

**12-822. Deposits to secure payment of bills; unlawful, when; investment; abandoned deposits, disposition.** It shall be unlawful for any public or municipally owned utility doing business in the state of Kansas to receive or collect a deposit from any customer as security for the payment of bills for service rendered, unless such public or municipally owned utility shall keep a separate account of the date on which such deposit is received, the name of the depositor, and the amount thereof, and shall pay to the customer making the deposit interest at the rate determined by the state corporation commission. Such interest shall be credited once a year or credited on January 1 succeeding such deposit and on each January 1 thereafter, to such customer's outstanding account, unless, prior to January 1, such customer shall request the payment of such interest in cash, in which event payment of interest shall be made as requested. Any interest credited shall be subject to call and payment at any time, but shall not draw interest.

The amount of deposit required shall at all times be reasonable, and shall be based upon the value of the maximum service rendered; and such advance deposit, together with the interest due thereon, may be applied to the payment of any accrued bills, or bills due on discontinuance of service. Deposits by customers so held as security for service or for meters at the taking effect of this act shall draw interest from that date and be credited and paid as herein provided. Any municipally owned utility doing business in the state of Kansas may invest money received as customers' deposits as herein provided, in investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein or in bonds of the state of Kansas, or general improvement bonds of cities of the first and second class, or bonds of any county wherein a city of the first or second class is located within the state, or bonds of the boards of education in cities of the first class of this state, or bonds issued or guaranteed by the United States government, or in savings accounts of commercial banks.

Any amount of security deposit, and the accrued interest thereon remaining in the account of any customer of a municipally owned utility who has discontinued service with such utility shall be placed in the operating fund of such utility, upon the following conditions: (a) Such money has remained on deposit with the municipal utility for a period of more than three years from the date service was discontinued;

- (b) no demand for such money has been made at any time during the three-year period;
- (c) the whereabouts of the person to whose account the money is credited is unknown and a reasonable effort has been made to determine the same; and
- (d) following the expiration of the three-year period, the utility has published, once each week for two consecutive weeks in a newspaper of general circulation in the county in which the utility is located, a notice listing any person whose deposit remains on account, and that a demand for such money must be made within 60 days. Any security deposits remaining in the account of any such customer 60 days after the last publication of such notice shall be placed in the operating fund of such utility.

**History:** L. 1919, ch. 238, § 1; R.S. 1923, § 12-822; L. 1953, ch. 63, § 1; L. 1977, ch. 54, § 4; L. 1978, ch. 59, § 1; L. 1982, ch. 69, § 1; L. 1989, ch. 48, § 65; July 1.