

# STATE OF COLORADO

## PUBLIC UTILITIES COMMISSION

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October 28, 2005

**TO: ALL TELECOMMUNICATIONS, ENERGY AND WATER PUBLIC UTILITIES IN THE STATE OF COLORADO AND OTHER RELATED ENTITIES.**

**RE: Interest Rate to be paid on Customer deposits for the year 2006.**

Many public utilities offering telephone, energy, and water services to residential and commercial customers in the State of Colorado have provisions in their tariffs that allow the utility to require customers to maintain a deposit with the utility to ensure payment for services. If your utility requires such deposits, please note that Colorado Public Utilities Commission Rules 723-2-8.5 and 723-3-11(a) require the payment of simple interest on those customer deposits.

The Staff of the Commission is charged with calculating the interest rate to be paid, pursuant to established guidelines. Specifically the interest rate to be paid on deposits held is based on the twelve monthly average rates as posted in the Federal Reserve Bulletin, Board of Governors of the Federal Reserve System, Washington, D.C. from the page entitled, "INTEREST RATE, Money and Capital Markets" for one-year United States Treasury securities at constant maturity.

For calendar year 2006, the rate will be 3.16%.  
(Sum of monthly rates/months  $(37.96/12) = 3.1633$ , rounded to 3.16%)

Jurisdictional utilities are reminded that it may be necessary to file an advice letter and amend their tariff to reflect the change in the rate of interest to be paid on its customers' deposits. Filings to implement this tariff change may be made on not less than one day's notice; however, utilities may file their tariff changes by mid-December provided that the effective date for the new rate is identified as January 1, 2006.

If you have any questions regarding the applicability of the interest rate on deposits, the manner in which the rate was calculated, or any other issues relating to this letter, please contact Randy Garrouette at 303-894-2864.

Very Truly yours,

A handwritten signature in cursive script that reads "Geri Santos-Rach".

Geri Santos-Rach,  
Chief, Utilities Section

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