



Cleco Power LLC
2030 Donahue Ferry Road
Pineville, La 71360

January 12, 2005

To: Potential Bidders

Re: Request for Proposal for 2006 Capacity Sales (Short-Term RFP)

By means of this request for proposals, Cleco Power LLC (Cleco Power) is soliciting written offers for the short term (1 year or less) sale and delivery of base load, intermediate, and peaking capacity to Cleco Power LLC during the period, 1 January 2006, through 31 December 2006.

NOTICE: Cleco Power, pursuant to the Market-Based Mechanism Order of the Louisiana Public Service Commission (LPSC), issued February 16, 2004 (Docket No. R-26172, Subdocket A), also is conducting a request for proposals for long-term (2 years or more) power supplies (Long-Term RFP). Bidders that submitted proposals in Cleco Power's Long-Term RFP by its deadline of October 29, 2004, also may participate in this Short-Term RFP, as follows. Any such bidder in the Long-Term RFP submitting a bid for a transaction to begin January 1, 2006, may bid the same capacity into this Short-Term RFP, but structured as a 1-year bid. Any bidder doing so may select either of the following options if its 1-year bid is accepted by Cleco Power in this Short-Term RFP: (a) withdraw its corresponding or related bid from the Long-Term RFP; or (b) change the date of its corresponding or related bid in the Long-Term RFP so that it begins 1 year hence, *i.e.*, January 1, 2007, effectively reducing the term of the long-term bid by 1 year. No bidder in this Short-Term RFP that also is bidding in the Long-Term RFP may condition its 1-year bid in the Short-Term RFP upon receiving a contract award in the Long-Term RFP. There is no need for any bidder in the Long-Term RFP to modify any of its bids in the Long-Term RFP until and unless any of its related bids in this Short-Term RFP are accepted. We simultaneously are publishing this notice to the bidders in the Long-Term RFP.

Specifications—Proposals are requested for the following:

Buyer: Cleco Power LLC.

Capacity: 50 MW up to 645 MW.

Plant/System: Bidder to specify name and location of plant or system from which capacity is offered. For plants/units not in commercial operation at present time, bidder to provide expected commercial operation date.

Firmness/Availability: See options specified in the attached pricing sheet.

Delivery Periods: 1 January 2006 through 1 January 2007.

Energy Scheduling: Specified in attached pricing sheet.

Ancillary Services: Generation-related ancillary services will be Seller's responsibility.

Interruption: Schedule may be interrupted by Cleco Power during system emergencies or as instructed by the Control Area Operator to relieve transmission loading.

Energy Price: See options in attached pricing sheet.

Capacity Charge: Bid separately for one or more options in attached pricing (in \$/kW-month).

Delivery Point: Cleco Power's transmission system border. Seller responsible for firm transmission service to Cleco Power's border if offering capacity sourced from outside Cleco Power's Control Area.

Transmission Service Approval: Purchase by Cleco Power will be contingent on Cleco network transmission service approval and obtaining firm point to point transmission service from outside Cleco Power's control area.

Multiple Bids: Bidders may submit alternate products and pricing options, but should submit them as separate bids if they are mutually exclusive.

Binding Content of Bids: All price and non-price provisions of proposals shall be binding and not retractable until 5:00 p.m. CST on the date specified below for the completion of negotiations and contract execution, April 22, 2005, except for fixed prices for energy designed to track market conditions, which may be revised up to the contract execution date based on changes in futures market conditions for 2006. In the case of a fixed price bid, the bidder must state whether the bid is to be adjusted, the method of adjustment, the referenced price index for purpose of the adjustment, and a numerical example illustrating the mechanics of the adjustment.

Form of Bids: Proposals shall be signed by an officer of the bidder and represent that he or she is authorized to submit the proposal in binding form. Proposals shall be submitted in hard copy and electronic form. The hard copy may be submitted the business day following the deadline provided the electronic form is submitted by the proposal deadline.

Form of Agreement (PPA): EEI Master Power Purchase and Sale Agreement, Version 2.1, together with the Power Purchase Agreement between Calpine Energy Services, LP, as Seller, and Cleco Power LLC, as Buyer, as authorized by the LPSC and Cleco Power LLC, Docket No. U-27980, a redacted copy of which, for convenient reference, is available on Cleco Power's website.

Cleco Power requests bidders comply with all specifications as closely as possible. Bidders are encouraged to provide bids for all options specified. Bid quantities as small as 50 MWs will be considered.

No bid fees are required to participate in this request for proposal. Expenses incurred by parties responding to this request and negotiating an agreement (if applicable) shall be the sole responsibility of the responding party.

Anticipated Schedule for 2006 Capacity Solicitation:

- January 12 - Issue request for proposals.
- February 1 - 5:00 p.m. CST – Deadline for receiving written proposals. Proposals received after the deadline will not be considered.
- February 22 - Begin negotiations with selected bidder(s).
- April 22 - Complete negotiations and contract execution.
- May 1 - Cleco Power files for certification of PPA(s) with Louisiana Public Service Commission (LPSC).
- June 1 - Expected date of network transmission approval.

Cleco Power reserves the right to reject any bids for any reason whatsoever and to enter into negotiations with any party for the purpose of purchasing capacity. The transaction is contingent upon negotiating a definitive written agreement between Buyer and Seller; obtaining all necessary corporate and governmental approvals, including certification by the LPSC on terms and conditions acceptable to Cleco Power.

Responses shall be marked Cleco Power 2006 Capacity Purchase. All inquiries and responses shall be directed to:

Keith Crump
2030 Donahue Ferry Rd
Pineville, La 71360 (U.S. Mail)
Or
P.O. Box 5000
Pineville, La 71361-5000 (Private Delivery)
Tel: 318-484-7719
Fax: 318-484-7685
Email: keith.crump@cleco.com

Yours truly,
Shane Hilton
General Manager, Retail Operations

Pricing Sheet for 2006 Capacity Sale to Cleco Power
 Pricing Options: (Capacity - \$ /kW-month) (Energy - \$/MWh)

Energy Price Options *

Firmness/Availability	Capacity (\$/kW- month)	Fixed Price Energy (\$/MWh)	7x24 7500 Heat Rate	Daily Call 8000 Heat Rate	Daily Call 8500 Heat Rate	Other Heat Rate, or other Pricing Structure
50-250MW Base load Product (7x24) Unit Contingent % Availability Guaranteed:						
50-500MW Next-Day Call Option 16 Hour Minimum						
50-500MW Next-Day Call Option 8 hour minimum						
50-150MW Next Day Call Option 16 Hour Minimum Minimum Time Frame 1 June 2006 through 30 September 2006 Delivery Start Date:						
Delivery End Date:						
50-150MW Next Day Call Option 8 Hour Minimum Minimum Time Frame 1 June 2006 through 30 September 2006 Delivery Start Date:						
Delivery End Date:						

* Please submit mutually exclusive bids on separate pages. Example: A bidder wants to submit a bid for a 16 hour next day call option, and an 8 hour next day call option. Cleco can select one or the other, but not both of the options. The bidder would submit the bids on separate pages. If Cleco could select both options, then the bidder should submit them on the same page.

Notes:

1. Daily call made by 8:30 a.m. CPT for next day call options, excluding weekends and holidays.
2. Energy price for heat rate based pricing is equal to: Heat Rate (in Btu/kWh) multiplied by Gas Daily Henry Hub Daily Index (in \$/MMBtu) and divided by 1,000. Capacity pricing should be in \$/kW-month.
3. Generating plant, or system, from which capacity is offered must qualify as a capacity resource for Southwest Power Pool Capacity Margin Criteria.
4. Maximum delivery term must be from (1 January 2006 to 1 January 2007).