

FREQUENTLY ASKED QUESTIONS

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GENERAL INFORMATION

1. **When is the 2017 Rate Hearing for the former customers of the H&R Waterworks, Inc., that are now Thurston PUD customers, and what rates, fees and charges are being considered?**

The 2017 Rate Hearing for rates, fees and charges being considered for the former customers of the H&R Waterworks, that are now Thurston PUD customers, will be held at the October 10, 2017 Thurston PUD Commissioner meeting. The meeting begins at 5:00 p.m. at 921 Lakeridge Way SW, Suite 301, Olympia 98502. The PUD Commissioners are expected to make a decision on 2017 rates, fees and charges at this meeting. Only the following items below will be considered.

- a. Continue all H&R Waterworks, Inc. rates until the end of 2017.
- b. Implement the same monthly capital surcharge of \$4.80 per month that all other PUD customers pay. The purpose of this capital surcharge is to replace water system infrastructure when it is at the end of its life cycle.
- c. Implement the \$3,000.00 general facility charge that applies to current PUD water systems. This 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.

2. **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, and what rates are being considered?**

- a. There are five (5) scheduled public meetings/rate hearings as outlined below. PUD Commissioners and staff will attend these meetings.

Monday, October 16, 2017 in Pierce County – 7:00 p.m. to 9:00 p.m.

McGavick Conference Center @ Clover Park Technical College
4500 Steilacoom Blvd SW
Bldg 23
Lakewood, WA 98499

Wednesday, October 18, 2017 in Mason County – 7:00 p.m. to 9:00 p.m.

Shelton Civic Center
525 W Cota St
Shelton, WA 98584

Thursday, October 19, 2017 in Thurston County – 7:00 p.m. to 9:00 p.m.

Lacey Community Center
6729 Pacific Ave SE
Lacey, WA 98503

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

b. 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.

The new rates are proposed for 2018 and 2019 as summarized below:

	Residential - Single Family units				Commercial - Multi Family units			
	2018		2019		2018		2019	
	Inside Thurston County	Outside Thurston County	Inside Thurston County	Outside Thurston County	Inside Thurston County	Outside Thurston County	Inside Thurston County	Outside Thurston County
Base Rate per meter size - no allowance								
5/8" or 3/4"	\$ 24.99	\$ 26.03	\$ 29.41	\$ 33.65	\$ 26.75	\$ 28.75	\$ 33.82	\$ 37.16
1"	\$ 49.84	\$ 50.88	\$ 61.89	\$ 65.89	\$ 52.56	\$ 54.56	\$ 71.16	\$ 75.16
1 1/2"					\$ 109.21	\$ 110.25	\$ 142.32	\$ 146.32
2"					\$ 174.75	\$ 175.79	\$ 227.70	\$ 231.70
3"					\$ 327.73	\$ 327.73	\$ 426.95	\$ 430.95
Consumption Charges - per 100 cubic feet								
0-500 cf	\$ 2.00	\$ 2.00	\$ 2.63	\$ 2.63	n/a	n/a	n/a	n/a
501-1500 cf	\$ 3.18	\$ 3.18	\$ 4.04	\$ 4.04	n/a	n/a	n/a	n/a
1501 - 3000 cf	\$ 4.80	\$ 4.80	\$ 5.56	\$ 5.56	n/a	n/a	n/a	n/a
3001 + cf	\$ 6.23	\$ 6.23	\$ 6.35	\$ 6.35	n/a	n/a	n/a	n/a
Commercial November -June					\$ 2.69	\$ 2.69	\$ 4.04	\$ 4.04
Commercial July - October					\$ 3.82	\$ 3.82	\$ 6.35	\$ 6.35

CAPITAL IMPROVEMENT SURCHARGES

PUD 2018 Capital Surcharge
Rainbow Lake Lakefill Charge

\$6.70/month per ERU
\$3.16/month per ERU

ANCILLARY 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 2019 Flat Rate - \$55.00
After hours reconnect		Note: The PUD has a policy to meter all connections and then move customers to metered rates
In County	\$120.00	
Out of County	\$165.00	
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 2 times the highest bill in the preceding 12 mo, whichever is highest
Water availability letter	\$55.00	
Lender letter	\$55.00	
Meter Test	\$100.00	
Cross connection survey	\$45.00	
Back flow test		Time and materials-SMA rates
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

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

5/8" or 3/4" meter inside Thurston County with 500 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
500 cf usage	\$ 10.00
	\$ 41.69

5/8" or 3/4" meter inside Thurston County with 750 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
750 cf usage	\$ 17.95
	\$ 49.64

5/8" or 3/4" meter inside Thurston County with 1000 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
1000 cf usage	\$ 25.90
	\$ 57.59

5/8" or 3/4" meter inside Thurston County with 1500 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
1500 cf usage	\$ 41.80
	\$ 73.49

5/8" or 3/4" meter inside Thurston County with 2000 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
2000 cf usage	\$ 65.80
	\$ 97.49

5/8" or 3/4" meter inside Thurston County with 3000 cf of usage

Base Rate	\$ 24.99
Capital Surcharge	\$ 6.70
3000 cf usage	\$ 113.80
	\$ 145.49

3. 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.

4. 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.

5. 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.

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.

RATES, FEES AND CHARGES

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1. **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.

2. **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.

3. **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.

4. **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.

5. **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.

6. **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.

7. **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.

8. **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.

9. **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.