

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

Before Commissioners: Timothy E. McKee, Chair  
Susan M. Seltsam  
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:

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 1<sup>st</sup> for the next 12 months.

ANALYSIS

4. Staff's analysis revealed that from the interest rates on short term debt instruments, including one year T-Notes have fluctuated over the past 12 months, but are now yielding 5.42% very near to last year's interest rates..

5. Consistent with the Commission's policy set in its Order of January 12, 1993, Staff Recommends the interest rate paid on customer security deposits remain unchanged at 5.40% for calendar year 1997.

ITS IS THEREFORE, BY THE COMMISSION ORDERED;

The minimum interest rate paid on security deposits pursuant to K.S.A. 12-822 shall be 5.40% for calendar year 1997.

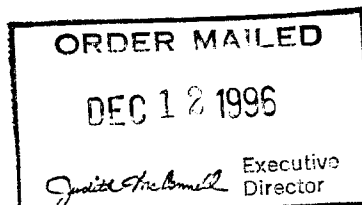
The parties have 15 days, plus three days if service of this Order is by mail, from the date of this Order in which to request rehearing on any matter decided herein.

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.

McKee, Chr.; Seltsam Com.; Wine, Com.

Dated: DEC 12 1996



Judith McConnell  
Executive Director