

Rising costs present challenges we are ready to meet

Nearly all Americans have felt the pain of a strained economy this year. Food costs are rising. Gas prices are rising. The cost of just about everything has gone up. Utilities are also feeling the sting of inflation. Today, electric utilities must operate in a rising-cost environment. There are a number of factors contributing to the rising price of electricity, including the ever-increasing electricity demand, rising costs for fuel, infrastructure investments and regulatory compliance. USA Today recently reported that utilities across the United States are raising power prices as much as 29 percent, primarily to pay for soaring fuel costs, but also to build new plants and refurbish an aging power grid.

LCEC customers have only seen two rate increases not related to power supply costs over the past 25 years. Power purchases account for more than 70 percent of the electric bill. The rest covers operating costs to maintain a safe and reliable electric system, provide adequate capacity, deliver good customer service and meet regulatory compliance. With support from members, your cooperative remains ready to meet all of these challenges and keep rates competitive.

The LCEC long-range strategic plan takes all of these challenges

into account with aggressive business objectives that balance spending while addressing the most critical needs of our customers. An on-going maintenance and expansion plan along with a new power supply contract ensures the system is strong and the power is flowing. Continuing process improvement projects and strict metrics ensure customer service is up to par, and a knowledgeable compliance team ensures that all federal and state regulations are met or surpassed.



Power Cost Adjustment on September 1...

LCEC was recently advised that due to fuel cost increases, its power supplier would be raising power cost for the remainder of the year. As is the case for other electric utilities, this increase is passed along to customers. Beginning September 1, the power cost will increase to 1.376 cents per kilowatt hour.

LCEC protects customer investments

A benefit of belonging to an electric cooperative such as LCEC is that customers are company stakeholders.

In order to meet business requirements and protect customers' interests in the company, LCEC holds delinquent customers accountable for payments owed.

Power is provided to customers prior to payment.

In other words, customers get a line of credit, and payment is due monthly based on energy they have already used. If customers do not pay for the power they have consumed, then LCEC and other customers are left with the responsibility of paying the power supplier for the power that has been used.

LCEC provides customers with reliable power to their homes and businesses, as well as financial rewards when there are margins to share.

As a not-for-profit cooperative, any margins between costs and revenue are allocated to customers. We are making efforts to limit LCEC's risk of final non-payment by delinquent customers. We do this in part by collecting sufficient deposits to cover our costs. In addition, Late payments and uncollectable balances negatively impact margins by increasing expenses, which could negatively impact financial ratings. Not meeting financial ratings results in the risk of hefty penalties and increased loan costs – which further reduce margins. In order to meet business requirements and protect customers' interests in the company, LCEC holds delinquent customers accountable for payments owed. Charging deposits and disconnecting for non-payment protects your investments.

Deposits are charged responsibly, with well-communicated processes and a specific purpose.

A deposit is charged to all customers when they set up their account, unless their credit rating indicates a deposit is not necessary. The deposit amount is

based on the billing history at the address. The deposit may be refunded after 12 consecutive months of prompt payment. Commercial accounts must have 24 consecutive months of active service to be eligible for deposit review. Every time customer's pay late or miss a payment, their LCEC credit rating decreases. When a customer's rating reaches a certain level, if there is not already a deposit on the account, CAB automatically assesses one and bills it in three monthly installments. At any time, if the average bill increases substantially on an account that has paid a deposit, an additional deposit will be automatically assessed and billed in three monthly installments.



When considering the task of recovering money owed for services consumed, deposits and disconnections are the lesser evil alternatives to continually raising rates.

LCEC believes it is unfair to raise rates for everyone in order to cover the significant costs of recovering late payments or unpaid past due amounts. However, LCEC would prefer to prevent the need to charge deposits and disconnect service altogether. "By encouraging customers

to pay their bills on time and conserve electricity, LCEC can run the business efficiently and help customers avoid additional costs," Customer Service Manager Joe Padgett said.

Customers can avoid late fees, additional deposits and service disconnects by making timely and complete electric bill payments.

LCEC attempts five separate contacts with the customer to encourage payment: LCEC sends a bill with a clearly stated due date, plus two past-due reminder letters and two automated courtesy calls. If reminders are unheeded, service is disconnected. Once payment is received for service that has been disconnected for non-payment, power may not be reconnected until the next business day due to the high cost of unscheduled trips.



Phantom Loads

Although it may not have a large impact on individual household electric bills, cutting down on phantom loads may make a global difference.

Phantom loads are the amount of power used by appliances in standby mode or plugged in to electrical outlets. Although they are technically turned off, a small amount of current still flows through, enabling remote control operation or use at the touch of a button. By plugging all appliances and electronics into power strips you can turn off appliances completely when not in use and save the otherwise wasted energy.

However, total standby power in a household amounts to around 10 to 15 cents per day (about \$3 to \$4 a month). For example, while measuring the standby power usage of a cappuccino machine during an ABC-7 interview in May, the amount of power it used would have only cost 18 cents in 30 days. Phantom power conservation does become more of an issue when viewed from a worldwide perspective. When you take 60 million homes multiplied by \$4 per home, the environmental impact can be dramatic.

Go *Green* initiatives



LCEC feels it is part of our corporate social responsibility to not only communicate the green message to our customers but also to do our part. Preserving our natural resources is the only way to ensure we have them for the future.

LCEC "Go Green" initiatives include:

- Company-wide recycling program for paper, plastic and more than 700,000 pounds of scrap aluminum, copper and steel.
- Donation of more than 500 compact fluorescent light bulbs to community agencies along with informational flyers.
- A tiered rate structure with lower energy rates for customers using less than 500 KWH per month.
- A detailed brochure program with valuable resource-saving tips. Plus LCEC offers free in-home personalized energy surveys of individual homes and businesses conducted by LCEC Energy Advisors.

Free, convenient, online tools including Calc-U-Saver and Billing Insights tally up the amount of energy used in the home. The Billing Insights tool links energy use with your actual energy bill for more personalized results. Visit www.lcec.net for these and more online tools.



When the lights go out due to summer storms, life may get a little rustic as people search for flashlights, play cards by candlelight and consider taking nature's cue to catch up on a little sleep by going to bed early. This season, lightning storms are even more severe and frequent than last year.

Your first instinct may be to call LCEC (239-656-2300) to report the outage – and that can be a good idea, although it's not always the case. Here are a few guidelines to help decide:

Hang in there!

- **When the outage is just your home.** Check to see if your neighbors have power. If your neighbors have lights and you don't, you may be able to quickly restore power by checking the circuit breakers in your home and resetting them.
- **During widespread storms.** When outages are primarily resulting from a hurricane or other major event, please try to keep telephone lines clear for emergencies by eliminating repeat calls to report your outage. In addition, please do not detain line crews while they are working in your neighborhood.

Call us right away!

- **When you observe why it may be just your home.** Visually check the electrical connections to your home; when you call, let us know what you observe about the power system around your home.
- **When you notice a pattern.** Lightning and heavy storms are the most likely causes of summertime outages, but if you notice outages happening more frequently than normal, please make notes of the dates and times you observe them.
- **When there's no obvious reason.** If your power goes out and there is no storm, the reason for the outage may be further down the line. The power supply in your area may be obstructed by a tree or debris interference that you cannot see.



Food safety during power outages

What foods should you keep or pitch during a power outage? While the LCEC crews work to restore your power, follow these simple tips from the U.S. Food and Drug Administration to ensure the safety of you and your family.

Keep your refrigerator and freezer closed as much as possible. The refrigerator will keep food cold for about four hours if it is unopened. Refrigerators should be kept at 40 degrees Fahrenheit or lower for proper food storage.

- ▲ If the freezer thermometer reads 40 degrees Fahrenheit or below, the food is safe and may be refrozen.
- ▲ Discard any perishable food (meat, poultry, fish, eggs, etc.) that has been above 40 degrees for two hours or more.
- ▲ Remember: You should never taste a food to determine if it is safe to eat! When in doubt, throw it out!

During storm season, it is wise to prepare for outages that may occur. To prepare your home:

- ▲ Buy a refrigerator thermometer.
- ▲ Create a list of stores that sell dry ice.
- ▲ Stock your cabinets with several days worth of ready-to-eat foods that don't need to be cooked.

This makes ¢cents!

Who doesn't like to get something for free? Well, a heat recovery unit, or HRU, can offer just that! It captures the heat removed from your home by the air conditioner and channels it to heat the water used in the home for showers and doing the dishes or laundry. HRUs use no electrical energy to operate, so the only cost for this product is its purchase price. This is especially useful during warm summer months in Florida when typically the A/C runs more frequently and energy usage tends to be higher.

On average, the typical water heater is second only to the A/C as the highest energy user in a home as it uses electrical energy to produce hot water. By switching to an HRU system, you could see a return on this investment in as few as two years! On average, families can save \$8 to \$10 per month per occupant during the summer.

And even more good news! When utilizing a heat recovery system, more heat is dissipated by your air conditioning unit thus improving the efficiency of your air conditioner up to 10 percent! This can make your 12 SEER unit near or at the efficiency of a 13.2 SEER!

LCEC partners with local HRU contractors to provide this option. To learn more, check out the HRU program at www.lcec.net; click on Products & Services.



CUSTOMER SURVEY WINNER

If you receive an LCEC customer survey in the mail, return it for a chance to win \$50. May's winner was Avila Delva of Immokalee.

BOARD MEETING

LCEC Board meetings are typically held the third Thursday of each month at 9:30 a.m. at the North Fort Myers office (4980 Bayline Drive). Monthly meeting agendas are available online two days prior to the meeting. There will be no August board meeting.

LCEC is a nonprofit corporation. Established in 1940, LCEC delivers power to nearly 193,500 customers. LCEC News is published monthly for customers by the Public Relations Department, P.O. Box 3455, North Fort Myers, FL 33918-3455 (239) 995-2121 • www.lcec.net

