

Decision No. C03-0746

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

DOCKET NO. 03R-288W

---

IN THE MATTER OF AMENDMENTS TO THE RULES REGULATING WATER UTILITIES,  
4 CCR 723-5, WATER CUSTOMER DEPOSIT RULES, 4 CCR 723-5-11.1.

---

**NOTICE OF PROPOSED RULE MAKING**

---

---

Mailed Date: July 9, 2003  
Adopted Date: July 9, 2003

**I. BY THE COMMISSION**

**A. Statement**

1. The Colorado Public Utilities Commission gives notice of proposed rulemaking regarding new Rules pertaining to the interest rate for customer deposits that water utilities must pay. These rules make permanent the emergency rules this Commission adopted on January 22, 2003, which became effective January 23, 2003. Those rules require water utilities to pay simple interest on a customer deposit during any calendar year at a rate equal to the average for the period October 1 through September 30 (of the immediately preceding year) of the 12 monthly average rates of interest expressed in percent *per annum*, as quoted for one-year United States constant maturities, as published in the *Federal Reserve Bulletin*, by the Board of Governors of the Federal Reserve System. This rate will be calculated annually by Commission Staff.

2. Water utilities will then be required to file an Advice Letter and revised tariff or an appropriate application to revise the tariff by December 15th of each year, or an alternative date set by the Commission, to be effective the first day of January of the following year, or an alternative date set by the Commission.

3. A copy of the new Rules is attached to this notice of proposed rulemaking. The statutory authority for the proposed Rules is found within §§ 24-4-101 *et. seq.*, 40-2-108, 40-3-102, 40-3-103, and 40-3-104.4, C.R.S.

4. The Commission will conduct a hearing on the proposed rules and related issues at the below stated time and place. Interested persons may submit written comments on the rules and present these orally at hearing, unless the Commission deems oral presentations unnecessary. The Commission also encourages interested persons to submit written comments before the hearing scheduled in this matter. In the event interested persons wish to file comments before the hearing, the Commission requests that such comments be filed ten days prior to the hearing date. The Commission will consider all submissions.

## II. ORDER

### A. The Commission Orders That:

1. This Notice of Proposed Rulemaking shall be filed with the Colorado Secretary of State for publication in the August 11, 2003 edition of *The Colorado Register*.

2. A Hearing on the proposed rules and related matters shall be held before the Commission *en banc* as follows:

DATE:	September 16, 2003
TIME:	10:30 a.m.
PLACE:	Commission Hearing Room A Office Level 2 (OL2) Logan Tower 1580 Logan Street Denver, Colorado

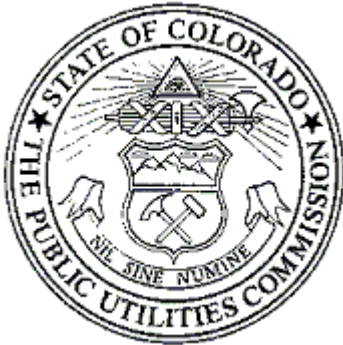
At the time set for hearing in this matter, interested persons may submit written comments and may present these orally unless the Commission deems oral comments unnecessary.

3. Interested persons may file written comments in this matter before hearing. The Commission requests that such pre-filed comments be submitted at least ten days before the scheduled hearing. All submissions, whether oral or written, will be considered by the Commission.

4. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
July 9, 2003.**

(SEAL)



ATTEST: A TRUE COPY

Bruce N. Smith  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

GREGORY E. SOPKIN

---

POLLY PAGE

---

JIM DYER

---

Commissioners

**RULE (4 CCR) 723-5-11. CUSTOMER DEPOSITS.**

723-5-11.1 A utility may require at any time from a customer or prospective customer, a cash deposit intended to guarantee payment of current bills, but only in accordance with this rule. A deposit intended to guarantee payment of current bills shall not exceed an amount equal to an estimated ninety days' bill of the customer, except in the case of a customer whose bills are payable in advance of service, in which case, the deposit shall not exceed an estimated sixty days' bill of the customer. A deposit required pursuant to this rule may be in addition to any advance, contribution, or guarantee in connection with construction of lines or facilities, as provided in the extension policy of the utility's tariffs on file with the Commission. Simple interest shall be paid by the utility upon a deposit at the percentage rate per annum as calculated by the Staff of the Commission and in the manner provided in this rule, payable upon the return of the deposit, or annually at the request of the customer. Interest on a deposit shall be earned for the time such deposit is held by the utility, and shall be calculated from the date the deposit is received by the utility to the date of payment to the customer or to the date an amount equal to the deposit is credited to the customer's account. Interest payments, at the option of the utility, may be paid directly to the customer or by a credit to the customer's account. Simple interest to be paid on a deposit during any calendar year shall be at a rate equal to the average for the period October 1 through September 30 (of the immediately preceding year) of the twelve monthly average rates of interest expressed in percent per annum, as quoted ~~in the secondary~~ |

~~market~~ for one-year United States Treasury ~~Bills~~ constant maturities, as published in the *Federal Reserve Bulletin*, by the Board of Governors of the Federal Reserve System. Each year, the Staff of the Commission shall compute the interest rate to be paid. If the difference between the existing customer deposit interest rate and the newly calculated customer deposit interest rate is less than 25 basis points, the existing customer deposit interest rate shall continue for the next calendar year. If the difference between the existing customer deposit interest rate and the newly calculated customer deposit interest rate is 25 basis points or more, the newly calculated customer deposit interest rate shall be used. ~~and~~ The Commission shall send a letter to each utility within the State stating the rate of interest to be paid on deposits during the calendar year. Annually, following receipt of Staff's letter, each utility, ~~no later than December 1 of each year,~~ shall file by advice letter, or application, as appropriate, a revised tariff, effective the first day of January of the following year, or an alternative date set by the Commission, containing the new rate of interest to be paid upon customers' deposits, except when there would be no change in the rate of interest to be paid on such deposits as calculated in this paragraph of Rule 11.