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# FEDERAL ENERGY REGULATORY COMMISSION

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WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

June 12, 2007  
Docket No. IN07-28-000

### **CLECO AGREES TO PAY \$2 MILLION CIVIL PENALTY FOR CODE OF CONDUCT, SETTLEMENT VIOLATIONS**

The Federal Energy Regulatory Commission today approved a Stipulation and Consent Agreement requiring Louisiana-based Cleco Power, LLC, *et al.*, to pay a civil penalty of \$2 million to resolve an investigation into whether it violated its code of conduct and a 2003 Commission-approved settlement agreement.

As part of the 2003 Settlement Agreement, Cleco agreed to a stricter, consolidated code of conduct. Among other things, Cleco's revised code of conduct required the Cleco companies, including its unregulated affiliated power marketers and generation assets, to function independently of one another.

Following a self-report by Cleco, a staff investigation found that Cleco's regulated electric utility and its exempt wholesale generators violated the 2003 Settlement Agreement and their code of conduct by sharing six operating personnel and market information from the summer of 2003 to as late as the winter of 2005. The investigation also found that Cleco failed to disclose those violations to the Commission's Office of Enforcement, as required under the 2003 Settlement Agreement.

In accepting the Stipulation and Consent Agreement, the Commission concluded that the penalty and compliance program provide a fair and equitable resolution of this matter and are in the public interest. The Commission also underscored the importance of compliance with Commission-approved settlements.

"Although Cleco's actions did not cause ratepayers any harm, the company violated commitments it made in a prior settlement with the Commission," Chairman Joseph T. Kelliher said. "That is of deep concern to the Commission because it harms the regulatory process. This \$2 million civil penalty is a reminder that the Commission will not tolerate such actions. Our goal is compliance, and we are prepared to use our civil penalty authority to establish a culture of compliance."

The Stipulation and Consent Agreement requires Cleco to pay the penalty and

comply with a new compliance plan. The Commission recognizes that Cleco self-reported some of the violations and already has taken steps to prevent their recurrence. Cleco neither admits nor denies that its conduct violated the 2003 Settlement Agreement or its code of conduct.

Cleco may not recover the civil penalty from its ratepayers.

Since January 2007, the Commission has approved nine settlements with natural gas and electric entities with civil penalties totaling \$32 million.

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