

FREQUENTLY ASKED QUESTIONS

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GENERAL INFORMATION

1. **When are the 2018 Public Meetings and Rate Hearings scheduled for the former customers of the H&R Waterworks, Inc., that are now Thurston PUD customers?**

Tuesday, October 24, 2017 in Lewis County – 7:00 p.m. to 9:00 p.m.
Jensen Event Center @ Veterans Memorial
Museum 100 SW Veterans Way
Chehalis, WA 98532

Tuesday, November 7, 2017 in Thurston County – 7:00 p.m. to 9:00 p.m.
Lacey Community
Center 6729 Pacific
Ave SE Lacey, WA
98503

2. **Why wasn't I notified of the sale from H&R Waterworks to Thurston PUD?**

H&R Waterworks Inc., is a privately owned company and neither party was allowed to discuss the sale until closing. H&R Waterworks Inc. approached Thurston PUD to acquire their water systems and a decision was made to acquire them. H&R Waterworks and the PUD's water system service areas intertwine and are close together in many cases. The more service connections a water utility serves, the more effectively and efficiently the service can be provided. There is a better economy of scale to spread the fixed costs over more service connections. Fixed costs include management costs, customer service and field team staffing, billing and computer system costs, and the cost of having staff on call 24 hours a day seven days a week.

3. **Why didn't my community get the opportunity to buy our water system?**

The H&R Waterworks Inc. water systems are private property and the owner had the right to sell to whomever he wanted. Deciding to sell to another regulated company versus a public entity has both advantages and disadvantages. In this instance, the owner determined that selling to Thurston PUD offered the best opportunity for continuation of a high level of service and less financial disadvantage. Thurston PUD was offered the opportunity to purchase all of the H&R Waterworks systems and could

not split up the systems or cherry pick only Thurston County water systems.

4. Why does Thurston PUD own water systems in my county if I don't live in Thurston County?

In 2005, Thurston PUD acquired 153 water systems and has owned and operated them in several counties. These systems were sold to the PUD by another owner of water systems regulated by the UTC who sold them to the PUD for some of the same reasons addressed in #4 above. This resulted in the PUD owning and managing systems in multiple counties for the same reason and this provides an economy of scale for the PUD to provide service more efficiently and more effectively as the PUD owns water systems in the same areas. If there is another PUD in a county in which Thurston PUD operates, that has an active water utility, Thurston PUD would consider transferring those systems to that PUD. Thurston PUD has the authority in Washington State statutes to own and operate systems outside of its own county boundaries.

RATES, FEES AND CHARGES

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1. What rates, fees and charges are being considered?

In 2017, the District engaged a rate consultant to analyze the rates necessary to effectively manage all of our systems, as well as systems we may acquire in the future. It is the policy of the PUD to establish uniform rates for our customers. In line with this policy, the recommendations of the Rate Consultant for 2018 and 2019 rates, fees and charges are recommended for implementation. Following this recommendation allows us to implement standardized rates for all of our customers by January 1, 2020. The 2018 rates are expected to result in a \$12.00 a month rate increase, on average, for former H&R Waterworks residential customers and in 2019 a \$9.65 a month rate increase, on average, for a residential customer; some will be lower and some will be higher. Under the proposed 2018 and 2019 projected rate schedules, all PUD customers will have uniform rates on January 1, 2020. The 2020 rate increase for all PUD customers is projected at 2%. The rates being considered are projections based on modeling. The PUD Board of Commissioners review rates, fees, charges, and capital surcharges annually and take the customer's comments and the financial position of the PUD very seriously during this process. The Commissioners are scheduled to consider adopting your 2018 and 2019 rates, fees and charges and the 2018 capital surcharge on November 28, 2017. The rates, fees and charges being considered are outlined below.

2. What is the \$3,000.00 General Facility Charge (GFC)?

The \$3,000.00 General Facility Charge (GFC) only applies to customers that do not have a meter already installed and are not receiving water service. The GFC is a generally accepted practice used requiring new connections to pay their fair share toward the cost of paying for the infrastructure for a water system. Typically, this applies to new construction on empty lots. These monies are placed in the capital improvement fund and are reinvested in infrastructure. If you have a meter or are paying a flat rate and receive water service, this GFC does not apply to you.

3. What is the capital surcharge and what is its purpose?

The capital surcharge is the primary financial tool used to fund system replacements at the end of an asset's life cycle. All PUD customers pay a monthly capital surcharge of \$4.80 in 2017 and the Thurston PUD Board of Commissioners approved a \$6.70 capital surcharge for 2018 for existing PUD customers on September 26, 2017. The capital surcharge is used only for infrastructure replacements/improvements that are in the District's Asset Management Plan. An asset management plan will be constructed for your water system that forecasts the capital improvements or replacements are needed

in your water system, when they are needed and what the replacements/improvements will cost. Our capital asset management plan will be updated in 2018 to incorporate all of the H&R Waterworks systems.

Beginning in 2014, the PUD engaged our customers in a discussion of how to best prepare for and fund capital improvements and infrastructure replacement necessary in the coming years. After receiving public input, the Board of Commissioners made a decision to pay for ongoing operations and maintenance costs from rates and to pay for capital improvements and replacements from capital surcharges. The water system infrastructure is unique to each water system, but generally, infrastructure refers to the wells, pumps, water mains, pump houses, booster pumps, service lines, water meters, reservoirs, treatment systems, electrical systems, and other associated equipment.

Capital surcharges are used to fund system replacements at the end of an asset's life cycle. PUD staff developed and uses an integrated asset management system to estimate when things need to be replaced. The PUD has made a commitment to all of our customers that we will be good shepherds of these monies you pay as surcharges and only use them for infrastructure replacement.

4. I've been paying an H&R Waterworks Ready to Serve Charge of \$17.00 per month. What happens to that money?

The PUD does not have a ready to serve rate but instead uses a general facilities charge (GFC) and H&R Waterworks did not have a GFC. The purpose of both of these financing tools is to ensure that new customers pay their fair share of the cost of the water system's infrastructure. The PUD may consider a credit towards the \$3,000.00 GFC based on how many months or years the ready to serve charge has been paid. The PUD's Board of Commissioners will be asked to consider this option. If such a decision was made, for example, if you have been paying the ready to serve charge for 3 years, the credit to be applied towards the GFC would be \$612.00 (\$17.00 x 36 months). In addition, there is a \$730.00 service connection charge for a ¾" meter. Larger meters are more expensive.

5. If I have a 1" meter but had to get it for fire flow reasons, but have been getting billed for a 5/8" meter, will that change?

If you have been billed for a 5/8" or ¾" meter while actually having a 1" meter required for fire flow, and will pay for the water that comes from this 1" meter, the PUD will consider continuing to bill for a 5/8" or ¾" meter. The PUD's Board of Commissioners will be asked to consider making this decision prior to January 1, 2018.

6. I pay a flat rate, how will my bill be affected?

The PUD has a policy that all connections will be metered. Until January 1, 2018, your

rate will stay the same. The proposed flat rate in 2018 is \$50.00. Once the PUD installs a meter on your water service line, your rates will be transitioned to a metered rate. There is a base rate and also charges based on usage as outlined in the proposed 2018 rates in #2b above. A meter will be installed as soon as PUD staff can install one.

7. If I don't have a meter, do I have to pay an additional fee to have a meter installed?

Existing customers that have active water service do not have to pay an additional fee for a meter to be installed.

8. Our homeowners association (HOA) has community swimming pools. Will the PUD consider approving a pool rate for HOA owned swimming pools?

This should be addressed with the PUD's Board of Commissioners during one of the scheduled Public Hearings for the 2018 and 2019 public meetings and rate hearings that scheduled between October 16 and November 7, 2017 per the schedule in #2a above.

9. I've been paying a Backflow Assembly Testing fee every month to have my device tested annually. Will you continue to charge me that fee? If not, what happens to that money I've already paid?

If you have been paying a Backflow Assembly Testing fee in 2017, you will receive an inspection. The District is evaluating if we will continue to provide this service in 2018 or in the future. A decision will be made by the PUD Commissioners. Customers that are required to have their backflow device inspected to insure there is effective cross connection control annually will continue to have that requirement in the future.

10. Why are my rates increasing, they did not increase under H&R Waterworks?

A UTC regulated utility has a very extensive and expensive process that water system owners must go through for a rate making process. Because of the complexity and the cost, UTC managed utilities do not normally engage in a rate case before the UTC very often. As H&R Waterworks Inc. acquired water systems, those system remained on their existing rates, often for several years, until a rate case was brought forward. It is a very difficult and expensive process. The PUD Commissioners have rate making authority and review rates, fees and charges annually and make adjustments in rates, fees and charges when they are necessary.

PROPOSED 2018 RATES AND CHARGES

The new rates are proposed for 2018 as summarized below:

	Residential - Single Family units		Commercial - Multi Family units	
	2018		2018	
Monthly Base Rate per meter size - no allowance	Inside Thurston County	Outside Thurston County	Inside Thurston County	Outside Thurston County
5/8" or 3/4"	\$24.99	\$26.03	\$26.75	\$28.75
1"	\$49.84	\$50.88	\$52.56	\$54.56
1 1/2"			\$109.21	\$110.25
2"			\$174.75	\$175.79
3"			\$327.73	\$327.73
Consumption Charges - per 100 cubic feet				
0-500 cf	\$ 2.00	\$ 2.00	n/a	n/a
501-1500 cf	\$ 3.18	\$ 3.18	n/a	n/a
1501 - 3000 cf	\$ 4.80	\$ 4.80	n/a	n/a
3001 + cf	\$ 6.23	\$ 6.23	n/a	n/a
Commercial November - June			\$ 2.69	\$ 2.69
Commercial July - October			\$ 3.82	\$ 3.82

CAPITAL IMPROVEMENT SURCHARGES

PUD 2018 Capital Surcharge \$6.70/month per ERU
 Rainbow Lake Lakefill Charge \$3.16/month per ERU

ANCILLARY FEES AND CHARGES

New Account Service Charge	\$35.00 plus \$5.00 per non related tenant	
Late Fee	\$5.00	
Return check charge	\$30.00	
Reconnect fee	\$45.00	2018 Flat Rate - \$50.00
After hours reconnect		
In County	\$120.00	Note: The PUD has a policy to meter all connections
Out of County	\$165.00	and then move customers to metered rates
Holiday/wkend	\$210.00	Street Light Fee - \$3.15
Meter tampering charge	\$200.00	City of Gig Harbor B&O Tax – 5%
Refundable Deposits		
Green report	.00	
Yellow report	\$75.00, or highest bill in the preceding 12 mo, whichever is highest	
Red report	\$150.00 or 2x the highest bill in the preceding 12 mo, whichever is more	
Water availability letter	\$55.00	
Lender letter	\$55.00	
Meter Test	\$100.00	
Cross connection survey	\$45.00	
Back flow test	To be determined	
Temporary service deposit	\$1,500.00	
Service Connection Charge		
3/4" meter install	\$730.00	
1" meter install	\$830.00	
1 1/2" meter install	\$730.00 plus time and materials to install	
2" meter install	\$900.00 plus time and materials to install	
Fire meter install	\$1,562.00	
General Facility Chg TPUD	\$3,000.00	
Non-compliant customer first	\$50.00	
Non-compliant customer second	\$110.00	

11. **Could you define and explain what the fees and charges referenced on Page 6 are for?**
- a. **PUD 2018 Capital Surcharge, \$6.70/month per ERU** – The capital surcharge is the primary financial tool used to fund system replacements at the end of an asset’s life cycle.
 - b. **Rainbow Lake Fill Charge, \$3.16/month per ERU** – Lake fill charge for the Rainbow Lake Water System only.
 - c. **New Account Service Charge, \$35.00 plus \$5.00 per non-related tenant** – This charge applies to any new customer setting up service. Former H&R customers with active water service are considered existing customers and this fee does not apply to them.
 - d. **Late Fee, \$5.00** – A fee applied to your account when you don’t pay your bill by the due date.
 - e. **Return Check Charge, \$30.00** – An accounting service charge may be made to each water service account for which payment has been received by any check or legal tender which is subsequently returned to the District by the bank for any irregularities, lack of sufficient funds in the payer’s bank account or the customer having closed the account.
 - f. **Reconnect Fee, \$45.00** – If your water service has been disconnected for non-payment, you have to pay the past due balance plus the reconnect fee between the hours of 8:00 am – 3:00 pm. Any payment made after 3:00 pm is considered after hours and the After Hours reconnect fee applies.
 - g. **After hours reconnect**
 - i. **In County, \$120.00** – Applies to customers within Thurston County.
 - ii. **Out of County, \$165.00** – Applies to customers outside Thurston County.
 - iii. **Holiday/weekend, \$210.00** – Applies to all customers. The weekend starts at 4:30 pm on Friday.
 - h. **Meter tampering charge, \$200.00** – There may be levied an investigation, service and/or commodity charge against any person, firm or corporation who shall tamper with any water meter, fire line meter, service line, or any meter related appurtenances of the District. Such sum shall be payable at the time of discovery by the District of such tampering.
 - i. **Refundable deposits, \$75.00 or \$150.00** – Based on your credit history, a \$75.00 or \$150.00 refundable deposit may be charged. For residential customers, after 24 consecutive months of your payment being received on time, you may request that your deposit be refunded. For non-residential customers, 36 consecutive months of payments must be received on time to qualify. In addition, when your account is closed, your deposit will be applied to any final bill that is due. Any amount of the deposit left after the final bill has been paid will be refunded.
 - j. **Lender Letter, \$55.00** – A Lender Letter identifies the water system name and the number of connections currently served at a given address. The most recent water bacteriological analysis is also included with the letter.
 - k. **Water Availability Letter, \$55.00** – Similar to a Lender Letter, Water Availability Letters are provided upon request. These letters are for new customers who are installing a

new service, typically on undeveloped property or an empty lot. This letter lets the developer or owner know if there is enough water available to setup a new service connection.

- l. **Meter Test, \$100.00** – A meter test is available to customers who have an unusually high bill after we performed a re-read and checked for leak. The first Meter Test is free. If you request a second test and the meter passes the test again, you will be charged for the meter test.
- m. **Cross Connection Survey, \$45.00** – Onsite survey inspection.
- n. **Back Flow Test** – To be determined.
- o. **Temporary Service Deposit, \$1500.00** – Applies to new construction projects where water is needed on site to complete the construction. A meter will be installed for billing purposes and then removed when the project is complete.
- p. **Service Connection Charge** – This charge is in addition to the General Facility Charge for new customers that don't currently have active water service and need a meter installed. The size of the meter determines the amount of the charge.
 - i. **¾" meter install, \$730.00**
 - ii. **1" meter install, \$830.00**
 - iii. **1 ½" meter install, \$730.00 plus time and materials to install**
 - iv. **2" meter install, \$900.00 plus time and materials to install**
 - v. **Fire meter install, \$1,562.00**
- q. **General Facility Charge, \$3,000.00** – This charge only applies to customers that do not have a meter already installed and to new unmetered connections that are not currently receiving water service. It is intended to ensure that new customers pay their fair share toward the cost of paying for the infrastructure of a water system.
- r. **Non-compliant customer, first time is \$50.00, second time is \$110.00** – This applies to any customer who does not comply with our policies. For example, if you park your car on top of the meter and we don't have access to it. We will contact the customer and let them know before we charge a fee. If our field staff is unable to access the meter again, this fee will be applied to the account. Another example is if you lock a gate that prevents us getting access to the Pump House, even if it's on your property.
- s. **Street Light Fee** – This street light fee is to pay for the streetlight service provided by an electric utility. This is a pass through charge to pay for light service for all of the water system customers.
- t. **City of Gig Harbor B&O Tax** – This is a tax levied by the city of Gig Harbor for Water Systems within the city limits. The tax rate is 5.00% and only applies to customers on the Quail Run water system.

The following examples have been provided for your reference. "CF" is short for cubic feet.

Former H&R Waterworks WS Proposed Rates 2018

5/8" or 3/4" meter with 500 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
500 cf usage	\$10.00	\$10.00
	\$41.69	\$42.73

5/8" or 3/4" meter with 750 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
750 cf usage	\$17.95	\$17.95
	\$49.64	\$50.68

5/8" or 3/4" meter with 1000 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
1000 cf usage	\$25.90	\$25.90
	\$57.59	\$58.63

5/8" or 3/4" meter with 1500 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
1500 cf usage	\$41.80	\$41.80
	\$73.49	\$74.53

5/8" or 3/4" meter with 2000 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
2000 cf usage	\$65.80	\$65.80
	\$97.49	\$98.53

5/8" or 3/4" meter with 3000 cf of usage	Inside Thurston County	Outside Thurston County
Base Rate	\$24.99	\$26.03
Capital Surcharge	\$6.70	\$6.70
3000 cf usage	\$113.80	\$113.80
	\$145.49	\$146.53

PAYMENTS

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1. Can I pay with my credit card?

No, not until January 2018. Once all of H&R Waterworks Inc.'s accounts have been transferred into the PUDs billing system, VISA and MasterCard payments will be accepted at Thurston PUD's website and over the phone.

2. How do I make my payment?

Until January 2018, you will need to make a payment by check, cash, or money order. Many customers are choosing to setup auto bill pay through their bank, since the bank typically issues a physical check. Please check with your bank to ensure they send out a physical check for payments made through them. The mailing address to make payments is:

Thurston PUD
P.O. Box 3
East Olympia, WA 98540

We will reach out to all of our customers in the upcoming months to outline multiple ways to pay water utility bills in 2018.

3. Can I pay in person?

Yes, you can pay in person with a check, cash, or money order. Credit cards are unable to be processed at the office. The former office of H&R Waterworks, Inc. is now a satellite office of Thurston PUD and the address is still 8421 Old Hwy 99, Tumwater, WA 98501. The office is just south of the Olympia Airport. A payment can also be made at Thurston PUD's main office at 921 Lakeridge Way, Suite 301, Olympia, WA 98502.

4. I've been receiving an e-statement, will I continue to get one even though the website isn't active?

Yes, you will continue to get an e-statement if you have been receiving one already. That feature is separate from the website and has not been affected.