CLECO CORP
Form 424B5
November 10, 2004

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-55656

Prospectus Supplement to Prospectus dated March 6, 2001.

1,750,000 Shares

Cleco Corporation

Common Stock

Cleco Corporation is offering 1,750,000 shares to be sold in the offering.

The common stock is listed on the New York Stock Exchange under the symbol CNL . The last reported sale price of the common stock on the New York Stock Exchange on November 9, 2004 was $19.01 per share.

See Risk Factors beginning on page S-9 of this prospectus supplement to read about some of the factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Initial price to public	$18.5000	$32,375,000
Underwriting discount	$ 0.6475	$ 1,133,125
Proceeds, before expenses, to Cleco	$17.8525	$31,241,875

To the extent the underwriter sells more than 1,750,000 shares of common stock, the underwriter has the option to purchase up to an additional 250,000 shares from Cleco at the initial price to public less the underwriting discount.

The underwriter expects to deliver the shares of common stock against payment in New York, New York on November 15, 2004.

Goldman, Sachs & Co.

Prospectus Supplement dated November 9, 2004.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone else to provide you with any additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement or the accompanying prospectus is current only as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, and any information incorporated by reference is current only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities we are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the securities we are offering. You should read this prospectus supplement along with the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Cleco, we, us and our or similar terms are to Cleco Corporation, its predecessors and its subsidiaries.

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SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, including the risk factors, the accompanying prospectus and the documents incorporated by reference. Unless otherwise indicated, this prospectus supplement assumes no exercise of the underwriter s over-allotment option.

CLECO CORPORATION

We are a regional energy services company operating principally through Cleco Power LLC, our subsidiary that conducts our traditional electric utility business, and Cleco Midstream Resources LLC, our subsidiary that conducts our merchant energy business.

Cleco Power

Cleco Power provides integrated electric utility services, including generation, transmission and distribution, to approximately 264,000 retail and wholesale customers in 104 communities in a 14,000 square-mile region in central and southeastern Louisiana. Cleco Power is an electric utility regulated by the Louisiana Public Service Commission (LPSC) and the Federal Energy Regulatory Commission (FERC). As of September 30, 2004, Cleco Power s aggregate net electric generating capacity was 1,359 megawatts (MW), of which 64.5% was fueled by natural gas and oil and 35.5% was fueled by coal and lignite. In May 2004, Cleco Power and Calpine Energy Services, L.P. (CES) executed a one-year agreement for Cleco Power to purchase 500-MW of capacity and energy from CES, which agreement is scheduled to begin on January 1, 2005 and is subject to certification approval by the LPSC. Cleco Power also has three power purchase contracts for 760-MW of capacity, all but 100-MW of which expire on December 31, 2004. Cleco Power has created an Integrated Resource Planning (IRP) team to evaluate future generation supply options for 2006 and beyond. As of September 30, 2004, Cleco Power s transmission system included 69 active substations and 1,209 circuit miles of 69 kilovolt or greater lines, and its distribution system included 224 active substations and 11,172 circuit miles of 34.5 kilovolt or other lines.

Cleco Power sold 6,724 million kilowatt hours of power to its retail customers in the first nine months of 2004. Approximately 40.1% of this power was sold to residential customers, 20.7% to commercial customers, 32.1% to industrial customers, 6.6% to other customers and 0.5% was unbilled. Cleco Power currently operates under a rate stabilization plan scheduled to expire in September 2005. The plan allows Cleco Power to retain all earnings equating to a regulatory return on equity up to and including 12.25% on its regulated utility operations. Any regulated earnings that result in a return on equity over 12.25% and up to and including 13% must be shared equally between Cleco Power and its customers. This effectively allows Cleco Power the opportunity to realize a regulatory return on equity of up to 12.625%. Any regulated earnings above 13% must be fully refunded to Cleco Power s customers.

In July 2004, we announced that Cleco Power had reached a preliminary settlement of its pending fuel audit and related trading issues with the LPSC staff and with intervenors in the fuel audit proceeding. The settlement also includes settlement of the claims made by several Cleco Power customers in a lawsuit filed in the 27th Judicial District Court, Parish of St. Landry, State of Louisiana. The settlement was subject to approval by the LPSC (which has since been received) and dismissal with prejudice of the St. Landry Parish lawsuit and the release of all claims related to the lawsuit. A hearing to have the 27th Judicial District Court approve the dismissal has been set for November 15, 2004. The settlement calls for Cleco Power to refund $16.0 million to its retail customers. The specific timing of the distribution of the refund is contingent upon dismissal of the St. Landry Parish lawsuit; however, the refund is expected to be completed by late December 2004. Cleco Power agreed as part of the settlement to make certain fuel adjustment clause filings and affiliate reports with the LPSC, to adopt a reasonable compliance monitoring program and to review with the LPSC Staff its affiliate code of conduct in order to make recommendations to expand the code of conduct. Cleco Power s 2004

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second quarter pre-tax earnings were reduced by $10.0 million due to the settlement, which represents the amount of the customer refund and intervenors attorneys fees associated with the settlement, less amounts previously recorded in conjunction with issues covered by the settlement.

Cleco Midstream

Cleco Midstream is a subsidiary with operations in Louisiana and Texas that are not regulated by the LPSC or the Public Utility Commission of Texas. Cleco Midstream owns and operates two wholesale electric generation stations and invests in a joint venture that owns and operates a single wholesale electric generation station. As of September 30, 2004, Cleco Midstream owned approximately 2,100-MW of electric generating capacity, including a 718-MW plant the sale of which is pending. Cleco Midstream s principal businesses are:

Cleco Evangeline LLC, which owns and operates a 775-MW, combined-cycle, natural gas-fired electric generation facility in St. Landry, Louisiana, which commenced commercial operations in July 2000. Cleco Evangeline has entered into a 20-year tolling agreement with Williams Power Company (formerly Williams Energy Marketing & Trading Company) (Williams Power) with respect to 100% of the output from the facility.

Perryville Energy Holdings LLC (PEH), which indirectly owns and operates, through its wholly owned subsidiary Perryville Energy Partners, L.L.C. (PEP), a 718-MW, natural gas-fired electric generation facility near Perryville, Louisiana (Perryville Power Station). During 2003, the carrying value of the Perryville Power Station was reduced resulting in Cleco recording impairment charges of $148.0 million ($91.0 million after tax). In January 2004, PEP entered into an agreement (Sale Agreement) to sell the Perryville Power Station to Entergy Louisiana, Inc. (Entergy Louisiana), a subsidiary of Entergy Corporation, for $170.0 million, subject to certain adjustments. The Sale Agreement was amended by PEP and Entergy Louisiana in October 2004 to exclude certain jurisdictional assets in order to eliminate the need to obtain FERC approval of the transaction under Section 203 of the Federal Power Act (the Alternative Structure). As part of the transaction, PEP and PEH filed voluntary petitions in the U.S. Bankruptcy Court for the Western District of Louisiana in Alexandria (Bankruptcy Court) for protection under Chapter 11 of the U.S. Bankruptcy Code. The sale of the Perryville Power Station utilizing the Alternative Structure is subject to various approvals and conditions, including regulatory and Bankruptcy Court approvals and conditions and approval by Entergy Louisiana in its sole discretion, and is expected to be completed by the third quarter of 2005.

Acadia Power Holdings LLC, which owns 50% of Acadia Power Partners LLC (APP). APP is a joint venture with Calpine Corporation that constructed a 1,160-MW, combined-cycle, natural gas-fired electric generation facility near Eunice, Louisiana. Power Blocks 1 and 2 (580-MW each) of the facility commenced commercial operations in July 2002 and August 2002, respectively. APP has entered into two 20-year tolling agreements with CES; one with respect to 100% of the output from Power Block 1 and the other with respect to 100% of the output from Power Block 2.

In a series of written notices commencing in May 2004, CES notified APP that CES was invoking certain rights regarding dispute resolution under the two tolling agreements and requesting that APP conduct a simultaneous capacity test of both Power Blocks in the manner specified in CES s written notices. CES notified APP that it may withhold up to one-half of the monthly payments due APP under the tolling agreements, and may take other action, including unwinding Calpine s interest in APP, terminating the tolling agreements, asserting claims against Cleco Power for allegedly flawed interconnection studies, and/or seeking reimbursement for the alleged overpayment of capacity fees from August 2003. CES has indicated that the dispute is primarily based upon transmission constraints that, according to CES s allegations, limit CES s ability to deliver APP s capacity and energy to the wholesale market. On September 27, 2004, CES sent a letter to APP claiming to be a notice of default under the tolling agreements. In the letter, CES claimed that APP s refusal to conduct the requested

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simultaneous capacity test is a default under the tolling agreements. Although CES did not expressly so state, Cleco believed that CES might attempt to use the test results as an alleged basis to reduce its monthly payments to APP under the tolling agreements. APP performed the requested simultaneous test under protest on October 12, 2004, while reserving all of its rights to assert that such capacity test is not required by the testing provisions of the tolling agreements and does not entitle CES to any reduction in its monthly capacity payments to APP. The test results were as follows: standard capacity (525-MW for each Power Block) test results were comparable to previous tests and were within the parameters of the tolling agreements. Supplemental capacity (capacity above 525-MW for each Power Block that requires supplemental equipment to achieve such output) testing was suspended due to a minor mechanical problem with one of the Power Blocks. Pursuant to the terms of the tolling agreements, CES and APP each have the right, under current conditions, to require up to four capacity tests in any given contract year. Under the tolling agreements, binding arbitration is a means of resolving certain aspects of the alleged dispute, although neither party has invoked arbitration to date. APP and CES are discussing transmission availability issues with the regional transmission providers. There is no assurance that these discussions will resolve any of CES allegations of transmission constraints. Through October 2004, CES has continued to remit full payment (other than the periodic withholding of disputed billing amounts) of the monthly tolling fees to APP. For the twelve months ended September 30, 2004, Cleco s 50% ownership interest in APP s net income was $27.3 million and cash distributions by APP to Cleco were $40.1 million.

In June 2004, management agreed to sell substantially all of the assets of Cleco Energy LLC (Cleco Energy), a subsidiary of Cleco Midstream, and discontinue Cleco Energy s natural gas marketing, pipeline, and oil and gas production operations after the sale. In September 2004, Cleco Energy sold its oil and gas production properties. Cleco Energy has entered into an agreement to sell its natural gas pipeline and marketing operations. The sale of these operations is expected to close by mid-November 2004.

The tolling agreements discussed above are sales for resale of electric power, which are subject to the jurisdiction of the FERC and make the subsidiaries engaging in such sales, public utilities subject to the jurisdiction of the FERC. The tolling agreements generally give the tolling counterparty the right to own, dispatch and market all of the electric generation capacity of the facility. The tolling counterparty is responsible for providing its own natural gas to the facility and the tolling counterparty pays the owner of the facility a fixed and variable fee for operating and maintaining the facility.

Miscellaneous

Subject to certain limited exceptions, we are exempt from regulation as a public utility holding company pursuant to Section 3(a)(1) of the Public Utility Holding Company Act of 1935 and Rule 2 thereunder. Our principal executive offices are located at 2030 Donahue Ferry Road, Pineville, Louisiana 71360-5226, and our telephone number at that location is (318) 484-7400.

The Offering

Common stock offered	1,750,000 shares. The underwriter has the option to purchase up to an additional 250,000 shares to cover over-allotments by the underwriter.
Shares of common stock outstanding after the offering	49,382,979 shares. If the underwriter exercises in full its over-allotment option, we will issue an additional 250,000 shares, which will result in 49,632,979 shares of common stock outstanding after the offering.
NYSE symbol	CNL.
Use of proceeds	The proceeds from the sale of the shares of our common stock in this offering are expected to be approximately $31.2 million (or approximately $35.7 million if the underwriter s over-allotment option is exercised in full), after deducting the underwriter s discounts but before deducting the expenses of this offering. We intend to apply the net proceeds to repay a portion of our 8 3/4% Senior Notes due June 1, 2005 at maturity. See Use of Proceeds.
Risk Factors	See Risk Factors beginning on page S-9 of this prospectus supplement and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Dividends	The payment of dividends on our common stock is subject to certain restrictions. Please read Price Range of Common Stock and Dividends on page S-17 of this prospectus supplement.

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Summary Financial Data

We have provided in the table below summary consolidated financial data. We have derived the statement of operations data for each of the years in the three-year period ended December 31, 2003 and for the nine months ended September 30, 2004 and 2003, and the balance sheet data as of December 31, 2003, 2002 and 2001 and September 30, 2004, from our unaudited consolidated financial statements. The data set forth below should be read together with our historical financial statements and the notes to those statements incorporated by reference into this prospectus supplement, which financial statements and related notes, other than those included in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, have not been reclassified to reflect the discontinued operations of Cleco Energy described in footnote 1 below.

	Year Ended December 31,			Nine Months Ended September 30,	
$ in thousands, except per share data	**2003**	**2002**	**2001**	**2004**	**2003**
				(Unaudited)	
Statement of Operations Data(1):					
Operating revenue, net	$ 803,453	$ 692,532	$ 687,221	$ 562,361	$ 628,962
Operating (loss) income	$ (11,546)	$ 162,424	$ 151,669	$ 78,461	$ (13,005)
(Loss) income from discontinued operations, net of tax(1)(2)	$ (5,161)	$ (8,499)	$ (4,250)	$ (436)	$ 1
Net (loss) income applicable to common stock	$ (36,790)	$ 70,003	$ 68,362	$ 50,133	$ (26,180)
Fully diluted common shares outstanding	46,820,058	48,771,864	47,763,713	47,069,652	47,169,573
Diluted (loss) earnings per share from continuing operations	$ (0.68)	$ 1.65	$ 1.56	$ 1.05	$ (0.56)
From discontinued operations(1)	$ (0.11)	$ (0.18)	$ (0.09)	$ (0.01)	$
Net (loss) income applicable to common stock	$ (0.79)	$ 1.47	$ 1.47	$ 1.04	$ (0.56)
Cash dividends paid per share of common stock	$ 0.900	$ 0.895	$ 0.870	$ 0.675	$ 0.675

	At December 31,			At September 30,
$ in thousands	**2003**	**2002**	**2001**	**2004**
				(Unaudited)
Balance Sheet Data:				
Cash and cash equivalents	$ 95,381	$ 114,331	$ 11,938	$ 102,450
Total property, plant and equipment, net	$1,408,784	$1,550,444	$1,204,389	$1,053,136
Assets held for sale(1)	$ 8,282	$ 16,408	$ 21,000	$ 6,077
Total assets	$2,159,426	$2,344,556	$1,767,890	$1,802,035
Short-term debt	$ 200,787	$ 315,300	$ 179,555	$
Short-term debt affiliate	$	$	$	$ 20,231
Long-term debt due within one year	$ 4,918	$ 45,401	$	