

FIRE FLOW CAPACITY

(Adequate Water Flow for Fire Suppression)

Frequently Asked Questions
Effective January 1, 2010

1. What is Fire Flow Capacity?

Fire Flow Capacity represents the ability to provide sufficient water throughout the water distribution system to fight fires. Fire Flow Capacity is essentially a standby service that is available on demand in case of a fire. Bellevue Utilities provides this service to the City of Bellevue and other jurisdictions that receive water service from Bellevue.

2. How much does it cost the Water Utility to provide Fire Flow Capacity?

Fire Flow Capacity costs include the cost of hydrants and the added cost of oversized pipe and reservoir storage to meet fire flows. Projected 2010 Fire Flow Capacity costs are approximately \$2.0 million per year for the entire service area. Of that amount, \$1.7 million is attributed to the City of Bellevue.

3. Why are Water rates changing?

In October 2008, the Washington State Supreme Court ruled Fire Flow Capacity is a general government responsibility, and thus cannot be paid for through water rates.

4. How does the Supreme Court ruling impact water customers within Bellevue City Limits?

To be in compliance with the Supreme Court ruling, Bellevue Utilities has removed Fire Flow Capacity costs from the water rate, reducing the water rate by 6% in 2010.

Water Rate for 2010:

2010 Adopted Increase	9.2%
Reduction for Fire Flow Capacity	<u>(6.0%)</u>
Rate Increase for 2010	3.2%

5. How will the City of Bellevue fund Fire Flow Capacity for Bellevue residents going forward?

Beginning Jan 1, 2010, Fire Flow Capacity will be funded by a 5.4% increase in the Utility Tax assessed by the City of Bellevue on water revenue generated within the City's boundaries. The total Utility Tax on water for Bellevue residents will be 10.4%.

Water Utility Tax for 2010:

Existing Water Utility Tax Rate	5.0%
Increase to Fund Fire Flow Capacity Costs	<u>5.4%</u>
Utility Tax Rate on Water for 2010	10.4%

6. I'm a Bellevue resident. What does this mean to me? What changes on my water bill? There will be no net change to the amount of your bill. You will simply see a decrease in water charges and an increase in water taxes.

Typical Single Family Residential Customer Monthly Bill (using 10 ccf/mo):

	<u>2009</u> <u>Bill</u>	2010 <u>Bill Before</u> Fire Flow Capacity <u>Adjustment</u>	2010 <u>Bill After</u> Fire Flow Capacity <u>Adjustment</u>	<u>Difference</u>
Bill Before Tax	\$38.85	\$42.45	\$40.05	(\$2.40)
Utility Tax	<u>2.04</u>	<u>2.23</u>	<u>4.64</u>	<u>2.41</u>
Total	40.89	44.68	44.69	\$0.01

7. I'm *not* a Bellevue resident. What does this mean to me? Bellevue Utilities provides Fire Flow Capacity to Medina, Clyde Hill, Hunts Point, Yarrow Point, and small portions of Issaquah, Kirkland, and King County. If you are our water customer in one of these areas, your water rate will decrease by 6%.

The Supreme Court ordered that local governments receiving Fire Flow Capacity must pay for the service, unless they were specifically exempted by provisions in their franchise agreements.

Bellevue Utilities will start charging these governments for Fire Flow Capacity service beginning Jan 1, 2010. Each jurisdiction will independently determine how best to recover their costs.

Water Rate for 2010:

2010 Adopted Increase	9.2%
Reduction for Fire Flow Capacity	<u>(6.0%)</u>
Rate Increase for 2010	3.2%

8. Why are we making the changes now? We chose to make the change at the beginning of the year, to coincide with the already scheduled 2010 rate changes.