



Hutchinson
Utilities
Commission

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Putting All of Our Energy into Serving You

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NEWSPAPER/FACEBOOK/WEBSITE STATEMENT

FOR IMMEDIATE RELEASE

The Value of Hutchinson Utilities Commission as a Community Owned Utility

Hutchinson Utilities Commission (HUC) during a special meeting Thursday March 4th, 2021 unanimously approved using \$1,200,000 in cash reserves and \$451,000 in the Natural Gas rate stabilization fund to lessen the immediate impact on retail customers natural gas portion of the March utility bill. While customers will see an increase on their March's bill the use of these cash reserves on average will reduce a customer's impact by 30% - 50% from the originally projected natural gas bill depending on usage. This comes on the heels of the extreme polar vortex known as Storm Uri which created skyrocketing natural gas prices and increased electric market prices during the period of February 12th – 18th. Throughout the polar vortex where parts of the country had significantly reduced natural gas supply and rolling electric grid blackouts Hutchinson residents and businesses continued to see safe and reliable power and natural gas.

Winter Storm Uri and the arctic blast it created posed significant challenges leading to inflated natural gas and electric prices that were felt as far south as Texas and as far north as parts of Canada, including Minnesota. This extraordinary weather event created a "triple whammy" for utilities around the country including HUC: 1) The cold weather froze off many natural gas well heads in the southern part of the U.S. limiting the amount of natural gas that could be extracted from the ground and placed into production, limiting supply. 2) During that same period unprecedented demand for natural gas to heat homes, businesses, as well as provide a fuel source for electricity generation across much of the Midwest/Southern U.S occurred. This divergent created an extreme imbalance between natural gas supply and demand which resulted in skyrocketing natural gas prices at the Ventura and Demarcation hubs. These hubs provide the majority of natural gas daily spot market pricing for much of Minnesota. 3) These inflated natural gas prices that reached as high as \$188/mmbtu (normal pricing ~\$3/mmbtu) not only contributed to high utility natural gas costs but also contributed to extremely high electric energy prices in the wholesale markets of ERCOT, SPP, and the MISO market where HUC purchases electricity to supplement a baseload contract for power.

While HUC saw a significant increase in February natural gas costs and electric market pricing, many southern states like Texas and Oklahoma saw greater price inflation with natural gas prices reaching \$800-\$1,100/mmbtu and electric prices hitting \$9,000/Mwh in the ERCOT market. These unprecedented prices have created a catastrophic financial crisis that has received the attention of State and Federal lawmakers and regulatory agencies across the country.

Even though the polar vortex has come and gone Hutchinson Utilities Commission is very cognizant of the financial impact customers will see on their March's bill. HUC encourages customers once they receive their bill to call customer service to make alternative payment arrangements that fit a customer's individual needs.

#End#

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