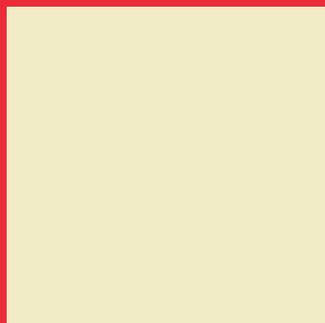
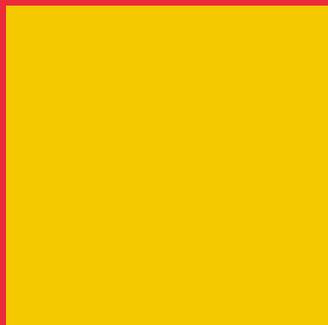
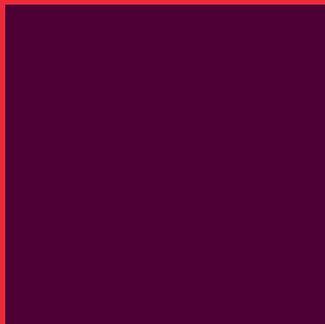


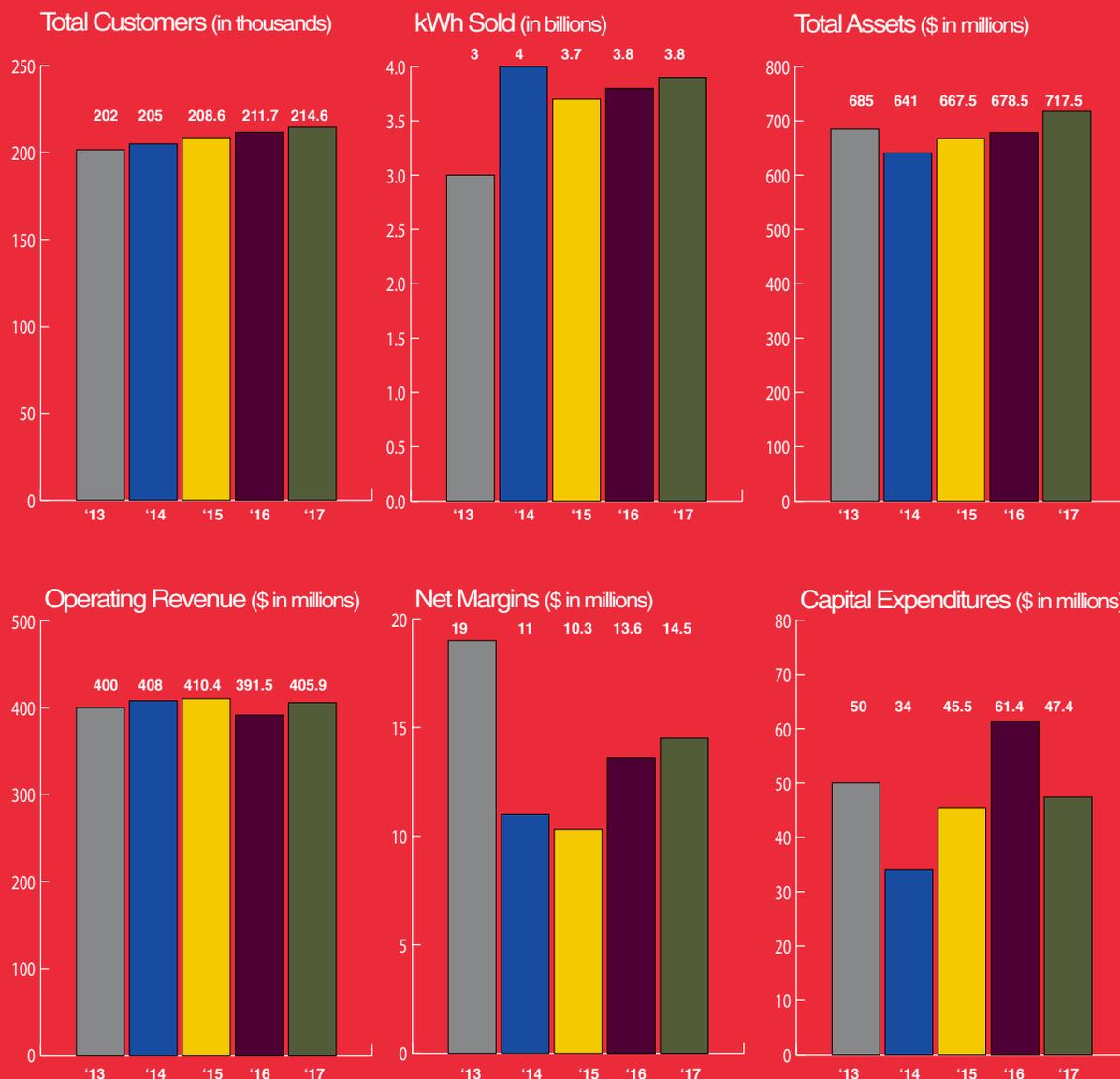
OLCEEC

PEOPLE. POWER. POSSIBILITIES.



2017
ANNUAL
REPORT

FINANCIAL HIGHLIGHTS



	2017	2016
Operating Revenue	\$405,878,307	\$391,495,971
Operating Expense	\$382,084,012	\$369,536,803
Interest Expense	\$12,102,832	\$11,465,245
Net Margins	\$14,552,559	\$13,610,469
Net Plant	\$568,718,170	\$558,116,268
Total Assets	\$717,536,742	\$678,484,511
Total customers	214,668	211,685
kWh Purchased	3,994,543,168	3,985,083,270
kWh Sold	3,809,847,360	3,800,338,072
Miles of Energized Line	8,268	8,161
Avg Monthly Residential kWh Used	1,125	1,142
Equity Retirement	\$4,706,470	\$11,513,097
Capital Expenditures	\$47,480,082	\$61,406,610
Customers per Employee	594	565



PRESIDENT AND CEO MESSAGE

For decades, the LCEC mission has remained the same—provide reliable electricity and quality service to our customers at the lowest reasonably achievable price. The electric cooperative business model made it possible for members to join in an effort to bring electricity to all parts of Southwest Florida when no one else was interested, and to improve the quality of life in the region. Today, LCEC employees, Board members, and business partners stay focused so that we do not waver from that mission.

In 2017, we got a lot of things right. One of the most notable accomplishments was our response to the damage and devastation inflicted on our service territory by Hurricane Irma. The carefully laid out restoration plan, regularly updated with lessons learned, along with a disciplined yet flexible execution of the plan allowed us to help get life back to some semblance of normality relatively quickly.

Later in this report you will find details and photos related to the destruction that occurred throughout the LCEC service territory and Florida in general. The determination and dedication of the LCEC team and those brought in to assist in restoration efforts will be evident as you flip through the pages. We are proud of how our employees, vendors, and members joined to face this most recent challenge in true cooperative fashion. As a member, we hope that you are confident in our ability to address all the challenges the electric system faces due to weather and any other forces of nature. We also focus on preparing for or mitigating the impact of other challenges—whether financial, technical, human or cyber—to keep them from disrupting our business or your lives.

For the ninth year in a row electric rates remained stable. In fact, we were able to reduce rates five times over the past four years. We accomplished this even while many of the underlying costs of doing business, like labor and materials, continued to rise. A sound integrated business plan, an eye toward the future, and diligent management of the budget have helped us keep rates among the lowest in the state for many years running.

During 2017, employees laid the groundwork for one of the largest technology transformations in our history. All of our

flagship information technology systems, including customer care and billing, will transition to a new platform that will offer you and all our customers enhanced service and convenience. The evaluation, adjustment, and documentation of all of our business processes from start of service to end of service, and everything in between, give us confidence that we can not only reduce our operating costs, but simultaneously improve your experience as a customer. This exciting transformation will take place late in 2018.

Several aspects of our performance in 2017 did not meet our expectations with respect to key performance indicators (KPIs). We did meet our customer experience and cost performance targets; however, even when taking into account the impact of Hurricane Irma, our annual electric system interruption duration index exceeded our target by several minutes. We also had one more OSHA-recordable safety incident during the year than our KPI threshold of nine incidents. We are fortunate that none of the incidents involved serious injuries, but we strive to prevent any OSHA-recordable incident from happening. As always, we will determine how we can improve and will continue to set KPI targets that push us toward better performance.

We will undoubtedly encounter more tests in the future. Where possible, we will try to identify and mitigate risks and prepare responsibly. No matter the challenges that arise, we will remain focused on our mission. We sincerely appreciate the opportunity to serve, but we clearly understand the obligation that accompanies that opportunity. That obligation includes conducting our business with integrity and respect and being ever mindful of our duty to protect your financial interest in LCEC. We also believe that we can accomplish our mission while continuing to serve Southwest Florida communities through leadership, volunteerism, and environmental stewardship.

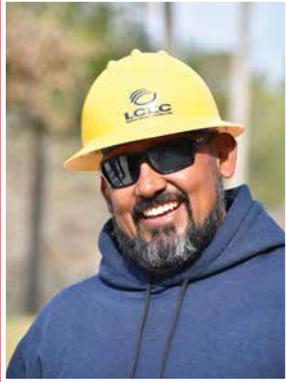
Russell Priddy, President
Dennie Hamilton, Executive Vice President & CEO

Russell Priddy

Dennie Hamilton

2017 BUSINESS

PEOPLE



- LCEC Customer Care Center was certified as a Center of Excellence for the fifth year in a row.
- Began efforts to introduce a new customer self-service portal in response to customer feedback.
- Received and reviewed 42,653 completed customer surveys.

POWER



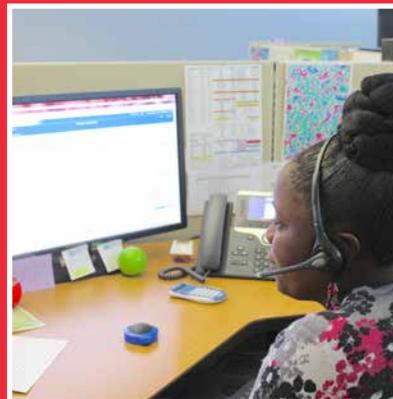
- Ensured reliable service through infrastructure maintenance.
- Changed out more than 398 distribution poles. Installed 1,830 new distribution poles.
- Repaired 6,353 streetlights. Installed 382 new security or district streetlights.

POSSIBILITIES



- Exceeded 700 points on all four J.D. Power surveys.
- Developed a system load forecast plan through 2028.
- Established new long-term notes and a line of credit, taking advantage of lower interest rates.

DURING HURRICANE IRMA



- Filed FEMA grant application for storm-related reimbursement.
- Provided 20,000 maps during restoration.

ACCOMPLISHMENTS

- Employees served in leadership roles for dozens of local, regional, and national organizations.
- Averaged 98 percent retention and met goal for filling critical vacancies, ensuring the right people in the right places at the right time.
- Electricity theft team identified and collected \$26,399 in restitution.
- Employees volunteered more than 7,000 hours in the community.
- Exceeded customer experience goal and improved by 5 points compared to previous year.

- Installed 24 miles of new or replacement underground line.
- Trimmed vegetation along 786 miles of line.
- Achieved 99.8 percent accuracy on inventory cycle counts.
- Completed 706 virtual energy surveys.
- Added 83 new net metering customers with photovoltaic systems.

- \$316,000 earned investment recovery and \$10,000 cost avoidance due to recycling.
- Completed more than 100 IT upgrades, retirements, migrations, cutovers, and deployments.
- Migrated to nearly 6,000 total LED streetlights on the system.
- Set an employee United Way pledge drive record and the LCEC Killa - Watts performed at nine charity events.
- Provided tours to local STEM students and Leadership groups.

- Achieved a 99.2 percent response rate on social media (10,000+ messages).
- Maintained, fueled, and repaired company fleet and 500 contractor vehicles as needed.
- Provided childcare for 16 days so employees could work restoration efforts.
- Handled more than 240,000 customer calls.

IRMA

IRMA HAD THE
LARGEST MASS
EVACUATION IN
HISTORY.

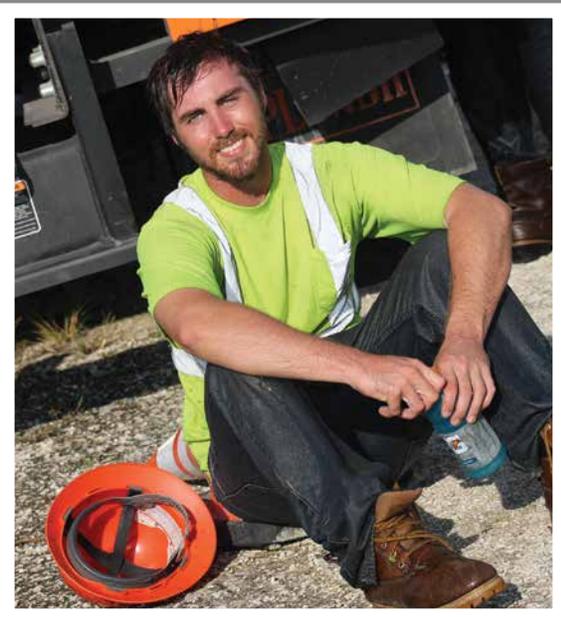
6.3 million



LCEC has a proven plan for the impact of severe weather and natural disasters. We know that electricity plays a vital role in the lives of our customers. Although we cannot prevent the havoc Mother Nature may cause, we can be prepared to restore power as quickly and safely as possible.

Critical to the LCEC restoration plan are lessons learned from previous events, proven utility restoration techniques, the commitment of employees, vendors, suppliers, and contractors, and technology.

The moment a storm is forecasted, the LCEC restoration team is activated and focused on readiness, response, and returning to business-as-usual as soon as possible. From start to finish, everyone gives their all. Although it is tough work under challenging circumstances, the spirits and energy always seem to remain high. Each participant plays a vital role in the plan, but the collaboration is what makes the plan successful.



SEPTEMBER 10, 2017

#preparednesspaysoff



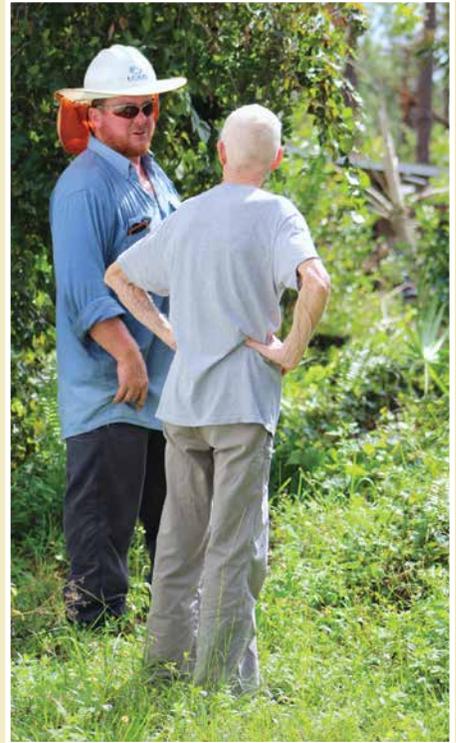
We are extremely proud of how the LCEC team prepared for and restored power so quickly and safely after Hurricane Irma. We were committed to remaining in storm mode until customers had their lights back on, and we operated around the clock as a team. For many, this meant working 27 straight days. The local and out-of-state crews in the field worked at least 16 hours a day in the heat, humidity, and other elements. At times, our customer care team on the phones, representatives at the Emergency Operation Centers throughout our service territory, or responders on social media handled some tough interactions from frustrated customers during the restoration efforts. They also had the benefit of speaking to thousands of very happy and grateful customers once power was restored. Many employees walked away from their normal duties and their own personal tragedy to support power restoration. Each played a critical role in one way or another and every job was vital to the success of our plan. The restoration team leaders, supported by their team members, also did a phenomenal job. The director of electric operations and the restoration committee kept the plan together and ensured we remained on course. We thank our supportive vendors, suppliers, and business partners who were there when we needed them, and our customers who patiently waited for power to be restored.

Technology had changed since the last storm affecting our service territory, so there were some firsts this time around. Customer expectations have also changed. As we do from every experience, we learned from Irma and will improve our plan. We will be ready again for the next storm that comes our way. We are confident that, when challenged, employees and our partners will rise to the occasion as they have throughout our history.



#hurricaneheroes





#hurricaneheroes



'Twas the week after Irma,
and all through the state
Floridians had nothing to do,
but sit back and wait.

The power was out,
not a light was on.
It was hotter than Hades,
and we were ready to work from dusk to dawn.

For there was no A.C.,
and fridges were bare.
Customers prayed for a miracle,
someone would care.

Then out of the darkness,
flashing lights and trucks came.
Trimming limbs and branches,
not looking for fame.

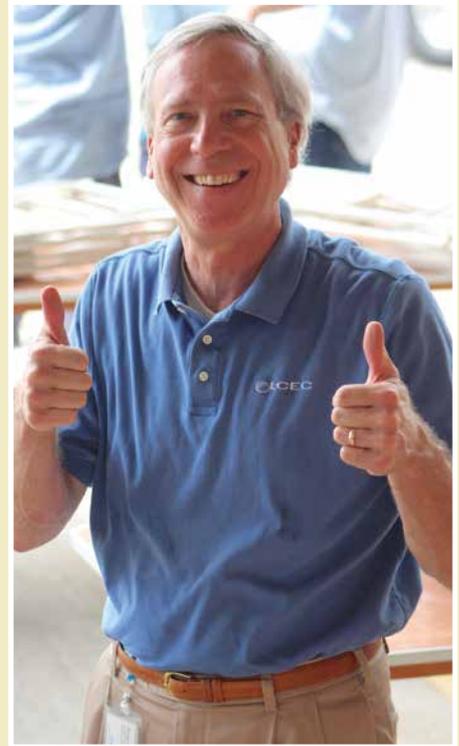
Crews restored cold air,
and all of the light.
Saving children from that
which goes bump in the night.

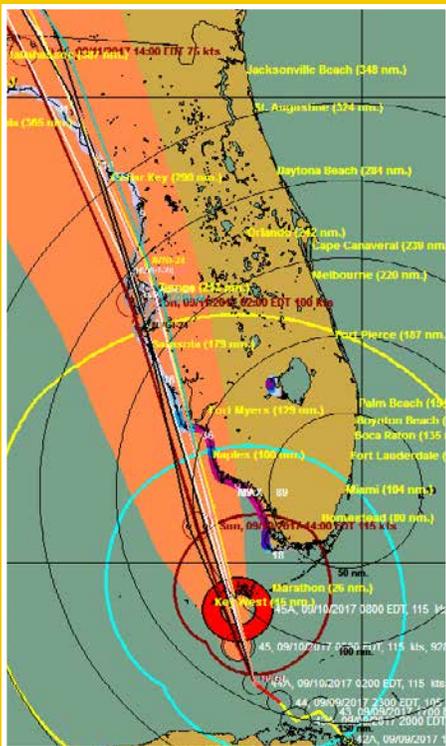
Just trying to help
restore our beautiful state.
It was time to join together,
not a time for hate!

Patience was key,
understanding a must.
We knew we would get through this,
wires in the air, and back to adjust.

When all is said and done,
electricity is what we are all about.
We do what we need to,
so customers don't have to be without.

- Anonymous

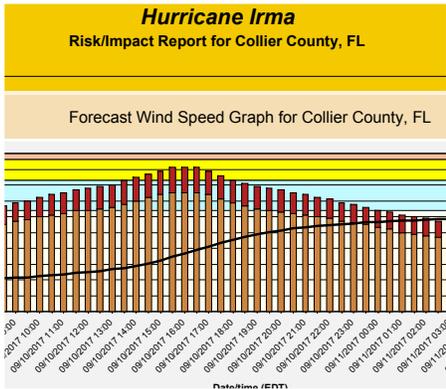




#warnings

The most powerful Atlantic Ocean hurricane ever recorded headed toward Florida as a category 5 storm after hammering several small Caribbean islands.

Florida residents were advised to brace themselves as the storm strengthened. Maximum sustained winds of up to 180 mph and storm surge were predicted to hit Florida by September 10. The National Oceanic and Atmospheric Administration warned the monster storm would bring extremely dangerous ocean flooding that would be deadly. Evacuation orders were issued early on, and as the forecast track began to inch closer to Southwest Florida, it was evident that there would be impact to the LCEC service territory.



May God shower blessings of good health, love, happiness and wealth upon you and your families always. Thank you and God Bless!



To the men and women who spent countless hours trying to restore the very thing that we take for granted every single day – THANK YOU!!

We spent about a week and a half without power. We were told that we would not be getting any electricity for at least another few days, but what a relief just to see the trucks and crews working so diligently and intensely in restoring our power. It is because of you, the emergency response team, with LCEC that we are now with power. You have left your homes and families to give of your time to help others. Thank you just does not seem like enough.

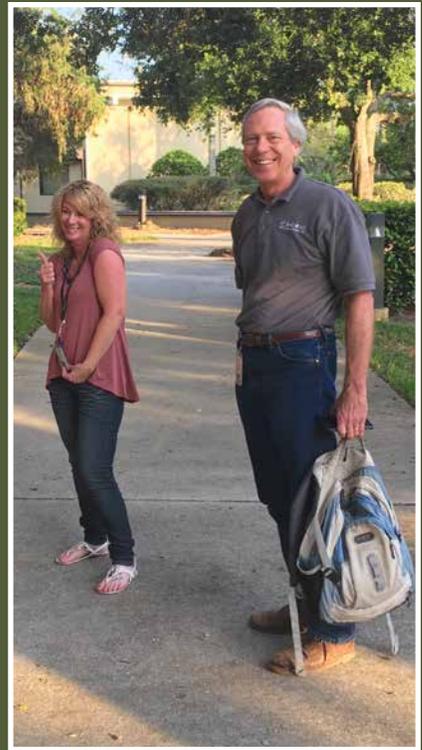
I live in St. James City. We had power back on just 2 days after Irma hit us. You all rock big time... We were all well prepared for this massive hurricane... Thanks for getting power to us as quickly as you did.... Just wanted you to know that we appreciate you.

#preparation

Preparing for hurricane season is routine for electric utilities. LCEC invests millions of dollars on infrastructure and vegetation management to strengthen the system and mitigate widespread outages. In addition, employees review an updated restoration plan annually to ensure equipment and personnel are ready to respond if needed. As soon as a storm threatens, the wheels are in motion. While many were celebrating Labor Day on September 4, the LCEC team was securing contract crews, fuel, food, and lodging in preparation for Irma. Employees prepared their homes and families as they have for so many other storm threats. Although the precise storm track was unsure, the LCEC plan was activated. LCEC sent representatives to all local emergency operations centers (EOC) and connected with the state EOC. Reports of potential destruction were confirmed by weather experts and broadcast on every news outlet. We were hoping for the best and preparing for the worst.



LCEC provides a secure place for employees to ride out the storm with their families and their pets. This enables them to be together and available as soon as they are needed. One of the key elements of the LCEC restoration plan is that all employees be ready to respond as soon as it is safe to work after the storm passes. The operation to lodge a large number of people for a night or two is not an easy feat. The LCEC property management team, employees, and family volunteers set up a day-care room, pet center, and sleeping accommodations. By the time the LCEC Lodge was activated, it was evident that Irma would be extremely powerful and catastrophic throughout the LCEC service territory. As winds whipped through Southwest Florida, emotions and fear began to set in. Irma spent three days as a Category 5 storm, the longest-ever recorded since satellites began tracking hurricanes in 1966. Those in the Lodge banded together, waited, and remained positive.



IRMA



When I write down a list of people who've been there for me during the hard times, LCEC workers gonna be on there.

Thanks for all the hard work!!!! Great job!!! It's much appreciated. Makes you appreciate even more the luxuries like power in your life.

We have power!! Thank you LCEC for very prompt service, and all the smiles and waves I got from your guys today!!!
 ☐ FloridaStrong

Throughout this hurricane season and many times before, we tend to take so many things for granted. I'd walk into a room and "Flick," let there be light. What an overdue awakening for so many during these times, that we need to look up every now and then, if not every day, to give thanks for the little things that seem so automatic to us. Things that we "expect" to be there when we wake up every morning or when we need them.



#lodging



In a world that always seems to be filled with chaos, ... you're my "Island of calm"!!!! Thanks for always being there for me.



Hats off to our LCEC. Love you all!!!



Hurricane Irma changed course multiple times before ravaging parts of the LCEC service territory. Torrential rains, storm surge, winds of up to 142 miles per hour, and multiple tornadoes left entire communities flooded, mangled, and without power. Irma was different because it stayed strong for such a long time. Extreme damage was expected and it was much worse in some areas. As Irma left Florida, nearly six million were without power. In the five-county LCEC service territory, 172,736 customers experienced an outage. Everglades City, Immokalee, and Lehigh Acres received the worst wind damage and flooding. Marco Island and North Fort Myers also experienced extensive flooding. Trees were downed and uprooted, poles were broken, wire was tangled in some areas, and hundreds of transformers and thousands of insulators needed to be replaced.



IRMA





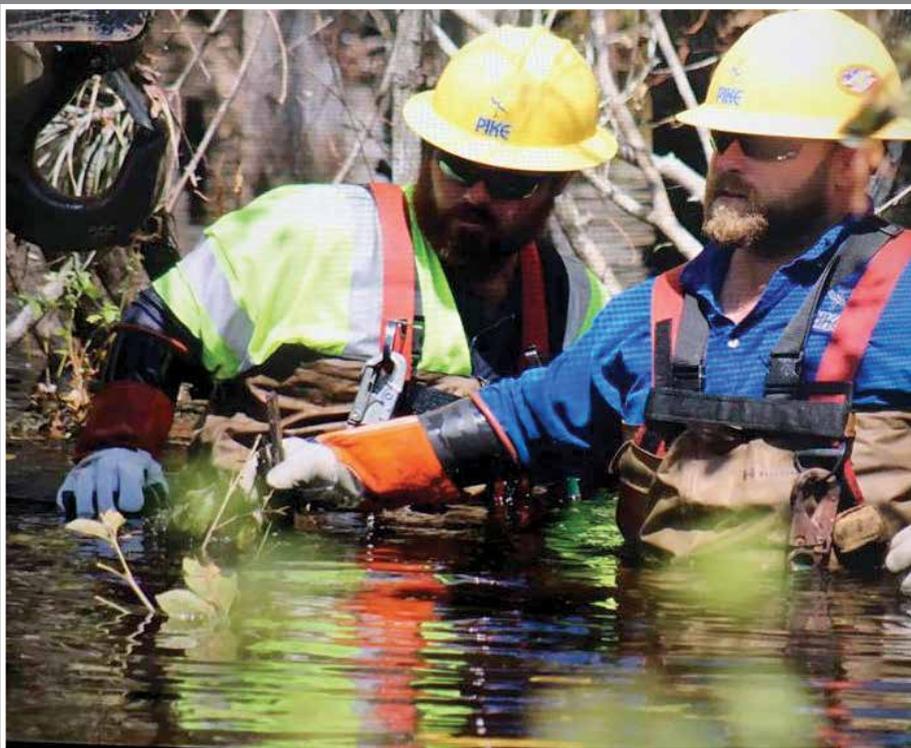
#damage



Thank-you LCEC, I can't imagine the work that is ahead of you, please be safe. Many of us appreciate your long hours, no sleep, fighting mosquitos, heat, water, and wildlife. So again THANK-YOU!!

LCEC... you all are doing an excellent job!! Just out of curiosity, how many of the linemen in the area have left their families and traveled a distance to help me get power? It's a time where frustration peaks for sure. These guys left their own problems to help us though! ... Please consider the sacrifice these fine ladies and gentlemen are making for us. I see every hour more lights turn on. Keep up the good work!!!

Thanks to LCEC crews that work tirelessly to restore electricity to homes, etc. I was without power for 6 brutal days but there are many others still suffering! I pray for the safety and protection for all of you! Thanks!



IRMA



Storm restoration always comes with unique challenges. No amount of planning can cover all the circumstances that might occur. Southwest Florida is home to wonderful wildlife. Paired with extreme humidity and swarms of mosquitos, it isn't the ideal environment for visiting lineman from other states. Successful restoration requires the ability to adapt and be agile, flexible, patient, and understanding. Securing resources ahead of the storm positioned us well for quick response. However, fuel shortages and interstate closures delayed out-of-state crew arrivals. Fortunately, the determination, grit, and resolve of crews and hundreds of support people were enough to progress restoration. Access to flooded locations and downed trees were the biggest obstacles. Specialized equipment and an army of tree-trimmers kept us focused on restoring power as quickly and safely as possible.



*Thank you!
1/3 of Lehigh LCEC customers have been restored! That is some awesome progress considering all of the damage. All of these hard workers working around the clock. I understand the frustration of not having power and feeling like you are alone. But we are getting there, and getting there quicker than originally anticipated!*



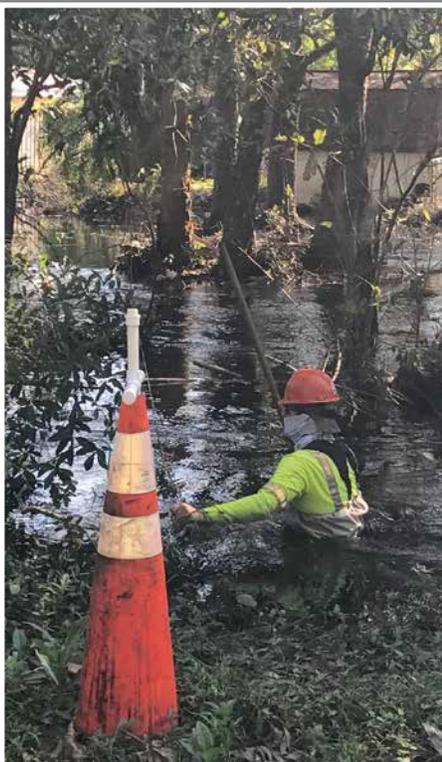
Dear LCEC Linemen,
 During the past 40 years I have been either a first responder or manager during almost every storm affecting Lee County. Some were hurricanes and some were storms with no names. In the end, they all had a few things in common. The first is temporary loss of power to our homes and businesses. The second is the frustration and disorientation people experience following a disaster. The third is that linemen live to restore power. Considering the hurricane in Texas, the wild fires out west and now Hurricane Irma, it is amazing to me how many linemen are in Lee County helping us get back to normal.

My family and I are grateful for the linemen and others who will spend weeks away from their families working in the obscene heat and humidity with the endurance I could never muster. Thank you for your dedication and above all stay safe.

Roger Desjarlais
 County Manager, Lee County

THANK YOU to ALL the LCEC employees; their dedication to helping the Cape Coral families was/is an incredible act of courage and kindness. Thank you for your dedication to service and the timeless hours invested in assisting your friends, neighbors, and customers.

#challenges



IRMAstats



CUSTOMER CARE

Customer Care agents working 24/7	55
Support staff handling escalations and exceptions	23
Outsource reps handling outage calls	20
Total inbound interactive voice response (IVR) calls	195,434
Total LCEC calls handled by LCEC reps	42,877
Outsource calls handled	3,970
Customer Internet/email handled	3,432
Average call duration minutes	3:56
Average service level	97.90%



LINEMAN

LCEC linemen	30
Local contractors	84
Out-of-town contractors	<u>328</u>
Total linemen resources	442

Restoration Director Rick Fuson said it best,

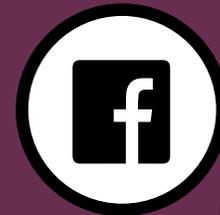
"Employees gave their all for this effort, and everyone has done a phenomenal job. These are the times that we shine for our customers, and I am proud to have worked with each and every one involved in the restoration efforts. Again, thank you!"



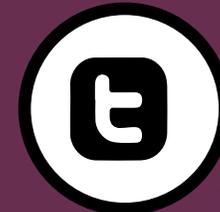
FUEL

Fuel 29,000 gallons daily

SOCIAL MEDIA



		Increase
Page views	26,910	8,257%
Page reactions	79,137	7,173%
Total reach	823,528	6,116%
Followers	8,000	20,241%



		Increase
Followers	1,198	97%
Mentions	1,884	7,436%
Link clicks/day	177	3,700%
Impressions/day	33,700	707,700%



		Increase
New followers	208	3,102%
Impressions	41,268	20,134%
Reach	4,105	



MAPS

Maps provided
for field crews
20,000



TREE TRIMMING

Local tree contractors	58
Out-of-town contractors	<u>133</u>
Total tree resources	191



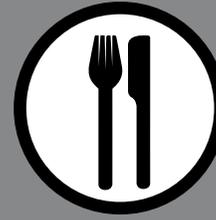
LCEC LODGE

Adults	229
Children	47
Pets	<u>33</u>
Total sheltered	309



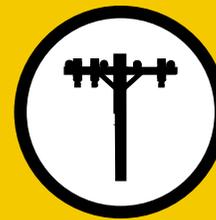
OUTAGES

September 10	172,736 (79%)
September 11	160,918 (75%)
September 12	117,448 (55%)
September 13	84,552 (39%)
September 14	61,152 (28%)
September 15	51,908 (24%)
September 16	40,398 (19%)
September 17	29,544 (14%)
September 18	18,261 (9%)
September 19	13,833 (6%)
September 20	11,465 (5%)
September 21	7,081 (3%)
September 22	6,193 (3%)
September 23	2,139 (1%)
September 24	1,637 (<1%)
September 25	1,354 (<1%)



FOOD

Meals	1,500-2,000/day
Protein prepared	2,000 lbs./day
Snacks	3,000 bags/day
Ice	250,000 lbs.



MATERIALS

Transformers	645
Poles	1,007
Bare conductor	39,882 lbs.
Splices	30,732
Fuse links	9,278
Cross arms	795
Insulators	4,843
Meters	1,001



LODGING

317 Rooms utilized



1,412 Bags of laundry cleaned



A solid plan, based on restoration best practices, called for assessment first, then repair of critical utility infrastructure, essential services, main circuits, taps, individual services, and finally reconnections. All hands on deck meant cancelled vacations, around-the-clock operations, no days off, 16-hour schedules and a focus on restoring power as quickly and safely as possible. No one would stop until the last service that could be restored was on. More than 1,000 people were involved, including field crews, support teams, customer care agents, system operators, and vendor supporters. The effort, which began with preparation on September 4, would last for weeks for many team members.

With nearly 80 percent of customers out of power on September 10 and many areas not passable, crews set out to work the plan and restore power to the most people they could within the first few days. By September 13, the number without power was cut in half, and within a week, only 14 percent remained without power. Twelve days later only 1 percent remained without power, and many of those were unable to receive power due to damage to their individual electric system.

IRMA



*Not all heroes wear capes.
Hug or feed a lineman
today to show appreciation.*

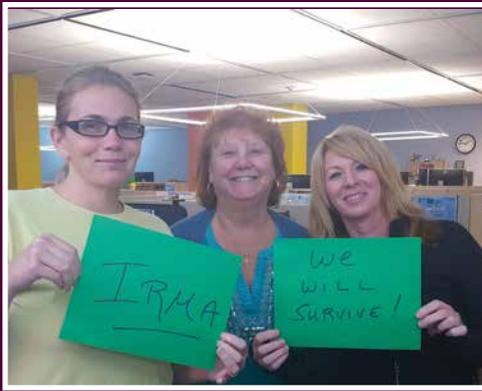


Yes, POWER!!
 Thank you LCEC & your tireless efforts restoring power!!
 Yesterday afternoon me and some members of my family decided to take some bottles of cold water and thank the linemen. I live in North Fort Myers and I saw about six trucks and their guys working hard. These men looked exhausted. You could tell they hadn't stopped.



#restoration





IRMA



The three little words every woman wants to hear... You have electric!!!! Thank you LCEC and your partners!

CONGRATULATIONS, LCEC!
*You all have done a fabulous job of restoring power to Cape Coral after a horrible storm. Hats off to all who made it happen so quickly.
THANK YOU!*





#restoration



Mrs. D. called crying and thanking us very much for restoring their service. They called us to report it because they knew the damage out there was extensive and the 1st thing she did once it came on was call to say thank you! They are truly grateful!!

One of the things that sets cooperatives apart is that we are part of the community. This is never more evident than in times of disaster. While Irma brought hardship, it also unified the community. The overwhelming support from customers was a driving force in keeping morale high for the LCEC restoration team working under daunting circumstances. Donations of dry socks, clothing, food, and notes of support came pouring in from customers. The Miami Dolphins sent a truck full of supplies for victims and workers. Customers sought out crews to feed them, bring them cold drinks, and even to offer laundry service. Support for wives and family members came across on social media showing gratitude for the sacrifices utility workers make to restore power. Many employees had never experienced a hurricane, much less working long hours away from their families to restore power, and they came together to serve customers, and received support in return.



IRMA

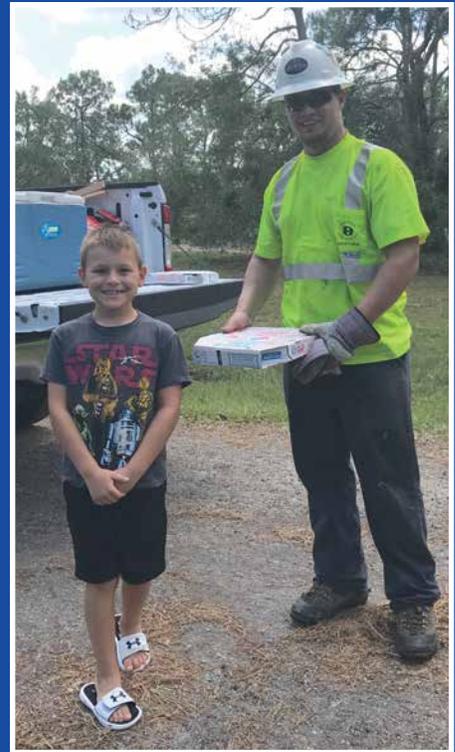
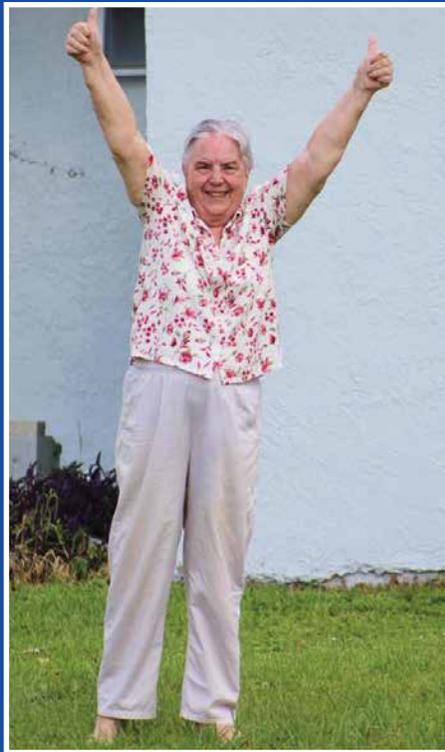
THANK YOU to ALL the LCEC employees; their dedication to helping the Cape Coral families was/is an incredible act of courage and kindness. Thank you for your dedication to service and the timeless hours invested in assisting your friends, neighbors, and customers.



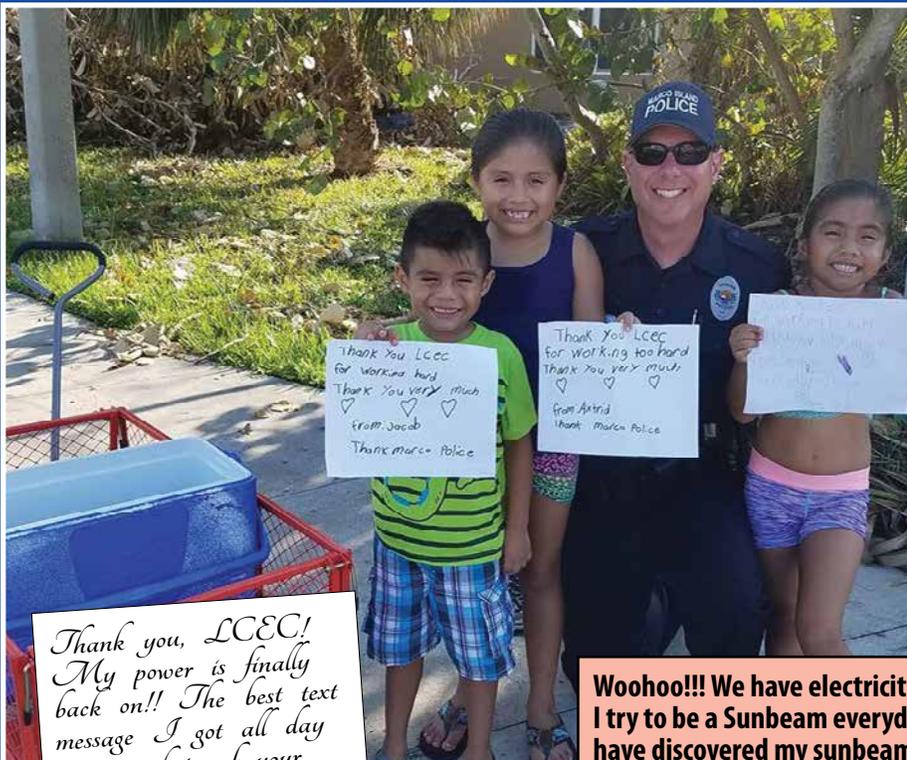
CONGRATULATIONS, LCEC! You all have done a fabulous job of restoring power to Cape Coral after a horrible storm. Hats off to all who made it happen so quickly. **THANK YOU!**



Wooohoo!!! We have electricity!!!! I try to be a Sunbeam everyday-I have discovered my Sunbeam runs on electricity!



#community



*Thank you, LCEC!
My power is finally
back on!! The best text
message I got all day
was a photo of your
truck in my front yard!*

**Woohoo!!! We have electricity!!!!
I try to be a Sunbeam everyday- I
have discovered my sunbeam runs
on electricity!**



The patience and gratitude from customers on many fronts were indescribable. Many were thankful they never lost power, and thousands of emails and social media posts were received as power was restored. Although the destruction to the system was widespread, we were thankful that it wasn't worse. Many employees had extensive structural or flood damage to their homes, but they were grateful that their families were safe. LCEC was extremely appreciative of the hundreds of employees, local and out-of-state contract crews, suppliers, vendors, and the media who were there to assist with restoration efforts. The encouragement from customers, the Board of Trustees, and government officials was motivating and inspiring.



PRIMA





*I will never in my life take for granted having electricity or air conditioning! THANK YOU JESUS WE NOW HAVE POWER!!!!
Thank you LCEC for working your tails off to bring power to Cape Coral!!! Our home is open to ANYONE who needs to cool down! Come stay with us! I know how hard it is!!!!!!*

LCEC you have been amazing with updates!!

We want to thank you for your nice responses to our emails you must be a kind hearted person and very good CEO. Thank you again for your email it was greatly appreciated. Give a Big Shout Out and Big Thanks to LCEC crews!

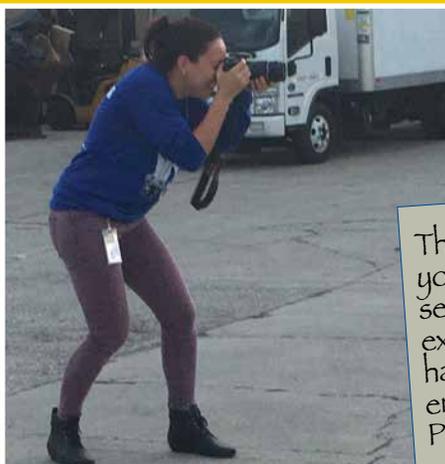
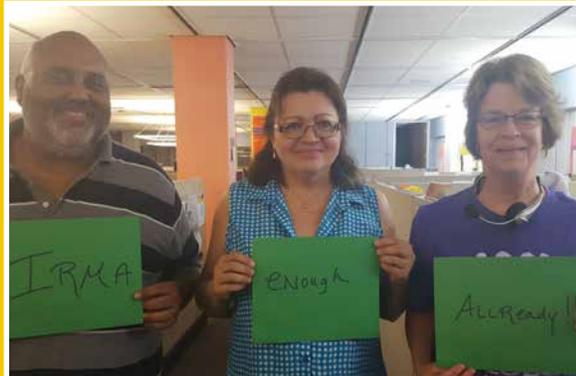
#thankful



Looking back at a storm of this proportion, there are stories of terrifying, uplifting, and unforgettable moments. If asked, those who experienced it remember in different ways and with a variety of descriptions. There are aspects of Irma that will not be forgotten. Teachable moments for power restoration and for personal hurricane preparation are noted for next year. Employees also have a greater understanding of the responsibility and the gratification of working for an electric utility during times of disaster. The memories of frustration are quickly followed by moments of gratitude and pride and a newfound appreciation for all of the incredible moments that electricity brings to life.



IRMA

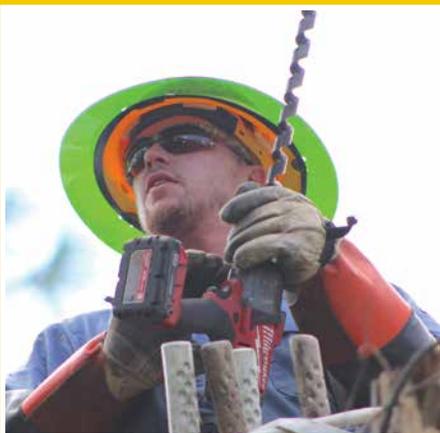
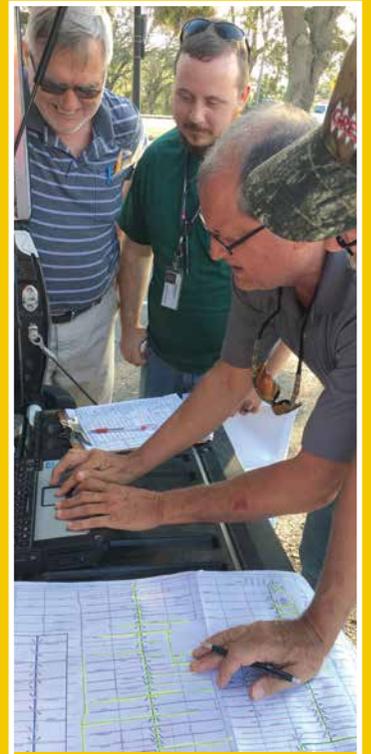


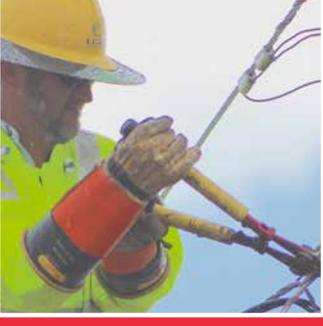
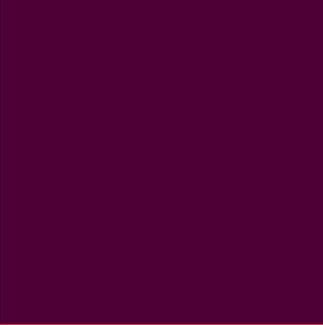
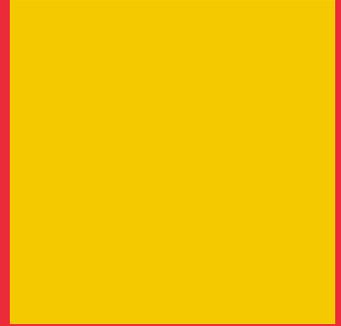
Thank you! Thank you! Thank you! Everywhere I drive, I see the LCEC crews working extremely hard in extremely harsh and dangerous environments after Irma. Please be safe out there!

I would just like to send a huge, heartfelt thank you to the four young gentlemen from your company who came to our yard this morning as we were cutting down fallen branches. They saw the tears in my eyes and heard my total fear for safety ... Their genuine concern and quick work allowed me to reduce my stress level immeasurably ... I don't have a thank you big enough. Huge praise and heartfelt thank you from the bottom of my heart for your employees.



#moments





We have power! Thank you #LCEC! You are very much appreciated! The guy in the bucket has been working for 30 hours straight AND has two feet of water in his own home! How can I thank them enough?!