

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Brian J. Moline, Chair
 Robert E. Krehbiel
 Michael C. Moffett

In The Matter Of The General Investigation)
Into The Interest Rate Paid On Deposits Of) Docket No. 134,094-U
Customers Of Municipal And Privately)
Owned Utilities)

ORDER

Now, the above-captioned matter comes on for consideration and determination before the State Corporation Commission of the State of Kansas (Commission) on its own motion to determine the appropriate interest rate to be paid on customer deposits. Having reviewed its files and being duly advised in the premises, the Commission finds and concludes as follows:

I. INTRODUCTION

1. By Commission Order dated December 3, 1982, the Commission established the minimum interest rate to be paid on security deposits pursuant to K.S.A. 12-822. The Commission further directed its Staff to review the established interest rate each November to determine the appropriate interest rate to be paid on customer deposits for the next 12 months. Additionally, the Commission directed interested parties to submit recommendations to the Commission no later than November 30th of each year.

2. In its December 18, 1991 memorandum to the Commission, Staff recommended that the interest rate paid on security deposits should match the interest rates available to consumers on investments which are of very low risk and one year in duration. One year Treasury Notes (T-Notes) and

one year certificates of deposit (CD) are the investment vehicles Staff had relied on in past two investigations.

3. In its January 12, 1993 Order, the Commission determined that the interest rate paid per annum on security deposits shall be indexed to the yield on one year T-Notes and adjusted each December 1st for the up coming calendar year.

II. ANALYSIS

4. On December 1, 2004 the yield to maturity on one year T-Notes was 2.60%.

5. Consistent with the Commission's policy set in its Order of January 12, 1993, Staff recommends the interest rate paid on customer security be set at 2.60% for calendar year 2005.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

The minimum interest rate paid on security deposits pursuant to K.S.A. 12-822 shall be 2.60% for calendar year 2005.

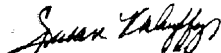
The parties have 15 days, plus three days if service of this Order is by mail, from the date of this Order in which to request rehearing on any matter decided herein.

The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED ORDER MAILED

Moline, Chr.; Krehbiel, Com.; Moffet, Com. DEC 23 2004

Dated: DEC 22 2004



Susan K. Duffy
Executive Director