



HOW FIREFLOW CAPACITY AFFECTS YOUR WATER BILL

What is Fireflow Capacity?

Fireflow Capacity is the ability to provide sufficient water to fight fires throughout the City of Bellevue and other jurisdictions that receive water service from Bellevue. Fireflow Capacity costs include the cost of fire hydrants and the added cost of oversized pipe and reservoir storage to meet fireflows.

How does Fireflow Capacity affect water rates?

Prior to 2010, Fireflow Capacity was paid for as part of water rates. In October 2008, the Washington State Supreme Court ruled that Fireflow Capacity is a general government responsibility (General Fund) and cannot be paid for through water rates. Below is a summary for how this ruling affects Bellevue customers and customers living outside Bellevue City limits:

Bellevue Customers

In 2010, in compliance with the Supreme Court ruling, Bellevue Utilities removed Fireflow Capacity costs from the water rate, which reduced the water rate by 6%. To recover the costs for Fireflow Capacity, the City tax on water was increased by 5.4%, beginning January 1, 2010. There was no net change to the amount on the bill of a Bellevue resident, simply a decrease in water charges and an offsetting increase in water taxes.

Customers Living Outside Bellevue City Limits

Bellevue's Water Utility provides Fireflow Capacity to water customers living outside Bellevue City limits in Medina, Clyde Hill, Hunts Point, Yarrow Point, and small portions of Issaquah, Kirkland, and King County.

In 2010, in compliance with the Supreme Court ruling, Bellevue Utilities removed Fireflow Capacity costs from the water rate, which reduced the rate by 6%. The City tax on water was raised and was passed through to customers living within Bellevue City limits beginning in 2010. **However, no tax on the Water Utility was passed through to customers living outside Bellevue City limits in 2010 and 2011, while agreements with jurisdictions were being negotiated.** As a result, costs to provide Fireflow Capacity to jurisdictions outside the City of Bellevue accrued during this time. An agreement has now been reached with the jurisdictions, and Fireflow Capacity costs will be recovered in the following way for customers living outside Bellevue City limits:

City Tax on Water Utility

To recover the accrued cost of providing Fireflow Capacity from January 1, 2010 through March 1, 2012 and to pay for ongoing costs to provide Fireflow Capacity, the Water Utility will pay a City tax on water of 10.4% based on the revenues it receives from all water customers in its service area (gross receipts). The Utility will pass on this increased business cost to all customers including those in jurisdictions outside Bellevue city limits, effective March 1, 2012. Customers will see a line on their utility bill called "City Tax – Water." This change will not impact customers who reside in Bellevue; they are already paying this tax..

For Customers Living Outside Bellevue City Limits:

1. Why do the costs from two years ago have to be recovered?

Having adequate Fireflow Capacity was provided as a service to all water customers, and there was a cost associated with providing that service. The total cost of providing Fireflow Capacity to Bellevue's service area for 2010 and 2011 was \$3.9 million. Of this amount, the cost of providing this service to jurisdictions outside Bellevue City limits since 2010 is \$567,000 . By law, this cost must be repaid.

2. Why weren't costs recovered starting back in 2010 instead of waiting and implementing cost recovery now?

All jurisdictions were not in agreement about how the costs would be recovered. However, Bellevue now has agreements with all jurisdictions.

3. I just bought my house. Why do I have to pay for past costs of fireflow capacity that happened before I lived here?

Fireflow Capacity was provided to the property in 2010 and 2011. Although this may have predated your ownership, the costs accrued to your jurisdiction, and by law must be recovered.

Questions? Please call Bellevue Utilities Customer Service at 425-452-6973.