

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

Before Commissioners:                    Brian J. Moline, Chair  
   Robert Krehbiel  
   John Wine

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 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 very low risk investments that are one year in duration. One year Treasury Notes (T-Notes) and one year certificates of deposit (CD) are the investment vehicles relied on by Staff in the 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 1<sup>st</sup> for the following calendar year.

**II. ANALYSIS**

4. On December 10, 2003, the Commission received a memorandum for Staff indicating that the yield to maturity on one year T-Notes was 1.47%. Consistent with the Commission's policy established in its Order of January 12, 1993, Staff recommended the interest rate paid on customer security be set at 1.50% for calendar year 2004.

5. The Commission finds and concludes the recommended interest rate paid on customer security is reasonable and should be set at 1.50% for calendar year 2004.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED:**

The minimum interest rate paid on security deposits pursuant to K.S.A. 12-822 shall be 1.50% for calendar year 2004.

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.**

Moline, Chr.; Krehbiel, Com.; Wine, Com.

Dated: DEC 15 2003

**ORDER MAILED**

DEC 16 2003

 Executive Director

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Susan K. Duffy  
Executive Director