

ANNUAL PERFORMANCE REPORT, FY 2018

EXPANDING LANGD'S SERVICE AND IMPACT IN 2018

The 2017-18 fiscal year represented yet another banner year for the Lake Apopka Natural Gas District, a year that saw us achieve heightened customer growth, bring home national industry honors, and explore new ways to create even greater impact for the customers and communities within our member cities.

Now serving more than 22,500 customers, the District has been recognized nationally for phenomenal growth while maintaining the priority of service and dedication to our community. As we prepare to celebrate the District's 60th anniversary, we have stayed true to the mission and values that have proved indispensable to our success while setting sights on national industry developments that will keep us firmly on the path to a bright and promising future.

This year, we were honored to welcome our newest members of the District Board of Directors: Apopka City Commissioner Kyle Becker and returning board member Bill Arrowsmith. Our board members, now boasting nearly 60 years in service of the District and its member cities among them, serve as trusted leaders for District staff, customers and community.

I hope you'll agree that the year gave us many reasons to be proud of the work District staff perform every day, under the oversight and direction of the board of directors, to provide competitive natural gas service in the communities we serve.

In the brief report that follows, we feature achievements from fiscal year 2018 in the areas of financial performance, system enhancements, customer growth and workforce management. On behalf of our entire team, I would like to highlight a few key achievements.

- On the heels of the District's 20,000th customer milestone in FY 2017, we are proud to report yet another successful year of customer growth, expanding our customer base by 1,843 new customers and exceeding our goal by nearly 9 percent.
- The District team was honored with the APGA Silver SOAR Award – marking our third win in five years – for multifaceted commitment to natural gas utility excellence; additionally, the District took home its eighth consecutive APGA Safety Award.



- This year, I assumed the role of first vice president of APGA, and in July 2019 will become chairman of the association, presenting an opportunity for our local District to play a key role in decisions impacting natural gas service at the national level.
- I, along with several members of the APGA Board of Directors, had the pleasure of meeting with the Federal Energy Regulatory Commission (FERC) – an independent agency that regulates the interstate transmission of electricity, natural gas and oil – in Washington, D.C. to discuss issues relating to the liquidity of natural gas services, infrastructure and pipeline rates. Maintenance of our relationship with FERC is crucial, as they work to communicate and gain support for APGA positions on important issues that affect public gas systems nationwide.
- We completed a rate study instituted in the previous year – with updated rates taking effect in March 2018 – allowing us to continue providing excellent service at competitive rates and assist our commercial and industrial customers in forecasting long-term costs.



FINANCIAL PERFORMANCE

In FY 2017-18, the District is proud to report on another strong year of financial performance. Highlights include:

- Achieved a profit of \$3,369,020 in the year ending September 30, 2018;
- Establishment of the District Operational Efficiency Committee to review, monitor and identify nonessential practices in field services; internal review, including necessary realignments and adjustments, was completed in early 2018; and,
- Increased customer usage of credit card and digital bank payment by 31 percent and 9 percent, respectively.

CUSTOMER GROWTH

The District continued to see rapid growth this fiscal year. The following numbers and efforts are a testament to this growth:

- In each member city, the District continues to attract new residential and commercial customers, and now serves more than 22,500 customers in Orange and Lake counties – a more than 9 percent increase from the previous fiscal year.
- New home growth continues to boom throughout our member cities and, during fiscal year 2017-18, the District secured developer agreements that will deliver natural gas services to 678 new homes, representing estimated annual revenue of more than \$234,865 and exceeding our goal by 11.5 percent.
- Through a mix of marketing and business development initiatives, the District diligently worked to increase its commercial customer base, adding 57 new businesses, exceeding its goal by a remarkable 63 percent.

COMMUNITY INVOLVEMENT, ENGAGEMENT & EDUCATION

The District is very proud to give back to the communities it serves by way of volunteerism, participation and sponsorship of local organizations and community events. Highlights for FY 2017-18 include:



- Participation and board leadership in member city organizations: Habitat for Humanity; P.O.P.S. Program; Health Central Board of Directors
- \$35,000 in contributions to 35 community causes and fundraisers
- Presence in 47 community events, including local Chamber events and member city festivals, Boys and Girls Club fundraiser, local Rotary club events, Jimmy Crabtree Cancer Fund events, HAPCO events and several other causes, especially those contributing to the well-being of underprivileged youth

In an effort to further engage with community stakeholders, the District secured presentations to the Apopka, Winter Garden and Clermont city councils to share general background and city-specific information relevant to each city and its residents. These presentations, planned to continue on a quarterly basis in the new fiscal year, will ensure local elected leaders are informed about the activities of the District and its impact on the region.

The District placed a high priority on public education for residents of our member cities through leveraged relationships with local media to highlight the benefits and promote use of natural gas – further driving growth both residentially and commercially – while sharing insightful information on a variety of relevant topics, including hurricane season preparation, Public Natural Gas Week, National Call 811 Day and more.

SYSTEM & CUSTOMER SERVICE ENHANCEMENTS

The District distribution system has seen continued expansion to meet the needs of our growing customer base. More than 23 miles of mains and over 1,750 service lines were added in the last fiscal year. In addition to increasing the District's footprint, new system enhancements and technologies were implemented to the benefit of our customers.

Highlights include:

- The construction of several new main extensions to reach new customers and serve as back-feed in areas with low pressure issues in Winter Garden and Minneola;
- Continued infrastructure expansion in seven (7) new residential subdivisions;
- Launch of an e-bill campaign, encouraging customers to convert from paper to electronic payments; the resulting 90 percent e-bill conversion rate eliminated distribution of more than 1,000 paper invoices and realized significant savings on monthly postage costs for the District; and,
- Implemented a number of new security measures, including the installation of the most up-to-date firewall to ensure continued protection of the District and its customer data; an increased focus on formal training to thwart attempted cybersecurity breaches; and, installation of new cameras and emergency lights at District offices in Apopka and Clermont.



WORKFORCE MANAGEMENT

The District is proud to be a major employer for the area, with nearly 60 full-time employees. Our team is very important to us – they are the heart of our business – and we place emphasis on recognizing staff and assisting with their growth, personally as well as professionally. In addition, we continually seek new ways to improve workforce operations so that the District remains a strong and committed employer on behalf of its member cities. Highlights include:

- Implementation of new information system enhancements to improve internal efficiency – including a successful conversion to the latest cathodic protection software – and contribution to team member professional development through continued training on desktop software and operating systems;
- Districtwide conversion from paper to electronic records, including distributions through the recently implemented Elements work order system, simplifying operations for all internal teams;
- Conducting a biennial salary survey of 25 companies throughout the southeast to inform updated pay scales that have been put into effect for FY 2019;
- Implementing significant updates to the District employee handbook, following review by an external labor law firm and approval by the District Board of Directors;



- Celebration of our third annual Natural Gas Utility Workers Day honoring our field employees. Though the day was officially recognized on March 18, the District celebrated workers throughout the week prior with a series of employee engagement and appreciation festivities, including a company-wide breakfast and awards ceremony in recognition of our indispensable field workers, dedicated to the hard work of our natural gas utility employees and their

accomplishments in the community;

- Commemoration of Customer Service Week through a series of events, emphasizing employee education on the delivery of excellent customer service and recognizing District employees who go the extra mile to deliver it;
- In December, the District celebrated “12 Days of Christmas,” marked by daily performances from the District choir and company-wide daily drawings for holiday gifts. The celebration culminated with a holiday feast where employees were joined by members of the District Board of Directors to enjoy an illustrious choir performance, an employee ceremony recognizing years of service and a 2018 “flashback” video that captured highlights of the District’s successful year and the team members that contributed to our success;



- The celebration of our ninth annual Acts of Kindness Day, empowering District employees to perform random acts of kindness for co-workers;
- Continued training opportunities for employees through outside classes, as well as in-house Lunch ‘n’ Learn sessions on a variety of topics, including: Drug and Alcohol Awareness, Leadership and Management, Creating a Respectful Environment (CARE), etc.; and,
- Operations staff attendance at key FNGA, APGA and FPSC seminars to secure industry certifications.