



March 9, 2021

As we continue to answer questions regarding the February gas bills, we have additional information that may not have been addressed, which we would like to share.

The supply and demand issue was not only due to freezing temperatures in Texas. The polar vortex that passed through the center of the United States created a huge demand for natural gas to heat homes/businesses and to produce electricity across the Midwest and most of the United States. The natural gas supply was also threatened due to wellhead production freeze-offs and wells that had to be put back into production, which limited the supply so desperately needed. The gas here in the Rockies was taken to the Midwest to try to meet their needs which limited our supply and created increased prices in this market.

The Town has always and continues to pre-purchase gas. When you pre-purchase gas you pay for that amount each month regardless of whether you sell it or not. Pre-purchasing 100% is not an option. If we purchase more than we sell we would have to pass that cost on to our customers. Rangely's index price is subject to gas market conditions and to remove this exposure we hedge our usage at a fixed price, pre-purchased, which reduces our exposure in months that we may have increased index costs. This was not a condition that we could have foreseen in time to make changes to avoid the increased pricing.

We have all experienced this problem throughout COVID with supply and demand as many groceries, cleaning and paper products were either not available or in short supply which did lead to increased prices.

As previously stated, to ease the burden of our residents/customers, please call and we will make arrangements as needed. I believe as the gas provider for our community we have saved our customers hundreds of dollars throughout the years which unfortunately isn't something that creates distress or questions. Please know we care deeply about our community and also took on a measured loss in revenue to the Gas Fund to try and lessen the impact to our customers.

Thank You,

Lisa Piering, Town Manager
Kelli Neiberger, Gas Department Supervisor