

2015 SUSTAINABILITY REPORT

LCEC conducts business with a high level of integrity and in an ethical and responsible manner.

The members of the Board of Trustees are customers, elected by customers. They demonstrate veracity and principles in their professional and personal lives and contribute to the organization's diversity in terms of background, business experience, and community involvement.

The Board is responsible for setting policy and procedures and maintaining financial strength while supporting employees who run the day-to-day operations. 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.



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LCEC is a not-for-profit electric distribution cooperative providing reliable and cost-competitive electricity to more than 207,000 customers in Southwest Florida. LCEC is one of the largest cooperatives in the United States and one of the largest employers in Lee County, Florida. Cooperative membership is open to all residents and businesses within the service territory.

MAINTAINING FINANCIAL STRENGTH

LCEC has not only sustained electric rates for more than seven years, but was able to reduce rates twice in 2015.

Due to ongoing process improvement efforts, steady electric system maintenance programs, smart use of technology, and strict budgeting practices, all financial goals were met for the year. This paved the way for another rate decrease in January 2016. Customers also received more than \$10 million in retired equity, bringing the total returned to members over the years to more than \$231 million.



Customers also did their part to help keep costs competitive. More than 18,000 customers have elected to go paperless and receive their bills electronically. An additional 43,000 customers are on the LCEC AutoPay program, which also helps to reduce paper, postage, and processing.



SERVING THE COMMUNITY

The LCEC corporate values encompass the delivery of electricity and also express a commitment to supporting our communities in philanthropic endeavors. LCEC employees contributed hundreds of thousands of dollars and volunteered more than 6,500 hours during the year to help agencies such as the United Way, the American Heart Association, the March of Dimes, Autism Speaks, the Salvation Army medical unit, Homeless Coalition, chambers of commerce, and multiple civic organizations throughout five counties. LCEC is among one of the top donors to the United Way and once again received a Circle of Excellence award.



In addition, LCEC and its employees are committed to growing and building the community by mentoring students, providing leadership to economic and workforce development initiatives, and providing an inside look at the utility industry to STEM student groups and leadership program participants. The homegrown LCEC musical group, the Killa-Watts, performed five concerts for charity events throughout the year.

Energizing the community by providing stellar customer service was also recognized when LCEC received its third certification as a Center of Excellence by BenchmarkPortal in 2015. Daily quality assurance testing, continual training, and an emphasis on process improvement help to meet the customers' needs.

MITIGATING ELECTRIC SYSTEM RISK

The LCEC mission is to provide efficient, reliable, cost-competitive electric and emerging energy solutions and quality service to our customers. Preparing for and mitigating business risk is an important aspect of meeting performance goals. LCEC regularly assesses enterprise risk to identify potential events that may affect the organization and manages them within tolerant risk levels.



Ongoing electric system maintenance ensures service is as reliable as possible, balanced with the need to keep costs competitive. Continual inspection of the electric system helps to proactively identify potential issues so that repair or replacement of equipment can be done before an event occurs. In 2015, LCEC inspected 13,865 poles, 2,653 miles of line, 1,879 pad mount transformers, and 892 overhead devices. In addition, more than 12,000 distribution and 113 transmission circuit maintenance tasks were performed, 1,485 poles were installed, 225 transmission insulators were replaced, and vegetation was trimmed along 1,101 miles of line. This non-stop attention to detail resulted in surpassing the reliability key performance goal.

LCEC was also in compliance with regulatory requirements and standards. The closing of a sale of all 230 kV assets eliminated the risk of future expenses associated with maintaining and meeting regulatory requirements. Ownership of these assets was not critical to the distribution of electricity to customers.

CARING FOR EMPLOYEES

LCEC set an all-time record for safety in 2015 with only four OSHA recordable incidents and an incident rate of only 1.07 per 200,000 hours worked. Each employee has a responsibility to ensure a safe environment, and the safety message is reinforced through various communication messages and consistent training.

Ensuring talent is available, engaged, and prepared to support business requirements is one of the LCEC strategic priorities. A focus on best practices, continual professional development, and continuing education enables the organization to attract and retain top talent. In 2015, retention was at 97 percent, and the internal fill rate was 75 percent. An employee engagement survey indicated favorable ratings for job, organization, department, and supervisor, and there was a slight improvement from the previous survey's overall favorable scores.



Employee health and wellness are also a priority, not only because of the potential impact on electric rates but also because employees are key stakeholders and critical to the mission and vision of the organization. A tobacco-and-drug-free workplace paired with annual biometric screenings, wellness fairs, fitness reimbursement, and onsite programs are aimed at reducing healthcare costs and maintaining productivity. In 2015, nearly three quarters of employees participated in at least one fitness or wellness event. LCEC was also designated by the American Heart Association as a Platinum Fit-Friendly Workplace.

SUPPORTING THE ENVIRONMENT

LCEC communicates the green message and offers energy-saving advice to customers. Conservation is also critical to help preserve natural resources to ensure they are available for the future. In addition to the 876 free energy surveys in 2015, online energy tools and tips helped customers conserve. LCEC offers a reduced rate for electric usage below 1,000 kWh or 500 kWh. LCEC also offers a net metering program, which allows customers to utilize renewable energy technology and receive a credit for produced energy above what they use themselves.

Through its new funding award process, LCEC contributed more than \$10,000 toward programs and agencies aimed at protecting the environment or providing preservation information. Stewardship was practiced internally, resulting in 708,000 pounds of recycled aluminum, copper, metal, cardboard, and other materials. Nearly half a ton of paper was also recycled.

LCEC also diligently considered wildlife such as burrowing owls, eagles, and tortoises throughout the territory to ensure habitats remained untouched or improved.

