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## **Macquarie Has Bad Day at Public Service Commission**

### ***Forced to Disclose Sensitive Data, PSC Sets Employees and Headquarters for Cleco***

**New Orleans, February 1, 2016** – The foreign finance firm, Macquarie Group, had a rough day at the Louisiana Public Service Commission. In an effort to protect Cleco customers, employees, and the central Louisiana community, Commissioners voted to enforce a “Service Quality Plan” on Cleco. The Service Quality Plan was developed through the Macquarie proceeding but the company fought the vote today. Macquarie/Cleco claim the commitments are only constitutional if the takeover goes through. This comes on the heels of Judge Meiner’s ruling forcing Macquarie to disclose certain financial information the company wanted to keep hidden until the takeover vote. A community group says Macquarie’s attempts to keep transaction details under seal prove the deal’s deficiency.

“Why does Macquarie want to hide critical details of the Cleco deal? Being secretive indicates serious problems in the transaction. There should have been no debate about transparency; Cleco is a public utility,” said Casey DeMoss, CEO for the Alliance for Affordable Energy. “Though the public will be able to learn more about the deal, other dangerous aspects of the leveraged buyout and its impact on Louisiana’s financial future are still secret.”

Macquarie lost an argument in PSC chambers today to postpone approval of Cleco’s Quality Service Plan, which states that Cleco must maintain their workforce and headquarters. Regardless of the outcome of the sale, Cleco employees will keep their jobs and the headquarters will stay in Pineville, LA. Cleco is one of the largest employer in the area and the concern about jobs is palpable.

“We are very pleased with Public Service Commissioners and their staff. Today, the Commission reconfirmed their commitment to Cleco’s customers and workforce,” said DeMoss.

*The Public Is Now Allowed to Know the Following:*

- Macquarie will be profiteering off “fake cash”. Fake cash is debt disguised as real money and re-labeled “equity”.



- Debt becomes equity when the money is transferred across multiple shell companies. After the sell, Cleco will be 4 different companies: Cleco Power, Cleco Corporation, Cleco Partners and Cleco Group.
- Money that is labeled “equity” allows Macquarie to earn a 10.4% rate of return from customers. If the money is labeled “debt” then Macquarie would not be able to earn a rate of return on the money. Thus, Macquarie intends to game the system to increase profits they are not owed.
- Cleco is 57% real equity now. Macquarie’s business plan is to keep piling debt onto Cleco and drop equity down to 33% (24% drop).
- Real equity is important because it speaks to the financial health of the company. Excessive debt hurts Cleco’s credit rating and credit worthiness.

If the sale is approved at the February 24<sup>th</sup> Business and Executive meeting, Cleco will have the highest authorized rate of return in the state, the highest rates in the state, and the highest percent of debt of utilities in the state.

The Alliance launched a broader effort to inform and educate the community on the details of the proposed sale. [A petition \(https://www.change.org/p/louisiana-public-service-commission-our-cleco-our-community\)](https://www.change.org/p/louisiana-public-service-commission-our-cleco-our-community) and [Facebook group \(https://www.facebook.com/Our-Cleco-Our-Community-124310484573989/\)](https://www.facebook.com/Our-Cleco-Our-Community-124310484573989/) started by the Alliance nearly doubled in January, with close to 1,500 signatures from Louisiana residents who oppose the sale.

The Alliance is urging residents to call into the Louisiana Public Service Commission to reject the proposed deal based on its risky financial structure.

**The Public Service Commission is expected to discuss and vote on the deal Wednesday, February 24th.**

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*Founded in 1985, the Alliance for Affordable Energy promotes fair, affordable and environmentally responsible energy through education, advocacy and policy. From inception, the Alliance has advanced a philosophy that there is no conflict between lower energy costs and lower pollution, between good jobs and regulation, or between serving the public interest and making a reasonable profit.*