
SENATE BILL 5692

State of Washington

53rd Legislature

1993 Regular Session

By Senators Sutherland, Moore, Prentice, Jesernig, Williams, A. Smith, Amondson, Hochstatter, Roach, West and Oke

Read first time 02/09/93. Referred to Committee on Energy & Utilities.

1 AN ACT Relating to financing conservation investment by electrical,
2 gas, and water companies; amending RCW 80.08.010; and adding new
3 sections to chapter 80.08 RCW.

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

5 **Sec. 1.** RCW 80.08.010 and 1961 c 14 s 80.08.010 are each amended
6 to read as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Conservation bonds" means bonds, notes, or other evidences of
10 indebtedness which:

11 (a) The commission determines at the time of issuance are issued to
12 finance or refinance conservation investment by an electrical, gas, or
13 water company; and

14 (b) Rely partly or wholly for credit support on conservation
15 investment assets and conservation investment revenues.

16 (2) "Conservation investment" means all costs expended by
17 electrical, gas, or water companies on energy or water efficiency
18 measures intended to improve end use energy or water efficiency if:

1 (a) The efficiency measures are not owned by the electrical, gas,
2 or water company which incurs the costs; and

3 (b) The costs are incurred in accordance with applicable
4 conservation tariff schedules in effect with the commission at the time
5 of the expenditures.

6 (3) "Conservation investment assets" means the statutory right of
7 an electrical, gas, or water company to conservation investment
8 revenues sufficient to recover all of the costs of its conservation
9 investment and the costs of capital associated with conservation
10 investment. "Conservation investment assets" include the payment of
11 principal, premium, if any, and interest on conservation bonds.

12 (4) "Conservation investment revenues" means the revenues of an
13 electrical, gas, or water company derived from rates expressed in a
14 separate conservation tariff schedule.

15 (5) ((The term)) "Public service company"((, as used in this
16 chapter, shall)) means every company now or hereafter engaged in
17 business in this state as a public utility and subject to regulation as
18 to rates and service by the utilities and transportation commission
19 under the provisions of this title.

20 NEW SECTION. Sec. 2. A new section is added to chapter 80.08 RCW
21 to read as follows:

22 (1) Electrical, gas, and water companies may issue conservation
23 bonds upon approval of an application for authorization under RCW
24 80.08.040.

25 (2) The commission shall fix rates for service by electrical, gas,
26 and water companies at levels sufficient for those companies to recover
27 all of the costs of their conservation investment assets. Rates at
28 levels to create conservation investment revenues sufficient to recover
29 all of the costs of conservation investment assets shall be maintained
30 in effect until all of the investment is recovered in rates.

31 NEW SECTION. Sec. 3. A new section is added to chapter 80.08 RCW
32 to read as follows:

33 (1) Electrical, gas, and water companies may pledge conservation
34 investment assets as collateral for conservation bonds by obtaining an
35 order of the commission approving an issue of conservation bonds and
36 providing for a security interest in conservation investment assets.
37 A security interest in conservation investment assets is created and

1 perfected upon entry of an order by the commission approving a contract
2 governing the granting of the security interest and is enforceable
3 against the debtor and all third parties when value has been given by
4 the purchasers of conservation bonds. An approved security interest in
5 conservation investment assets is a continuously perfected security
6 interest in all conservation investment revenues and their proceeds
7 arising under the applicable conservation tariff schedule, whether or
8 not conservation investment revenues have accrued.

9 (2) The priority of a security interest created under this section
10 is not defeated or adversely affected by the commingling of
11 conservation investment revenues with other funds of the debtor. When
12 an event of default occurs under an approved contract governing
13 conservation bonds, the holders of the conservation bonds or their
14 authorized representatives, as secured parties, are entitled to
15 foreclose or otherwise enforce the security interest in the
16 conservation investment assets securing the conservation bonds. Upon
17 application by the holders or their representatives, the commission
18 shall order the defaulting company to sequester and pay conservation
19 investment revenues to the holders or their representatives. Any
20 surplus in excess of amounts necessary to pay principal, premium, if
21 any, interest, and expenses arising under the contract governing the
22 conservation bonds shall be remitted to the debtor electrical, gas, or
23 water company.

24 (3) The granting, perfection, and enforcement of security interests
25 in conservation investment assets to secure conservation bonds is
26 governed by this chapter rather than by chapter 62A.9 RCW.

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