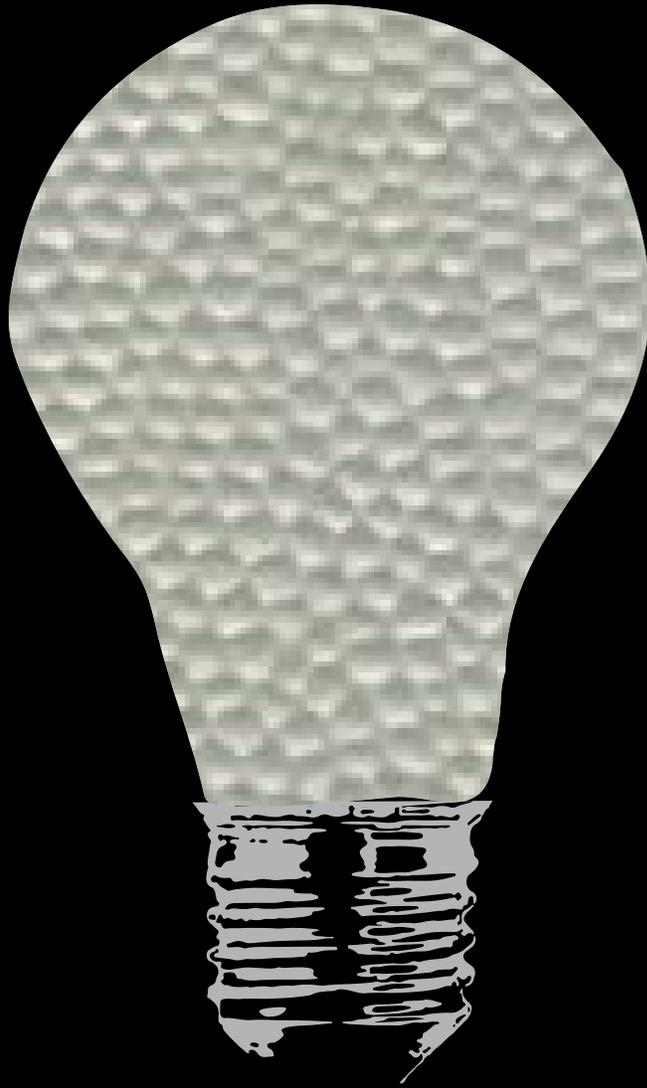




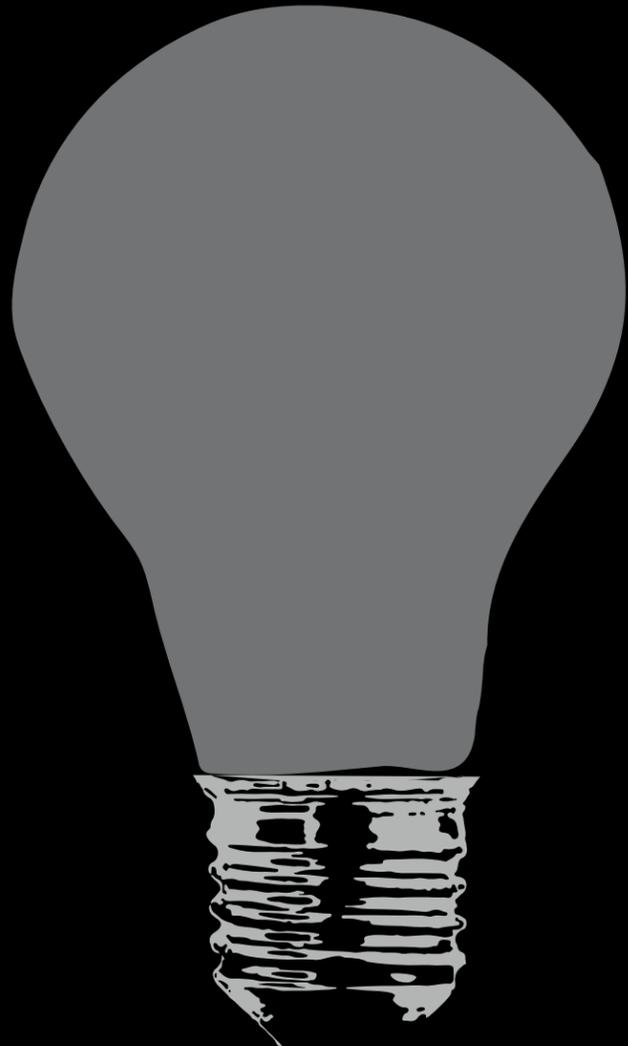
2020 ANNUAL REPORT



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POWER ON!



Turning the **POWER ON**



As 2020 began, plans rolled out to celebrate the LCEC 80th Anniversary. Suddenly, everything changed. Eight decades of tried and true business practices were transformed to address the reality of a global pandemic. However, nothing could change the LCEC mission to deliver reliable power and quality service to customers at a competitive price. The sole reason LCEC exists remained on the forefront.



Harsh headlines and social distancing challenges put celebrations on hold. Yet tribute must be paid to homegrown roots, a rich history, and the promise of new possibilities. In 1940, a group of local residents set out to energize the community and laid the groundwork for what has become one of the largest electric distribution cooperatives in the nation. During a time when parts of Southwest Florida remained dark, general manager Homer Welch went door-to-door in an effort to recruit enough members to meet the Rural Electrification Administration requirements to secure funding. Over the years, LCEC grew to serve five counties and more than 226,000 members. The hard work and commitment of employees and Board of Trustees, along with the support of customers, are a testament to the vision of the founders. That vision remains clear today, no matter what tests or trials come along.

SUSTAINABILITY

for tomorrow



LCEC remains keenly aware of the longer-term challenges facing our industry and our communities. Operating our business responsibly can be seen in our focus on safety, preserving the environment, and behaving ethically.

Investing in the sustainability of our communities through environmental and social activities for generations has been an integral part of growing Southwest Florida. LCEC has 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 continue to be part of the LCEC business focus.

Message from the President and EVP-CEO

POWER ON

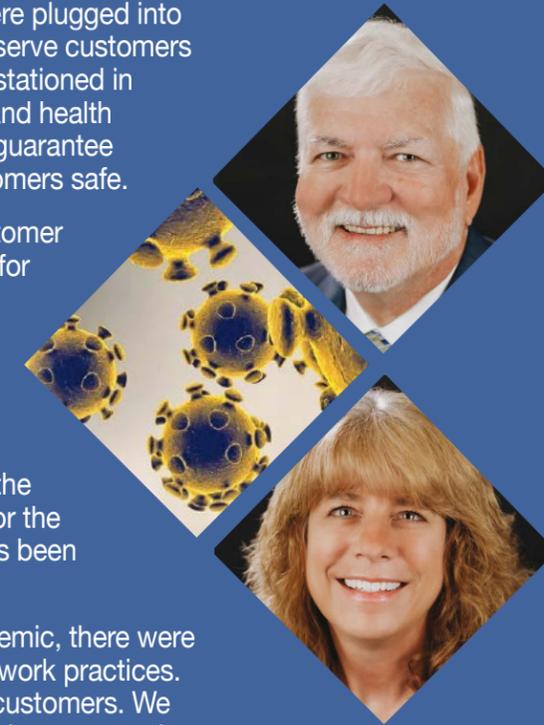
The cooperative business model is all about people coming together to improve the quality of life. Preparing a workforce to serve members in the most reliable, effective, efficient, and cost-effective manner has been business as usual for LCEC for 80 years. Toss a pandemic into the equation and the business model looks slightly different. We are proud of the way that LCEC remained diligent in its mission to serve customers. We were able to modify business practices to safely, quickly, and effectively maintain operations.

By the end of the first quarter, approximately 80 percent of the LCEC workforce was working remotely. Those who were able to work from home were plugged into the right technology, had tools at their disposal, and were ready to serve customers seamlessly. Those not able to adopt an alternate work space were stationed in offices spread throughout the campus to ensure social distancing and health and safety guidelines. Field employees modified work practices to guarantee continuous electric service while also keeping each other and customers safe.

Key performance indicator targets were met in the areas of the customer experience, financial strength, and safety awareness. Performance for system reliability was within the threshold. The majority of service interruptions were the result of storms and vegetation. Over the past five years, service has improved tremendously thanks to technology, automation, preventive maintenance, process improvements, and dedicated employee response.

LCEC was also able to maintain electric rates at the same level for the 12th year in a row. At the same time, the financial position allowed for the retirement of \$11.5 million in equity. Over the years, \$291 million has been returned to current and past LCEC members.

As we celebrated our 80th Anniversary in the midst of a global pandemic, there were many accomplishments to celebrate among the challenges of new work practices. We are proud of our employees and grateful for the support of our customers. We know that our business has been changed forever, and Team LCEC has emerged stronger than ever. We celebrate our history and look forward to more change that will help us serve our customers' needs even better in the future.



Russell Priddy, President

Denise Vidal, Executive Vice President and Chief Executive Officer

Keeping the **POWER ON**

MAINTENANCE AND CAPITAL PROJECTS

LCEC sets an aggressive System Average Interruption Duration Index (SAIDI) target annually. SAIDI measures the average amount of time a customer is without power during the course of a year. Although the target was not met in 2020, performance was within the threshold and one of the ten best performing years in LCEC history. Outages related to storms and vegetation accounted for nearly half of the time customers were without power. In November, thanks to preparedness and quick response, only 19 SAIDI minutes were attributed to Hurricane Eta.

Improving reliability occurs in part by investing in the system. As an electric cooperative, customers contribute to system enhancements. Throughout the year, more than \$10 million was invested in hardening the distribution and transmission system. One of the larger projects was a new delivery point for the east system, focused on providing an additional power source that can be utilized to mitigate potential outages. Annual inspections, maintenance, vegetation management, and quick response also accounted for improvements in reliability.



SECOND SOURCE

An interconnected 138kV transmission line from Ave Maria South Substation to our power supplier's delivery point energized.

STORM HARDENING

More than 17,660 individual transmission, substation, distribution, and vegetation management maintenance tasks and activities completed.

CONSTANT GROWTH

4850 new services designed, constructed, and energized.

Keeping the **POWER ON**

The technology used in our business today was not imagined 80 years ago. The amount of time customers are without power is reduced substantially through the use of automated protective devices and technology that can detect and isolate an outage when it happens. Electric system inspections using technology help identify areas that need maintenance and reduce costs by repairing rather than replacing facilities. Crews are equipped with smart tablets to streamline the work process and provide access to customer information.

TECHNOLOGY

WORKING DIFFERENTLY



Remote work during a pandemic is not an option for utility field workers. However, LCEC work practices were quickly adjusted to ensure a safe and healthy environment for employees and customers. Strict Center for Disease Control and Prevention precautions were followed to mitigate the spread of the virus and reduce the risk of infection. Productivity remained high while social distancing and face coverings became part of the daily business operations. Adaptations to the LCEC storm restoration plan were developed taking the pandemic into consideration so that we would be ready if needed.

POWER ON

during a time of need

As the economic and social disruption caused by the pandemic began to impact customers, LCEC made the decision to suspend collections. This provided relief for customers unable to pay bills and at the same time added pressure to maintaining electric rates. Close monitoring of the bottom line ensured meeting customers' needs was balanced with the need to meet financial requirements.

TEMPORARY BILL PAYMENT RELIEF



Celebrating 80 years

**PAYMENT
ARRANGEMENT
ACCEPTED**

During this unprecedented time in history, flexibility and understanding was more important than ever.



PARTNERSHIPS THAT MAKE A DIFFERENCE

LCEC was fortunate to partner with Southwest Florida human services and governmental agencies offering financial and emotional support to those in need. Working closely with officials ensured that payments were processed in a timely manner to avoid service interruptions. Throughout the year, LCEC contributes funds to the United Way to help customers pay their utility bills through the Power to Share program. The already- established program made it easier to provide assistance.

POWER ON

during a time of need

TAKING CUSTOMER CARE TO THE NEXT LEVEL

LCEC Customer Care agents had not typically worked remotely. The need for social distancing and a continued focus on providing excellent service pushed work-at-home capabilities to the top of the list. Within days, the LCEC technology team was able to set agents up in remote workspaces. Health and safety processes kept the Immokalee walk-in payment center open until the rising number of local COVID cases required temporary closures. Options for online and phone payments, drop-boxes, and SmartHub became even more useful tools for customers.



CORPORATE SOCIAL RESPONSIBILITY

LCEC has earned a reputation for energizing the community in many ways. In 2020, volunteerism and philanthropic fundraising was modified or put on hold to ensure safety. Employees are passionate about giving back, but the pandemic made some events nearly impossible. An LCEC United Way “Un-Golf” Tournament was very successful, and loyal sponsors continued their support even though there was no formal event. The LCEC 5-K and Fishing Tournament for the United Way took place in modified fashion and raised much-needed funds for those in need.

Throughout history, employees have risen to the challenge. Helping those in need is part of our fabric.



Choice and convenience at your fingertips! **SmartHub**

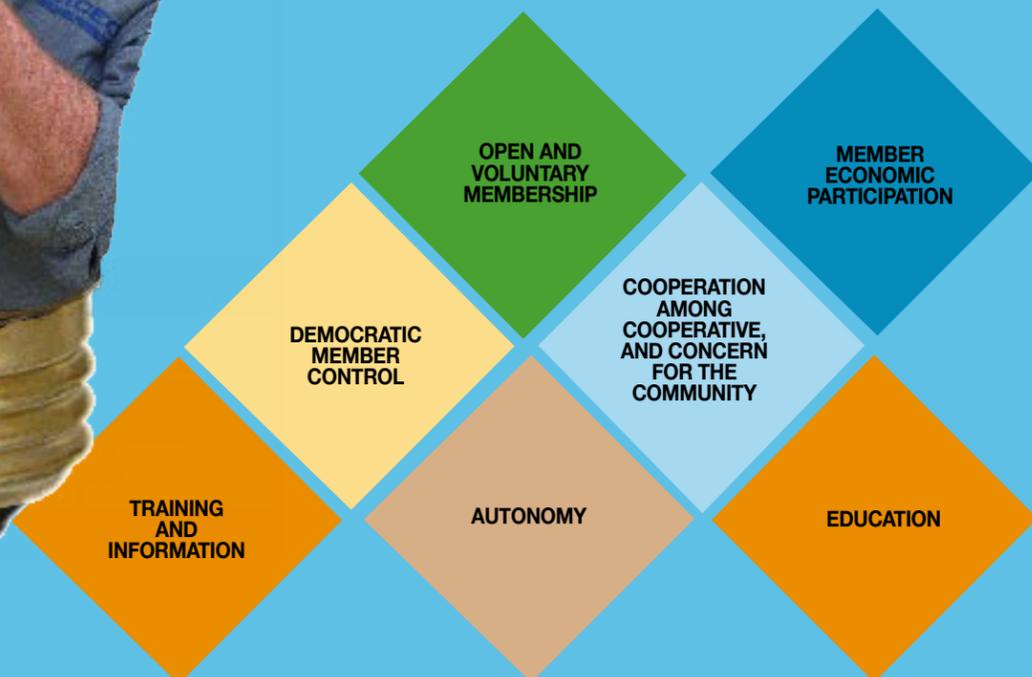
100,000 enrolled in SmartHub

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POWER ON

THE COOPERATIVE BUSINESS MODEL

LCEC is based on the values of **service, accountability, safety, equality, community, and solidarity**. In the tradition of our founders, we understand LCEC is in business to serve members, not to make a profit. The seven cooperative principles help guide the business. Open and voluntary membership, democratic member control, member economic participation, autonomy, education, training and information, cooperation among cooperatives, and concern for the community all hold true for LCEC.



The LCEC Integrated Business Plan, along with continuous measurement and improvement, keeps the organization moving forward. The plan aligns division, department, and individual goals, and each team member understands and embraces the plan. The strategic themes are shared with employees at a State of LCEC meeting early in the year, and the plan is incorporated into daily and long-term work routines. The plan ensures constant movement toward providing reliable electricity and quality service at competitive rates.

STRONG PLANNING PROCESSES

POWER ON



\$291 million in equity returned over the years

NO RATE INCREASE

The LCEC financial position and lender requirements remained optimal in 2020 thanks to the work of LCEC employees guided by an internal financial team. A great deal of time was spent creating and monitoring an annual budget and being prepared for mid-course corrections due to the economic impact of the pandemic. If needed, the team was prepared to take remedial steps based on performance and customer participation. Despite financial pressures, LCEC stayed the course, and rates remained stable for the 12th year in a row.



EQUITY RETURNS

In 2020, the Board of Trustees approved a second quarter equity retirement of \$12 million to current and inactive customers and \$7.8 million to inactive members. LCEC is proud to have returned more than \$291 million in equity to members over the years. Without equity ownership, LCEC would have to borrow from outside sources, leading to increased debt and interest payments. This added expense would be recovered through higher electric rates for all customers. Equity is a cooperative benefit that helps all.

People POWER ON

PEOPLE BEHIND THE POWER

Over the years, many people have risen to the occasion to meet the electric needs of Southwest Florida. Orange grove owner George Judd established the Mariana Grove Light and Power Company that eventually became Lee County Electric Cooperative. Well-known local figures such as Homer T. Welch, Jr., recruited 158 members, and the first fifteen miles of distribution line were built in 1940. The hard work and commitment of LCEC employees and Board of Trustees, and the support of customers, are a testament to the vision of the founders of LCEC.



BOARD OF TRUSTEES

- Trustee At Large
TARIK AYASUN
District 1 – Marco Island, Goodland, and Everglades City
- CRAIG WOODWARD**
District 2, Seat 1 – Cape Coral
- DR. GARY JACKSON**
District 2, Seat 2 – Cape Coral
- ELEANOR FLANNERY**
District 2, Seat 3 – Cape Coral
- MICHAEL POWELL**
District 3 – Sanibel, Captiva, and Pine Island
- GEOFFREY W. ROEPSTORFF**
District 4 – Lehigh Acres
- LARRY TURBEVILLE**
District 5, Seat 1 – North Fort Myers
- RICHARD H. PRITCHETT III**
District 5, Seat 2 – North Fort Myers
- RICK JOYCE**
District 6 – Immokalee, Ave Maria
- RUSSELL PRIDY**

The LCEC leadership team's vital role in 2020 was to support health and safety among the workforce and manage unprecedented change in the workplace model. The team established an enhanced balanced scorecard methodology and performance measuring foundation for the organization. The combined strengths of the leadership team were put to the test, and the diverse experience and support of a strong employee workforce kept the business operating at the same level customers have come to expect.

CHIEF EXECUTIVE OFFICER

DENISE VIDAL, CMA
Executive Vice President &
Chief Executive Officer

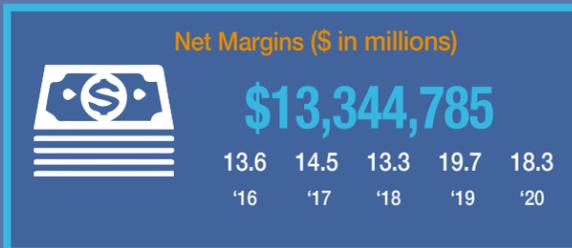
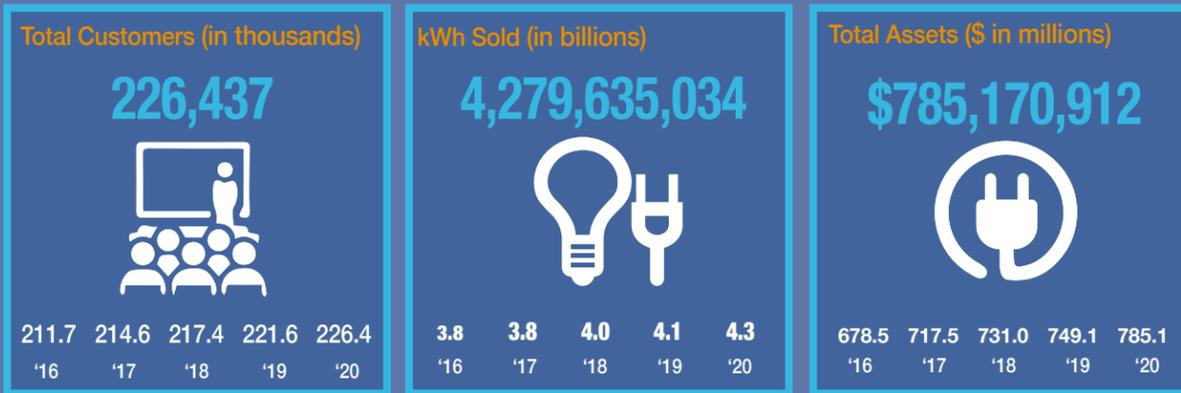
DIRECTORS

- GARY AVIN**
Customer Care Operations
- SARAH BULLOCK**
Finance & Accounting, & Chief Financial Officer
- CLARK HAWKINS**
Electric Operations
- INGE KOCHER**
Business Alignment & Governance
- ED NAGY**
Information Technology, & Chief Information Officer
- KAREN RYAN, APR, CPRC**
Public Relations
- ERIC SCOTT**
Governance, Risk, & Compliance,
& Chief Risk/Compliance Officer
- SANDY THOMPSON**
Human Resources

MANAGERS

- | | |
|--|---|
| PAUL ACKERMAN
IT Operations,
& Information Security Officer | ROB PUCHACZ
Construction & Maintenance (Contractors) |
| RAY BOSS
Facilities & Security | GARY RICHARDSON
System Operations |
| BERNARD DAVIS
Warehouse & Fleet Management | LARRY RIDDLE
Environmental, Health, & Safety |
| STACY HARRINGTON
Strategy/Excellence | ALLAN RUTH
Operations Business Support |
| SKYE HONAS
Customer Billing & Field Services | FRANK SHERKUS
Construction & Maintenance (LCEC crews) |
| BRIAN KLEPPER
IT Infrastructure | AMANDA SMELKER
Process Optimization |
| PEGGY MARANAN, PH.D.
Financial Accounting | SUSAN SUMERALL
Customer Care Center |
| BILL PILAND
Design & Engineering | SHAWN WALLING
Substation Communication,
& Meter Services |
| DEIDRA PROCTOR, CIA, CRMA
Audit Services | |

FINANCIAL PERFORMANCE 2020



	2020	2019
Operating Revenue	\$444,735,924	\$426,236,788
Operating Expense	\$414,678,253	\$392,812,481
Interest Expense	\$ 14,237,446	\$ 15,166,821
Net Margins	\$ 18,344,785	\$ 19,666,423
Net Plant	\$612,917,270	\$594,108,983
Total Assets	\$785,170,912	\$749,067,982
Total Customers	226,437	221,564
kWh Purchased	4,427,219,530	4,294,025,641
kWh Sold	4,279,635,034	4,104,301,307
Miles of Energized Line	8,564	8,464
Avg Monthly Residential kWh Used	1,251	1,195
Equity Retirement	\$ 12,002,008	\$ 11,996,127
Capital Expenditures	\$ 54,396,499	\$ 46,976,993
Customers per Employee	564	587



Always improving SAFETY

Since incorporation, LCEC has been squarely focused on safety. Another excellent safety record demonstrates the emphasis on awareness and training. Employees did their part to remain informed by reviewing and signing off on the LCEC Health and Safety policy. In addition, every employee completed several virtual training sessions and put what they learned into practice. Providing safety tips in monthly newsletters, through social media, and partnering with local media are ways LCEC shares safety messages with customers.



Preserving the **ENVIRONMENT**

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 \$120,000 has been awarded since the program's inception in 2013. Giving back to the community is part of the LCEC heritage and corporate vision.



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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 Street
Immokalee, FL 34142-3445
Monday-Friday 8 a.m. – 5:30 p.m.

Mail a Payment
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Tampa, FL 33631-3477

www.lcec.net

General Counsel
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Post Office Box 280
Fort Myers, FL 33902

Independent Auditors
McNair, McLemore, Middlebrooks
& Co., LLP



 **LCEC**
PEOPLE. POWER. POSSIBILITIES.