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**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of January, 2004.

GENERAL ORDER NO. 184.19

IN THE MATTER OF interest to be paid  
on customer deposits by electric utilities.

GENERAL ORDER NO. 185.23

IN THE MATTER OF interest to be paid  
on customer deposits by gas utilities.

GENERAL ORDER NO. 186.17

IN THE MATTER OF interest to be paid  
on customer deposits by sewer utilities.

GENERAL ORDER NO. 187.27

IN THE MATTER OF interest to be paid  
on customer deposits by telephone utilities.

GENERAL ORDER NO. 188.22

IN THE MATTER OF interest to be paid  
on customer deposits by water utilities.

**COMMISSION ORDER**

The Commission has promulgated rules providing that the Commission will, on an annual basis, set interest rates that electric, gas, sewer, telephone and water utilities operating in West Virginia must pay on customer deposits. See Rule 4.2.1.a of the Commission's Rules and Regulations for the Government of Electric Utilities, 150 C.S.R. Series 3; Rule 4.2.1.a. of the Commission's Rules and Regulations for the Government of Gas Utilities and Gas Pipeline Safety, 150 C.S.R. Series 4; Rules 4.2.a.7 and 4.2.a.8 of the Commission's Rules for the Government of Sewer Utilities, 150 C.S.R. Series 5; Rule 2.2.c.3. of the Commission's Rules and Regulations for the Government of Telephone Utilities, 150 C.S.R. Series 6; and Rules 4.2.a.7 and 4.2.a.8 of the Commission's Rules for the Government of Water Utilities, 150 C.S.R. Series 7. The interest rates to be paid on customer deposits are

based on the average of the one-year United States Treasury Bill rates for the last quarter of the preceding year or, in the case of public service districts, on Staff's determination of what a typical small investor could earn on deposits at federally insured banks in West Virginia in the last quarter of the preceding year.

As shown on Commission Staff's Internal Memorandum attached hereto as **Attachment A**, Commission Staff has determined that the rate of 1.30% reflects the average rate paid on Treasury Bills during the last quarter of 2003. The Commission deems a rate of 1.30% to be reasonable and that it should be the rate paid by electric, gas, sewer, telephone and water utilities, excluding public service districts, on customer deposits, effective as of the date of this annual order until the date of issuance of

the Commission's 2005 annual order establishing a rate. In addition, Commission Staff has determined that a rate of 0.24% reflects what a typical small depositor could have earned on deposits with federally insured banks in West Virginia during the last quarter of 2003. The Commission deems the rate of 0.24% to be reasonable and that it should be the rate paid by public service districts on customer deposits, effective as of the date of this order until the date of issuance of the Commission's 2005 annual order establishing rates.

### **FINDINGS OF FACT**

1. The Commission has promulgated rules providing that the Commission will, on an annual basis, set interest rates that electric, gas, sewer, telephone and water utilities operating in West Virginia must pay on customer deposits.

2. The interest rates to be paid on customer deposits are based on the average of the one-year United States Treasury Bill rates for the last quarter of the preceding year or, in the case of public service districts, on Staff's determination of what a typical small investor could earn on deposits at federally insured banks in West Virginia in the last quarter of the preceding year.

3. Commission Staff has determined that the rate of 1.30% reflects the average rate paid on Treasury Bills during the last quarter of 2003.

4. Commission Staff has determined that a rate of 0.24% reflects what a typical small depositor could have earned on deposits with federally insured banks in West Virginia during the last quarter of 2003.

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### **CONCLUSIONS OF LAW**

1. The Commission deems a rate of 1.30% to be reasonable and that it should be the rate paid by electric, gas, sewer, telephone and water utilities, excluding public service districts, on customer deposits, effective as of the date of this annual order until the date of issuance of the Commission's 2005 annual order establishing a rate.

2. The Commission deems the rate of 0.24% to be reasonable and that it should be the rate paid by public service districts on customer deposits, effective as of the date of this order until the date of the Commission's 2005 annual order establishing a rate.

### **ORDER**

IT IS THEREFORE ORDERED that electric, gas, sewer, telephone and water utilities, excluding public service districts, shall pay a simple interest rate of 1.30% on customer deposits from the date of this Order until the next Commission order setting the rate.

IT IS FURTHER ORDERED that public service districts shall pay a simple interest rate of 0.24% on customer deposits from the date of this Order until the next Commission order setting the rate.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this

order on all electric, gas, sewer, telephone and water utilities, including public service district, operating in West Virginia, by First Class United States Mail, and upon Commission Staff by hand delivery.

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LFG/s  
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**ATTACHMENT A**

INTERNAL MEMORANDUM

<b>DATE:</b>	<b>January 15, 2004</b>
<b>TO:</b>	COMMISSIONERS
<b>FROM:</b>	DIANE DAVIS CALVERT, Utilities Analyst Supervisor Utilities Division
<b>SUBJECT:</b>	INTEREST RATE FOR DEPOSITS

As required by the Commission's Rules and Regulations, Staff has made the calculations necessary to determine the required rate for utilities other than public service districts to pay on customer deposits. The average of the one-year U.S. Treasury Bill rates for October, November, and December of 2003 is 1.30%. The calculation is, as follows:

<b>2003</b>	<b>%</b>	<b>Source</b>
October	1.25	Federal Reserve Statistical Release
November	1.34	Federal Reserve Statistical Release
December	1.31	Federal Reserve Statistical Release
Average	1.30	

The deposit rate for public service districts based on an average of passbook savings rates from the last quarter of 2003 is 0.24%. The calculation is, as follows:

<b>Bank</b>	<b>City</b>	<b>%</b>
Branch Banking & Trust	Charleston	0.20
Bank One	Huntington	0.25
Huntington Bank	Clarksburg	0.21
WesBanco	Wheeling	0.25
United National Bank	Parkersburg	0.15
First Century Bank	Bluefield	0.40
Average		0.24

DDC/s