

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2518                                    **DATE:** March 8, 2004  
**Version:** As amended by author's delete-all amendment  
**Authors:** Beard  
**Subject:** Changing calculation of interest rates on utility deposits  
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### Overview

House File 2518 allows interest rates paid on customer deposits held by private or publicly owned water, gas, telephone, cable television, electric light, heat or power companies to fluctuate with the interest rate paid on one-year U.S. Treasury securities. Current statutes require utilities to pay interest at the fixed rate of 3 percent annually; current Minnesota Rules set a fixed rate of 6 percent annually for telephone companies.

#### Section

- 1      **Rates and deposits.** Deletes provision in current law prohibiting telephone companies from requiring deposits in excess of \$50.
- 2      **Customer deposits.** Repeals the requirement that utilities pay interest on deposits above \$20 of not less than 3 percent annually. Sets the annual rate of interest that must be paid on deposits as the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The commissioner of the Department of Commerce is to announce, by December 15, the rate for the coming year.
- 3      **Rules or orders superseded.** Establishes that the interest rate set in section 2 supersedes any rate set in rule or by administrative order, thereby relieving telephone companies of the requirement under current rules (Chapter 7810.1600) to pay an interest rate of 6 percent annually on deposits.
- 4      **Effective date.** This law applies to interest paid on all deposits as of January 1, 2005.