

---

HOUSE BILL 2261

---

State of Washington                      64th Legislature      2015 2nd Special Session

By Representatives Shea, Reykdal, Taylor, Scott, and Van Werven

Read first time 06/01/15.      Referred to Committee on Technology & Economic Development.

1            AN ACT Relating to protecting utility customers by modifying the  
2 authority of utilities to backbill customers for charges missed due  
3 to utility error; amending RCW 35.92.050, 54.16.040, and 80.28.080;  
4 and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.**    The legislature finds that there have been  
7 occasions when a utility has underbilled utility customers because of  
8 failures of equipment owned by a utility, such as an automated  
9 reading device on an electric meter. Though the underbilling may be  
10 small and unnoticeable to the utility customer, if the error is not  
11 discovered by the utility for years, the cumulative impact of the  
12 underbilling could result in a substantial amount becoming due and  
13 payable solely by the utility customer that had the misfortune to  
14 draw the faulty equipment. For customers on fixed or limited incomes,  
15 such as students and retirees, it can be a devastating burden to  
16 receive a utility bill that is multiple times greater than the amount  
17 usually budgeted. The legislature finds it inequitable that the  
18 current practice allows utilities to bill a customer for all of the  
19 past underbilling when that underbilling was caused by errors of  
20 equipment the utility owns, installs, and should be responsible to  
21 maintain in working order, or errors from utility processes that are

1 solely the utilities' responsibility. The legislature finds that a  
2 utility is more likely to be diligent and prompt in discovering and  
3 rectifying billing errors, if the results of any billing errors are  
4 not borne by one customer, but instead jointly shared by all utility  
5 customers, as this would maximize the stake all customers have  
6 holding utilities accountable for excellent performance and service.  
7 Therefore, the legislature intends to modify the authority of  
8 utilities to backbill customers for charges missed due to utility  
9 error in such a way that any single customer is responsible for no  
10 more than one billing cycle worth of underbilling that results for  
11 utility error.

12 **Sec. 2.** RCW 35.92.050 and 2002 c 102 s 3 are each amended to  
13 read as follows:

14 (1) A city or town may also construct, condemn and purchase,  
15 purchase, acquire, add to, alter, maintain and operate works, plants,  
16 facilities for the purpose of furnishing the city or town and its  
17 inhabitants, and any other persons, with gas, electricity, and other  
18 means of power and facilities for lighting, including streetlights as  
19 an integral utility service incorporated within general rates,  
20 heating, fuel, and power purposes, public and private, with full  
21 authority to regulate and control the use, distribution, and price  
22 thereof, together with the right to handle and sell or lease, any  
23 meters, lamps, motors, transformers, and equipment or accessories of  
24 any kind, necessary and convenient for the use, distribution, and  
25 sale thereof; authorize the construction of such plant or plants by  
26 others for the same purpose, and purchase gas, electricity, or power  
27 from either within or without the city or town for its own use and  
28 for the purpose of selling to its inhabitants and to other persons  
29 doing business within the city or town and regulate and control the  
30 use and price thereof.

31 (2)(a) A customer provided electricity or natural gas service by  
32 a city or town pursuant to the authority of this section is not  
33 liable for payment of any amounts not billed to the customer due to a  
34 billing error of the city or town, except for amounts properly owed  
35 for service that took place within the billing cycle immediately  
36 previous to the city or town's notice to the customer that the  
37 customer has been underbilled.

38 (b) For the purposes of this section, "billing error" includes  
39 error arising from: (i) Nonregistering, incorrectly registering, or

1 crossed meters; (ii) other faulty equipment; and (iii) administrative  
2 error, including incorrect meter reads, clerical errors, incorrect  
3 billing calculations, and application of an incorrect daily billing  
4 factor.

5 **Sec. 3.** RCW 54.16.040 and 1955 c 390 s 5 are each amended to  
6 read as follows:

7 (1) A district may purchase, within or without its limits,  
8 electric current for sale and distribution within or without its  
9 limits, and construct, condemn and purchase, purchase, acquire, add  
10 to, maintain, conduct, and operate works, plants, transmission and  
11 distribution lines and facilities for generating electric current,  
12 operated either by water power, steam, or other methods, within or  
13 without its limits, for the purpose of furnishing the district, and  
14 the inhabitants thereof and any other persons, including public and  
15 private corporations, within or without its limits, with electric  
16 current for all uses, with full and exclusive authority to sell and  
17 regulate and control the use, distribution, rates, service, charges,  
18 and price thereof, free from the jurisdiction and control of the  
19 utilities and transportation commission, in all things, together with  
20 the right to purchase, handle, sell, or lease motors, lamps,  
21 transformers and all other kinds of equipment and accessories  
22 necessary and convenient for the use, distribution, and sale thereof:  
23 PROVIDED, That the commission shall not supply water to a privately  
24 owned utility for the production of electric energy, but may supply,  
25 directly or indirectly, to an instrumentality of the United States  
26 government or any publicly or privately owned public utilities which  
27 sell electric energy or water to the public, any amount of electric  
28 energy or water under its control, and contracts therefor shall  
29 extend over such period of years and contain such terms and  
30 conditions for the sale thereof as the commission of the district  
31 shall elect; such contract shall only be made pursuant to a  
32 resolution of the commission authorizing such contract, which  
33 resolution shall be introduced at a meeting of the commission at  
34 least ten days prior to the date of the adoption of the resolution:  
35 PROVIDED FURTHER, That it shall first make adequate provision for the  
36 needs of the district, both actual and prospective.

37 (2)(a) A customer provided electricity by a district pursuant to  
38 the authority of this section is not liable for payment of any  
39 amounts not billed to the customer due to an error of the district,

1 except for amounts properly owed for service that took place within  
2 the billing cycle immediately previous to the district's notice to  
3 the customer that the customer has been underbilled.

4 (b) For the purposes of this section, "billing error" includes  
5 error arising from: (i) Nonregistering, incorrectly registering, or  
6 crossed meters; (ii) other faulty equipment; and (iii) administrative  
7 error, including incorrect meter reads, clerical errors, incorrect  
8 billing calculations, and application of an incorrect daily billing  
9 factor.

10 **Sec. 4.** RCW 80.28.080 and 2011 c 214 s 17 are each amended to  
11 read as follows:

12 (1)(a) Except as provided otherwise in this subsection, no gas  
13 company, electrical company, wastewater company, or water company may  
14 charge, demand, collect or receive a greater or less or different  
15 compensation for any service rendered or to be rendered than the  
16 rates and charges applicable to such service as specified in its  
17 schedule filed and in effect at the time, nor may any such company  
18 directly or indirectly refund or remit in any manner or by any device  
19 any portion of the rates or charges so specified, or furnish its  
20 product at free or reduced rates except to its employees and their  
21 families, and its officers, attorneys, and agents; to hospitals,  
22 charitable and eleemosynary institutions and persons engaged in  
23 charitable and eleemosynary work; to indigent and destitute persons;  
24 to national homes or state homes for disabled volunteer soldiers and  
25 soldiers' and sailors' homes.

26 For the purposes of this subsection (1):

27 (i) "Employees" includes furloughed, pensioned and superannuated  
28 employees, persons who have become disabled or infirm in the service  
29 of any such company; and

30 (ii) "Families" includes the families of those persons named in  
31 this proviso, the families of persons killed or dying in the service,  
32 also the families of persons killed, and the surviving spouse prior  
33 to remarriage, and the minor children during minority of persons who  
34 died while in the service of any of the companies named in this  
35 subsection (1).

36 (b) Water companies may furnish free or at reduced rates water  
37 for the use of the state, or for any project in which the state is  
38 interested.

1 (c) Gas companies, electrical companies, wastewater companies,  
2 and water companies may charge the defendant for treble damages  
3 awarded in lawsuits successfully litigated under RCW 80.28.240.

4 (2) No gas company, electrical company, wastewater company, or  
5 water company may extend to any person or corporation any form of  
6 contract or agreement or any rule or regulation or any privilege or  
7 facility except such as are regularly and uniformly extended to all  
8 persons and corporations under like circumstances.

9 (3)(a) A customer of a gas company or electrical company is not  
10 liable for payment of any amounts not billed to the customer due to  
11 an error of the electrical or gas company, except for amounts  
12 properly owed for service that took place within the billing cycle  
13 immediately previous to the company's notice to the customer that the  
14 customer has been underbilled.

15 (b) For the purposes of this section, "billing error" includes  
16 error arising from: (i) Nonregistering, incorrectly registering, or  
17 crossed meters; (ii) other faulty equipment; and (iii) administrative  
18 error, including incorrect meter reads, clerical errors, incorrect  
19 billing calculations, and application of an incorrect daily billing  
20 factor.

--- END ---