

**§4703-A. Natural gas for use in vehicles**

The following provisions govern the creation of subsidiaries or affiliates of gas utilities for the purpose of selling gas for use in vehicles fueled by natural gas. [PL 1993, c. 178, §2 (NEW).]

**1. Policy and findings.** The Legislature finds that it is in the best interests of this State that the sale of natural gas for use as fuel in vehicles take place in an unregulated environment. The Legislature finds that entities that assume the risk of investment in the business of selling natural gas for use as a fuel in vehicles are entitled to the rewards and should be responsible for the costs of engaging in that business. It is the policy of the Legislature, in authorizing the creation of certain unregulated entities under this section, that ratepayers of gas utilities should not, as ratepayers, contribute to or benefit from the unregulated activity of those entities.  
[PL 1993, c. 178, §2 (NEW).]

**2. Creation of subsidiary or affiliate.** Notwithstanding section 708, a gas utility may create without commission approval a wholly owned subsidiary or affiliate corporation whose sole purpose is to sell gas for use in vehicles fueled by natural gas, provided that:

A. The creation of the wholly owned subsidiary or affiliate does not result in ratepayers of the gas utility directly or indirectly contributing to or benefiting from the activities of the wholly owned subsidiary or affiliate and does not otherwise adversely affect ratepayers of the gas utility; and [PL 1993, c. 178, §2 (NEW).]

B. The creation of a subsidiary or affiliate does not impair the ability of the gas utility to provide safe, reasonable and adequate service. [PL 1993, c. 178, §2 (NEW).]  
[PL 1993, c. 178, §2 (NEW).]

**3. Rates for sales by gas utility.** The rate for any sale of gas by a gas utility to a subsidiary or affiliate corporation created pursuant to this section or to any other entity that provides natural gas for use in vehicles must exceed the actual cost of the gas sold and include a contribution to the fixed costs of the utility. The commission may not find that the cost of gas sold to other customers of the utility has been increased as a result of any sale of gas by the utility at a rate that meets the requirements of this section.  
[PL 1993, c. 178, §2 (NEW).]

**4. Allocation of earnings.** The commission may not allocate earnings of a wholly owned subsidiary or affiliate created pursuant to this section in a manner that benefits the customers of a gas utility.  
[PL 1993, c. 178, §2 (NEW).]

**5. Separate books and records.** A subsidiary or affiliate created pursuant to this section shall maintain separate and independent books, accounts and records.  
[PL 1993, c. 178, §2 (NEW).]

**6. Access to books and records.** A gas utility shall provide the commission with reasonable access to books, records, documents and other information of the gas utility related to a subsidiary or affiliate corporation created pursuant to this section.  
[PL 1993, c. 178, §2 (NEW).]

**7. Reasonableness of transaction.** In a commission proceeding pursuant to section 307, 1303 or 4703, a gas utility shall demonstrate that all transactions with a subsidiary or affiliate corporation created by the utility pursuant to this section were reasonable.  
[PL 1993, c. 178, §2 (NEW).]

**8. Commission oversight.** Notwithstanding the provisions of section 707, transactions between a gas utility and a subsidiary or affiliated interest created pursuant to this section do not require preapproval by the commission.

[PL 1993, c. 178, §2 (NEW).]

**9. Investment by utility.** Except as otherwise provided in this subsection, a gas utility that creates a subsidiary or affiliate corporation pursuant to this section may not invest in that subsidiary or affiliate corporation an amount greater than 1% of the gas utility's total retail revenues. Upon request of a gas utility, the commission, after notice and hearing, may permit an investment greater than 1% of the utility's total retail revenues.

[PL 1993, c. 178, §2 (NEW).]

**10. Regulation of gas utility.** Except as expressly provided in this section, nothing in this section exempts a gas utility from any laws, principles and rules governing the regulation of public utilities.

[PL 1993, c. 178, §2 (NEW).]

**11. Subsidiary or affiliate created by the parent corporation of a gas utility.** If a subsidiary or affiliated interest is created by the parent corporation of a gas utility for the purpose of supplying natural gas for use in vehicles, only the following provisions apply.

A. If the subsidiary or affiliate does any business in this State, the parent corporation shall provide the commission with reasonable access to books, records, documents or other information of the parent corporation related to that subsidiary or affiliate. [PL 1993, c. 178, §2 (NEW).]

B. In a commission proceeding pursuant to section 307, 1303 or 4703, a gas utility shall demonstrate that all transactions with a subsidiary or affiliate of a parent corporation were reasonable. [PL 1993, c. 178, §2 (NEW).]

For purposes of this subsection, the term "parent corporation" means an affiliated interest, as defined in section 707, subsection 1, paragraph A, subparagraphs (1), (2) and (4), of a gas utility that is not itself a gas utility in this State.

[PL 1993, c. 178, §2 (NEW).]

**12. Limitations.** Except as provided in this section, the sale by a person, not otherwise a gas utility, of natural gas directly to customers for use in vehicles fueled by natural gas is not subject to regulation by the commission.

[PL 1993, c. 178, §2 (NEW).]

## SECTION HISTORY

PL 1993, c. 178, §2 (NEW).

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