



2020 Annual Report



A Few Words About Our Progress



**“We have a plan, we have the funding,
and we are moving forward.”**

Ed Liberty, Utility Director



From the Director

As the Director of your Citizen Owned Energy provider, I'm pleased to report that 2020 was a year marked with accomplishments, despite challenges we faced in ensuring the health and safety of our team members and the public we serve. We continue to improve our performance, bringing greater value to our community.

Reliability Improvement

We continue to make progress on our system reliability with a number of large projects going through the planning, engineering, material procurement, and construction contract award process. Using a combination of Lake Worth Beach crews and contractor crews, we completed numerous system hardening and reliability improvement projects that are already yielding significant reductions in outages. Residents and the general public have been able to see firsthand the work of crews installing new poles, transformers, and power lines. While we track outage data to measure progress, we continue to receive comments from customers that they are experiencing fewer outages than in the past. Recognition from customers of improved performance is a reassurance that we're on the right path.

Continuing on our efforts initiated in 2018 and 2019, in 2020, we significantly increased our attention to rudimentary outage prevention efforts, such as tree trimming, vegetation clearing, and installation of animal guards to reduce the ability of climbing wildlife to gain access to our power lines, insulators, and transformers. We also introduced technology such as infrared scanning of critical system components to identify hot spots, a potential source of future outages, and initiated preventive maintenance. Additionally, we increased our practice of maintenance outages to inspect and repair equipment well ahead of the air conditioning season to reliably sustain higher electric loads ahead.

We have made progress on all fronts:

- Reliability improvements
- Achieving an investment-grade bond rating
- Acquiring the funding for infrastructure improvements
- Providing assistance to our citizens at a difficult time

Performance



\$44 Million

Acquired and pledged to our system hardening plan

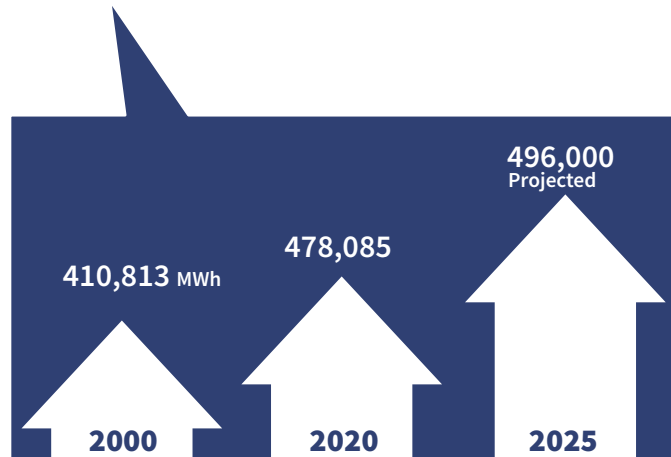
Financial Performance

We improved our financial metrics and position for future performance resulting in our ability to attain an “A2” bond rating, followed by a very successful bond sale. Proceeds from the bond sale allowed us to retire higher-cost debt and provide over \$44 million for system hardening and reliability improvement projects. Our focus on reducing costs also extended to significant reductions in our wholesale electric power purchase costs, with approximately \$9 million less in 2020 than 2017 when we began our restructuring.

Our wholesale electric power purchase costs are \$9 million lower since we began our restructuring.

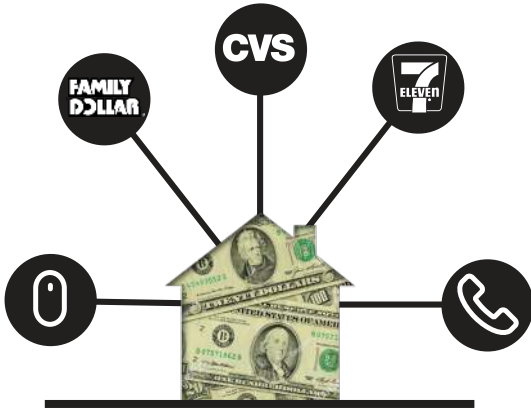
This significant reduction in our costs has allowed us to provide stable rates in 2020 and 2021 while absorbing increased costs in other areas of our operations, which is a good result for our customers. Our substantial cost-cutting measures have helped restore our financial foundation and made it possible in part to absorb the loss of revenue we experienced and continue to experience associated with customer non-payment of utility bills during the ongoing Covid-19 pandemic.

Our energy load is growing



Customer Care

Customer Service

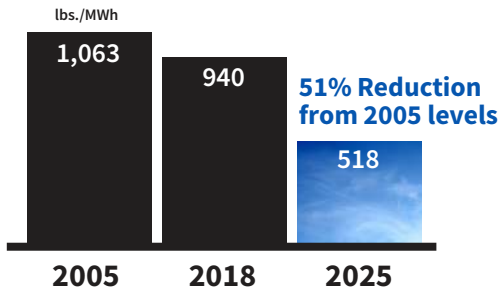


We opened our Pay-Near-Me service to protect our citizens and to provide more convenient ways to pay

The Covid-19 pandemic has had an undeniable effect on our local and national economy, and with it, the personal finances of many members of our community. On January 1, 2020, we closed our customer service center cash payment function as planned after establishing our Pay-Near-Me service, which provides cash payment services at CVS, Family Dollar, and 7-Eleven locations throughout our community and nationwide. This initiative greatly expanded service days and hours beyond what we could provide at our own offices. Pay-Near-Me provides our cash-paying customers the ability to make payments on time without rushing to our offices to avoid late fees or service disconnection.

We also converted the process of new account opening and account closing to an email-based system that allowed customers to transact business with us without having to travel to our offices in person. Additionally, we expanded our call center operations to assist customers in remote restoration of service, answering billing questions, resolving simple matters, and establishing payment plans.

Outage reporting was made easier with the expanded use of on-line services directly from mobile devices, helping alleviate call volumes and long wait times to report outages.



We will deliver big declines in CO2 by 2025

Customer Assistance

With our governing board's unanimous support, we implemented a moratorium on service cuts, waived late fees for all customers, and provided payment plans to thousands of our customers. Our electric utility staff made thousands of proactive phone calls and visits to customers in need to help them access assistance programs with Palm Beach County, with many obtaining the needed help.

Community Value

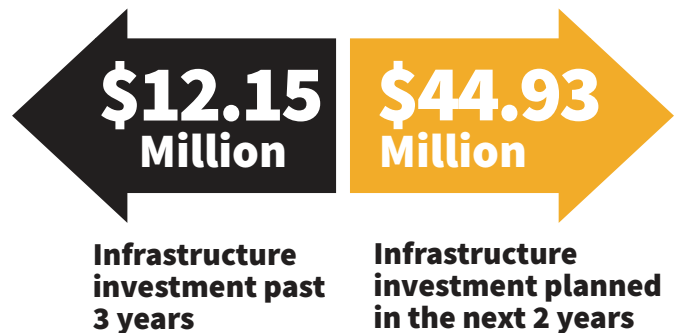
Value to the Community

In 2020 with the Florida Municipal Power Agency’s assistance, we conducted an analysis of the value of the electric utility to the City of Lake Worth Beach and the surrounding areas we serve. We demonstrated value in areas such as direct financial contribution to the City’s general fund and various City operating funds, the value of local employment we provide, and our leadership in reducing greenhouse gas emissions associated with the production of the electricity we deliver to you.

Your Citizen-Owned Energy makes a direct financial contribution to the City’s general fund and various City operating funds, provides local employment, and makes our community a national leader in reducing greenhouse gas emissions.

I’m proud to report that your citizen-owned electric utility will lead the state of Florida with the lowest carbon footprint by 2024, reflective of the values of our customer base and our leadership team.

We are proud of the new path we’ve charted over the past three years together and what we accomplished in 2020. We are delighted that our efforts, results, and plans for the future have factored favorably into our governing board remaining committed to the future of your public ownership of a valuable local resource.



STRUCTURAL PROGRESS

To Improve, Control, Measure, and Communicate Electric System Performance

Developed detailed energy supply cost modeling; monthly review and running forecast of wholesale power supply costs

Implemented monthly financial reviews including key performance indicators; created detailed financial monitoring, review, and oversight functions

Restructuring of staff roles and responsibilities; privilege of focus and clearer accountabilities

Retention of SME's to augment staff capability; combination of new hires, specialty consultants, and established engineering firms with national portfolios of recognized clients, and use of retirees for selected tasks/roles

Development of multi-year capital investment plans prioritized by impact on reliability; prioritization by poorest performing circuit

Developed and published system reliability indexes; monthly staff review of major outage causes

Improved use of labor contracts and improved pay rates for specialty craft in highly competitive classifications

Implemented spending controls; eliminated non-productive overtime

Increased spending on activities that specifically improve reliability

Significantly improved wholesale power contracts; active management of energy supply costs

Development of a clear strategy for generation assets; supply-side resource plan guides the directive to reduce costs and achieving the lowest CO2 emissions in the State of Florida by 2024.

Improved customer service processes; added after-hours call center support, implemented on-line outage reporting, implemented new credit card payment processes and 7x24 national payment capability, added off-site cash payment capability, and migrated to 100% remote CSR capability

Established a basis of design and construction standard for the T&D system; serves as the basis for all new construction and equipment selection



OPERATIONAL PROGRESS

To Improve Electric System Reliability

Increased preventive maintenance of critical components; switches, breakers, insulators, substation components, transformers, and generation assets

Aggressive deployment of animal guards and pole wraps, every pole we touch gets wrapped; focus on deterrence of avian and reptile contacts

Use of AMI system data to preemptively address potential problems; circuit phase imbalances and transformer overloading

Mass removal of problematic components such as metal brackets, aged insulators, and weak cross-arms

Engagement with labor to greatly reduce after-hours response times

Gradual elimination of open wire secondary conductors

Implementation of a six-day workweek to accelerate high impact projects

Implemented thermography and drone inspections of critical connections to identify impending failures and schedule preemptive repairs

Replacement of aged critical components showing impending failures

Use of AMI data in trouble-shooting crew dispatch; rapid identification of outages ahead of customer calls

Controlled use of overtime to make repairs and return circuits to normal configuration as quickly as possible

Increased trouble shooting line worker staff to more rapidly respond to outages

Increased vegetation and tree trimming; has led to reductions in animal contacts

Improved storm response and recovery processes

Conversions of circuit segments to higher operating voltages; reduced circuit loading and enhanced supply options



Your Citizen Owned Energy provides \$14 million in economic value to our community



Faster

Power restoration
than the average
investor owned
utility



\$4.5 Million

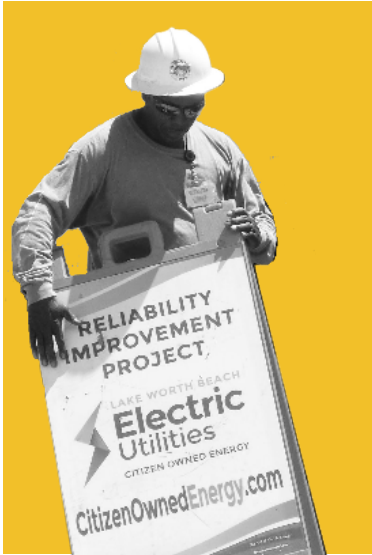
General fund contributions



\$1.7 Million

Value of clean energy



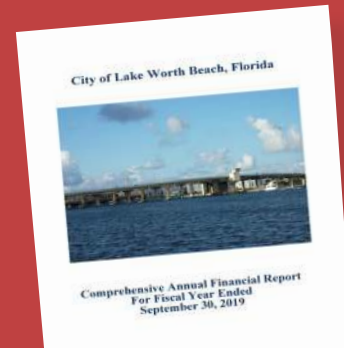


\$4 Million

Economic impact here in our community

\$4+ Million

In shared services and other city charges



Community Control

Decisions are made locally and tailored for local needs.



Lake Worth Beach City Commission



Pam Triolo
Mayor



Andy Amoroso
Vice Mayor
Commissioner
District 3



Scott Maxwell
Commissioner
District 1



Carla Blockson
Commissioner
District 2



Herman Robinson
Commissioner
District 4



CITY MANAGER
Michael Bornstein



LAKE WORTH BEACH
ELECTRIC UTILITY
Ed Liberty, Utility Director

Your Citizen
Owned Energy
at Work

CitizenOwnedEnergy.com