

CR 87-137

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CERTIFICATE

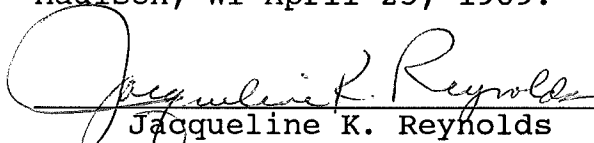
STATE OF WISCONSIN)		
)	ss.	File 1-AC-112
PUBLIC SERVICE COMMISSION)		
OF WISCONSIN)		

TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Jacqueline K. Reynolds, Secretary of the Public Service Commission of Wisconsin, and custodian of the official records of said Commission, do hereby certify that the annexed order adopting rules was duly approved and adopted by this Commission on April 25, 1989.

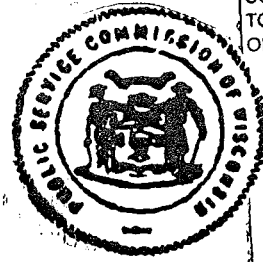
I further certify that said copy has been compared by me with the original on file in this Commission and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Commission at Hill Farms State Office Building in the City of Madison, WI April 25, 1989.



 Jacqueline K. Reynolds
 Secretary to the Commission
 Public Service Commission of Wisconsin

DATE MAILED
APR 26 1989



COMPARED WITH AND CERTIFIED BY ME
TO BE A FULL, TRUE AND CORRECT COPY
OF THE ORIGINAL ON FILE IN MY OFFICE.
APR 25 1989
Jacqueline K. Reynolds
Secretary to the Commission
Public Service Commission of Wisconsin

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Relating to the Conditions Under Which)
Utilities May Collect Deposits From New)
Residential Applicants for Service and) 1-AC-112
to the Rate of Interest Utilities Must)
Pay on Customer Deposits)

ORDER OF THE PUBLIC SERVICE COMMISSION
CREATING RULES

To amend s. PSC 185.36(1) and to repeal and recreate
ss. PSC 165.051 and 185.36(5), relating to the interest
payable on deposits held by water and telephone utilities.

ANALYSIS PREPARED BY THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

On October 1, 1987, the commission held a hearing into
revision of the rules governing deposits that utilities might
charge customers as a condition for receiving utility service.
The purpose of revising these rules is to provide consistency in
the rules for each type of utility and to specify the terms and
method of calculation of interest on deposits. Under the rules as
proposed, interest will be paid on deposits from the date of
deposit to the date of refund, compounded annually, the rate to be
based on the yearly rate of one-year U.S. Treasury securities
calculated the previous December. This method will allow the rate
to fluctuate with the current cost of money and reflect current
financial conditions.

Pursuant to authority vested in the Public Service Commission by ss. 196.02(1), 196.20(1), and 227.11(2)(a), Stats., the commission proposes to amend s. PSC 185.36(1) and to repeal and recreate ss. PSC 165.051(5) and 185.36(5) to read as follows:

SECTION 1: Ch. PSC 185.36(1) is amended to read:

185.36(1) NEW RESIDENTIAL SERVICE. A utility may not require a cash deposit or other guarantee as a condition of new service unless a customer has an outstanding account balance with ~~the~~ any Wisconsin water utility which accrued within the last six years, and which at the time of the request for service remains outstanding and not in dispute.

Note: See s. PSC 185.39.

SECTION 2: s. PSC 185.36(5) is repealed and recreated to read:

185.36(5) INTEREST. (a) Deposits shall bear interest payable from the date a deposit is made to the date it is applied to an account balance or is refunded.

(b) The interest rate to be paid shall be subject to change annually on a calendar year basis. The commission shall determine the rate of interest to be paid on deposits held during the following calendar year and notify utilities of that rate by December 15 of each year. The rate shall be equal to the weekly

Docket 1-AC-112

average yield of one-year United States treasury securities, adjusted for constant maturity, for the week ending on or after December 1, as made available by the federal reserve board, rounded to the nearest tenth of one percent.

Note: This rule will take effect upon the first day of August 1989, for deposits held at that time and any subsequent deposits. The commission will determine the interest rate for 1989, based on the December 1988 calculations.

(c) The rate of interest set by the commission shall be payable on all deposits. Utilities shall calculate the interest earned on each deposit at the time of refund and at the end of each calendar year. The interest rate in a calendar year shall apply to the amount of the deposit, and to all interest accrued during the previous year(s), for the fraction of the calendar year that the deposit was held by the utility.

SECTION 3: PSC 165.051(5) is repealed and recreated to read:

165.051(5) INTEREST. (a) Deposits shall bear interest payable from the date a deposit is made to the date it is applied to an account balance or is refunded.

(b) The interest rate to be paid shall be subject to change annually on a calendar year basis. The commission shall determine the rate of interest to be paid on deposits held during the following calendar year and notify utilities of that rate by

December 15 of each year. The rate shall be equal to the weekly average yield of one-year United States treasury securities, adjusted for constant maturity, for the week ending on or after December 1, as made available by the federal reserve board, rounded to the nearest tenth of one percent.

Note: This rule will take effect upon the first day of August 1989 for deposits held at that time and any subsequent deposits. The commission will determine the interest rate for 1989, based on the December 1988 calculations.

(c) The rate of interest set by the commission shall be payable on all deposits. Utilities shall calculate the interest earned on each deposit at the time of refund and at the end of each calendar year. The interest rate in a calendar year shall apply to the amount of the deposit, and to all interest accrued during the previous year(s), for the fraction of the calendar year that the deposit was held by the utility.

No additional fiscal burden will be imposed on the state or municipalities -- or on small businesses (as defined in sec. 227.114, Stats.) as a result of these rules.

This action is classified as a Type 3 action according to Ch. PSC 2.90, Wis. Adm. Code. No unusual circumstances have come to the attention of the commission that would require further environmental review. It consequently requires neither an environmental impact statement under sec. 1.11, Stats., nor an environmental assessment.

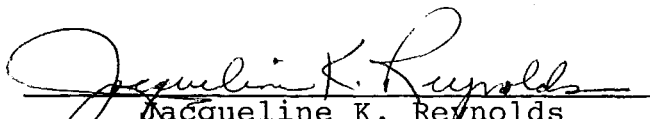
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Hearing on these proposed rules was held October 1, 1987, and they were forwarded to the legislature pursuant to sec. 227.19, Stats. They will take effect on the first day of the month following publication in the Wisconsin Administrative Register, as provided in sec. 227.22(2), Stats.

Dated at Madison, Wisconsin,

April 25, 1989

By the Commission.


Jacqueline K. Reynolds
Secretary to the Commission

JKR:SL:mac09078801





State of Wisconsin \ PUBLIC SERVICE COMMISSION

CHARLES H. THOMPSON, CHAIRMAN
MARY LOU MUNTS, COMMISSIONER
CHERYL L. POFAHL, COMMISSIONER

4802 Sheboygan Avenue
P. O. Box 7854
Madison, Wisconsin 53707

April 27, 1989

Mr. Gary Poulson
Assistant Revisor of Statutes
Suite 904
30 West Mifflin Street
Madison, WI 53702

Re: Relating to the Conditions Under Which Utilities
May Collect Deposits From New Residential Applicants
for Service and to the Rate of Interest Utilities Must
Pay on Customer Deposits - 1-AC-112

Dear Mr. Poulson:

Enclosed please find two copies (one certified) of an order
of the Public Service Commission adopting rules in the
above-entitled matter.

The rules have been seen by legislative committees.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Steven Levine'.

Steven Levine
Assistant Chief Counsel

Enc.

