

**§4703. Cost of gas adjustment**

**1. Cost of gas; related costs.** Subject to the approval of the commission, each gas utility shall charge its customers a cost-of-gas adjustment rate that includes reasonable costs for the gas that it supplies to its firm sales customers who receive uninterrupted service on a year-round basis. The cost of gas includes the cost of the gas purchased by the company for use in the State and may include costs directly related to the gas purchased and may include all or a portion of the cost of facilities used to produce and store gas, pursuant to rules adopted by the commission under this section.

[PL 1997, c. 707, §5 (AMD).]

**2. Cost of gas adjustment for firm and nonfirm customers.**

[PL 1997, c. 707, §6 (RP).]

**2-A. Cost-of-gas adjustment for firm sales customers.** Subject to the conditions of this section, a gas utility shall periodically adjust its cost-of-gas adjustment clause charges to its firm sales customers to reflect increases and decreases in the cost of gas. For purposes of this section, a "firm sales customer" means a customer that receives uninterrupted gas supply and transportation service from the gas utility on a year-round basis. Subject to the approval of the commission, the cost-of-gas adjustment charge must be billed at a uniform rate per 100 therms or 100 cubic feet of gas for customers of the gas utility receiving service pursuant to the same rate schedule.

[PL 1997, c. 707, §7 (NEW).]

**2-B. Cost-of-gas adjustment for nonfirm customers.** The rates charged to nonfirm customers include a cost of gas determined by the commission. The total rate charged to nonfirm customers is subject to the approval of the commission.

[PL 1997, c. 707, §7 (NEW).]

**3. Scope of adjustment.** The costs described in subsection 1 constitute the only items subject to adjustment, pursuant to rules adopted by the commission under this section, except that the commission may credit against the cost of gas any and all profits received by the gas utility from sales of gas to interruptible customers to the extent that the revenues exceed the actual costs of the interruptible sales.

[PL 1997, c. 707, §8 (AMD).]

**4. Cost of gas adjustment rate applied uniformly to firm customers.**

[PL 1997, c. 707, §9 (RP).]

**5. Rules for calculation and billing of cost of gas adjustment.** Within 120 days following the effective date of this section, the commission shall establish rules for the calculation and billing of cost of gas adjustments. The rules shall include, but not be limited to:

A. The accounting method to be used to determine the cost of gas; [PL 1987, c. 141, Pt. A, §6 (NEW).]

B. The computation period and method of computation of the cost of gas adjustment rate; [PL 1987, c. 141, Pt. A, §6 (NEW).]

C. Definitions and components of gas costs to be included in the cost of gas adjustment; [PL 1987, c. 141, Pt. A, §6 (NEW).]

D. An appropriate method to amortize a utility's unrecovered reasonable gas costs; [PL 1987, c. 141, Pt. A, §6 (NEW).]

E. An appropriate method to credit customers for gas cost overcharges; and [PL 1987, c. 141, Pt. A, §6 (NEW).]

F. Reporting requirements to administer this section. [PL 1987, c. 141, Pt. A, §6 (NEW).]

The commission may establish a cost of gas adjustment rate for a computation period based on projected gas sales and gas costs for that period, and make appropriate adjustments for overcharges or undercharges in customer bills in subsequent computation periods to account for the difference between the projected gas sales and costs and actual gas sales and reasonable gas costs.

[PL 1987, c. 141, Pt. A, §6 (NEW).]

**6. Commission approval required.** A utility may not bill customers for a cost of gas adjustment charge which has not been approved and ordered into effect by the commission pursuant to this section. Each gas utility shall file application for changes in its cost of gas adjustment rate in accordance with rules promulgated under this section. The commission shall issue public notice of the application and the opportunity to request a hearing within 7 days after the application is filed with the commission. The commission may render its decision on the application without holding a public hearing. If a public hearing is held, the commission shall hold the first session within 45 days of the filing of the application. The commission shall render its decision on the application within 45 days of the close of the hearing, or within 45 days of receipt of the application if no hearing is held. No gas utility may make application for changes in its cost of gas adjustment rate until a period of 90 days has elapsed from the filing of its last application, unless otherwise ordered by the commission.

[PL 1987, c. 141, Pt. A, §6 (NEW).]

**7. Reports.** The commission may require gas utilities to provide such reports and information as it determines necessary to administer this section.

[PL 1987, c. 141, Pt. A, §6 (NEW).]

#### SECTION HISTORY

PL 1987, c. 141, §A6 (NEW). PL 1997, c. 707, §§5-9 (AMD).

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