

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: TERRI CARLOCK

DATE: DECEMBER 1, 2004

RE: ANNUAL DETERMINATION OF THE INTEREST RATES ON
DEPOSITS COLLECTED FROM CUSTOMERS FOR THE CALENDAR
YEAR 2005. CASE NO. GNR-U-04-1.

The interest to be paid on customer deposits for the 2005 calendar year is determined by the twelve-month average interest rate from November 1, 2003 through October 31, 2004. This average rate is 1.67% as shown on the attached worksheet. Rounded to the nearest whole percent the rate will be 2%, a 1% increase from the prior year. The following chart shows the interest rates for the various years and the order numbers approving those rates.

<u>Calendar Year</u>	<u>Interest Rate</u>	<u>Order No.</u>
1988	7%	21622, 27167
1989	7%	22230
1990	9%	22836
1991	8%	23425
1992	6%	23971
1993	4%	24578
1994	3%	25242
1995	5%	25788
1996	6%	26233
1997	6%	26681
1998	6%	27248
1999	5%	27828
2000	5%	28234
2001	6%	28575
2002	4%	28896
2003	2%	29158
2004	1%	29386

COMMISSION DECISION

Should the interest rate to be paid on deposits collected from customers for the calendar year 2005 be set at 2%?


Terri Carlock

TC:word:u/tcarloc/AnnDetIntRates12-1-2004.TC

APPENDIX
ONE-YEAR TREASURY BILLS

Week Ended	Rate %	Week Ended	Rate %
11/7/2003	1.35	5/7/2004	1.63
11/14/2003	1.36	5/14/2004	1.83
11/21/2003	1.30	5/21/2004	1.83
11/28/2003	1.35	5/28/2004	1.82
12/5/2003	1.37	6/4/2004	1.92
12/12/2003	1.31	6/11/2004	2.07
12/19/2003	1.27	6/18/2004	2.22
12/26/2003	1.28	6/25/2004	2.16
1/2/2004	1.29	7/2/2004	2.14
1/9/2004	1.29	7/9/2004	2.04
1/16/2004	1.19	7/16/2004	2.07
1/23/2004	1.20	7/23/2004	2.12
1/30/2004	1.25	7/30/2004	2.16
2/6/2004	1.28	8/6/2004	2.07
2/13/2004	1.24	8/13/2004	1.99
2/20/2004	1.23	8/20/2004	1.98
2/27/2004	1.22	8/27/2004	2.03
3/5/2004	1.23	9/3/2004	2.03
3/12/2004	1.16	9/10/2004	2.10
3/19/2004	1.18	9/17/2004	2.09
3/26/2004	1.17	9/24/2004	2.14
4/2/2004	1.23	10/1/2004	2.20
4/9/2004	1.32	10/8/2004	2.24
4/16/2004	1.41	10/15/2004	2.18
4/23/2004	1.50	10/22/2004	2.22
4/30/2004	1.55	10/29/2004	2.27
		Average	1.67

Source: Wall Street Journal Key Interest Rates