

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: John Wine, Chair
 Susan M. Seltsam
 Cynthia Claus

In The Matter Of The General Investigation Into) Docket No.
The Interest Rate Paid On Deposits Of Customers) 98-GIMX-348-GIV
Of Municipal And Privately Owned Utilities.) [134,094-U]

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:

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 stated 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 stated 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 upcoming calendar year.

ANALYSIS

4. On December 2, 1997 one year T-Notes yielded 5.73%.

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 5.70% for calendar year 1998.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

The minimum interest rate paid on security deposits pursuant to K.S.A. 12-822 shall be 5.70% for calendar year 1998.

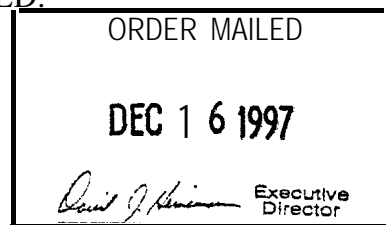
The parties have 15 days, plus three days if service of this Order is by mail, from the date of this Order in which to request rehearing on any matter decided herein.

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.

Wine, Chr.; Seltsam Corn.; Claus, Corn.

Dated: DEC 15 1997



David Heinemann
Executive Director

GLC