

City of Fremont Update

Date: September 17, 2021

To: City Employees/ City Boards/ Mayor & City Council

Natural Gas Prices Up

Natural gas prices have been trending higher since the beginning of the year and reached as high as \$5.01 - a 7-year high last week. Prices for the first part of this month are up 40 cents, surpassing the previous market cycle set back in 2018. The last time an October contract for natural gas surpassed current highs was in 2008, prior to the shale revolution, peaking to a

high of \$8.06 then. Experts say the rising market pricing is mainly due to the lower than normal storage - currently at a 214 Bcf deficit to the five-year average, and short-term production drop-offs in the Gulf of Mexico as a result of Hurricane Ida. The chart above shows the prices of natural gas since January 2017.

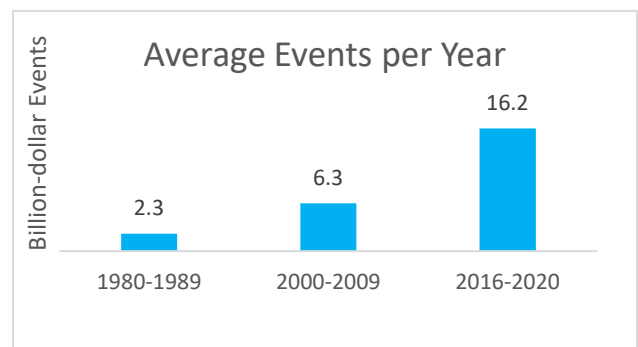


The City buys all of the natural gas it sells to customers from market sources; however, some natural gas is purchased and placed into storage during the summer when prices are historically lower, to offset some of the dramatic price spikes during winter months. Although this strategy tempers large swings in market prices, eventually customers will see higher prices when low-priced natural gas in storage is depleted and must be replenished with higher priced gas.

The Growing Number and Cost of Natural Disasters

Natural disasters such as hurricanes, floods, fires, and tornadoes are becoming more catastrophic and costlier. Since 1980, disasters have cost \$1.9 trillion and \$616.5 billion in the past five years. Also, the number of billion-dollar events has also increased from 2.3 between 1980 and 1989 to 16.2 events from 2016 to 2020.

In fact, 2020 has a record 22 billion-dollar events with a total cost of \$95 billion. All fifty states have experienced at least one billion-dollar event since 1980 and Texas has experienced the most with 124 events representing 43% of all such disasters in the U.S.

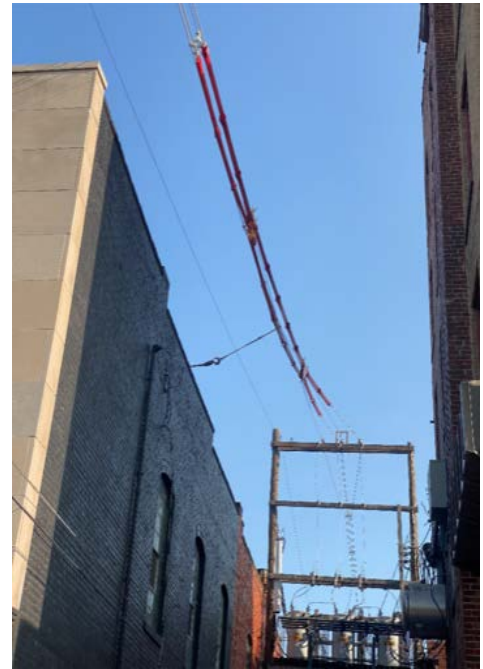


According to the American Public Power Association, power outages from natural disasters cost U.S. businesses \$150 billion per year. A growing number of commercial and industrial customers operate power-sensitive equipment that require power to be on 99.99% of the time and power outages from natural disasters cost these customers millions.

There is no job so important and no service so urgent that we cannot take the time to do the work safely!

Safeguarding Workers at the 505 Building from High-voltage Electrical Line

When workers at the 505 Building downtown needed to remove the old fire escape from the side of the building, they worried about getting electrocuted by a 13,800-volt power line running through the alley (picture on right).



To safeguard these workers, City crews first covered several of the high-voltage wires with insulating orange rubber hoses and then pulled the insulated wires away from the building by using the winch rope from a digger-derrick truck (picture on left). The result, as shown in the picture on the right, was about 10-foot of clearance between the building and the high-voltage line or enough room that workers could safely remove the fire escape from the building. According to Mike Royuk, Electric Distribution Superintendent, creative solutions to situations are often required, especially in the tight working environments found in many downtown alleys. Fortunately, the old KHUB building was not taller or this solution would not have worked. Crews at the 505 Building were expected to wrap up work on the fire escape this week.

Cities Looking to Build Community Solar

Eleven cities in Nebraska, Colorado, and Iowa (Alliance, Ansley, Crete, Pender, Shickley, Stuart, and West Point in Nebraska; Aspen and Delta in Colorado; and Sergeant Bluff and Waverly in Iowa) are working with the Municipal Energy Agency of Nebraska (MEAN) to seek a request for proposal for community solar projects. MEAN will announce the results of the proposals in October.

DOR Issues Guidance on New Sales Tax Exemption for Residential Water

The Nebraska Department of Revenue (DOR) issued a General Information Letter (GIL) about the new sales tax exemption for residential water service. DOR said water service to single-family homes, duplexes, townhomes, apartments, condominiums, dorms, nursing homes, assisted living homes, and other dwellings designed for people to live in permanently or for a considerable length of time are exempt from sales tax. The units do not have to be billed individually from their own meters. A single meter for an apartment complex where water service is provided as part of the rent is exempt. However, when there is a combination of residential and other uses, and there is no separate measure of water between the two uses, the exemption does not apply. Hotels, motels, hospitals, jails, travel trailers, and recreational vehicles do not qualify for the exemption. The new law exempts sales tax on water billings after October 1.

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