

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Interpreting) DOCKET NO. UT-021658
)
WAC 480-120-056 (7)) INTERPRETIVE STATEMENT
) REGARDING INTEREST RATE TO BE
) PAID BY TELECOMMUNICATIONS
) COMPANIES ON CUSTOMER
) DEPOSITS IN 2003
.....)

COMMISSION INTERPRETIVE STATEMENT UT-021658

- 1 The purpose of this statement is to resolve an ambiguity that has arisen with regard to a Commission rule and to advise telecommunications companies that the proper interest rate to be paid on customer deposits held during calendar year 2003 is **1.77 per cent**.

- 2 WAC 480-120-056 requires telecommunications companies to pay interest on the customer deposits that they hold. Subsection 7 of the rule requires that the rate is to be calculated based on the average rate for one-year treasury bills issued by the United States Government during the previous 12 months. An ambiguity arises because the federal government no longer issues one-year treasury bills.

- 3 The Commission has recently adopted revisions to the rules governing telecommunications companies, including a revision to the interest on deposits rule that will resolve the ambiguity. Those rules constitute a unified package and have been adopted to take effect on July 1, 2003, in order to allow telecommunications companies adequate time to implement various changes. Those rules are expected to resolve the issue for interest to be paid on deposits beginning in 2004, but they do not address how to calculate interest during 2003.

- 4 For interest to be paid on deposits held during 2003, the most reasonable substitute for the one-year bill is the 26-week treasury bill. It is the current federal debt instrument that is closest to the instrument cited in the existing rule, and it reflects interest rates in the current market.

- 5 Using the 26-week rate as the substitute for the one-year rate, the Commission concludes that the interest rate for calendar year 2003 is **1.77 per cent**.

- 6 This rate applies to the deposits held by telecommunications companies only. The 2003 interest rate for water, natural gas, and electric utilities will be determined in January 2003 according to rules now in effect for those industries.
- 7 The Commission approved this interpretive statement at its open public meeting of December 31, 2002.

Dated at Olympia, Washington and effective this 31st day of December, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner