Chrysler Wants Duke Energy To Return $2.5M Deposit

The Associated Press

KOKOMO, Ind. (AP) — Chrysler Group LLC has filed a complaint with Indiana regulators demanding that Duke Energy return a $2.5 million security deposit it charged the automaker's Kokomo plants in 2009.

Chrysler's complaint filed July 5 with the Indiana Utility Regulatory Commission seeks a return of the deposit, plus interest, and calls Duke's actions unreasonable and discriminatory, the Kokomo Tribune reported (http://bit.ly/OZFg2b [1]) Wednesday.

Chrysler operates four manufacturing plants in Kokomo and is the area's largest employer, with nearly 5,000 workers.

The automaker's complaint said Duke requested a security deposit after the former Chrysler LLC's bankruptcy reorganization following the 2008 financial crisis. The Michigan-based automaker weathered the crisis with the help of federal loans and by giving an ownership stake to Italian automaker Fiat SpA.

Its complaint states Duke treated the newly formed Fiat partnership as a new customer and requested a security deposit.

Chrysler officials said they disputed the need for a deposit, saying the company was consistent in its payments and that it had a "prepayment arrangement that effectively mitigated any risk to Duke."

The automaker contends it paid the deposit only after Duke threatened it with disconnect notices. Its complaint states Duke is "the only public utility in North America that is still holding a security deposit for Chrysler."

Duke spokeswoman Angeline Protegere said in an email Tuesday that the utility intends to respond to Chrysler's complaint. She called Duke's policy requiring security deposits from large commercial and industrial customers "reasonable," adding it is "based on an assessment of risk."

"We disagree with Chrysler's characterization of this dispute and look forward to providing more information in the IURC proceedings," Protogere said. "We value all of our customers, and our deposit policies are designed to minimize the overall costs to all customers."

Representatives for both companies are scheduled to meet in a public pre-hearing conference Aug. 15 in Indianapolis.

IURC spokeswoman Danielle McGrath said Tuesday that disputes presented to the regulatory panel typically are heard by at least one IURC board member and one administrative law judge, and decisions are rendered by the five-member IURC board.

Chrysler said in its complaint that in the years since it paid the security deposit, company officials repeatedly have asked for the money back, only to be told Duke won't return the money until the following criteria are met:

—12 consecutive payments within the terms of the account;

—Standard & Poors long-term credit rating of "BB" or better, or, if unavailable, a Dunn & Bradstreet composite credit appraisal of "3'' or better;

—A determination by Duke of financial position and acceptability of risk following a review of four recent quarters of audited financial statements.

Chrysler's complaint contends Duke hasn't indicated any objective criteria for determining Chrysler's financial risk.

Last year, Chrysler had a net operating income of $183 million, on $55 billion in net revenue. The company posted a net income of $473 million in the first quarter of this year, according to the automaker's complaint.

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