

# HOUSE BILL REPORT

## ESHB 1326

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As Passed Legislature

**Title:** An act relating to conservation tariffs allowing transfer of payment obligations to successive property owners.

**Brief Description:** Relating to conservation tariffs allowing transfer of payment obligations to successive property owners.

**Sponsors:** By House Committee on Energy & Utilities (originally sponsored by Representatives Finkbeiner, Grant, Miller, Casada, R. Meyers, Ludwig, Heavey, Long and Johanson.)

**Brief History:**

Reported by House Committee on:  
Energy & Utilities, February 18, 1993, DPS;  
Passed House, March 9, 1993, 98-0;  
Amended by Senate;  
Passed Legislature, April 19, 1993, 95-0.

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### HOUSE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Grant, Chair; Finkbeiner, Vice Chair; Casada, Ranking Minority Member; Miller, Assistant Ranking Minority Member; Johanson; Kessler; Kremen; Long; and Ludwig.

**Staff:** Harry Reinert (786-7110).

**Background:** The Utilities and Transportation Commission (UTC) regulates the rates charged by the utilities it regulates. The UTC is required to assure that rates charged are "fair, just, and reasonable." Utilities are required to charge the rates on file with the commission. The UTC must also approve all contracts entered into between a regulated utility and its customers.

Regulated utilities are encouraged to invest in cost-effective conservation measures. The utilities have used a number of different approaches to implementing these measures. In some instances, the utility, pursuant to an agreement with the customer, will install measures in a

customer's property and have the customer pay for the measures over time, with either a no-interest or low-interest loan. The utility may sometimes also take out a lien on the property that has received the conservation measures.

The county auditor or recording officer is the officer who records documents that may affect the title to real property. Documents that may be recorded include liens, deeds of trust, or other documents required by law to be recorded.

There is currently no statutorily mandated form of disclosure as part of real estate transactions. Real estate multiple listing agencies and state associations of real estate brokers and dealers have developed forms for their members to use during real estate transactions.

Title insurance is regulated by the State Insurance Commission. There are no statutory provisions relating to disclosures required in a title insurance policy.

**Summary of Bill:** The Legislature recognizes the importance of cost-effective energy conservation in assuring energy price stability and adequate supplies of energy. The Legislature also declares its intent that utilities develop innovative approaches to promoting energy efficiency. The Legislature also declares its intent that information about energy efficiency tariffs on property should be made known to purchasers of real property.

An electric or gas utility regulated by the Utilities and Transportation Commission may file a tariff schedule with the commission to cover the costs of energy efficiency measures provided to individual property owners or customers. The utility must enter into an agreement with the customer to take advantage of the schedule. Payment by the customer may be over a period of time. The tariff schedule may be applied to subsequent purchasers of the property. The electric utility must record a notice of the agreement with the county auditor or recording officer in the county in which the property is located. The commission may require the company to notify property owners and customers of conservation tariffs.

The seller of real property on which a conservation tariff is in effect must disclose the existence of the tariff prior to closing a sale of the real property.

A title insurer may include an informational note on the existence of the conservation tariff obligation. A title

insurer is not liable for including or excluding the obligation in an informational note.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Because of concerns with the effect of conservation tariffs on property transactions, some utilities are having difficulty developing some energy efficiency programs. This bill will assure that the utilities can develop these programs while at the same time assuring that property transactions are not affected.

**Testimony Against:** None.

**Witnesses:** Ron Newbry, Bill Griffith, and Jim Fall, Pacific Power and Light (pro); Collins Sprague, Washington Water Power (pro); Mike Tracey, Puget Power (pro); Tim Sweeney, Utilities and Transportation Commission (pro); and Scott Gaspard, Washington Savings League (with concerns).