

HOUSE BILL REPORT

ESHB 1335

*As Passed House
March 20, 1991*

Title: An act relating to low-income energy assistance.

Brief Description: Providing an energy assistance and conservation program for low-income households.

Sponsor(s): By House Committee on Housing (originally sponsored by Representatives Nelson, Franklin, Ogden, Leonard, Wineberry, Mitchell, Winsley, Phillips, Jacobsen, Jones, Brekke, Spanel, Scott and Anderson).

Brief History:

Reported by House Committee on:
Housing, February 22, 1991, DPS;
Revenue, March 8, 1991, DPS(HO)-A;
House Second Reading, March 19, 1991;
Passed House, March 20, 1991, 58-40.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *That Substitute House Bill No. 1335 be substituted therefor, and the substitute bill do pass.*
Signed by 5 members: Representatives Nelson, Chair; Franklin, Vice Chair; Leonard; Ogden; and Wineberry.

Minority Report: *Without recommendation.* Signed by 2 members: Representatives Mitchell, Ranking Minority Member; and Winsley, Assistant Ranking Minority Member.

Staff: Kenny Pittman (786-7392).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Housing be substituted therefor and the substitute bill as amended by Committee on Revenue do pass.* Signed by 8 members: Representatives Wang, Chair; Fraser, Vice Chair; Appelwick; Belcher; Leonard; Morris; Phillips; and Rust.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Holland, Ranking Minority Member; Wynne,

Assistant Ranking Minority Member; Brumsickle; Day; Morton; and Silver.

Staff: Kenny Pittman (786-7392).

Background: Energy costs are usually the largest housing expense after rent or mortgage payments. However, federal Department of Energy (DOE) studies have found that energy costs are a much more significant burden for lower-income households than for middle and upper income households. Energy conservation measures have been viewed as one method of making housing more affordable by reducing energy costs.

The state's Energy Matchmakers Program, which began in 1987, is funded with federal court ordered settlements from oil overcharges in the 1980s. This program has greatly enhanced the state of Washington's ability to meet the need for weatherizing homes of low-income persons. The program provides matching funds on a dollar for dollar basis to operators of local energy conservation programs to be used to weatherize homes of low-income persons. The matching funds are usually provided by energy suppliers, rental property owners, and charitable organizations.

Since the beginning of the program an estimated 11,000 homes have been weatherized with Matchmaker funds and its associated match, nearly double the amount of homes that would have been weatherized with Matchmaker funds alone. The funds used for the state's Energy Matchmaker Program are expected to be depleted by July 1991.

Summary of Bill: All energy suppliers, within the state of Washington, are required to submit plans to complete weatherization of one-half of the residences of their low-income customers by the year 2001. An energy supplier is defined as an electric utility or natural gas utility, whether privately or publicly owned, a heating oil dealer, or a propane dealer.

Energy suppliers are required to provide residential weatherization programs for low-income households that include all energy efficiency measures that are in the public interest, measures that are cost-effective in reference to the energy supplier's avoided cost for additional energy supplies, the savings to ratepayers due to reduced uncollectible accounts, and levels of weatherization determined in consultation with the Department of Community Development.

Funding for the low-income weatherization programs must come from the rates paid by the energy suppliers ratepayers. Electrical and gas energy suppliers that are regulated by

the Utilities and Transportation Commission must file an energy conservation tariff by December 31, 1991, and at least every five years there after until the year 2011.

Weatherization Plans

The weatherization plans of energy suppliers must be submitted to the Department of Community Development by December 31, 1991. Before the weatherization plan is submitted to the Department of Community Development, it must be made available to customers, public agencies, and other interested parties for a 30-day review and comment period. Any comments on the weatherization plans must be sent when the weatherization plan is submitted to the Department of Community Development. The Department of Community Development must review and comment on the energy supplier's weatherization plan. Energy suppliers are required to submit annual reports, to the Department of Community Development, on the progress made in carrying out its weatherization plans.

Energy Education Programs

The Department of Community Development is required to develop model energy education programs. The energy education programs must include instruction and training on the effective use of the energy conservation measures and money management techniques that the household can adopt to effectively use and preserve energy resources.

Coordination of Rehabilitation and Energy Conservation Activities

The Department of Community Development is required to coordinate available energy conservation assistance with assistance from the Washington Housing Trust Fund or the state-administered federal Community Development Block Grant Program that is used to rehabilitate residential dwellings.

Other Provisions

The Utilities and Transportation Commission is required to adopt policies to protect regulated utility companies from a reduction of short-term earnings caused by energy conservation programs. These policies may include the adoption of least cost planning and operation.

The Washington State Energy Office may prepare proposals to sell low-income energy conservation to energy suppliers.

The Department of Community Development is required to prepare an annual report, by January 1 of each year, on the

progress and status of the low-income weatherization activities of energy suppliers.

Fiscal Note: Available.

Appropriation: Yes.

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

Testimony For: (Housing): Housing affordability has to take into consideration the energy costs of the household. The present oil overcharge funds are inadequate and will be depleted by July 1991. At the present time only 20 percent of eligible households can get energy assistance. The assessment on the energy sales will provide a source of revenue to meet the weatherization needs of low-income households. The program will benefit low-income households regardless of the type of fuel used to heat their homes. This could be viewed as a form of homelessness prevention. When the utility bill is lowered, through weatherization, this frees up the monies spent on energy bills for other needs.

(Revenue): There are over 150,000 low-income households in the state that need weatherization assistance. The cost of energy is one area where housing costs can be lowered through conservation or education efforts. The existing oil overcharge funds that are used to operate the existing weatherization programs will be expended by July of this year. The funds collected under this bill would be used to continue the weatherization efforts and provide needed energy education activities.

Testimony Against: (Housing): We support the concept of energy assistance however, the assessment in this bill is a tax on the utility companies. By basing the assessment against gross revenue, a company would be liable even if it did not make a profit for the year. This is a societal problem and the funding should come from the State. The additional requirements of the program will place an undue burden on many energy suppliers. This is particularly true for the small oil heat dealers. The method that the assessment is set gives the Department of Community Development and the Legislature a blank check. Any assessment against the energy suppliers must have an annual maximum limit.

(Revenue): The annual assessment proposed in the substitute bill is a tax on energy suppliers. This is a societal problem that should not be funded by a tax on energy

suppliers. The state should provide funding and the energy suppliers would provide the match as in the Energy Matchmaker Program. Any assessment must be listed on the customer's bill as a tax.

Witnesses: (Housing): Chuck Savage, Washington State Association of Community Action Agencies (in favor of bill); Henry Yates and Betty Blair, Seattle City Light (in favor of bill); Phyllis Pulfer, Blue Mountain Action Council (in favor of bill); Don Morin and Don Keenan, The Opportunity Council (in favor of bill); Mary Murphy, League of Women Voters (in favor of bill); John Walsh, Community Action Council (in favor of bill); Larry Stuckart, Spokane Neighborhood Centers (in favor of bill); Arnold Livingston and Robert Jacobson, Senior Lobby (in favor of bill); Steve Lansing, Lutheran Public Policy Office (in favor of bill); David Girard, Evergreen Legal Services (in favor of bill); Rita Casey (in favor of bill); Ray Shindler and David Gerdts, L.P. Gas Association (against the bill); Lis Gildemeister, Ben Caley, Paul Allenkopf, Fred Liska, Mary Jacobson, and Tom Allen, Oil Heat Institute (against the bill); Terry Oxley, Puget Power (against the bill); Ron Newbry, Pacific Power (against the bill); and Tricia McKay, Washington Natural Gas (against the bill).

(Revenue): Representative Dick Nelson, Bill Sponsor (Pro); Representative Holly Myers (Pro - with changes); Mary Murphy, League of Women Voters of Washington (Pro); Robert Jacobson and Mildred Johnson, Senior Lobby (Pro); Mike Ryherd, Low-Income Housing Congress (Pro); Arnold Livingston, Mobile Home Owners of America (Pro); Tricia McKay, Washington Natural Gas (Con); and Greg Hanon, Tacoma City Light and Pierce County Cooperative Power Association (Con).