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SUSTAINABILITY REPORT

LCEC is a not-for-profit electric distribution cooperative providing reliable and cost-competitive electricity to over 200,000 customers in Southwest Florida. As one of the largest cooperatives in the United States, LCEC is also one of the largest employers in Lee County, Florida. Cooperative membership is open to all customers within the service territory.

LCEC serves customers in Cape Coral, North Fort Myers, Sanibel, Captiva, Pine Island, Everglades City, Immokalee, Marco Island, Ave Maria, parts of Lehigh Acres, and areas in Hendry and Glades counties. The organization's headquarters remains in North Fort Myers on the property on which the cooperative began in 1940.



Vision

Delivering the power that energizes our community.

Mission

We provide efficient, reliable, cost-competitive electric and emerging energy solutions and quality service to our customers.

LCEC Values...

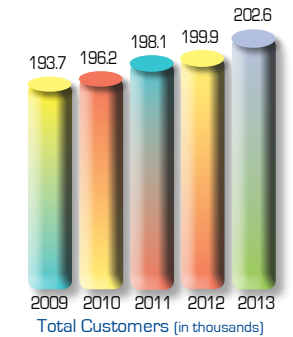
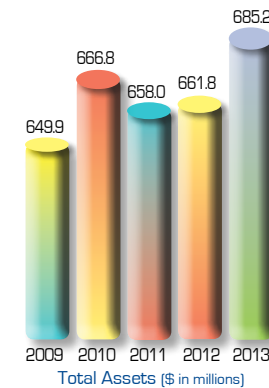
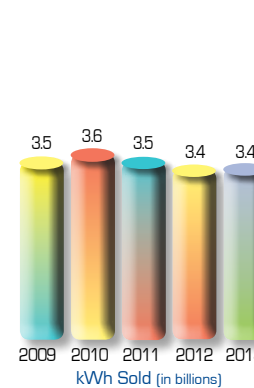
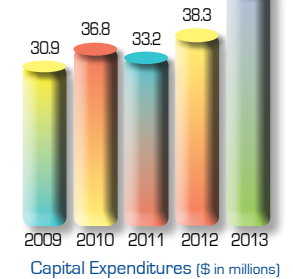
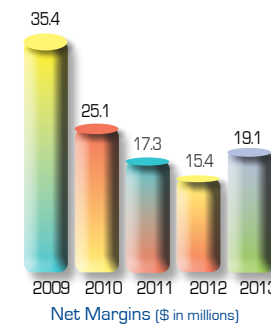
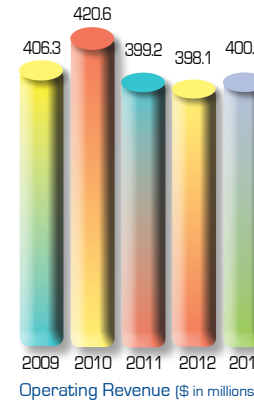
- ... safety as everyone's responsibility.
- ... providing quality external and internal customer service.
- ... commitment to integrity, diversity, and respect.
- ... employees working together to make success happen.
- ... accountability for results.
- ... our responsibility to energize the community.

Governance, Ethics and Compliance

LCEC is committed to conducting business with a high level of integrity and in an ethical and responsible manner. Board members, elected by customers, demonstrate veracity and principles in their professional and personal lives and contribute to the organization's diversity in terms of background and business experience. The Board takes great responsibility in setting policy and procedures and maintaining financial strength while supporting employees who run the day-to-day operations of the utility.

The 10-member Board represents all walks of life and its members reside in communities and neighborhoods throughout our service territory. Since 1940, LCEC employees, guided by the Board of Trustees, have made a supreme effort to balance fiscal responsibility with the goal of improving the lives of those whom they serve.

2013 Financial Highlights



Financial Highlights

	2013	2012
Avg Monthly Residential kWh Used	1,053	1,056
Capital Expenditures	\$ 49,829,113	\$ 38,288,738
Customers per Employee	522	512
Equity Distribution	\$ 16,850,048	\$ 12,883,398
Interest Expense	\$ 12,962,675	\$ 13,847,628
kWh Purchased	3,665,475,288	3,651,351,327
kWh Sold	3,458,260,838	3,443,982,778
Miles of Energized Line	8,096	8,074
Net Margins	\$ 19,060,930	\$ 15,407,113
Net Plant	\$ 563,762,157	\$ 549,806,561
Operating Expense	\$ 373,847,082	\$ 375,220,635
Operating Revenue	\$ 399,958,104	\$ 398,134,120
Total Assets	\$ 685,237,668	\$ 661,761,280
Total Customers	202,629	199,882

Sustainable Workforce

LCEC is focused on ensuring talent is available, engaged, and prepared to support business requirements. Focusing on best practices enables the organization to attract and retain top talent in the industry with the skills and experience needed to help the business thrive. In addition, LCEC strives to provide ample learning and career development opportunities, contributing to a more productive and engaged workforce and enabling succession planning throughout the organization. Specific LCEC initiatives that support a more sustainable workforce include tuition reimbursement, competitive and unique benefit offerings, company-provided training, employee engagement surveys, flexible work schedules, onsite state-of-the-art wellness, and a comprehensive wellness program. For the fourth year, AARP recognized LCEC as one of the top 50 Best Employers for Workers over 50.

Talent Management *

Internal Fill Rate 41%

Critical Vacancy Internal Fill Rate 30%

Quality of Hire 77%

* All results met or exceeded organizational objectives

Employee Retention Results (Annual Average)

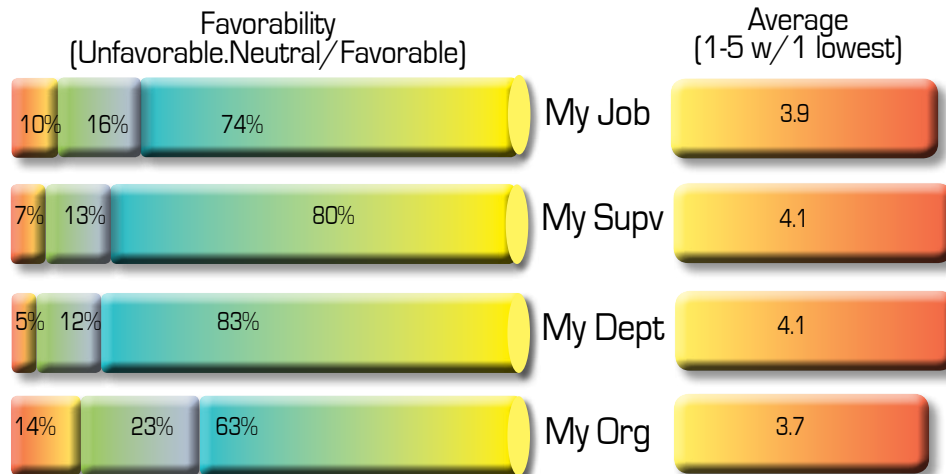
2010...98.3%

2011...97.2%

2012...96.8%

2013...97.0%

2013 Employee Engagement Results



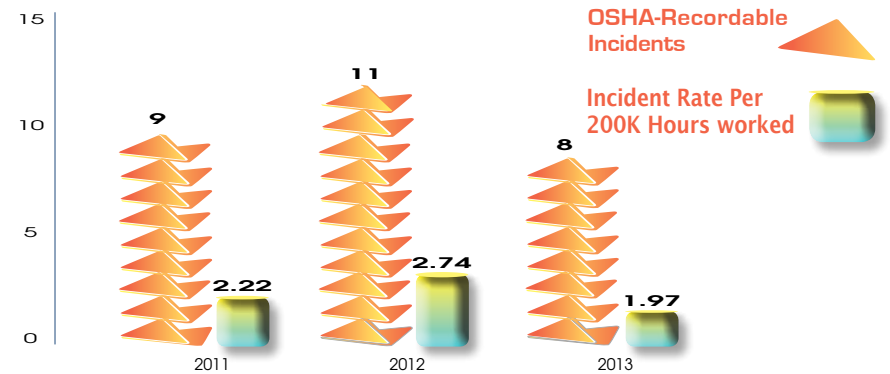
Talent Management

LCEC utilizes best practices to address employee welfare, engagement, and motivation, the results of which are favorably received by employees, as reflected in the most recent engagement survey, retention, and talent management results.



Health and Safety

Living safely is LCEC's first priority and one of its core values. Each employee has a responsibility to ensure a safe environment. LCEC has consistently maintained stellar safety results and has been recognized by the National Safety Council for its success.



Wellness

LCEC is dedicated to providing resources, activities, and other opportunities to inspire employees and family members to achieve and maintain healthy habits that can prevent major illnesses and health-related problems as well as enhance quality of life.

- Awarded the American Heart Association Gold-Level Fit-Friendly Workplace designation
- On-site fitness centers
- Partial reimbursement of dues and/or fees for memberships, classes, or courses offered by accredited fitness facilities
- On-site boot camp, personal training, and nutrition counseling programs
- On-site Wellness Center
- Employee Assistance Program
- Tobacco Cessation Program
- Other wellness programs, such as Biggest Loser, step challenges, annual wellness fair, and on-site gardens

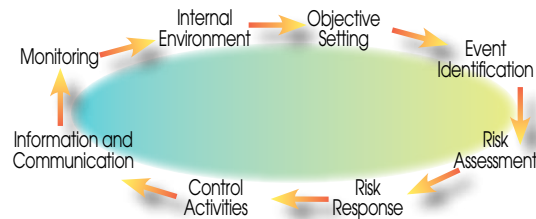
Economic Impact

LCEC is dedicated to ensuring financial strength and competitive rates by managing costs and preserving fiscal integrity. The organization has worked hard in this challenging economy to control operating costs, allowing rates to remain at 2009 levels. Continued strong financial results enabled the organization to distribute \$16.8M in equity to customers, bringing total equity distributions to date to over \$208M—the ultimate advantage to being a member of a financially sound electric distribution cooperative.

Risk Management

An important aspect of governance, shared by the Board of Trustees and LCEC's leadership team, is preparing for and mitigating business risk. LCEC regularly assesses enterprise risk within its Integrated Business Planning process to identify potential events that may affect the organization, manage risk within tolerance levels, and provide reasonable assurance regarding the achievement of corporate objectives. This continual exercise ensures resources are allocated to the most important initiatives from stakeholders' perspectives. Overall, the process is designed to improve performance, ensure reliability and competitive rates, and maximize value to customers.

Enterprise Risk Management Cycle



Electric System Risk Mitigation Strategy

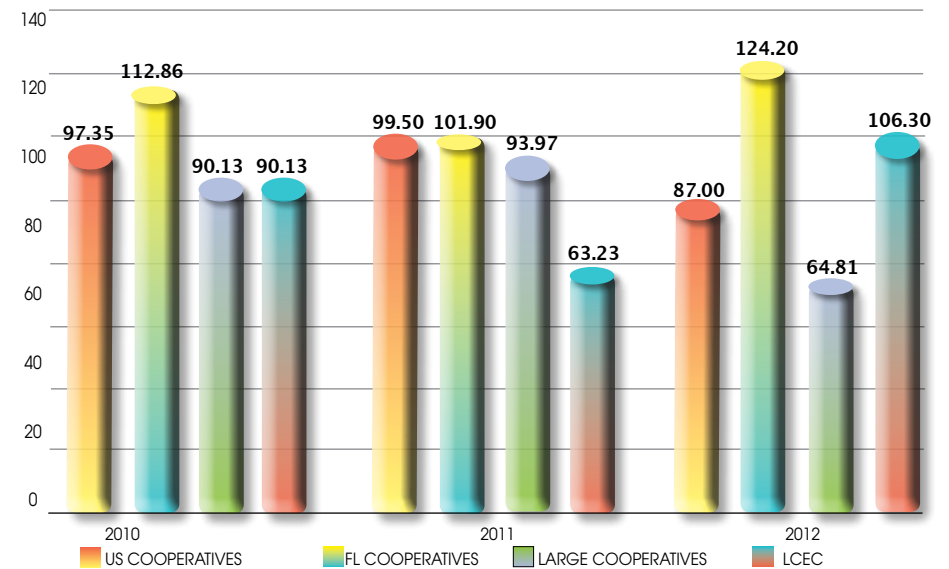
With a focus on reliability, an ongoing network maintenance plan resulted in another year of high reliability results.



- Miles Proactively Trimmed Vegetation = 763
- Transmission Maintenance Circuit Tasks = 963
- Poles installed = 1,157
- Transmission insulators replaced = 819
- Distribution Maintenance Circuit Tasks = 2,396

Average Minutes of System Interruptions (SAIDI)

(excluding major storms and source outages)



2013 information will not be available until the following year due to benchmarking timeline.

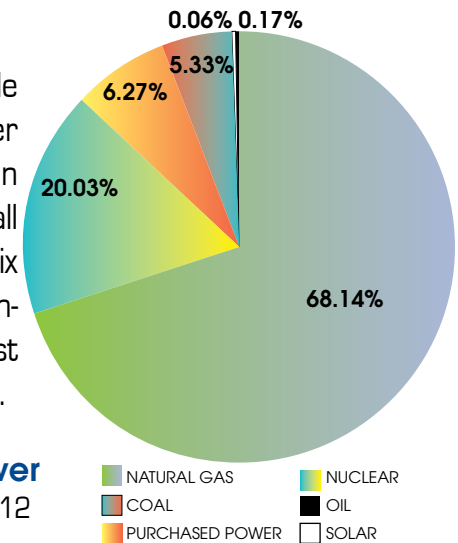
Source: National Rural Utilities Cooperative Finance Corporation (or NRUCFC) Key Ratio Trend Analysis (or KRTA) for All Cooperatives

Power Supply

LCEC purchased power from Seminole Electric Cooperative and Florida Power and Light (FPL) in 2013. Beginning in January 2014, LCEC will purchase all power from FPL. FPL uses a diverse mix of fuels and is recognized as a clean-energy company, with one of the lowest emissions profiles among U.S. utilities.

FPL Fuel Mix and Purchased Power

Sources of electricity generation for the 12 months that ended on August 31, 2013



Community Support

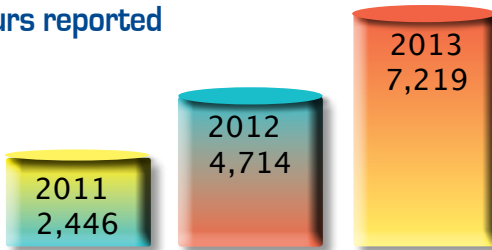
The LCEC corporate values encompass the delivery of electricity and also express a commitment to supporting our communities in philanthropic endeavors. Involvement in community projects entails contributions of thousands of dollars and thousands of volunteer hours for agencies such as United Way, American Heart Association, American Cancer Society, Habitat for Humanity, Junior Achievement, and multiple projects with chambers of commerce and civic organizations throughout the five-county service area.

A Few 2013 Contributions

- More than \$200,000 donated to United Way
- 12 men in the Salvation Army Medical Unit supported during the holidays with backpacks, toiletries, clothing, and a warm holiday dinner
- 65 pints of blood donated by employees
- 50 bags of roadside trash collected



Volunteer hours reported by employees



Environment

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

- 700,000 pounds of scrap, aluminum, copper, and steel recycled
- Lower electric rates for usage under 1,000 kWh and 500 kWh
- Free energy surveys and online energy tool
- 7,400 wildlife brochures printed

