



# WHAT DOES SOUTHWEST FLORIDA'S ELECTRIC COOPERATIVE LOOK LIKE?



# IT LOOKS LIKE PEOPLE, POWER, POSSIBILITIES.



# WHAT DOES LEADERSHIP LOOK LIKE?

## PEOPLE



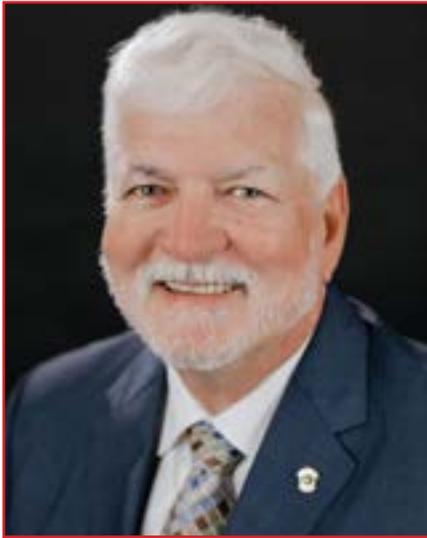
Dennie Hamilton announced his retirement in 2019. He played a vital part in guiding the organization through critical change and continuous improvement. It was Hamilton's tenacity for ensuring the best interest of LCEC members and forward thinking that led to multiple franchise agreements with local government bodies, competitive rates, quality service, improved reliability, and a replacement of the company's flagship technology systems.

Electric rates were reduced five times under Hamilton's leadership. LCEC also earned multiple prestigious awards, countless accolades, and the cooperative was able to return millions in equity to members thanks to the strategic direction he provided.

Hamilton also served in leadership roles for local, state, and national organizations such as the Florida Reliability Coordinating Council, the North American Reliability Corporation, the Southwest Florida Community Foundation, the Southwest Florida Economic Development Alliance, Healthy Lee, and the Foundation of Lee County Public Schools.

During my 15-year career at LCEC there were many remarkable accomplishments across the organization. In 2019, one of the most notable was the finalized implementation of new technology that touched nearly every system, employee, customer, and vendor associated with LCEC. The preparation, launch, and stabilization spanned over the period of nearly two years. There had never been a project of this magnitude in the 79-year history of the company. Although the undertaking was not without its challenges, I am proud of the way stakeholders embraced the opportunity, adapted to change, and transitioned into a new way of doing business with this robust technology. LCEC was founded, and remains in business today, solely to serve its members. The recent technology project, and others among the long list of accomplishments, is a testament to how a group of dedicated, committed people can come together to meet needs of all customers. I am proud to have been part of the LCEC team, and I want to express my gratitude to the employees and customers who provided unwavering support while I led the organization. It has been my privilege to serve at the helm of the LCEC organization. I am immensely proud of what the organization has accomplished. There is unbounded opportunity to build on past successes. I know the people of LCEC have the skills, abilities, and drive to do great things.

*Immediate Past Chief Executive Officer and Executive Vice President –  
Dennie Hamilton*



## POWER

Annual reports are as much about where we will be in the future as where we have been. As we wish Dennie Hamilton the best in retirement and his next adventure, we also wish Denise Vidal much success in leading the LCEC team into 2020 and beyond. We take great pride, as one of the largest electric cooperatives in the nation, that LCEC has earned a reputation for meeting members' needs. Our strong partnership with our power supplier ensures we are able to deliver reliable power at competitive rates now and into the future. We are positioned well to make the most of Florida's sunshine to provide clean renewable energy and preserve the environment while maintaining affordable rates. We were able to complete our twelfth year without an electric rate increase. At the same time, we continued to execute our ten-year engineering and operations plan to ensure customers have the most reliable electricity possible. Our reliability goal in 2019 was aggressive, and while we barely missed the stretch target, we easily met the threshold goal with one of our best performances in history. We also kept the safety of our workforce at the forefront, adhering to strict safety standards and regulations and resulting in an outstanding safety performance with only three recordable incidents. We are proud of what we have accomplished on behalf of customers, and we will continue to raise the bar and never stop learning.

*Board of Trustees President –  
Russell Priddy*



## POSSIBILITIES

LCEC has a rich history and continues to build upon the foundation that was laid in 1940. While our history is footnoted with numerous accomplishments and traditions, we remain open to innovation and continued process improvement. The utility landscape is changing, and we know that we must be agile and change with it. The implementation of new technology taught us how to manage change so we are positioned well for what the future might bring. Armed with lessons-learned and a plan for improvement, the customer experience is going to be better than it has ever been. Customers can do business with us from any location at any time, and we are providing them with new tools to help them manage their electricity usage and potentially reduce their bills. We are also offering more communication channels and information to make life easier. Employees are doing their part to energize the communities we serve through volunteerism and leadership. We are finding new ways to help support a sustainable region through economic development, education, and wellness initiatives. We think that our customers will continued to be amazed at the possibilities that electricity brings to their lives. I am proud of the dedicated employees and Board of Trustees who are committed to delivering reliable power and quality service at the lowest possible rates.

*Chief Executive Officer and Executive Vice President –  
Denise Vidal*

# PEOPLE



# WHAT DOES A COMMITTED WORK FORCE LOOK LIKE?

## LIVING THE VALUES

LCEC core values are the fundamental beliefs upon which our business operates. We know that beliefs without action are just words. Our values were defined by the employees who live them daily. We are unwavering from these values – safety, service, integrity, diversity, respect, teamwork, accountability, and community.

## NOT JUST A JOB

A career at LCEC promises sustainability, job variety, and an ever-changing landscape. Talent management at LCEC is a strategic priority. A competitive benefits package, mixed with strong work-life balance, professional development opportunities, use of technology, and a family atmosphere are a few reasons LCEC is among the largest employers in the region.

## WORK-LIFE BALANCE

Employees with balanced lives are more likely to provide the best service to our customers. Operating an around-the-clock business is challenging, but programs such as paid time off, on-site fitness centers and medical clinic, team volunteer opportunities, and special events ensure that LCEC employees can focus on family, health, and exercise along with serving our customers' needs.

# PEOPLE



# WHAT DOES PROFESSIONAL DEVELOPMENT LOOK LIKE?

## APPRENTICE PROGRAMS

Homegrown talent has been one of the most successful ways to grow the LCEC workforce, especially when it comes to professional utility talent. Accredited apprentice programs in the areas of substation electricians, line workers, and technical services has had proven results. Two substation electricians graduated from the four-year program in 2019, and three linemen began their comprehensive four-year program.

## TRAINING

Development and training programs support the LCEC strategic plan. A focus on continuous improvement in reliability and service, balanced with efforts to maintain competitive rates, require that employees are at the top of their game. In addition to an online training portal, LCEC employees attend conferences, webinars, and receive training specific to their professional line of work.

## SUCCESSION PLANNING

The LCEC succession plan proved its value in 2019 when the top leader, Dennie Hamilton, retired and his successor was found within the LCEC leadership team. Denise Vidal had moved up through the LCEC ranks over the course of 17 years. After a thorough review process, she was named the fifth chief executive officer in LCEC history.

# PEOPLE



# WHAT DOES QUALITY SERVICE LOOK LIKE?

## ALIGNING PROCESSES

Ensuring consistency between daily work and the business strategy is critical to meeting customer needs in the most efficient and effective way possible. An LCEC strategic priority to transition to a process-aligned organization began in 2020. Development of needed skill sets and tools, a strategic plan, and raised awareness helped to build a foundation for change.

## CONTINUOUS PROCESS IMPROVEMENT

Since 2005, LCEC has been focused on continuous process improvement. In 2019, methodology was taken to the next level by committing to evaluation of every work process and identifying incremental and breakthrough changes. New technology and alignment of processes across the organization will help set the stage for success.

## KEY PERFORMANCE INDICATORS (2020)

KPI	Target	Threshold
Customer Experience	≥ 848 points	≥ 839 points
Financial (O&M/1000 kWh Sold)	≤ \$15.81	≤ \$16.01
Reliability (SAIDI Minutes)	≤ 82 minutes	≤ 94.3 minutes
Safety (Online Training – All Employees)	100% training completion	90% training completion

# POWER



# WHAT DOES RELIABLE POWER LOOK LIKE?

## 10-YEAR PLAN

LCEC has a rolling 10-year plan for building and maintaining electric infrastructure. With a close eye on growth and usage trends, the LCEC team is able to meet the energy demands of customers. The plan is a road map that adapts to changing conditions utilizing technology, planning tools, and experience to make informed decisions for the future.

## HARDENING INFRASTRUCTURE

Transmission and distribution capital projects are planned well in advance to accommodate equipment and resource lead times and to strike balance between financial resources and power demands. In 2019, LCEC energized a new substation that required years of planning and construction and upgraded and converted transmission and distributions facilities throughout the service territory.

## RELIABILITY MEASURES

LCEC measures reliability through the system average outage duration for each customer served. Many system enhancements were completed in 2019, and response was good. Reliability performance was among the best in history. The reliability target was missed primarily due to storms and interruptions caused by trees. However, performance was well above the threshold.

# POWER



# WHAT DOES FINANCIAL STRENGTH LOOK LIKE?

## FISCAL RESPONSIBILITY

LCEC employees, guided by an internal financial team, spend a great deal of time creating and monitoring an annual budget to ensure the financial position and lender requirements are optimal. If needed, remedial steps are taken based on actual performance. In 2019, LCEC stayed the course, and rates remained stable for the 12th year in a row.

## EQUITY

Equity represents members' investment in the LCEC electric system. It equates to financial strength for members. In 2019, LCEC retired \$3.3 million in equity to current and inactive customers and \$8 million to inactive members. We are proud to have returned more than \$279 million to members over the years.

## FORECASTING

Consistent short-term and long-term financial forecasting is utilized by LCEC to make immediate adjustments and to plan for the future. The changing utility industry, economic landscape, and regional growth can all impact electric rates along with other outside influencers. LCEC considers various scenarios, and the data is considered when developing the strategic plan.

# POWER



# WHAT DOES RESPONSIVENESS LOOK LIKE?

## SERVICE AROUND-THE-CLOCK

Delivering reliable electricity means a team of skilled workers are available at all hours of the day or night to ensure the system is operating properly and to address issues as quickly and safely as possible. New technology makes it possible for customers to access information, pay bills, and report problems anytime.

## EMERGENCY RESPONSE-HURRICANE DORIAN

LCEC is no stranger to emergency response. Lessons-learned from Hurricanes Charley, Wilma, and Irma have been incorporated into the LCEC plan. Hurricane Dorian did not make much of an impact on Southwest Florida, but it was an opportunity to test new aspects of the plan. Resources, materials, vendor partners, and a committed team were ready and thankful when the impact was minimal.

## STRONG SUPPORT SYSTEM

Operating LCEC and maintaining an expansive, dynamic electric system could not be accomplished without the support of vendors, suppliers, contractors, government officials and agencies, media, and members. The cooperative business model works well, and collaboration is part of the key components for success. LCEC works hard to cultivate relationships with all stakeholders because we know it is important.

# POSSIBILITIES



# WHAT DOES SOCIAL RESPONSIBILITY LOOK LIKE?

## ENVIRONMENTAL AWARDS

Many local environmental organizations and initiatives benefit from LCEC support. Twice a year, funding is awarded to organizations within the LCEC service territory that meet certain criteria. More than \$100,000 has been awarded since the program's inception in 2013. Giving back to the community is part of the LCEC heritage and corporate vision.

## CORPORATE GIVING & VOLUNTEERISM

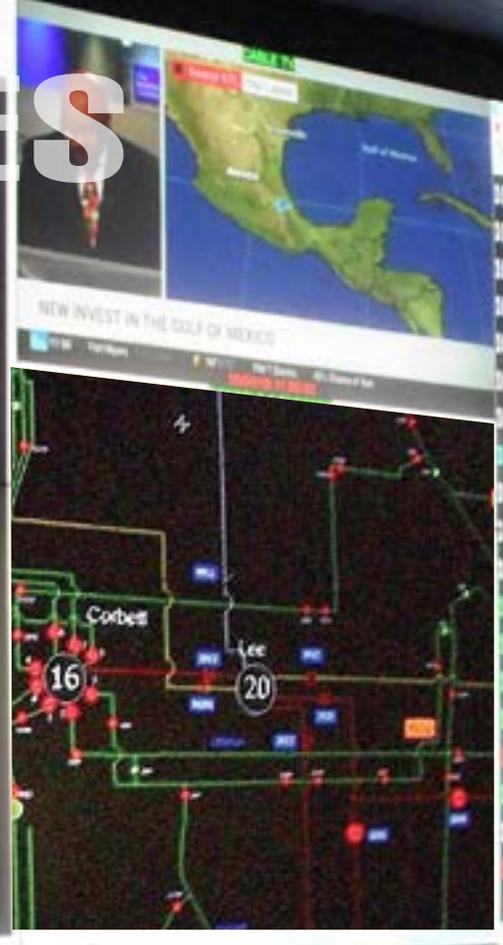
We don't just deliver electricity. LCEC also works to make a positive impact on the communities we serve by investing time, expertise, and funding. Employees spend thousands of hours giving back. Developing a future workforce, strengthening the economy, and helping those in need are part of our core values and our responsibility as a good corporate steward.

## SUSTAINABILITY

LCEC takes conscious actions to invest in the sustainability of our communities through environmental and social activities. For generations we have done the right thing, not just the required things. Recycling, mentoring students, preserving the environment, and helping to provide a hand up to those in need are all part of the LCEC business focus.

# POSSIBILITIES

11:48:33	219 PCB	SCADA	LOCKOUT	
11:48:21 (CL)	TRIP 2219 PCB	SCADA	TRIP	
11:48:16 (CL)	219 PCB LOCKOUT	FROM WS1701::G		
11:48:15	2219 PCB	SCADA	LOCKOUT	
11:47:30 (CL)	CLOSE 2219 PCB	SCADA	TRIP	
11:47:25	07 HOUSE VOLTAGE DC	FROM WS1701::G		
11:46:21	07 HOUSE VOLTAGE DC	SCADA		ALARM
11:46:20 (CL)	219 PCB LOCKOUT	SCADA		ALARM
11:46:11 (CL)	219 SEL311C/DTA FAILURE	SCADA	LOCKOUT	
11:18:53	21 DC PANEL FAILURE	SCADA	ALARM	
11:11:35	R222 COMMUNICATION LINK	SCADA	ALARM	
11:11:35	219 VOLTS PH CA	113.21 LOLO	ALARM	
11:11:35	219 VOLTS PH BC	116.19 LOLO	ALARM	
11:11:35	219 VOLTS PH AB	119.30 LOLO	ALARM	
11:11:32	219 SEL321/DTA FAILURE	SCADA	ALARM	
11:11:03	R222 CONTROL SHUTDOWN	SCADA	ALARM	
11:05:21	219 RECLOSER	SCADA	RECOFF	
09:36:22	027 PCB LOCKOUT	SCADA	LOCKOUT	
09:36:19	027 PCB	SCADA	TRIP	
09:36:16	102 LINE TAG	SCADA	ENABLE	
09:35:49	2 LINE TAG	SCADA	ENABLE	
09:33:41	102 TAP POSITION	32767.0 HIGH	ALARM	
09:29:00	102 TAP POSITION PF	96.68 LO	ALARM	



# WHAT DOES SMART TECHNOLOGY LOOK LIKE?

## NEW SYSTEMS—SMARTHUB

In 2018, LCEC transitioned nearly all flagship systems to a new platform. Although the change was not without challenges, the rewards are beginning to materialize through improved service, opportunity for streamlining, and added tools that customers can access online or on mobile devices. Communication has never been easier, and future enhancements are promising.

## AUTOMATED METERS—USAGE ALERTS

LCEC deployed automated meters throughout the system in 2003. The SmartHub technology takes the automation a step further by providing daily usage information that customers can use to manage their bills. Self-determined thresholds can be set, and SmartHub will send an alert when usage is higher or lower than expected.

## SYSTEM AUTOMATION—PROTECTIVE DEVICES

LCEC continues to improve reliability through hard work and dedication and also through the use of technology to protect the system. Protective devices prevent damage to facilities, proactively detect potential issues, and help avoid lengthy and costly outages. Employees with strong technical skills play a key role in ensuring the infrastructure and systems function properly.

# POSSIBILITIES



# WHAT DOES SAFETY LOOK LIKE?

## FOR EMPLOYEES

LCEC had one of its best safety records in 2019 with only three recordable OSHA incidents. A safe and healthy workplace protects employees from injury and illness and also reduces healthcare costs, turnover, and absenteeism while increasing morale and productivity. Training, awareness, and reinforcement programs help to ensure continued safety.

## FOR CUSTOMERS

Keeping customers safe is also important to LCEC. Providing safety tips in monthly newsletters, through social media channels, presentations, and partnering with local media are just some of the ways LCEC is able to share safety messages. Offering a safe generator connection with LCEC GenerLINK helps customers safely connect to an alternate power source when needed.

## RISK MANAGEMENT

Identifying, evaluating, and prioritizing risk is complex. LCEC has had a strategic priority to refine risk management across the organization. Proactively managing risk and strengthening the plan helps LCEC protect stakeholders, keep cost reasonable, and reduce waste. Work to develop tools and procedures to mitigate risk continues and includes physical, cyber, operational, financial, and reputation risk management.

# BOARD OF TRUSTEES



**Craig Woodward**

District 1

Marco Island, Goodland, and Everglades City



**Dr. Gary Jackson**

District 2, Seat 1

Cape Coral



**Eleanor Flannery**

District 2, Seat 2

Cape Coral



**Michael Powell**

District 2, Seat 3

Cape Coral



**Geoffrey Roepstorff**

District 3

Sanibel, Captiva, and Pine Island



**Larry Turbeville**

District 4

Lehigh Acres



**Richard Pritchett III**

District 5, Seat 1

North Fort Myers



**Rick Joyce**

District 5, Seat 2

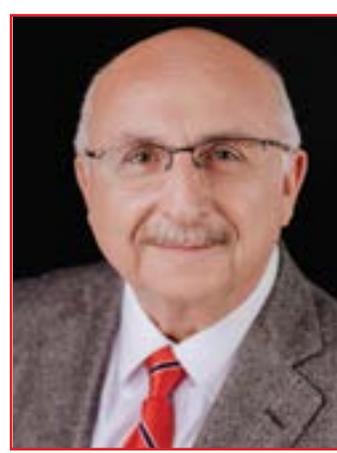
North Fort Myers



**Russell Priddy**

District 6

Immokalee, Ave Maria



**Tarik Ayasun**

Trustee At Large

# WHAT DOES A COOPERATIVE LOOK LIKE?

## COOPERATIVE VALUES

As a cooperative, LCEC embraces the cooperative principles of open membership, democratic control, member economic participation, autonomy, education and information, cooperation among cooperatives, and concern for community. In addition, LCEC has core values specific to the organization.

## LCEC VALUES

- Safety as everyone's responsibility
- Providing quality external and internal customer service
- Commitment to integrity, diversity, and respect
- Employees working together to make success happen
- Accountability for results
- Our responsibility to energize the community

## TRUSTEES

The 10-member Board of Trustees represents all walks of life. Trustees reside in communities and neighborhoods throughout the LCEC service territory. Trustees, elected by customers, demonstrate valued principles in their professional and personal lives and contribute to the organization's diversity through background and business experience. The Board is responsible for setting policy and procedures and maintaining financial strength while supporting employees who run LCEC day-to-day operations.

# WHAT DOES A STRONG TEAM LOOK LIKE?

## EXECUTIVE STEERING COMMITTEE

The Executive Steering Committee provides strategic direction for the organization and has oversight of setting goals and measuring progress. This team represents functional areas and ensures the voice of the customer and employees are represented responsibly.



**Denise Vidal**  
Executive Vice  
President & Chief  
Executive Officer



**Gary Avin**  
Director of Customer  
Care Operations



**Inge Kocher**  
Director of Business  
Alignment &  
Governance and Chief  
Risk/Compliance Officer  
(CRCO)



**Ed Nagy**  
Director of Information  
Technology & Chief  
Information Officer  
(CIO)



**Karen Ryan**  
Manager, Public Relations



**Harold Taylor**  
Director of Electric  
Operations



**Sandy Thompson**  
Manager, Human  
Resources



**Paul Ackerman**  
 Manager, IT Operations  
 & Information Security  
 Officer (ISO)



**Peggy Boldissar**  
 Manager, Financial  
 Accounting



**Brian Klepper**  
 Manager, IT  
 Infrastructure



**Stacy Harrington**  
 Program Manager,  
 Strategy/Excellence



**Clark Hawkins**  
 Manager, Power  
 Delivery



**Skye Honas**  
 Manager, Billing and  
 Field Services



**Larry Riddle**  
 Safety Program  
 Administrator



**Allan Ruth**  
 Manager, Construction  
 & Maintenance



**Karen Sherman**  
 Manager, Audit  
 Services



**Amanda Smelker**  
 Manager, Process  
 Optimization



**Susan Sumerall**  
 Manager, Customer  
 Care Center



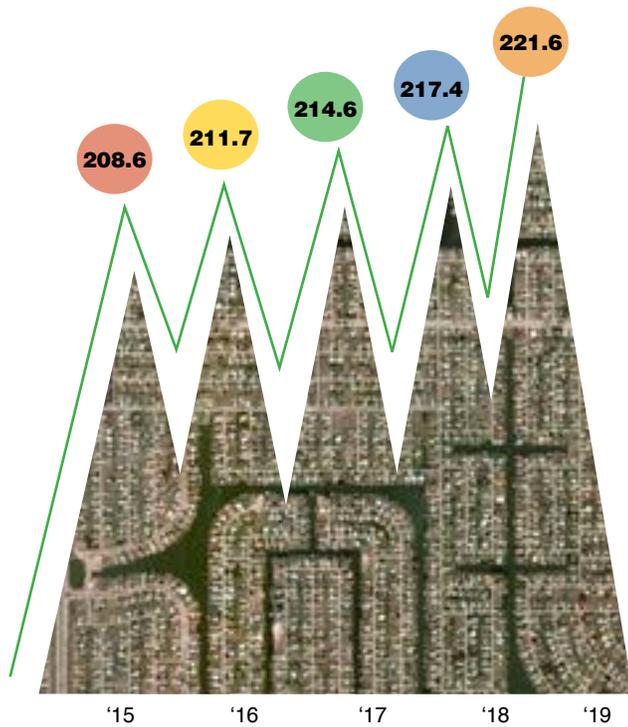
**Shawn Walling**  
 Manager, Design &  
 Engineering

## SENIOR LEADERSHIP TEAM

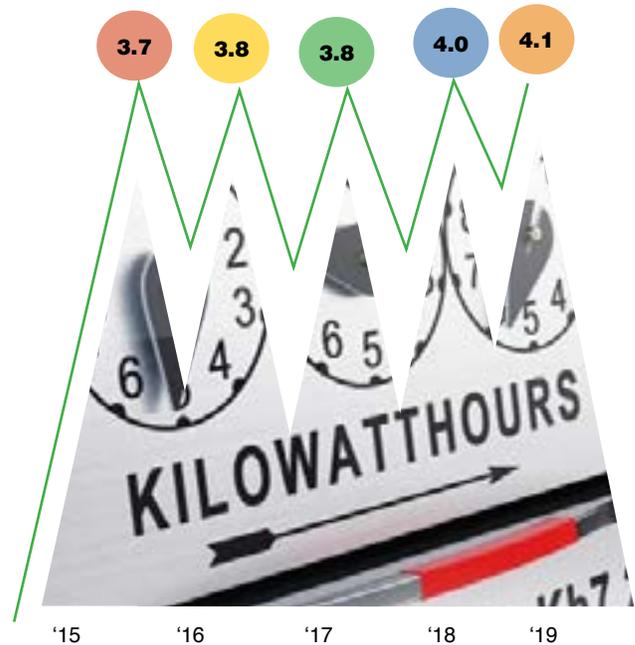
The LCEC team has earned a reputation for passionately working through complex key issues while also taking care of the everyday duties required to meet customers' needs. The Senior Leadership Team, backed by employees, represents a diverse cross-section of experience, knowledge, and skill focused on providing reliable power and quality service at the most reasonable price possible.

# FINANCIAL HIGHLIGHTS

Total Customers (in thousands)

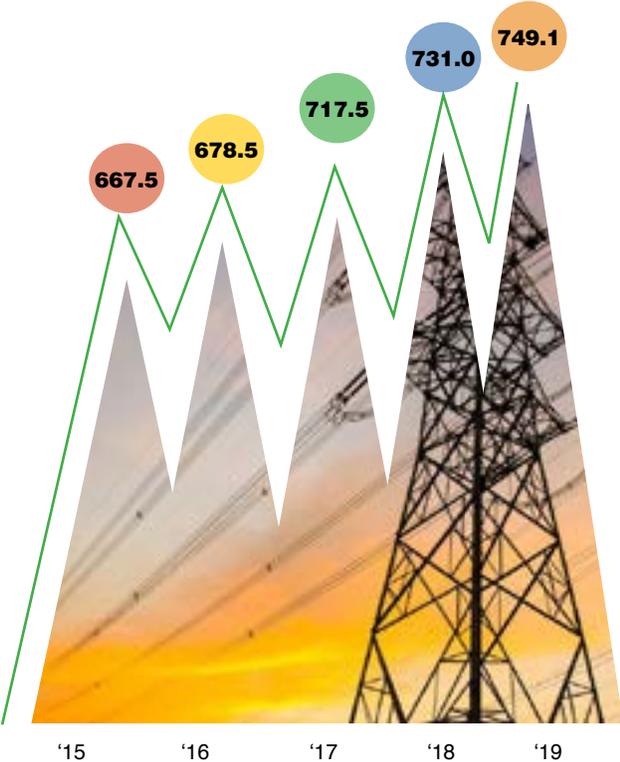


kWh Sold (in billions)

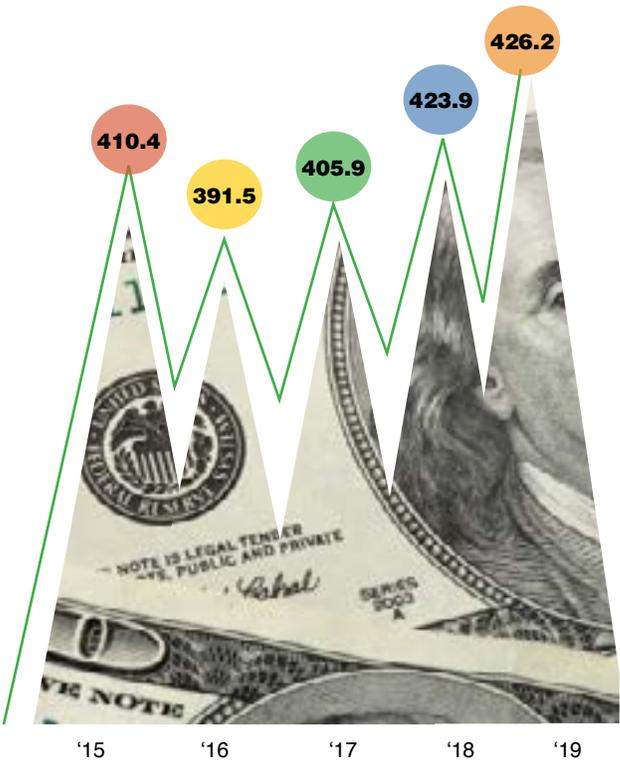


	2019	2018
Operating Revenue	\$426,236,788	\$423,863,517
Operating Expense	\$392,812,481	\$398,354,945
Interest Expense	\$ 15,166,821	\$ 13,770,546
Net Margins	\$ 19,666,423	\$ 13,262,000
Net Plant	\$594,108,983	\$581,186,451
Total Assets	\$749,067,982	\$731,030,275
Total Customers	221,564	217,363
kWh Purchased	4,294,025,641	4,151,871,207
kWh Sold	4,104,301,307	3,965,037,001
Miles of Energized Line	8,464	8,407
Avg Monthly Residential kWh Used	1,195	1,158
Equity Retirement	\$ 11,996,127	\$ 19,823,645
Capital Expenditures	\$ 46,976,993	\$ 53,018,760
Customers per Employee	587	584

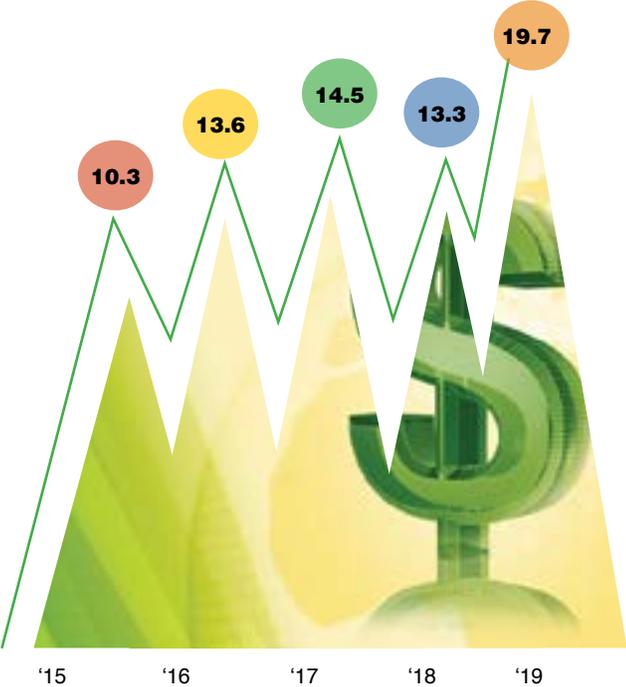
Total Assets (\$ in millions)



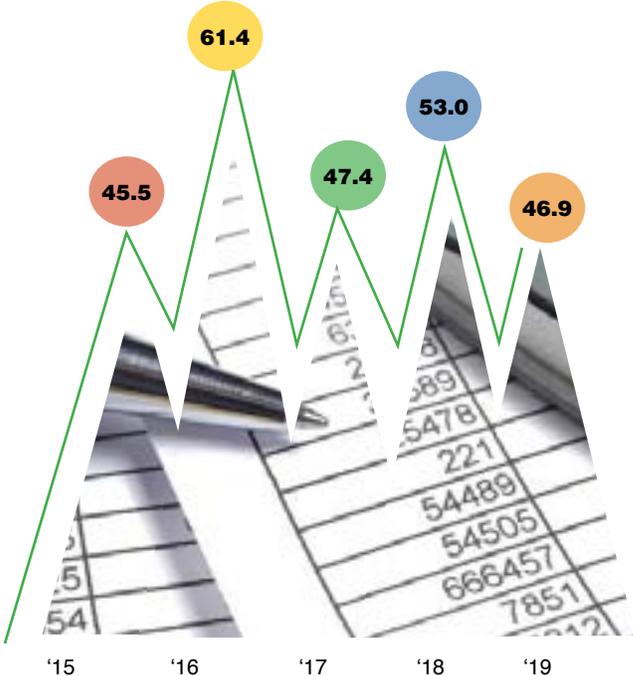
Operating Revenue (\$ in millions)



Net Margins (\$ in millions)



Capital Expenditures (\$ in millions)





### Corporate Headquarters

4980 Bayline Drive  
North Fort Myers, FL 33917  
(239) 656-2300  
1-800-599-2356

### Customer Care Center

Contact Customer Care  
239-656-2300  
800-599-2356  
Fax: 239-995-4287  
Monday-Friday 7 a.m. – 6 p.m.

### Immokalee Payment Center

433 North 15th St.  
Immokalee, FL 34142-3445  
Monday-Friday 8 a.m. – 5:30 p.m.

### Mail a Payment

Post Office Box 31477  
Tampa, FL 33631-3477

[www.lcec.net](http://www.lcec.net)

### General Counsel

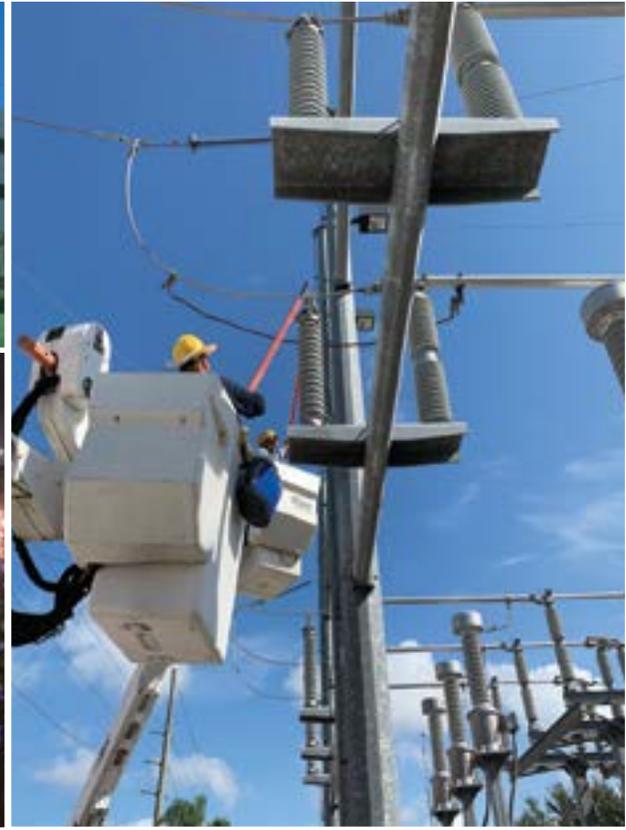
Henderson, Franklin, Starnes  
& Holt  
Post Office Box 280  
Fort Myers, FL 33902

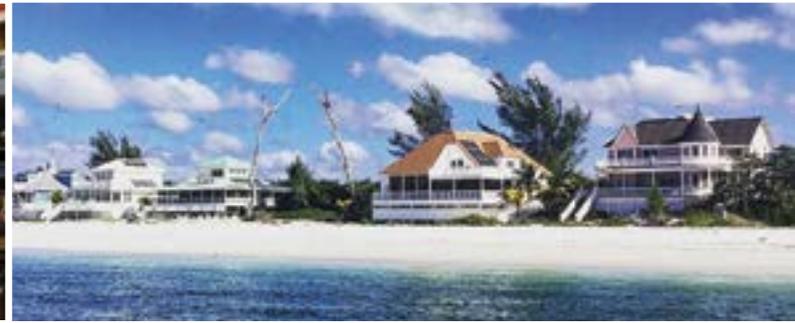
### Independent Auditors

McNair, McLemore, Middlebrooks  
& Co., LLP

Most of the photos in this report were captured by LCEC employees throughout the organization.







# SOUTHWEST FLORIDA'S **ELECTRIC** COOPERATIVE