

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE CUSTOMER DEPOSIT) CASE NO.
POLICY OF KENTUCKY POWER COMPANY) 89-057

O R D E R

Kentucky Power Company ("Kentucky Power") filed a motion to dismiss in the above-styled case and requested in its stead to institute a generic proceeding regarding interest on customer deposits. In support of its motion to dismiss Kentucky Power states, among other things, that the letter from Forest Skaggs dated January 31, 1989, which is referred to in the Order opening this case, was not a Commission "directive." Therefore, Kentucky Power argues that its failure to comply with the request made in this letter should not lead to an investigation. Kentucky Power additionally states that other utilities have a keen interest in this matter and, therefore, it should be turned into a generic proceeding so that these issues can be discussed. Lastly, Kentucky Power argues that the procedure is really a procedure called for by KRS 278.280(1). Kentucky Power states that since the Commission will be changing its past practice, the Commission should notify all utilities and provide a hearing for all utilities.

The Attorney General, by and through his Utility and Rate Intervention Division ("Attorney General"), intervened in this


case and filed a response in opposition to Kentucky Power's motion to dismiss. The Attorney General in his response states, among other things, that the utility is legally required to pay compound interest on deposits by KRS 278.460. It is the Attorney General's position that the only proceeding necessary is one to determine what utilities are complying with the law, rather than a generic proceeding regarding whether interest on customer deposits should be compound or simple.

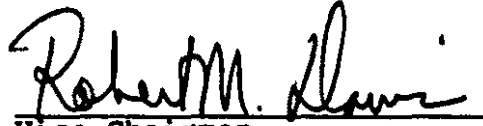
The Commission, having reviewed the record and being otherwise sufficiently advised, is of the opinion and finds that Kentucky Power's motion to dismiss the above-styled case and in its stead to institute a generic proceeding regarding interest on customers' deposits should be denied. The Order opening this case did not intend on setting up a generic proceeding. In its Order setting up this case, the Commission orders Kentucky Power to appear at a hearing "to show cause, if it can, why it is not in violation of KRS 278.460" Additionally, the Order puts GTE South Incorporated, Contel of Kentucky, Inc., and Cincinnati Bell Telephone Company on notice of this case in order that they may request intervention if they so desire. Furthermore, the Commission mailed a copy of the Order opening this case to all jurisdictional utilities for their general information and advised them that the case may have an impact on their existing policy. Therefore, all utilities have notice of this proceeding and may intervene if they so desire. The Commission finds no justification for dismissing this case in order to institute a generic proceeding.

IT IS THEREFORE ORDERED that Kentucky Power's motion to dismiss is hereby denied.

Done at Frankfort, Kentucky, this 12th day of April, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director