

**CLECO POWER LLC 2007 LONG-TERM RFP
BIDDER QUESTIONS & ANSWERS**

Q1: Will there be a conference call dial-in number for the July 26, 2007 Technical and Bidders' Conference?

A1: There will not be a dial-in number for the July 26, 2007 Technical and Bidders' Conference.

Q2: What time does the July 26, 2007 Technical and Bidders' Conference start and where is it to be held?

A2: The Technical and Bidders' Conference information is below:

| | |
|----------------|---|
| Date and Time: | July 26, 2007, 9:30 a.m. Central Standard Time |
| Location: | Louisiana Public Service Commission, Natchez Room 602 North Fifth Street Baton Rouge, Louisiana |

An agenda for the conference will be posted to the Cleco Power RFP and LPSC's web sites.

Q3: Section 2.5 of the Informational filing talks about CLECO reserve margin requirement possibly changing if CLECO joins a RTO.

- a. Has CLECO already started working towards joining a RTO?
- b. If answer to question a) is yes, could they share with potential bidders more information about the same.

A3: Cleco Power has no plans to join an RTO at this time.

Q4: When the bidder submits an indicative proposal in December 2007, does the bidder simply need to provide evidence that a SIS has been initiated with their transmission provider or does the proposal need to include an executed SIS agreement resulting from the transmission's owner favorable response to the bidder's request for the SIS?

A4: The bidder at a minimum must provide evidence that a SIS has been initiated. If the bidder has results, it should submit them with the bid. If it does not have the results, they must be submitted when they are received.

Q5: The principal terms for all products stipulate an energy dispatch notice deadline by Cleco of 9:30 am CPT. Would they entertain different (specifically earlier) deadlines?

A5: Cleco Power prefers a 9:30 am CPT deadline and would only consider an earlier deadline if the product bid does not conflict with other required Cleco Power dispatch notice obligations. The bidder will need to take exception to that stipulation in the terms and conditions. The bid documents allow for such exceptions to be noted.

Q6: The term-sheet PPAs for intermediate products talk about extension options/buy-out options. How has Cleco handled these options in the past? Does it have a preference for one over the other? Some clarity on Cleco's thoughts on these provisions would be helpful for bidder to develop appropriate products.

A6: Cleco Power does not have a preference between an extension option vs. a buy-out option at this time. Cleco Power has and will continue to ask for flexibility in the products it selects in order to ensure maximum reliability and cost savings for our customers.

Q7: For generation units having off-take agreements for partial output of the facility, does the bidder(s) need to specify the priority order of output?

A7: Yes. The bidder(s) would need to specify the priority order of output. Cleco Power wants to insure that power is available for planning and reliability purposes.

Q8: Although bidders outside of Cleco Power's transmission system are responsible for the cost of transmission to Cleco Power's control area, does Cleco Power have any transmission rights within Entergy that can be purchased or utilized by bidders?

A8: No. Cleco Power does not have any transmission rights within Entergy that can be purchased or utilized by bidders.

Q9: What is the evaluation mechanism or methodology that will be utilized to evaluate intermediate generation bids that include AGC vs. bids without AGC?

A9: If Cleco Power received two bids that were identical, the bid with AGC would be preferable.

Q10: Can proposals be withdrawn by bidders prior to Binding Proposals?

A10: Yes, a bidder may withdraw its proposal prior to the Binding Proposal phase.

Q11: What return on assets will be factored into any self-build or asset acquisition analysis?

A11: Cleco Power will use its weighted-average cost of capital (WACC) utilizing its LPSC authorized return on equity (ROE) when modeling self-build or asset acquisition projects.

Q12: Under its current operating agreements, can Cleco self-supply all of its load in the service area North of Lake?

A12: Yes. Cleco Power can self-supply all of its load in its Northlake region due to signing a new Network Integrated Service Transmission Agreement with Entergy.

Q13: In the intermediate generation product, Cleco Power has requested operation control equivalent to the rights of the generation owner. What is Cleco Power's intent in requesting this right?

A13: To qualify as a Network Resource as defined under Cleco Power's OATT, the transmission provider must be able to dispatch the unit for reliability reasons when required. Without meeting the Network Resource criteria, long-term firm transmission cannot be purchased to deliver the energy bid. Please see Appendix I-2, Section 1) a) Basic Information, for further details.

Q14: In the intermediate generation product, Cleco Power has requested the ability to actively participate in operational, maintenance, and capital topics related to the generating unit. Would this right be limited only to those topics that would negatively impact Cleco Power's rights under the Definitive Agreement?

A14: Yes. The requirement that Cleco Power have the opportunity to actively participate in operational, maintenance, and capital topics related to the generating unit would be limited only to those topics that might negatively impact Cleco Power's rights under the Definitive Agreement. Please see Appendix I-2, Section 16) b) for Specific Provisions.

Q15: In the intermediate and peaking products, will the successful bidders have the right to sell energy not dispatched by Cleco Power?

A15: The capacity and energy for the intermediate and peaking products must be available to Cleco as needed to meet our system capacity and energy requirements. Negotiations with bidders may consider pricing terms that allow the products to sell energy not dispatched by Cleco Power – most probably in an as available and interruptible context. For instance, should Cleco Power not be dispatching the product at a given point, but lose a dispatched resource, Cleco Power will need to be able to as soon as practicable dispatch the entirety of the contracted product volume for its system use. True peaking products should be available to respond when needed and may be called upon outside the timeframe of a planned dispatch notice.

Q16: Cleco has specified that in the event of a derate or curtailment, Cleco obligations shall have priority over all other sales from the unit with the exception of any previously executed contractual obligations. As a point of clarification, this would also include being subordinated to on-site load? This question refers to our qualifying facility [REDACTED]. Our qualifying facility has host steam and load obligations from our manufacturing facility [REDACTED]. This is the "on-site load" that we are referring to in our question.

A16: In this context, on-site load would be considered the equivalent of a previously executed contract obligation. For planning and reliability purposes, a bidder should only bid the portion of a unit that can be exclusively used by Cleco Power – for a QF, this would typically be generation in excess of its host load requirements.

Q17: What impedes the use of an on-line auction which allows bidders to compete on a real-time basis?

Will Cleco, the LPSC, and other stakeholders work with [REDACTED] to modify the RFP process to remove or solve the impediment issues to using an on-line auction. For example, if more pre-qualification is performed before prices are developed an on-line auction could allow bidders to compete on price. The pre-qualification could include (not limited to) transmission availability, credit, contract terms and conditions acceptance.

A17: The LPSC has opened Docket No. R-26172, Subdocket C to address this issue. Cleco Power and other interested parties have filed comments in this docket and await further guidance from the LPSC. However, Cleco does not believe that transmission ability can be pre-qualified.

Q18: Will Cleco consider a dispatchable demand response program for Cleco's commercial and industrial customers in response to this RFP? Demand response is an alternative resource to peaking generation that has proven to be reliable and cost-effective in other markets. It is quick-to-market and environmentally sensible. We anticipate some portion of Cleco's 350 MW need for peaking capacity can be met with demand response.

A18: A bidder can bid a dispatchable demand response program into the RFP process. However, since this RFP is for peaking and load following products, such an option will be evaluated using the same criteria as other bids, i.e., a different analysis will not be performed to evaluate a dispatchable demand response program. Cleco Power recognizes that demand response programs could be valuable and is in the process of reviewing such programs as part of the LPSC's evaluation of time-based rates, wireless metering, and demand response in Docket Nos. R-29213 and R-29213A.

Q19: Can Cleco make publicly available on the RFP web site hourly its demand data for 2006?

A19: Cleco Power's hourly demand for 2006 has been provided on the RFP Website as requested.

Q20: What portion of Cleco's peak demand is commercial & industrial, and what portion is residential?

A20: Of Cleco Powers' 2006 peak demand, residential is approximately 49% and commercial and industrial (including municipalities served under retail rates) is approximately 45%. The other 6% is wholesale requirements load.

Q21: Will Cleco's self-build projects be held to the standard of "Material changes to prices, terms and/or conditions from the Binding Proposals offerings that are adverse to Cleco Power will not be permitted?"

A21: Yes. Cleco Power's self-build projects will be held to this standard. The self-build proposals are Cleco Power's original cost-based estimates that are submitted to the Staff and IM before indicative bids are due. If a self-build is selected and its costs materially increase due, for example to EPC contracting prior to certification by the LPSC, Cleco Power's RFP evaluators will rerun the analyses to determine whether the change affects the ranking of the proposal in

comparison to market bids. If the ranking does not change, the proposal will move forward, assuming it is approved by the IM and Staff. If the ranking does change, or if the Staff and IM so advise, affected short-listed bidders will be invited to revise/refresh their bids also and the RFP evaluation teams will compare all revised estimates. Again, everything is under the supervision of the IM and collaboration with Staff.

Q22: What, if any, debt equivalency assignment will Cleco add to PPAs and tolls? How will such assignments be made? Has Cleco investigated the positions/comments on debt imputation by any of the other ratings agencies?

A22: Cleco Power will follow the Standard and Poor's (S&P) methodology for debt imputation. S&P currently provides the most prevalent positions concerning debt imputation on power purchase agreements. However, Cleco Power will not apply debt imputation in its evaluation of bids selected for the short list. After the short list is selected, Cleco Power will run its portfolio analysis using the short listed bids with and without the debt imputation. The LPSC Staff, the Independent Monitor, and Cleco Power collaboratively will determine the appropriate impact of the debt imputation on final bid selection.

Supplemental Response:

Please see the Attachment to Question No. 22 for the Standard and Poor's (S&P) Debt Imputation Methodology.

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Q23: Does a bidder have to submit a notice of intent to bid as in the 2004 RFP or just fill out the Bidder Registration Form?

A23: There is no "notice of intent to bid" in the 2007 Long-Term RFP. All bidders are required to fill out the Bidder Registration Form (Appendix F) according to the procedures described in the RFP. Bidders who do not register will not be able to submit proposals.

Q24: The Bidders Registration Form is in .pdf format. When will the electronic version be available to fill out?

A24: The electronic Bidder Registration Form will be posted to the RFP Website immediately prior to the beginning of the open period for bidder registration. Bidder registration begins at 8:00 AM CPT, November 12, 2007 and concludes at 5:00 PM CPT, November 16, 2007. Please see Subsection 4.10 of the main RFP document and the Bidder Instruction Presentation from the July 26, 2007 Technical and Bidders' Conference for more information.

Q25: [Note: This question relates to the RFP's requirement that Bidders outside Cleco Power's control area request a Transmission System Impact Study.] The bidder has firm multi-year Entergy transmission requests, in study mode, for the full output of an existing resource, that can be redirected to Cleco for the duration of the transaction, inclusive of rollover rights. The bidder knows of no reason the existing resource can not qualify as a network resource. In lieu of submitting another set of transmission service requests that would double the ATC requested from the project, the bidder proposes that the existing transmission requests meet the Cleco RFP requirements. Please confirm this is acceptable to Cleco.

A25: This would be acceptable to Cleco Power and does meet Cleco Power's RFP requirements. The purpose of the system impact study requirement is to confirm that transmission is available. In the bidder's circumstance, the transmission is already available and can be redirected to Cleco Power as firm transmission with the same priority as the original transmission request. Bidder should supply the appropriate documentation from Entergy of the availability of the transmission path.

Q26: In Appendix G page 2, the second to last item is "Weekly Period." What is this question relating to?

A26: This field allows bidders to define the schedule for energy delivery as a Monday through Friday period as opposed to a Monday through Sunday period. Instructions to assist bidders will be visible for this and other fields in the Word Macro version of both Appendices G and H that will be posted to the RFP Website before December 3, 2007, the date the open period for submission of indicative proposals begins.

Q27: Appendix H, if the proposal is intended to be a tolling structure, does bidder still need to fill out the following information?

- a. Page 2 – contracts/commitments
- b. Page 3 – long-term maintenance contract costs, capital outlay, # of employees, payroll costs
- c. Page 18 – environmental assessment/permits

A27: If any of the items listed affect the pricing related to the bid, or limits the operations of the bid, Cleco Power does ask bidders to provide the information.

Q28: Appendix I-1 Section 12) Transmission Service, b) For Units Outside the Cleco Power control area and Appendix K Section 16) Transmission Service, b) For Units Outside the Cleco Control Area both state:

“If the generating unit is located outside of the Cleco Power control area, Cleco Power shall obtain for the entire Delivery Term firm point-to-point transmission service required for delivery of energy to the Cleco Power control area, and such requirement shall be a condition precedent to the commencement of the Delivery Term.”

Appendix I-2 Section 12) Transmission Service, b) For Units Outside the Cleco Power control area states:

“If the generating unit is located outside of the Cleco Power control area, seller shall obtain for the entire Delivery Term firm point-to-point transmission service required for delivery of energy to the Cleco Power control area, and such requirement shall be a condition precedent to the commencement of the Delivery Term. The capacity payment shall include any cost associated with such third party transmission service.”

To be clear, if we are bidding in a peaking product or a tolling product we do not have to include the cost of transmission to the Cleco control area, but if we are bidding an intermediate PPA product, we do, correct?

A28: Correct. Cleco Power is responsible for transmission expenses for peaking products or tolling products. However bidders are still required to submit proof that a system impact study (SIS) was requested from all transmission systems required to deliver the energy to the Cleco Power System. Cleco Power requests that bidders submit the results of completed system impact studies either with their proposals, or if not available at that time, as soon as possible after they receive them.

Q29: I wanted to clarify the proposal registration form. What determines the selection for the resource number?

A29: The resource number in the Proposal Registration section should correspond to the resource number in the Station Registration section.

Q30: For the intermediate PPA proposals, is it the case that Sellers would be responsible for paying for the firm point to point transmission service and for any transmission upgrade that comes out of the system impact study? For transmission upgrades cited by the SIS, without the result of the SIS prior to the indicative proposal deadline, should Seller price its proposal without that cost and then include the cost with the binding proposal? Thanks.

A30: Cleco Power understands that some bidders may not have the results of system impact studies (SIS), making it difficult for them to consider transmission upgrade costs when developing an all-inclusive price for their indicative proposals. Bidders should NOT wait until their binding proposal to include the cost of transmission upgrades, even if that cost has not been confirmed by a SIS. If needed, bidders should update the pricing of their indicative proposal following their receipt of a completed SIS. Cleco Power also requires that bidders provide the completed SIS as soon as possible following the completion of the SIS. Please understand that Cleco Power continues to hold bidders responsible for a SIS for every bid that originates outside of the Cleco System.

Q31: [REDACTED] would like to know if Cleco can share aggregated customer industry/building type data with potential respondents.

Specifically, we would like to know the number (or %) of commercial and industrial customers in Cleco's service territory by industry vertical or building type (manufacturing,

hospitality, education, etc). In addition, we would like to know each industry/building type's contribution to peak load (MW or %).

A31: In 2006, on an average monthly basis, Cleco Power had 33,424 commercial customers and 659 industrial customers. Cleco Power is unable to provide the contribution to peak load by each industry/building type as requested because it does not collect or maintain the data in the detailed manner required to answer this question. For additional information on demand side management, please refer to Cleco Power's 2007 Integrated Resource Plan (IRP) Document - Abridged Version, which is posted on the RFP Website.

Q32: Upon our initial review of the official Appendix H form that was made available with macros on Monday, we have recognized several potential issues.

As of this moment, our issues are as follows:

Q32-1: For proposals utilizing more than one generator code, i.e., a proposal with multiple generators, the field at the top of each form only leaves space for one generator code. How are we to handle this?

A32-1: If the generator data for the multiple generators is the same, please state so in the Additional Benefits or Compensation box at the end of the form, and identify the generator codes that are covered by the form.

If the generator data for the multiple generators is different, please submit a separate form for each generator. Please use the same bidder code and proposal code for all forms pertaining to the particular proposal. Please state in the Additional Benefits or Compensation box the number of forms (i.e, 1, 2, etc.) related to the particular proposal.

Q32-2: The emissions rate table is restricted to a limited number of decimal places. We need to have more significant digits available.

A32-2: Appendices G & H are being revised to reflect lbs/MMBtu for all emissions in lieu of Tons/MMBtu. The forms are also being revised to allow for 1 place to the left of the decimal and 10 places to the right of the decimal for NO_x, SO₂, and Hg, while allowing 4 places to the left of the decimal and 7 places to the right of the decimal for CO₂. Please remember that you are allowed to state exceptions to principal terms or supply additional information as required in the comment boxes within each form.

Q32-3: The financial information table is automatically populated with a specific dispatch profile whenever an option is selected, i.e., peaking asset or intermediate asset. Up to this point, we were not made aware of the fact that a specific dispatch profile would be provided. Our calculations are based on a different dispatch profile. There is not sufficient time to recalculate all financial information to match the specified dispatch profile.

A32-3: The bidder does not need to match the specified dispatch profile at this time. Upon selecting an option (peaking or intermediate asset), the form self-populates, for each year starting 2008, a standard capacity factor, number of starts, and run hours for three scenarios. The O&M

fields remain open for you to enter your cost data. Please enter your cost data in the fields provided, while stating, in the comment box provided, the dispatch profile (capacity factor, starts, and run hours) that you used to calculate your cost data. Additionally, please provide the projected date that you will be able to provide updated cost data based on the self-populating dispatch profile for each scenario. The updated bid data, based on a common dispatch profile, is needed to evaluate bids on a comparable basis (apples to apples).

Q32-4: We have these forms duplicated in Microsoft Excel format, specifically designed to match the bid forms as made available on the Cleco.com website. Can we simply attach these completed forms to our submittal email in lieu of completing the macro-driven forms with the known issues listed above?

A32-4: Please use the macro-driven forms. The forms are being revised and will be re-posted on 11-27-2007.

Q33: I started filling out Appendix G today. Under Fixed or Stable Pricing Structure/Minimum Run Hours on Page 2, the List of Values ranges from 9-24. However, a minimum of 8 hours per day for an intermediate product is specified in Section 3.3 of the RFP. I'd like to choose 8 but it won't let me manually enter a number below 9. Please advise. Thanks.

A33: Appendix G has been updated to allow values ranging from 1-24 in the field. However, bidders that have substantially completed entering their bids in an Appendix G form that only allows values ranging from 9-24 can provide additional information in the 'Comments and Exceptions to Principal Terms' box. For example, a bidder wants to provide an 8 hour minimum, but is using a form that only allows for values ranging from 9 to 24, the bidder can enter a 9 in the field, then state in the comments box "The minimum hours per day for this bid is 8 in lieu of 9 as entered in the minimum run hours field on page 2."

Q34: I have a few questions about some of the fields in Appendix G.

Q34-1: Field 18: minimum run hours – should this include the ramp hour also or just the hours at full load?

A34-1: Field 18: minimum run hours represents the run hours for a full schedule. For example, if a bidder proposes a 250MW must-take schedule for 8 hours daily, 7 days a week, then field 18 should read "8".

Q34-2: Emissions – primary fuel – the columns for fuel heat content, NO_x, CO₂, and SO₂ don't allow for any decimal values. Please confirm that if the value is less than 1 that a zero number is appropriate for Cleco's evaluation.

A34-2: Appendices G & H were revised to allow for 1 place to the left of the decimal and 10 places to the right of the decimal for NO_x, SO₂, and Hg, while allowing 4 places to the left of the decimal and 7 places to the right of the decimal for CO₂. If you downloaded Appendix G or H before 8:00 PM CPT on November 27, 2007, please download a revised Appendix G or H from the Cleco Power RFP website at <https://www.cleco.com>.

Q34-3: Field 1399 – Basis to Supply Hub – if the gas is priced at the hub in field 1397, is this field intended to include variable commodity charges by the pipeline?

A34-3: No. This field is the premium or discount, if any, offered by the bidder. The next section in the form “Transport Cost” provides a field for variable charges by pipeline.

Q34-4: Field 1403 – Supplier 1 Hub Name – We have a gas manager who procures gas for us at the relevant receipt points. However, there is not a firm supply arrangement. What is field 1403 looking for – a gas pricing point or a firm gas supply provider?

A34-4: Field 1403 is the hub from which a pipeline is interconnected. For example, if a bidder is proposing a PPA based on Henry Hub, then “Henry Hub” should be in field 1403.

Q34-5: Field 1403 through Field 1405: Are these fields intended to compile the variable energy pricing under the call option structure? So that when energy is scheduled, the Buyer will pay the Seller the heat rate times the Hub Name plus the pipeline cost. Is that the intent of the variable energy pricing?

A34-5: Fields 1403, 1404, and 1405 are intended to represent the Hub, Pipeline, and transportation costs charged by the pipeline.

Q34-6: Interconnection Agreement – what is intent for asking for this document?

A34-6: Cleco Power understands that interconnection agreements are proprietary, and would like to emphasize that Cleco Power will treat as confidential all proposals submitted by bidders, as stated in section 4.2 of the RFP document. The information may be used to quantify pricing, qualify non-price issues, provide background information for the asset, or identify asset limitations or constraints, in addition to other items.

Q35: In the Transmission Information Requirements section, is Cleco Power asking what ancillary services are included as part of the bid? If not, what is being requested?

A35: This field is a free-form text field to provide bidders with the opportunity to identify any known constraints, limitations, or benefits pertaining to ancillary services.

Q36: In the Environmental Assessment/Permits section, is Cleco Power looking for the total number of CEMS units associated with the generator or the model number of the CEMS units?

A36: Please insert the facility ID (ORISPL) as assigned by the Energy Information Administration.