

CHAPTER 22**(HB 399)**

AN ACT relating to utility interest rates.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 278.460 is amended to read as follows:

- (1) Except as provided in subsection (2) of this section, a utility, ***including an electric cooperative organized under KRS Chapter 279***, shall pay interest~~[at six percent (6%) annually]~~ on amounts required to be deposited by patrons to secure utility service. ***The commission shall calculate the interest rate on an annual basis by averaging the one (1) year constant maturity treasury rate from September, October, and November, and shall notify utilities in December of each year of the interest rate to be paid by utilities for the following calendar year.***
- (2) No water district organized under KRS Chapter 74 nor water association organized under KRS Chapter 273 shall pay interest that exceeds the rate it receives in interest, nor shall the interest payable to the customer at any time exceed six percent (6%) annually on amounts required to be deposited by patrons to secure water accounts.
- (3) The commission may promulgate administrative regulations in accordance with the provisions of KRS Chapter 13A to implement this section.

Signed by Governor April 4, 2012.