



Public Utility District No. 1
of Thurston County

Commissioners

Linda Oosterman – District 1
Russell E. Olsen – District 2
Chris Stearns – District 3

September 28, 2017

Dear New Customers of Public Utility District No. 1 of Thurston County,

In a letter dated September 27, 2017, the owner of H&R Waterworks and I provided you a letter containing notice that Public Utility District No. 1 of Thurston County (Thurston PUD or PUD) purchased H&R Waterworks' water systems. We are looking forward to serving you.

The PUD is a public, not for profit, municipal corporation governed by three elected Commissioners who approve an annual budget and rates. The UTC does not have jurisdiction over a public utility district. We will do our best to make this transition as easy as possible. **The PUD will become your water purveyor effective October 1, 2017.** The H&R Waterworks field and office staff will join the PUD staff and will do our best to continue to provide you the best service we can to keep your water safe and reliable. If you experience any water related issues, please continue to contact (360) 357-3277.

The Commissioners of PUD No. 1 of Thurston County are holding a Public Hearing as outlined below and plan to adopt rates, fees, and charges immediately following the Public Hearing. **The Commissioners propose adopting your current water system rates as approved by the UTC tariff through December 31, 2017.**

Public Hearing

<u>Date</u>	<u>Time</u>	<u>Location</u>
October 10, 2017	5:00 p.m.	921 Lakeridge Way SW Suite 301 Olympia, WA 98502

If you are unable to attend the meeting but would like to submit written comments, please provide them by no later than 4:30 p.m. October 9, 2017 at the address or to the email below to ensure they are considered by the Commissioners during the Public Hearing:

PUD Commissioners

921 Lakeridge Way SW, Suite 301, Olympia, WA 98502

Or email: PUDCustomerService@thurstonpud.org

The PUD will propose immediate implementation of the PUD's general facility charge (GFC) of \$3,000.00 per equivalent residential unit. In addition to approving the existing rate schedules, all customers pay a monthly capital surcharge of \$4.80 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 projects which capital improvements or replacements are needed in your water system, when they are needed and what the replacements/improvements will cost. The capital surcharges are used as the primary source

to fund those improvements.

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. We developed and use 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.

Looking forward, in October and November, the PUD will be conducting a series of customer meetings throughout our service areas to meet with you and our other new customers. We will send out a letter notifying you of locations where you can attend a meeting and a public hearing to learn more about the PUD. I would like to invite you to attend one of the meetings to meet us and learn more about the PUD.

If you have any questions, please contact us at (360) 357-8783, or toll free at (866) 357-8783, or stop by the office or visit our website, www.thurstonpud.org if you have any questions. **If you have water related issues, continue to contact (360) 357-3277 so that we can dispatch the appropriate staff to address your issue.** Again, we are delighted to be your water service provider and look forward to meeting and serving you.

Sincerely,



John Weidenfeller
General Manager