



**327 S. CAMINO DEL RIO
DURANGO, CO 81303**

Durango Mountain Resort Homeowners

Re: Propane Costs

Dear Homeowner:

We have received questions about how charges for propane gas are calculated, and why our propane prices don't reflect the recent price drops at the gas pumps.

Durango Mountain Utilities uses AmeriGas as our propane supplier. AmeriGas shops for bulk propane during the summer, and they are tied to a contracted amount of propane. Even though propane costs have been dropping, AmeriGas and DMU do not see the effects of dropping prices immediately.

Also, because of the resort's remote location, Durango Mountain Utilities is billed a different rate for each tank refill, based on the tank location and the type of truck being sent to do the refill. Semi-truck loads of propane are less expensive than those supplied by smaller trucks called bobtails. Only two of the tanks within the resort can accept the quantities delivered by a semi-truck.

AmeriGas sends Durango Mountain Utilities a fax each week, showing that week's market price for propane. When Durango Mountain Utilities bills propane customers each month, the rate per gallon is based on the market price obtained from AmeriGas. Durango Mountain Utilities always bills our customers lower than the market price of AmeriGas.

We hope this helps to clear up any confusion on the issue of propane costs charged by Durango Mountain Resort. As always, please do not hesitate to contact Lori Arnold with any questions or concerns you may have, at 970-426-7202.

Sincerely,

Jay Eagen
Vice President, Community Services