
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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COMMISSION HITS LOUISIANA ENERGY COMPANY WITH \$750,000 CIVIL PENALTY, ORDERS \$2.1 MILLION IN REFUNDS

The Federal Energy Regulatory Commission, in its first imposition of civil penalties in the electric industry, approved an agreement today between Commission enforcement staff and a Louisiana-based energy services company and its affiliates that includes a \$750,000 civil penalty and more than \$2.1 million in refunds to Louisiana retail customers.

Under the Federal Power Act, the Commission has limited authority to impose civil penalties.

The agreement – between Cleco Corporation and its affiliates Cleco Power, Cleco Marketing & Trading (CMT), and Cleco Evangeline and the Enforcement Division of the Commission's Office of Market Oversight and Investigations (OMOI) – addresses alleged violations of the Federal Power Act and Commission regulations between 1999 and 2002.

"For markets to work, there must be clear, fair rules and vigilant oversight," said Chairman Pat Wood, III. "At the moment, though, our civil penalty authority is limited. Expanding this authority would enhance the Commission's ability to deter anticompetitive behavior in energy markets."

In addition to the civil penalty and refunds, the agreement revokes CMT's market-based rate authority but allows it to reapply for such authority after 12 months. It also limits and conditions power sales, transmission and operational agreements between the Cleco affiliates, imposes stringent codes of conduct, and requires the companies to follow a detailed three-year plan to ensure their compliance with applicable law, the

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Commission's standards of conduct and other regulations, and the revamped codes of conduct drawn up in connection with the agreement.

Cleco in today's agreement did not admit or deny committing the following violations by one or more of the companies: sales to affiliates without Commission authorization; tariff violations; rates that gave undue preference or advantage to an affiliate; improper disclosure of information to affiliates; preference given an affiliate in transmission service; failure to post information on OASIS; maintaining accounts and records jointly with an affiliate; improper sharing of employees with, and jointly scheduling transmission with, an affiliate; and improper sharing of market information.

Cleco must pay the civil penalty of \$750,000 in a single payment to the Commission within 30 days of the Commission order. Within the same time frame, CMT must disgorge \$1.99 million and Evangeline \$126,469 for the benefit of Cleco's ratepayers.

Cleco, which is based in Pineville, Louisiana, and is a regional services provider, cooperated with the Commission investigation.

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