190	182,197
Investing activities		
Additions to property, plant, and equipment	(85,936)	(78,010)
Allowance for equity funds used during construction	1,472	1,537
Proceeds from sale of property	2,091	—
Contributions to equity investment in investee	(2,450)	(840)
Transfer of cash to restricted accounts, net	(142,983)	(41)
Other investing	157	459
Net cash used in investing activities	(227,649)	(76,895)
Financing activities		
Draws on credit facility	15,000	20,000
Payments on credit facility	(15,000)	(40,000)
Repayment of long-term debt	(8,546)	(43,053)
Contributions from parent	50,000	—
Distributions to parent	(35,000)	(60,000)
Other financing	(1,390)	(1,348)

Net cash provided by (used in) financing activities	5,064	(124,401)
Net decrease in cash and cash equivalents	(58,395)	(19,099)
Cash and cash equivalents at beginning of period	65,705	39,162
Cash and cash equivalents at end of period	$7,310	$20,063
Supplementary cash flow information		
Interest paid, net of amount capitalized	$35,746	$36,394
Income taxes (refunded) paid, net	$(485)	$565
Supplementary non-cash investing and financing activities		
Accrued additions to property, plant, and equipment	$19,571	$7,639
Additions to property, plant, and equipment - ARO	$961	$—

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

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CLECO POWER

Condensed Consolidated Statements of Changes in Member's Equity (Unaudited)

(THOUSANDS)	MEMBER'S EQUITY	AOCI	TOTAL MEMBER'S EQUITY
Balances, Dec. 31, 2015	$1,569,496	$(17,092)	$1,552,404
Other comprehensive income, net of tax	—	487	487
Contributions from parent	50,000	—	50,000
Distributions to parent	(35,000)	—	(35,000)
Net loss	(40,350)	—	(40,350)
Balances, June 30, 2016	$1,544,146	$(16,605)	$1,527,541

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

Index to Applicable Notes to the Unaudited Condensed Consolidated Financial Statements of Registrants

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements of Cleco include the accounts of Cleco and its majority-owned subsidiaries after elimination of intercompany accounts and transactions.

Basis of Presentation

On April 13, 2016, Cleco Holdings completed its merger with Merger Sub whereby Merger Sub 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, as a direct, wholly owned subsidiary of Cleco Group and an indirect, wholly owned subsidiary of Cleco Partners. At the effective time of the Merger each outstanding share of Cleco Corporation common stock, par value $1.00 per share (other than shares that were owned by Cleco Corporation, Cleco Partners, Merger Sub, or any other direct or indirect wholly owned subsidiary of Cleco Partners or Cleco Corporation), were cancelled and were converted into the right to receive $55.37 per share in cash, without interest, with all dividends payable before the effective time of the Merger.

Cleco Holdings has accounted for the merger transaction by applying the acquisition method of accounting. The objective of the acquisition method is to establish a new accounting basis for the acquiree, Cleco Holdings and its subsidiaries, and requires the acquirer, Cleco Group, to recognize and measure the acquiree's assets and liabilities at fair value as of the acquisition date. Cleco Power's assets and liabilities were recorded at historical cost since Cleco did not elect pushdown accounting at the Cleco Power level. The financial statements and accompanying footnotes for Cleco have been segregated to present pre-merger activity as the "Predecessor" and post-merger activity as the "Successor." The predecessor period is not comparable to the successor period.

The Condensed Consolidated Financial Statements of Cleco Holdings and Cleco Power have been prepared in accordance with GAAP for interim financial information and with the instructions to the Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all of the information and notes required by GAAP for annual financial statements. The year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements. Because the interim Condensed Consolidated Financial Statements and the accompanying notes do not include all of the information and notes required by GAAP for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and accompanying notes in the Registrants' Combined Annual Report on Form 10-K for the year ended December 31, 2015.

These Condensed Consolidated Financial Statements, in the opinion of management, reflect all normal recurring adjustments that are necessary to fairly present the financial position and results of operations of Cleco. Amounts reported in Cleco's interim financial statements are not necessarily indicative of amounts expected for the annual periods due to the effects of seasonal temperature variations on energy consumption, regulatory rulings, the timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices, effects of the completion of the Merger, discrete income tax items, and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. For information on recent authoritative guidance and its effect on financial results, see Note 3 — "Recent Authoritative Guidance."

Reclassifications
Reclassifications have been made to the 2015 financial statements to conform them to the presentation used in the 2016 financial statements. Cleco and Cleco Power's Condensed Consolidated Balance Sheets for the year ended December 31, 2015, have been adjusted to reflect credit facility debt issuance costs as Other deferred charges as compared to Long-term debt, net as presented in the prior year. The amount of the reclassification was $0.7 million and $0.4 million for Cleco and Cleco Power, respectively. These reclassifications had no effect on Cleco or Cleco Power's net income or equity.

Goodwill
Goodwill is the excess of the purchase price (consideration transferred and liabilities assumed) over the estimated fair value of net assets of the acquired business and is not subject to amortization. Goodwill will be tested annually in the third quarter and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. If the fair value of Cleco is less than the carrying value, a full valuation of Cleco's assets and liabilities, conducted as though Cleco were a newly acquired business, would occur. For more information on goodwill, see Note 15 — "Intangible Assets and Goodwill."

Intangible assets
Intangible assets include Cleco Katrina/Rita's right to bill and collect storm recovery charges, fair value adjustments on wholesale power supply agreements, and the Cleco trade name. The fair value of the assets are being amortized over their estimated useful lives in a manner that best reflects the economic benefits derived from such assets. The intangible assets related to the power supply agreements have definite lives ranging from 2 years to 19 years. Impairment will be tested if there are events or circumstances that indicate that an impairment analysis should be performed. If such an event or circumstance occurs, intangible impairment testing will be performed prior to goodwill impairment testing. Impairment is calculated as the excess of the asset's carrying amount over its fair value. For more information on intangible assets, see Note 15 — "Intangible Assets and Goodwill."

Property, Plant, and Equipment
Property, plant, and equipment consist primarily of regulated utility generation and energy transmission and distribution assets. Regulated assets, utilized primarily for retail operations and electric transmission and distribution, are stated at the cost of construction, which includes certain materials, labor, payroll taxes and benefits, administrative and general costs, and the estimated cost of funds used during construction. Jointly owned assets are reflected in property, plant, and equipment at Cleco Power's share of the cost to construct or purchase the assets.
Most of the carrying value of Cleco's assets were determined to be stated at fair value at the Merger date, considering that most of these assets are subject to regulation by the LPSC and FERC. A fair value adjustment was made to record the stepped-up basis for the Coughlin assets, since Cleco Power is able to earn a return on and recover these costs from customers. At the date of the Merger, the gross balance of fixed depreciable assets at Cleco was adjusted to be net of accumulated depreciation, as no accumulated depreciation existed on the date of the Merger. Since

pushdown accounting was not elected at the Cleco Power level, Cleco Power retained its accumulated depreciation. For more information about merger related adjustments to property, plant, and equipment, see Note 2 — "Business Combinations."
Cleco and Cleco Power's property, plant, and equipment consisted of:
Cleco

(THOUSANDS)	SUCCESSOR AT JUNE 30, 2016	PREDECESSOR AT DEC. 31, 2015
Utility plants	$ 3,371,948	$ 4,645,698

Other	4,385	15,514
Total property, plant, and equipment	3,376,333	4,661,212
Accumulated depreciation	(20,990)	(1,536,158)
Net property, plant, and equipment	$ 3,355,343	$ 3,125,054

Cleco Power

(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Regulated utility plants	$4,694,517	$4,645,698
Accumulated depreciation	(1,571,433)	(1,525,298)
Net property, plant, and equipment	$3,123,084	$3,120,400

Restricted Cash and Cash Equivalents

Various agreements to which Cleco is subject contain covenants that restrict its use of cash. As certain provisions under these agreements are met, cash is transferred out of related escrow accounts and becomes available for its intended purposes and/or general corporate purposes.

Cleco and Cleco Power's restricted cash and cash equivalents consisted of:

Cleco

(THOUSANDS)	SUCCESSOR AT JUNE 30, 2016	PREDECESSOR AT DEC. 31, 2015
Current		
Cleco Katrina/Rita's storm recovery bonds	$ 8,348	$ 9,263
Cleco Power's sale of property	1,299	—
Cleco Power's charitable contributions	1,200	—
Cleco Power's rate credit escrow	133,303	—
Total current	144,150	9,263
Non-current		
Diversified Lands' mitigation escrow	21	21
Cleco Power's future storm restoration costs	16,769	16,174
Cleco Power's charitable contributions	4,803	—
Cleco Power's rate credit escrow	2,698	—
Total non-current	24,291	16,195
Total restricted cash and cash equivalents	$ 168,441	$ 25,458

Cleco Power

(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Current		
Cleco Katrina/Rita's storm recovery bonds	$8,348	$9,263
Sale of property	1,299	—
Charitable contributions	1,200	—
Rate credit escrow	133,303	—
Total current	144,150	9,263
Non-current		
Future storm restoration costs	16,769	16,174
Charitable contributions	4,803	—
Rate credit escrow	2,698	—
Total non-current	24,270	16,174
Total restricted cash and cash equivalents	$168,420	$25,437

Cleco Katrina/Rita has the right to bill and collect storm restoration costs from Cleco Power's customers. As cash is collected, it is restricted for payment of administration fees, interest, and principal on storm recovery bonds. During the six months ended June 30, 2016, Cleco Katrina/Rita collected $9.9 million net of administration fees. In March 2016, Cleco Katrina/Rita used $8.5 million for a scheduled storm recovery bond principal payment and $2.3 million for a related interest payment.
On March 14, 2016, Cleco Power sold property for $1.3 million. Cleco Power used the proceeds from the sale to purchase like-kind property; therefore, was required to deposit the proceeds with a third party intermediary. On July 29, 2016, Cleco Power completed the purchase of the like-kind property, and the funds were released to purchase the property.
Included in the Merger Commitments were $6.0 million of charitable contributions to be disbursed over five years and $136.0 million of rate credits to eligible customers. On April 25, 2016, in accordance with the Merger Commitments, Cleco Power established the charitable contribution fund and also deposited the rate credit funds into an escrow account. On April 28, 2016, the LPSC voted to issue the rate credits equally to customers with service as of June 30, 2016, beginning in July 2016.

Fair Value Measurements and Disclosures
Various accounting pronouncements require certain assets and liabilities to be measured at their fair values. Some assets and liabilities are required to be measured at their fair value each reporting period, while others are required to be measured only one time, generally on the date of acquisition or debt issuance. Cleco and Cleco Power disclose the fair value of certain assets and liabilities by one of three levels when required for recognition purposes. For more information about fair value levels, see Note 5 — "Fair Value Accounting."

Risk Management
Market risk inherent in Cleco's market risk-sensitive instruments and positions includes potential changes in value arising from changes in interest rates and the commodity market prices of power, FTRs, and natural gas in the industry on different energy exchanges. Cleco's Energy Market Risk Management Policy authorizes the use of various derivative instruments, including exchange traded futures and option contracts, forward purchase and sales contracts, and swap transactions to reduce exposure to fluctuations in the price of power, FTRs, and natural gas. Cleco evaluates derivatives and hedging

activities to determine whether the market risk-sensitive instruments and positions are required to be marked-to-market.

Cleco Power may also enter into risk mitigating positions that would not meet the requirements of a normal-purchase, normal-sale transaction in order to attempt to mitigate the volatility in customer fuel costs. These positions would be marked-to-market with the resulting gain or loss recorded on Cleco and Cleco Power's Condensed Consolidated Balance Sheets as a component of energy risk management assets or liabilities. Such gain or loss would be deferred as a component of deferred fuel assets or liabilities in accordance with regulatory policy. When these positions close, actual gains or losses would be included in the FAC and reflected on customers' bills as a component of the fuel cost adjustment. In June 2015, the LPSC approved a long-term natural gas hedging pilot program that requires Cleco Power to establish a proposal for a program that will be designed to provide gas price stability for a minimum of five years. This proposal is required to be submitted to the LPSC by June 30, 2018. There were no open natural gas positions at June 30, 2016, or December 31, 2015.

Cleco Power purchases the majority of its FTRs in annual auctions facilitated by MISO during the second quarter of each year and may also purchase additional FTRs in monthly auctions facilitated by MISO. FTRs are derivative instruments which represent economic hedges of future congestion charges that will be incurred in serving Cleco Power's customer load. FTRs are not designated as hedging instruments for accounting purposes. Cleco Power initially records FTRs at their estimated fair value and subsequently adjusts the carrying value to their estimated fair value at the end of each accounting period based on the most recent MISO FTR auction prices. Unrealized gains or losses on FTRs held by Cleco Power are included in Accumulated deferred fuel on Cleco and Cleco Power's Condensed Consolidated Balance Sheets. Realized gains or losses on settled FTRs are recorded in Electric operations or Power purchased for utility customers on Cleco and Cleco Power's Condensed Consolidated Statements of Income. At June 30, 2016, Cleco and Cleco Power's Condensed Consolidated Balance Sheets reflected the fair value of open FTR positions of $14.0 million in Energy risk management assets and $0.4 million in Energy risk management liabilities, compared to $7.7 million in Energy risk management assets and $0.3 million in Energy risk management liabilities at December 31, 2015. For more information on FTRs, see Note 5 — "Fair Value Accounting — Commodity Contracts."

Cleco and Cleco Power maintain a master netting agreement policy and monitor credit risk exposure through review of counterparty credit quality, aggregate counterparty credit exposure, and aggregate counterparty concentration levels. Cleco manages these risks by establishing appropriate credit and concentration limits on transactions with counterparties and requiring contractual guarantees, cash deposits, or letters of credit from counterparties or their affiliates, as deemed necessary. Cleco Power has agreements in place with various counterparties that authorize the netting of financial buys and sells and contract payments to mitigate credit risk for transactions entered into for risk management purposes.

Cleco may enter into contracts to mitigate the volatility in interest rate risk. These contracts include, but are not limited to, interest rate swaps and treasury rate locks. For the six months ended June 30, 2016, and the year ended December 31, 2015, Cleco did not enter into any contracts to mitigate the volatility in interest rate risk.

Accounting for MISO Transactions
Cleco Power participates in MISO's Energy and Operating Reserve market where sales and purchases are netted hourly. If the hourly activity nets to sales, the result is reported in Electric operations on Cleco and Cleco Power's Condensed Consolidated Statements of Income. If the hourly activity nets to purchases, the result is reported in Power purchased for utility customers on Cleco and Cleco Power's Condensed Consolidated Statements of Income.

Stock-Based Compensation
Prior to the completion of the Merger, Cleco had two stock-based compensation plans: the ESPP and the LTIP. As a result of the completion of the Merger, the ESPP and the LTIP were terminated.
Pursuant to the terms of the LTIP, certain officers, key employees, and directors of Cleco were eligible to be granted stock options, restricted stock, also known as non-vested stock, common stock equivalents, and stock appreciation rights. For the predecessor period January 1, 2016, through April 12, 2016, Cleco granted no shares of non-vested stock pursuant to the LTIP. As a result of the completion of the Merger, all unvested shares outstanding under the LTIP that were granted prior to January 1, 2015, vested at target and were paid out in cash to plan participants. Unvested shares that were granted during 2015 were prorated to the target amount and paid out in cash to plan participants in accordance with the terms of the Merger Agreement. In April 2016, Cleco incurred $2.3 million of merger expense due to the accelerated vesting of the LTIP shares for the predecessor period. For more information about the Merger, see Note 2 — "Business Combinations."
Cleco and Cleco Power reported pretax compensation expense for their share-based compensation plans as shown in the following tables:

Cleco

(THOUSANDS)	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Equity classification						
Non-vested stock	$ —	$ 2,273	$ 1,440	$ —	$ 3,241	$ 3,225
Tax benefit	$ —	$ 874	$ 554	$ —	$ 1,247	$ 1,241

Cleco Power

(THOUSANDS)	FOR THE THREE MONTHS ENDED JUNE 30, 2016	2015	FOR THE SIX MONTHS ENDED JUNE 30, 2016	2015
Equity classification				
Non-vested stock	$645	$502	$997	$946
Tax benefit	$248	$193	$384	$364

Note 2 —
Business
Combinations

On April 13, 2016, Cleco Holdings completed its merger with Merger Sub whereby Merger Sub 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, as a direct, wholly owned subsidiary of Cleco Group and an indirect, wholly owned subsidiary of Cleco Partners. At the effective time of the Merger each outstanding share of Cleco Corporation common stock, par value $1.00 per share (other than shares that were owned by Cleco Corporation, Cleco Partners, Merger Sub, or any other direct or indirect wholly owned subsidiary of Cleco Partners or Cleco Corporation), were cancelled and were converted into the right to receive $55.37 per share in cash, without interest, with all dividends payable before the effective time of the Merger.

Regulatory Matters

On March 28, 2016, the LPSC approved the Merger. The LPSC's written order approving the Merger was issued on April 7, 2016. Approval of the Merger was conditioned upon certain commitments, including $136.0 million of customer rate credits, a $7.0 million one-time contribution for economic development in Cleco Power's service territory to be administered by LED or other state agency, $6.0 million of

charitable contributions to be disbursed over five years, and $2.5 million of contributions for economic development for Louisiana state and local organizations to be disbursed over five years. These commitments were accrued on April 13, 2016, and are included in Merger transaction and commitment costs and Merger commitment costs on Cleco and Cleco Power's Condensed Consolidated Statements of Income, respectively. In addition, the Merger Commitments also included $1.2 million of annual refunds to customers representing cost savings due to the Merger. For more information on the cost savings refunds due to the Merger, see Note 10 — "Regulation and Rates."

Accounting for the Merger Transaction

The total purchase price consideration was approximately $3.36 billion, which consisted of cash paid to Cleco Corporation shareholders of $3.35 billion and cash paid for Cleco LTIP equity awards of $9.5 million. There were no remaining LTIP equity awards as of the close of the Merger.

Pushdown accounting was applied to Cleco Holdings, and accordingly, the Cleco Holdings consolidated assets acquired and liabilities assumed were recorded on April 13, 2016, at their estimated fair values as follows:
Preliminary Purchase Price Allocation

(THOUSANDS)	AT APR. 13, 2016
Current assets	$455,016
Property, plant, and equipment, net	3,432,144
Goodwill	1,490,402
Other long-term assets	1,003,255
Less	
Current liabilities	228,515
Net deferred income tax liabilities	1,060,487
Other liabilities	258,204
Long-term debt, net	1,470,126
Total purchase price	$3,363,485

Cleco Power's assets and liabilities were recorded at historical cost since Cleco did not elect pushdown accounting at the Cleco Power level.
The following tables present the preliminary fair value adjustments to Cleco Holdings' balance sheet and recognition of goodwill:

(THOUSANDS)	AT APR. 13, 2016
Property, plant, and equipment	$(1,334,932)
Accumulated depreciation	1,565,776
Goodwill	1,490,402
Intangible assets	93,251
Regulatory assets	228,752
Deferred tax liabilities	127,401
Long-term debt	$198,599

Most of the carrying values of Cleco's assets and liabilities were determined to be stated at fair value at the Merger date, considering that most of these assets are subject to regulation by the LPSC and FERC. Under such regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on rate base and are generally measured at historical cost. As such, a market participant would not expect to recover any more or less than the carrying value of the assets. Prior to the Merger, the Coughlin step-up was not recorded on Cleco's Condensed Consolidated Balance Sheet due to the accounting treatment for the transfer of that asset in March 2014. However, the recovery of the step-up value of the Coughlin asset was approved by the LPSC for recovery in rate base, including a return on that rate base. On the date of the Merger, the step-up value for the Coughlin asset was recognized on Cleco's Condensed Consolidated Balance Sheet since Cleco Power is able to earn a return on and recover these costs from its customers. The beginning balance of fixed depreciable assets was shown net at the date of the Merger, as no accumulated depreciation existed on the date of the Merger.
The excess of the purchase price over the estimated fair value of assets acquired and the liabilities assumed was $1.49 billion, which was recognized as goodwill by Cleco Holdings at the Merger date. The goodwill represents the potential long-term return of Cleco to its member.
On the date of the Merger, a fair value adjustment was recorded on Cleco's Condensed Consolidated Balance Sheet to reflect the valuation of the Cleco trade name. This

adjustment is classified as an Intangible asset on Cleco's Condensed Consolidated Balance Sheet. The valuation of the trade name was estimated by applying the relief-from-royalty method under the income approach. This valuation method is based on the premise that, in lieu of ownership of the asset, a company would be willing to pay a royalty to a third-party for the use of that asset. The owner of the asset is spared this cost, and the value of the asset is estimated by the cost savings. The projected revenue attributed to the trade name was based on projections of Cleco's wholesale customers. Management is currently evaluating the economic useful life of the trade name. When determined, the trade name intangible asset will be amortized over the useful life. The amortization of the Cleco trade name will be included in Depreciation and amortization on Cleco's Condensed Consolidated Statement of Income.

On the date of the Merger, fair value adjustments were recorded on Cleco's Condensed Consolidated Balance Sheet for the difference between the contract price and the market price of long-term wholesale power supply agreements. These adjustments are classified as Intangible assets on Cleco's Condensed Consolidated Balance Sheet. The valuation of the power supply agreements was estimated using the income approach. The income approach is based upon discounted projected future cash flows associated with the underlying contracts. The intangible assets for the power supply agreements will be amortized over the remaining term of the applicable contract. The amortization of the power supply agreements is included in Electric operations on Cleco's Condensed Consolidated Statement of Income.

The net increase in deferred tax liabilities on Cleco's Condensed Consolidated Balance Sheet represents the differences between the assigned fair values of assets acquired and their related income tax basis, net of a deferred tax asset representing the net operating loss carryforward that will be utilized in future periods. As the underlying asset assigned fair values are amortized, the related deferred tax liabilities will be included in income tax expense. Goodwill is not deductible for income tax purposes; therefore, no deferred income tax assets or liabilities were recognized for goodwill.

On the date of the Merger, other fair value adjustments were recorded for long-term debt, SERP deferred losses, and interest rate derivative settlement gains/losses. These fair value adjustments are subject to rate regulation, but do not earn a return. In these instances, a corresponding regulatory asset was established, as the underlying utility asset or liability amounts are recoverable from or refundable to customers at historical cost through the rate setting process. These regulatory assets established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments. For more information, see Note 4 — "Regulatory Assets and Liabilities."

The valuations performed in the second quarter of 2016 to estimate the fair value of assets acquired and liabilities assumed are considered preliminary as a result of the short time period between the closing of the Merger and the end of the second quarter of 2016. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the Merger, as more information is obtained about the fair value of assets acquired and liabilities assumed. The preliminary amounts recognized are subject to revision until the valuations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the date of the Merger. Cleco has not yet completed its evaluation and determination of the fair value of certain assets and liabilities acquired, primarily the final valuation and assessment of postretirement benefit plans as of April 13, 2016, and the economic useful life of the Cleco trade name. Cleco expects these final valuations and assessments will be completed by the end of 2016, which may affect the purchase price allocation and could affect goodwill.

Note 3 — Recent Authoritative Guidance

The Registrants adopted, or will adopt, the recent authoritative guidance listed below on their respective effective dates.

In May 2014, FASB amended the accounting guidance for revenue recognition. The amended guidance affects entities that enter into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity must identify the performance obligations in a contract and the transaction price, and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing, and uncertainty of revenue and cash flow arising from contracts. In August 2015, FASB amended the revenue recognition guidance to provide for a one-year deferral of the effective date. The standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. Cleco does not plan to early adopt the amended guidance. Reporting entities have the option of using either a full retrospective or a modified retrospective approach. Management will evaluate the advantages and disadvantages of each transition method before selecting the method of adoption. Management is assessing the potential areas of impact, including the identification of specific contracts that would fall under the scope of this guidance. Management will continue to evaluate the impact of this guidance, but the amended guidance could have a material impact on the results of operations, financial condition, or cash flows of the Registrants.

In July 2015, FASB issued the accounting guidance to simplify the measurement of inventory. This guidance requires entities to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of this guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period. These amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. Management does not expect this guidance to have a significant impact on the results of operations, financial condition, or cash flows of the Registrants.

In September 2015, FASB amended the business combinations guidance to simplify the accounting for measurement-period adjustments. This guidance eliminates

the requirement to retrospectively account for these adjustments. The adoption of this guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. This amendment should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted. Cleco was subject to this guidance starting January 1, 2016. As a result of the Merger on April 13, 2016, Cleco adopted this guidance and does not expect it to have a material impact on the results of operations, financial condition, or cash flows of the Registrants as a result of provisional merger adjustments in future periods.

In January 2016, FASB amended the guidance for recognition and measurement of financial assets and liabilities. These amendments address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The adoption of this guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption of certain provisions of this guidance is permitted as of the beginning of the fiscal year of adoption. Entities should apply these amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair value should be applied prospectively to equity investments that exist as of the date of adoption. Management does not expect this guidance to have a significant impact on the results of operations, financial condition, or cash flows of the Registrants.

In February 2016, FASB amended the guidance to account for leases. This guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of this guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes practical expedients that may be elected by entities. Management will continue to evaluate the impact of this guidance, but the amended guidance could have a material impact on the results of operations, financial condition, or cash flows of the Registrants.

In March 2016, FASB amended the derivatives and hedging accounting guidance to address the effect of derivative contract novations on existing hedge accounting relationships. The amended guidance clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument does not, in and of itself, require dedesignation of the hedging relationship provided that all other hedge accounting criteria continue to be met. The adoption of this guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those years. Entities have the option to apply these amendments on either a prospective basis or a modified retrospective basis. This guidance will not have an impact on the results of operations, financial condition, or cash flows of the Registrants.

In March 2016, FASB amended the derivatives and hedging accounting guidance related to contingent put and call options in debt instruments. This guidance clarifies the requirements for assessing whether contingent put and call options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. Entities performing the assessment will be required to assess the embedded put and call options solely in accordance with the four-step decision sequence clarified in the amended guidance. The adoption of this guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those years. Entities should apply these amendments on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. Management is evaluating the impact that the adoption of this guidance will have on the results of operations, financial condition, or cash flows of the Registrants.

In March 2016, FASB amended the accounting guidance to simplify the transition to the equity method of accounting. This guidance impacts entities that have an investment that becomes qualified for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence. This amended guidance eliminates the requirement to retroactively adopt the equity method of accounting. The adoption of this guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. These amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that results in the adoption of the equity method. Management does not expect this guidance to have any impact on the results of operations, financial condition, or cash flows of the Registrants.

In March 2016, FASB amended the stock compensation guidance to provide for improvements to employee share-based payment accounting. The adoption of this guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those periods. Early adoption is permitted. On April 13, 2016, Cleco Holdings completed the Merger and no longer has common stock; as a result, this guidance will not have an impact on the results of operations, financial condition, or cash flows of the Registrants.

In June 2016, FASB amended the guidance for the measurement of credit losses on financial instruments. The guidance affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The guidance affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The adoption of this guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. Early adoption is permitted. Management does not expect this guidance to have any impact on the results of operations, financial condition, or cash flows of the Registrants.

Note 4 — Regulatory Assets and Liabilities

Cleco capitalizes or defers certain costs for recovery from customers and recognizes a liability for amounts expected to be returned to customers based on regulatory approval and management’s ongoing assessment that it is probable these items will be recovered or refunded through the ratemaking process.

Under the current regulatory environment, Cleco believes these regulatory assets will be fully recoverable; however, if in

the future, as a result of regulatory changes or competition, Cleco’s ability to recover these regulatory assets would no longer be probable, then to the extent that such regulatory assets were determined not to be recoverable, Cleco would be required to write-down such assets. In addition, potential deregulation of the industry or possible future changes in the method of rate regulation of Cleco could require discontinuance of the application of these authoritative guidelines.

The following table summarizes Cleco Power’s regulatory assets and liabilities:

(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Regulatory assets – deferred taxes, net	$230,523	$236,941

Mining costs	7,647	8,921
Interest costs	5,041	5,221
AROs	1,789	2,462
Postretirement costs	145,667	150,274
Tree trimming costs	4,960	6,318
Training costs	6,785	6,863
Surcredits, net	7,878	9,661
Amended lignite mining agreement contingency	—	3,781
AMI deferred revenue requirement	5,045	5,318
Production operations and maintenance expenses	9,741	12,436
AFUDC equity gross-up	70,690	71,444
Acadia Unit 1 acquisition costs	2,495	2,548
Financing costs	8,847	9,032
Biomass costs	34	50
MISO integration costs	1,872	2,340
Coughlin transaction costs	1,014	1,030
Corporate franchise tax	2,616	373
Acadia FRP true-up	—	377
MATS costs	5,694	—
Other	944	357
Total regulatory assets	288,759	298,806
PPA true-up	—	(312)
Fuel and purchased power	19,543	12,910
Total regulatory assets, net	$538,825	$548,345

The following table summarizes Cleco's net regulatory assets and liabilities:

	SUCCESSOR [1]	PREDECESSOR
(THOUSANDS)	AT JUNE 30, 2016	AT DEC. 31, 2015
Total Cleco Power regulatory assets, net	$ 538,825	$ 548,345
Cleco Holdings' Merger adjustments		
Fair value of long-term debt	185,113	—
Postretirement costs	20,513	—
Financing costs	9,138	—
Debt issuance costs	8,795	—
Total Cleco regulatory assets, net	$ 762,384	$ 548,345

[1] Cleco Holdings' regulatory assets include acquisition accounting adjustments as a result of the Merger.

Amended Lignite Mining Agreement Contingency

The provisions of the Amended Lignite Mining Agreement between Cleco Power, SWEPCO and DHLC include a requirement that if DHLC is unable to pay for loans and lease payments when due, Cleco Power and SWEPCO each will pay 50% of the amounts due. Any payments under this provision will be considered a prepayment of lignite to be delivered in the future and will be credited to future invoices from DHLC.

Previously, Cleco Power recorded a liability of $3.8 million related to the amended agreement with an offsetting regulatory asset due to Cleco Power's ability to recover prudent fuel costs from customers through the FAC. Management determined that it does not expect to be required to pay DHLC under this guarantee. As a result of this determination, the liability and the offsetting regulatory asset were remeasured to zero.

Corporate Franchise Tax
As part of the FRP extension approved by the LPSC in June 2014, Cleco Power was authorized to recover through a rider the retail portion of state corporate franchise taxes paid. The retail portion of state corporate franchise taxes paid each year is recovered over a 12-month period beginning on July 1. Cleco Power's retail portion of state corporate franchise taxes paid in April 2016 was $2.5 million. Additionally, Cleco Power had a regulatory asset of $0.3 million for amounts undercollected. The undercollection at June 30, 2016, and the 2016 retail portion of state corporate franchise taxes are being recovered from customers beginning July 1, 2016. These amounts were partially offset by $0.6 million of amortization for the 2015 corporate franchise taxes regulatory asset.

MATS Costs
On February 1, 2016, the LPSC approved Cleco Power's request to recover the revenue requirements associated with the installation of MATS equipment. The MATS rule, finalized in February 2012, required affected EGUs to meet specific emission standards and work practice standards to address hazardous air pollutants by April 16, 2015. The LPSC approval also allowed Cleco Power to record a regulatory asset of $7.1 million representing the unrecovered revenue requirements of the MATS equipment placed into service in the years prior to the LPSC review and approval. This amount is being amortized over three years beginning on January 1, 2016.

Other
Cleco Power's other regulatory assets increased during the six months ended June 30, 2016 as a result of the LPSC's approval for Cleco Power to recover costs associated with its IRP report filing and its most recently completed fuel audit. Cleco Power incurred $0.6 million of costs related to the IRP report. In April 2016, the LPSC approved Cleco Power's IRP report filed under the IRP Order No. R-30021, which fostered a collaborative working process for the development of Cleco Power's long-term resource plan covering the planning period of 2015 through 2034. Cleco Power incurred $0.1 million of costs during the audit of fuel and purchased power expenses for the years 2009 through 2013. In October 2015, the LPSC approved the audit report. Cleco Power is recovering both of

these regulatory assets over a three-year period beginning on July 1, 2016.

Fuel and Purchased Power
The cost of fuel used for electric generation and power purchased for utility customers are recovered through the LPSC-established FAC or related wholesale contract provisions, which enable Cleco Power to pass on to its customers substantially all such charges. For the three and six months ended June 30, 2016, approximately 77% and 76%, respectively, of Cleco Power's total fuel cost was regulated by the LPSC.
Fuel and purchased power increased $6.6 million during the six months ended June 30, 2016. Of this amount, $9.1 million was due to higher fuel costs and power purchases, the timing of collections, and customer usage, partially offset by a $2.5 million decrease in the mark-to-market value on FTRs.

Cleco Holdings' Merger Adjustments
As a result of the Merger, Cleco implemented acquisition accounting, which eliminated AOCI at the Cleco Holdings consolidated level. Cleco will continue to recover expenses related to certain postretirement costs; therefore, Cleco recognized a regulatory asset based on its determination that these costs can continue to be collected from customers. These costs will be amortized to Other operations expense over the average remaining service period of participating

employees. Cleco will also continue to recover financing costs associated with the settlement of two treasury rate locks and a forward starting swap contract that were previously recognized in AOCI. Additionally, as a result of the Merger, a regulatory asset was recorded for debt issuance costs that were eliminated at Cleco Holdings and a regulatory asset was recorded for the difference between the carrying value and the fair value of long-term debt. These regulatory assets will be amortized over the terms of the related debt issuances.
Note 5 — Fair Value Accounting
The amounts reflected on Cleco and Cleco Power's Condensed Consolidated Balance Sheets at June 30, 2016, and December 31, 2015, for cash equivalents, restricted cash equivalents, accounts receivable, other accounts receivable, and accounts payable approximate fair value because of their short-term nature.
The following tables summarize the carrying value and estimated market value of Cleco and Cleco Power's financial instruments not measured at fair value on Cleco and Cleco Power's Condensed Consolidated Balance Sheets:

Cleco

	SUCCESSOR		PREDECESSOR	
	AT JUNE 30, 2016		AT DEC. 31, 2015	
(THOUSANDS)	CARRYING VALUE	ESTIMATED FAIR VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
Long-term debt	$2,785,416	$ 2,853,296	$1,299,529	$ 1,463,989

Cleco Power

	AT JUNE 30, 2016		AT DEC. 31, 2015	
(THOUSANDS)	CARRYING VALUE	ESTIMATED FAIR VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
Long-term debt	$1,250,304	$ 1,470,962	$1,265,529	$ 1,429,989

Fair Value Measurements and Disclosures
Cleco classifies assets and liabilities that are either measured or disclosed at their fair value according to three different levels depending on the inputs used in determining fair value.

The following tables disclose for Cleco and Cleco Power the fair value of financial assets and liabilities measured or disclosed on a recurring basis:

Cleco

	CLECO CONSOLIDATED FAIR VALUE MEASUREMENTS AT REPORTING DATE USING:							
	SUCCESSOR				PREDECESSOR			
(THOUSANDS)	AT JUNE 30, 2016	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	AT DEC. 31, 2015	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Asset description								
Institutional money market funds	$ 180,973	$ —	$ 180,973	$ —	$ 89,584	$ —	$ 89,584	$ —
FTRs	13,989	—	—	13,989	7,673	—	—	7,673
Total assets	$ 194,962	$ —	$ 180,973	$ 13,989	$ 97,257	$ —	$ 89,584	$ 7,673
Liability description								
Long-term debt	$ 2,853,296	$ —	$ 2,853,296	$ —	$ 1,463,989	$ —	$ 1,463,989	$ —
FTRs	371	—	—	371	275	—	—	275
Total liabilities	$ 2,853,667	$ —	$ 2,853,296	$ 371	$ 1,464,264	$ —	$ 1,463,989	$ 275

Cleco Power

	CLECO POWER FAIR VALUE MEASUREMENTS AT REPORTING DATE USING:							
(THOUSANDS)	AT JUNE 30, 2016	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	AT DEC. 31, 2015	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Asset description								
Institutional money market funds	$ 171,752	$ —	$ 171,752	$ —	$ 87,363	$ —	$ 87,363	$ —
FTRs	13,989	—	—	13,989	7,673	—	—	7,673
Total assets	$ 185,741	$ —	$ 171,752	$ 13,989	$ 95,036	$ —	$ 87,363	$ 7,673

Liability description								
Long-term debt	$1,470,962	$ —	$1,470,962	$ —	$1,429,989	$ —	$1,429,989	$ —
FTRs	371	—	—	371	275	—	—	275
Total liabilities	$1,471,333	$ —	$1,470,962	$ 371	$1,430,264	$ —	$1,429,989	$ 275

The following tables summarize the net changes in the net fair value of FTR assets and liabilities classified as Level 3 in the fair value hierarchy for Cleco and Cleco Power:

Cleco

	SUCCESSOR	PREDECESSOR		SUCCESSOR	PREDECESSOR	
(THOUSANDS)	APR. 13, 2016 - JUNE 30, 2016	APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015	APR. 13, 2016 - JUNE 30, 2016	JAN. 1, 2016 - APR. 12, 2016	FOR THE SIX MONTHS ENDED JUNE 30, 2015
Beginning balance	$ 3,458	$1,866	$1,813	$ 3,458	$7,398	$9,949
Unrealized gains (losses)*	1,234	(199)	3,780	1,234	(1,031)	2,070
Purchases	12,608	2,024	20,087	12,608	2,070	20,151
Settlements	(3,682)	(233)	(3,706)	(3,682)	(4,979)	(10,196)
Ending balance	$ 13,618	$3,458	$21,974	$ 13,618	$3,458	$21,974

* Unrealized gains and losses are reported through Accumulated deferred fuel on the balance sheet.

Cleco Power

	FOR THE THREE MONTHS ENDED JUNE. 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
(THOUSANDS)	2016	2015	2016	2015
Beginning balance	$1,866	$1,813	$7,398	$9,949
Unrealized gains*	1,035	3,780	203	2,070
Purchases	14,632	20,087	14,678	20,151
Settlements	(3,915)	(3,706)	(8,661)	(10,196)
Ending balance	$13,618	$21,974	$13,618	$21,974

* Unrealized gains and losses are reported through Accumulated deferred fuel on the balance sheet.

The following tables quantify the significant unobservable inputs used in developing the fair value of Level 3 positions as of June 30, 2016, and December 31, 2015 for Cleco and Cleco Power:

Cleco

	FAIR VALUE		VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	FORWARD PRICE RANGE	
(THOUSANDS, EXCEPT FORWARD PRICE RANGE)	ASSETS	LIABILITIES			LOW	HIGH
SUCCESSOR						
FTRs at June 30, 2016	$13,989	$ 371	RTO auction pricing	FTR price - per MWh	$(2.25)	$6.95
PREDECESSOR						
FTRs at Dec. 31, 2015	$7,673	$ 275	RTO auction pricing	FTR price - per MWh	$(3.63)	$4.51

Cleco Power

	FAIR VALUE		VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	FORWARD PRICE RANGE	
(THOUSANDS, EXCEPT FORWARD PRICE RANGE)	ASSETS	LIABILITIES			LOW	HIGH
FTRs at June 30, 2016	$13,989	$ 371	RTO auction pricing	FTR price - per MWh	$(2.25)	$6.95
FTRs at Dec. 31, 2015	$7,673	$ 275	RTO auction pricing	FTR price - per MWh	$(3.63)	$4.51

Cleco utilizes different valuation techniques for fair value calculations. In order to measure the fair value for Level 1 assets and liabilities, Cleco obtains the closing price from published indices in active markets for the various instruments and multiplies this price by the appropriate number of instruments held. Level 2 fair values are determined by obtaining the closing price of similar assets and liabilities from published indices in active markets and then discounting the price to the current period using a U.S. Treasury published interest rate as a proxy for a risk-free rate of return. Cleco has consistently applied the Level 2 fair value technique from fiscal period to fiscal period. Level 3 fair values occur in situations in which there is little, if any, market activity for the asset or liability at the measurement date and therefore RTO auction prices are used. Significant increases or decreases in any of those inputs in isolation would result in a significantly different fair value measurement.

The assets and liabilities reported at fair value are grouped into classes based on the underlying nature and risks associated with the individual asset or liability.

At June 30, 2016, Cleco and Cleco Power were exposed to concentrations of credit risk through their short-term investments classified as cash equivalents and restricted cash equivalents. The institutional money market funds were reported on the Cleco Condensed Consolidated Balance Sheet in cash and cash equivalents, current restricted cash and cash equivalents, and non-current restricted cash and cash equivalents of $12.7 million, $144.2 million, and $24.1 million, respectively, at June 30, 2016. At Cleco Power, the institutional money market funds were reported on the Condensed Consolidated Balance Sheet in cash and cash equivalents, current restricted cash and cash equivalents, and non-current restricted cash and cash equivalents of $3.5 million, $144.2 million, and $24.1 million, respectively, at June 30, 2016. If the money market funds failed to perform under the terms of the investments, Cleco and Cleco Power

would be exposed to a loss of the invested amounts. Collateral on these types of investments is not required by Cleco or Cleco Power. The Level 2 institutional money market funds asset consists of a single class. In order to capture interest income and minimize risk, cash is invested in money market funds that invest primarily in short-term securities issued by the U.S. Treasury to maintain liquidity and achieve the goal of a net asset value of a dollar. The risks associated with this class are counterparty risk of the fund manager and risk of price volatility associated with the underlying securities of the fund.

Cleco Power’s FTRs were priced using MISO’s monthly auction prices. Forward seasonal periods are not included in every monthly auction; therefore, the average of the most recent seasonal auction prices are used for monthly valuation. FTRs are categorized as Level 3 fair value measurements because the only relevant pricing available comes from MISO auctions, which occur monthly in the Multi-Period Monthly Auction.

The Level 2 long-term debt liability consists of a single class. In order to fund capital requirements, Cleco issues fixed and variable rate long-term debt with various tenors. The fair value of this class fluctuates as the market interest rates for fixed and variable rate debt with similar tenors and credit ratings change. The fair value of the debt could also change from period to period due to changes in the credit rating of the Cleco entity by which the debt was issued.

During the six months ended June 30, 2016, and the year ended December 31, 2015, Cleco did not experience any transfers between levels within the fair value hierarchy.

Commodity Contracts

The following tables present the fair values of derivative instruments and their respective line items as recorded on Cleco and Cleco Power’s Condensed Consolidated Balance Sheets at June 30, 2016, and December 31, 2015:

Cleco

(THOUSANDS)	DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS BALANCE SHEET LINE ITEM	SUCCESSOR AT JUNE 30, 2016	PREDECESSOR AT DEC. 31, 2015
Commodity-related contracts			
FTRs			
Current	Energy risk management assets	$ 13,989	$ 7,673
Current	Energy risk management liabilities	371	275
Commodity-related contracts, net		$ 13,618	$ 7,398

Cleco Power

(THOUSANDS)	DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS BALANCE SHEET LINE ITEM	AT JUNE 30, 2016	AT DEC. 31, 2015
Commodity-related contracts			
FTRs			
Current	Energy risk management assets	$13,989	$7,673
Current	Energy risk management liabilities	371	275
Commodity-related contracts, net		$13,618	$7,398

The following tables present the effect of derivatives not designated as hedging instruments on Cleco and Cleco Power's Condensed Consolidated Statements of Income for the three and six months ended June 30, 2016, and 2015:

Cleco

(THOUSANDS)	DERIVATIVES LINE ITEM	AMOUNT OF GAIN/(LOSS) RECOGNIZED IN INCOME ON DERIVATIVES SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR APR. 1, 2016 - APR. 12, 2016	PREDECESSOR FOR THE THREE MONTHS ENDED JUNE 30, 2015	SUCCESSOR APR. 13, 2016 - JUNE 30, 2016	PREDECESSOR JAN. 1, 2016 - APR. 12, 2016	PREDECESSOR FOR THE SIX MONTHS ENDED JUNE 30, 2015
Commodity contracts							
FTRs[(1)]	Electric operations	$6,879	$ 43	$ 18,098	$ 6,879	$8,563	$ 33,606
FTRs[(1)]	Power purchased for utility customers	(303)	(38)	(8,613)	(303)	(5,761)	(16,650)
Total		$6,576	$ 5	$ 9,485	$ 6,576	$2,802	$ 16,956

[(1)]For the periods April 1, 2016 - April 12, 2016, January 1, 2016 - April 12, 2016, and April 13, 2016 - June 30, 2016, unrealized (losses) gains associated with FTRs of ($0.2 million), ($1.0 million), and $1.2 million, respectively, were reported through Accumulated deferred fuel on the balance sheet. For the three and six months ended June 30, 2015,

unrealized gains associated with FTRs of $3.8 million and $2.1 million, respectively, were reported through Accumulated deferred fuel on the balance sheet.
Cleco Power

		FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
		2016	2015	2016	2015
(THOUSANDS)	DERIVATIVES LINE ITEM	AMOUNT OF GAIN/(LOSS) RECOGNIZED IN INCOME ON DERIVATIVES			
Commodity contracts					
FTRs[(1)]	Electric operations	$6,922	$18,098	$15,442	$33,606
FTRs[(1)]	Power purchased for utility customers	(341)	(8,613)	(6,064)	(16,650)
Total		$6,581	$9,485	$9,378	$16,956

[(1)]For the three and six months ended June 30, 2016, unrealized gains associated with FTRs of $1.0 million and $0.2 million, respectively, were reported through Accumulated deferred fuel on the balance sheet. For the three and six months ended June 30, 2015, unrealized gains associated with FTRs of $3.8 million and $2.1 million, respectively, were reported through Accumulated deferred fuel on the balance sheet

At June 30, 2016, and December 31, 2015, Cleco Power had no open positions hedged for natural gas. In June 2015, the LPSC approved a long-term natural gas hedging pilot program that requires Cleco Power to establish a proposal for a program that will be designed to provide gas price stability for a minimum of five years. This proposal is required to be submitted to the LPSC by June 30, 2018.
Cleco Power purchases the majority of its FTRs in annual auctions facilitated by MISO during the second quarter of each year and may also purchase additional FTRs in monthly auctions facilitated by MISO. FTRs are derivative instruments which represent economic hedges of future congestion charges that will be incurred in serving Cleco Power's customer load. FTRs represent rights to congestion credits or charges along a path during a given time frame for a certain MW quantity. FTRs are not designated as hedging instruments

for accounting purposes. The total volume of FTRs that Cleco Power had outstanding at June 30, 2016, and December 31, 2015, was 18.3 million MWh and 8.4 million MWh, respectively.
Note 6 — Debt

Short-term Debt
At June 30, 2016, and December 31, 2015, Cleco and Cleco Power had no short-term debt outstanding.

Long-term Debt
At June 30, 2016, Cleco's long-term debt outstanding was $2.78 billion, of which $20.0 million was due within one year. The long-term debt due within one year at June 30, 2016, represents $17.3 million of principal payments for the Cleco

Katrina/Rita storm recovery bonds and $2.7 million of capital lease payments.
In connection with the completion of the Merger, on April 13, 2016, Cleco Holdings entered into a $1.35 billion Acquisition Loan Facility. The Acquisition Loan Facility had a three-year term and a rate of LIBOR plus 1.75% or ABR plus 0.75%. In May and June 2016, Cleco Holdings refinanced the Acquisition Loan Facility with a series of other long-term financing described below.
On May 17, 2016, Cleco Holdings completed the public sale of $535.0 million of 3.743% senior notes due May 1, 2026, and $350.0 million of 4.973% senior notes due May 1, 2046. On May 24, 2016, Cleco Holdings completed the private sale of $165.0 million of 3.250% senior notes due May 1, 2023. On June 28, 2016, Cleco Holdings entered into a $300.0 million variable rate bank term loan due June 28, 2021. Amounts outstanding under the bank term loan bear interest, at Cleco's option, at a base rate plus 0.625% or an adjusted LIBOR rate plus 1.625%. The interest rate on the bank term loan was 4.125% at June 30, 2016. On July 1, 2016, the bank term loan was converted to a LIBOR based rate of 2.095%. The proceeds from the issuance and sale of these notes and term loan were used to repay the $1.35 billion Acquisition Loan Facility, as well as fees and expenses related to the offering. Debt issuance costs of $17.7 million were recorded in connection with the repayment of the Acquisition Loan Facility.
At June 30, 2016, Cleco Power's long-term debt outstanding was $1.24 billion, of which $20.0 million was due within one year. The long-term debt due within one year at June 30, 2016, represents $17.3 million of principal payments for the Cleco Katrina/Rita storm recovery bonds and $2.7 million of capital lease payments. For Cleco Power, long-term debt decreased $9.2 million from December 31, 2015, primarily due to an $8.5 million scheduled Cleco Katrina/Rita storm recovery bond principal payment made in March 2016 and a $1.3 million decrease in capital lease obligations. These decreases were partially offset by $0.4 million of debt issuance cost amortizations and $0.2 million of debt discount amortizations.

Credit Facilities
On April 13, 2016, in connection with the completion of the Merger, Cleco Holdings replaced its existing $250.0 million credit facility with a $100.0 million credit facility. At the time of the credit facility replacement, the $27.0 million draw that was outstanding was repaid. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021. At June 30, 2016, Cleco Holdings was in compliance with the covenants of its credit facility. The borrowing costs under Cleco Holdings' new credit

facility are equal to LIBOR plus 1.75% or ABR plus 0.75%, plus commitment fees of 0.275%. At June 30, 2016, Cleco Holdings had no borrowings outstanding under its $100.0 million credit facility.
On April 13, 2016, in connection with the completion of the Merger, Cleco Power replaced its existing $300.0 million credit facility with a new $300.0 million credit facility. The new credit facility has similar terms as the previous facility, including restricted financial covenants, and expires in 2021. At June 30, 2016, Cleco Power was in compliance with the covenants of its credit facility. The borrowing costs under Cleco Power's new credit facility are equal to LIBOR plus 1.125% or ABR plus 0.125%, plus commitment fees of 0.125%. At June 30, 2016, Cleco Power had no borrowings outstanding under its $300.0 million credit facility. The $2.0 million letter of credit issued to MISO is covered under a standing letter of credit outside of Cleco Power's credit facility; therefore, it does not reduce the borrowing capacity of Cleco Power's new credit facility.
Note 7 — Pension Plan and Employee Benefits

Pension Plan and Other Benefits Plan
Employees hired before August 1, 2007, are covered by a non-contributory, defined benefit pension plan. Benefits under the plan reflect an employee's years of service, age at retirement, and highest total average compensation for any consecutive five calendar years during the last ten years of employment with Cleco. Cleco's policy is to base its contributions to the employee pension plan upon actuarial computations utilizing the projected unit credit method, subject to the IRS's full funding limitation. Cleco did not make any required or discretionary contributions to the

pension plan in 2015 and does not expect to make any in 2016. The required contributions are driven by liability funding target percentages set by law which could cause the required contributions to be uneven among the years. The ultimate amount and timing of the contributions may be affected by changes in the discount rate, changes in the funding regulations, and actual returns on fund assets. Cleco Power is considered the plan sponsor and Support Group is considered the plan administrator.

Cleco's retirees and their dependents may be eligible to receive medical, dental, vision, and life insurance benefits (other benefits). Cleco recognizes the expected cost of these other benefits during the periods in which the benefits are earned.

The components of net periodic pension and other benefit cost for the three and six months ended June 30, 2016, and 2015 are as follows:

	PENSION BENEFITS			OTHER BENEFITS		
	SUCCESSOR	PREDECESSOR		SUCCESSOR	PREDECESSOR	
(THOUSANDS)	APR. 13, 2016 - JUNE 30, 2016	APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015	APR. 13, 2016 - JUNE 30, 2016	APR. 1, 2016 - APR. 12, 2016	FOR THE THREE MONTHS ENDED JUNE 30, 2015
Components of periodic benefit costs						
Service cost	$1,893	$301	$ 2,683	$329	$ 51	$ 392
Interest cost	4,669	734	5,271	364	56	372
Expected return on plan assets	(5,193)	(801)	(5,856)	—	—	—
Amortizations						
Prior period service (credit) cost	(15)	(2)	(18)	—	4	34
Net loss	1,845	329	3,568	—	21	238