

HOUSE BILL REPORT

SSB 5390

As Reported By House Committee On:
Energy & Utilities

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: Senate Committee on Energy & Utilities (originally sponsored by Senators Sutherland, Hochstatter, Deccio, Haugen and Erwin).

Brief History:

Reported by House Committee on:
Energy & Utilities, April 1, 1993, DPA.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass as amended. 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 insurers are regulated by the insurance commissioner. The content of title insurance policies, including the nature of disclosures, is a matter of use and custom in the industry. There are no statutory provisions mandating any particular disclosures in title insurance policies.

Summary of Amended 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 and that utilities should work with the title insurance industry.

An electric or gas utility regulated by the UTC 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, including a legal description, 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 disclose a conservation tariff obligation as an informational note to a preliminary commitment for a title insurance policy. Inclusion or

exclusion of such an informational note does not create any liability on the part of the title insurer.

Amended Bill Compared to Substitute Bill: The amended bill adds the provisions relating to title insurance and directs that the notice of payment obligation filed with the county include a legal description of the property.

Fiscal Note: Available.

Effective Date of Amended Bill: 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 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, Pacificorp (pro).