

**SENATE BILL REPORT**

**SSB 5390**

**AS PASSED SENATE, MARCH 16, 1993**

**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)

**SENATE COMMITTEE ON ENERGY & UTILITIES**

**Majority Report:** That Substitute Senate Bill No. 5390 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chairman; Jesernig, Vice Chairman; Amondson, Hochstatter, Owen, Roach, A. Smith, Vognild, and Williams.

**Staff:** Phil Moeller (786-7445)

**Hearing Dates:** February 1, 1993; March 2, 1993

**BACKGROUND:**

As the regional surplus of electricity has been consumed over the past three years, many electrical utilities have focused on the need for more aggressive conservation programs. Some of these proposed utility programs provide energy efficiency services or products that add to the value of the consumer's property. While consumers receive the benefit of reduced consumption, the utility can recover part of the cost of the measures through ongoing service charges.

Some natural gas utilities have also expressed interest in these types of programs. There is concern about the uncertainty of the financial relationship between the utility and the new owner of the enhanced property when the property is sold.

**SUMMARY:**

The Utilities and Transportation Commission may approve a tariff requested by an electric or natural gas company that contains rates or charges for energy conservation measures, services or payments provided to individual property owners or customers. A tariff is required to provide for agreements between electric or natural gas companies and customers; it may also provide for ongoing payment obligations to successive property owners. Electrical or natural gas companies are required to record a notice of any payment obligations in the records of the county auditor.

A seller of real property subject to a charge for energy conservation measures provided by a utility under tariff must disclose to the purchaser the existence of the obligation and the possibility of payment obligation.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This clarification is needed to remove selected utility uncertainties over the risk of some conservation investments. Ultimately this measure will help.

**TESTIMONY AGAINST:**

There is some concern that these changes are, in effect, equivalent to liens.

**TESTIFIED:** Ron Newbry, Rob Sirvaitis, Bill Griffith, Jim Fell, Pacificorp (pro); Collins Sprague, Washington Water Power Company (pro); Scott Gaspard, Washington Savings League; Mike Tracy, Puget Power; Glen Hudson, Washington Association of Realtors