

# SENATE BILL REPORT

## SB 5624

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As of February 14, 2017

**Title:** An act relating to transparency in retail electrical customer billing.

**Brief Description:** Concerning transparency in retail electrical customer billing.

**Sponsors:** Senators Hasegawa and Fortunato.

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 2/14/17.

**Brief Summary of Bill**

- Requires each electric utility to (1) disclose on all billing statements an itemized listing of all rates and charges, including the amount of taxes collected and whether taxes are collected on behalf of other political subdivisions; and (2) provide written notice for any public hearing when changes in rates or charges will be considered or approved.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Staff:** Kimberly Cushing (786-7421)

**Background:** Disclosure to Retail Electric Customers. Retail electric customers have the right to receive specified disclosures from all electric utilities, other than small electric utilities. The disclosures must include (1) credit and deposit requirements, (2) rates and charges, including how to receive notice for public hearings on changes in rates, (3) metering and measurement policies, (4) bill payment policies, (5) payment arrangement options, (6) disconnection notice requirements, (7) confidentiality policies for customer records, (8) customer inquiry and complaint procedures, and (9) an annual report.

A utility's annual report must include at least (1) number of customers by class and amount of electricity consumed by each class, (2) summary of average rates by class, (3) amount invested in conservation, non-hydrorenewable resources, and low-income energy assistance, and (4) taxes paid by the utility and its customers.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Notice of Disclosures to Retail Electric Customers. At the time service is established and at least once a year thereafter, an electric utility must provide notice that disclosures are available upon request and without charge. This notice must either be a prominent part of each customer's bill or provided in a separate mailing.

Utilities must identify on all customer billing statements, or by a separate quarterly written notice, the various components of electricity service that customers are charged for as part of their bills, including electricity, distribution, metering, overhead, conservation investments, and taxes.

Small Electric Utilities. A small utility is defined as any consumer-owned utility with 25,000 or fewer electric meters in service, or that has an average of seven or fewer customers per mile of distribution line.

Additional Tax Information on Customer Billings. Any customer billing issued by a light or power business that serves more than 20,000 customers in Washington must include (1) the rates and amounts of taxes paid directly by the customer on products or services from the light and power business, and (2) the rate, origin, and approximate amount of each tax levied on the revenue of the light and power business.

**Summary of Bill:** All electric utilities, other than small electric utilities, must provide to their retail electric customers the following:

- written notice for any public hearing when changes in rates or charges will be considered or approved; and
- a billing statement with an itemized listing of all rates and charges, including the amount of federal, state, and local taxes collected and paid by the electric utility and whether taxes are collected on behalf of other political subdivisions.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: Public utility bills do not reflect what taxes are being collected. The state government has been shifting the tax burden to local governments, which forces the public utilities to collect the taxes for the cities. The tax shift should be transparent so that utility ratepayers understand what is going on. The annual report is not very user-friendly and does not separate out the category of "total miscellaneous taxes." This will clarify what the taxpayers are spending money on. Seattle City Light intends to put both the city utility tax and state public utility tax in the customer bill but it will take a bit of time. Currently the tax is imbedded in the kilowatt rate.

**Persons Testifying:** PRO: Senator Bob Hasegawa, Prime Sponsor; Rose Feliciano, Seattle City Light.

**Persons Signed In To Testify But Not Testifying:** No one.