

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION  
2

3 ONE HUNDRED AND TENTH LEGISLATURE  
4

5 **Legislative Document**

**No. 1921**

7 S. P. 817 In Senate, February 3, 1982  
Approved for introduction by the Legislative Council pursuant to  
Joint Rule 26.

8 Referred to the Committee on Public Utilities and ordered printed.  
Sent down for concurrence.

MAY M. ROSS, Secretary of the Senate  
Presented by Senator Najarian of Cumberland.

9  
10 **STATE OF MAINE**  
11

12 IN THE YEAR OF OUR LORD  
13 NINETEEN HUNDRED AND EIGHTY-TWO  
14

15 **AN ACT Relating to Fuel Adjustment Clause**  
16 **of Natural Gas Utilities.**  
17

18 Be it enacted by the People of the State of Maine as follows:

19 35 MRSA §132 is enacted to read:

20 §132. Fuel adjustment clause

21 1. Fuel cost. Subject to the approval of the commis-  
22 sion, each gas company shall include as part of its base  
23 rates a reasonable cost for the gas which it supplies to its  
24 customers. The cost of gas shall include the cost of the  
25 gas purchased by the company for use in the State, pursuant  
26 to regulations promulgated by the commission under this  
27 section. The amount to be included in a utility's base  
28 rates shall be determined at the time of general rate ad-

1 justment under section 64 or section 296 and shall be based  
2 upon the utility's reasonable costs of gas during the test  
3 year used for the rate adjustment.

4 2. Fuel cost adjustment. Notwithstanding the require-  
5 ments of section 69, and subject to the conditions of this  
6 section, a gas company shall adjust its gas charges to its  
7 customers to reflect increases and decreases in the price of  
8 gas that occur after a general rate proceeding under section  
9 64 and section 296.

10 3. Scope of adjustment. Changes in the cost of gas  
11 purchased by the gas company for use in the State shall con-  
12 stitute the only items subject to adjustment, pursuant to  
13 regulations promulgated by the commission under this  
14 section.

15 4. Cost of gas adjustment rate applied uniformly to  
16 customers. The cost of gas adjustment established under  
17 this section shall be billed or credited at a single uniform  
18 rate per 100 cubic feet of gas or therms for all customers  
19 of the gas company.

20 5. Calculation and billing of fuel adjustment. Within  
21 120 days following the effective date of this section, the  
22 commission shall establish rules for the calculation and  
23 billing of cost of gas adjustments. The rules shall  
24 include, but not be limited to:

25 A. The accounting method to be used to determine the  
26 cost of gas;

27 B. The computation period and method of computation of  
28 the cost of gas adjustment rate;

29 C. Definitions and components of gas costs to be  
30 included in the cost of gas adjustment;

31 D. An appropriate method to amortize a utility's  
32 unrecovered reasonable gas costs;

33 E. An appropriate method to credit customers for gas  
34 cost overcharges; and

35 F. Reporting requirements to administer this section.

36 The commission may, in its discretion, establish a cost of  
37 gas adjustment rate for a computation period based on pro-  
38 jected gas sales and gas costs for that period, and make

1 appropriate adjustments for overcharges or undercharges in  
2 customer bills in subsequent computation periods to account  
3 for the difference between the projected gas sales and costs  
4 and actual gas sales and reasonable gas costs.

5 6. Commission approval required. In no event may a  
6 cost of gas adjustment charge be billed to customers which  
7 has not been approved and ordered into effect by the commis-  
8 sion pursuant to this section. Each gas company shall file  
9 application for changes in its cost of gas adjustment rate  
10 in accordance with regulations promulgated under this  
11 section. The commission shall order notice of the applica-  
12 tion to be published within 7 days of receipt of the appli-  
13 cation and shall set a time and place for a public hearing  
14 which shall be held, unless otherwise ordered by the commis-  
15 sion, within 14 days after publication of the notice. The  
16 commission shall render its decision on the application  
17 within 45 days of the close of the hearing, or within 45  
18 days of receipt of the application, if no hearing is held.  
19 No gas company may make application for changes in its cost  
20 of gas adjustment rate until a period of 90 days has elapsed  
21 from the filing of its last application, unless otherwise  
22 ordered by the commission.

23 7. Reports. The commission may require gas companies  
24 to provide such reports and information as it deems neces-  
25 sary to administer this section.

26 8. Transition. Notwithstanding the provisions of this  
27 section, any fuel cost adjustment in effect on the effective  
28 date of this section shall remain in effect until such time  
29 as a fuel cost adjustment is approved by the Public Utili-  
30 ties Commission pursuant to this section. Any reasonable  
31 amount of unrecovered fuel costs outstanding on the date of  
32 the implementation of a revised fuel clause under these  
33 provisions may be recovered through the revised fuel clause,  
34 subject to commission approval.

#### 35 STATEMENT OF FACT

36 The purpose of this bill is to provide for fuel adjust-  
37 ment clauses for natural gas utilities.

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