



SENATE BILL No. 1030

May 15, 1996, Introduced by Senator DUNASKISS and referred to the Committee on Technology and Energy.

A bill to amend sections 2, 3, 6, 7, 9, 10, 12, 13, and 14 of Act No. 9 of the Public Acts of 1929, entitled

"An act to regulate corporations, associations or persons engaged in the business of carrying and transporting natural gas through pipe lines and to regulate the production, purchase and sale of natural gas; to provide for the control and regulation of such corporations, associations and persons by the Michigan public utilities commission; to define the powers and duties of the commission relative thereto; to prescribe penalties for the violations of the provisions hereof; and to repeal Act No. 29 of the Public Acts of 1889,"

section 10 as amended by Act No. 6 of the Public Acts of 1987, being sections 483.102, 483.103, 483.106, 483.107, 483.109, 483.110, 483.112, 483.113, and 483.114 of the Michigan Compiled Laws; to add sections 5a and 8a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2, 3, 6, 7, 9, 10, 12, 13, and 14 of
2 Act No. 9 of the Public Acts of 1929, section 10 as amended by

1 Act No. 6 of the Public Acts of 1987, being sections 483.102,
2 483.103, 483.106, 483.107, 483.109, 483.110, 483.112, 483.113,
3 and 483.114 of the Michigan Compiled Laws, are amended and sec-
4 tions 5a and 8a are added to read as follows:

5 Sec. 2. (1) ~~For the purpose of acquiring necessary~~
6 ~~right of ways, every such~~ IF THE PIPE LINE OR LINES ARE TO BE
7 USED FOR THE TRANSMISSION, TRANSPORTATION, AND DISTRIBUTION OF
8 NATURAL GAS WITHIN THIS STATE, A corporation, association, or
9 person is ~~hereby~~ granted the right of condemnation by eminent
10 domain ~~—~~ TO ACQUIRE THE NECESSARY RIGHTS-OF-WAY and the use of
11 the highways in this state ~~—, for the purpose of transporting~~
12 ~~natural gas by pipe lines, and~~ for locating, laying, construct-
13 ing, maintaining, and operating the ~~same, and such~~ OF THE PIPE
14 LINE OR LINES.

15 (2) THE condemnation proceedings shall be conducted ~~in~~
16 ~~accordance with the procedure and in the same manner as is pro-~~
17 ~~vided by~~ UNDER the laws of this state. ~~for the condemnation of~~
18 ~~right of ways by railroad companies: Provided, however, That no~~
19 ~~corporation, association or person shall be granted such right of~~
20 ~~condemnation by eminent domain or the right to use the highways~~
21 ~~of this state to lay or construct, maintain or operate a pipe~~
22 ~~line or lines for the transmission or transportation of natural~~
23 ~~gas unless and except such pipe line or lines are to be used~~
24 ~~solely and exclusively for the transmission, transportation and~~
25 ~~distribution of natural gas within the state of Michigan.—~~

26 Sec. 3. (1) ~~There is hereby granted to and vested in the~~
27 ~~Michigan public utilities~~ The commission ~~—, hereinafter styled~~

1 ~~the "commission," the power to~~ SHALL control and regulate
2 corporations, associations, and persons engaged, directly or
3 indirectly, in the business of purchasing, ~~or~~ selling, or
4 transporting natural gas for public use. ~~; and said~~

5 (2) THE commission shall investigate any alleged neglect or
6 violation of the laws of ~~the~~ THIS state by any corporation,
7 association, or person purchasing or selling natural gas and
8 transmitting or conveying the ~~same~~ NATURAL GAS by pipe line or
9 lines for public use ~~;. Provided, That nothing in this~~ UNDER
10 THIS ACT.

11 (3) THIS act shall NOT be construed to ~~prevent~~ PROHIBIT
12 oil and gas operators or producers of gas from laying pipe lines
13 to transport or transmit gas to drilling wells within this state.
14 ~~;. And provided further, That factories~~

15 (4) FACTORIES or industries in this state ~~may~~ THAT trans-
16 port or transmit gas through pipe lines for their own use in
17 plants located wholly within this state ~~without constituting~~
18 ~~themselves~~ ARE NOT a common purchaser ~~within the terms of~~
19 UNDER this act.

20 (5) AS USED IN THIS ACT, "COMMISSION" MEANS THE MICHIGAN
21 PUBLIC SERVICE COMMISSION.

22 SEC. 5A. IF A PURCHASE OF NATURAL GAS UNDER A CONTRACT IN
23 EXISTENCE BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
24 ADDED THIS SECTION IS NO LONGER REASONABLE FOR ECONOMIC REASONS,
25 UPON AN APPLICATION BY THE PURCHASER, THE COMMISSION MAY RELIEVE
26 THE PURCHASER OF THE UNECONOMIC CONDITION, INCLUDING THE PURCHASE
27 OBLIGATION.

1 Sec. 6. (1) ~~All corporations, associations and persons,~~
 2 ~~purchasing or collecting natural gas and transmitting or convey-~~
 3 ~~ing the same~~ A CORPORATION, ASSOCIATION, OR PERSON CARRYING OR
 4 TRANSPORTING NATURAL GAS for hire, compensation, or otherwise by
 5 pipe line or lines as a common carrier ~~shall be~~ IS a common
 6 carrier ~~thereof as~~ at common law. ~~, and it shall be~~

7 (2) IT IS unlawful for any ~~such~~ common carrier doing busi-
 8 ness within this state to give, either directly or indirectly,
 9 any UNREASONABLE OR UNDUE preference or advantage to any OTHER
 10 person, copartnership, corporation, or locality ~~, in any respect~~
 11 ~~whatsoever~~ as to rates, service, facilities for service, or
 12 ~~commodity delivered~~ RECEIPTS AND DELIVERIES FOR SIMILAR PRIORI-
 13 TIES OR CLASSES OF THE COMMON CARRIER SERVICE.

14 Sec. 7. (1) All corporations, associations, and persons ~~,~~
 15 ~~whether~~ producing or receiving gas from producers in any produc-
 16 tion field are ~~hereby~~ prohibited from taking more than ~~25 per~~
 17 ~~centum~~ 25% of the daily natural flow of any gas well or wells,
 18 ~~unless, for~~ EXCEPT IF good cause IS shown ~~, under the exigen-~~
 19 ~~cies of the particular case,~~ the commission ~~shall~~ MAY estab-
 20 lish a higher or lower ~~per centum under the prescribed rules and~~
 21 ~~regulations thereof~~ PERCENTAGE.

22 (2) THE COMMISSION SHALL PROMULGATE RULES AND REGULATIONS AS
 23 ARE NECESSARY TO ENSURE THE FAIR AND EQUITABLE PRODUCTION OF NAT-
 24 URAL GAS FROM PRODUCTION FIELDS AND SOURCES OF SUPPLY.

25 SEC. 8A. (1) IF THE COSTS OF THE PIPE LINE OR LINES AND
 26 RELATED FACILITIES ARE NOT INCLUDED IN THE RETAIL UTILITY RATE
 27 ESTABLISHED UNDER ACT NO. 3 OF THE PUBLIC ACTS OF 1939, BEING

1 SECTIONS 460.1 TO 460.8 OF THE MICHIGAN COMPILED LAWS, AND THE
2 DEMAND FOR CARRYING OR TRANSPORTING NATURAL GAS EXCEEDS THE
3 CAPACITY OR OPERATIONAL LIMITS OF THE PIPE LINE OR LINES CONNECT-
4 ING CARRIERS OR CUSTOMERS, THE COMMON CARRIER SHALL ACT AS A PRU-
5 DENT OPERATOR AND REDUCE RECEIPTS OF GAS FROM SUCH POINTS AS IS
6 NECESSARY TO RELIEVE THE CAPACITY OR OPERATIONAL CONSTRAINT.

7 (2) THE COMMISSION MAY ESTABLISH RULES, REGULATIONS, AND
8 TARIFFS TO GOVERN THE REDUCED RECEIPTS OF GAS AND SHALL CONSIDER
9 ANY CONTRACTUAL PRIORITIES OR CLASSES OF SERVICES. THE COMMIS-
10 SION MAY PRORATE THE REDUCTION BASED ON THE TOTAL CONTRACTUAL
11 CAPACITY COMMITMENTS AT A RECEIPT POINT FOR ANY PRIORITY OR CLASS
12 OF SERVICE.

13 Sec. 9. (1) ~~Any~~ A corporation, association, or person
14 ~~within the terms of~~ THAT UNDER this act ~~desiring to construct~~
15 ~~transmission mains for the transportation or conveying of natural~~
16 ~~gas from its source to the locality or localities where~~
17 ~~utilized,~~ CONSTRUCTS A PIPE LINE OR LINES AND RELATED FACILITIES
18 shall submit to the commission ~~, accompanied by due~~
19 ~~application,~~ a map or plat of ~~such~~ THE proposed line or lines
20 ~~which~~ THAT it desires to construct, showing the dimensions and
21 character of ~~such~~ THE proposed pipe line or lines, its compres-
22 sion stations, control valves, and connections ~~, and shall first~~
23 ~~receive the approval of the commission of such map, route and~~
24 ~~type of construction before proceeding with~~ BEFORE the actual
25 construction of ~~such~~ THE transmission lines. ~~, and it shall be~~
26 ~~the duty of the~~

1 (2) A CORPORATION, ASSOCIATION, OR PERSON THAT EXERCISES ITS
2 RIGHT OF EMINENT DOMAIN UNDER THIS ACT OR CONSTRUCTS A PIPE LINE
3 OR LINES AND RELATED FACILITIES IN WHICH THE COSTS ARE TO BE
4 INCLUDED IN THE RETAIL UTILITY RATES TO BE DETERMINED UNDER ACT
5 NO. 3 OF THE PUBLIC ACTS OF 1939, BEING SECTIONS 460.1 TO 460.8
6 OF THE MICHIGAN COMPILED LAWS, SHALL INCLUDE THE MAP OR PLAT
7 REQUIRED UNDER SUBSECTION (1) WITH ITS APPLICATION FOR RATE
8 DETERMINATION.

9 (3) BEFORE APPROVING THE MAP AND THE CONSTRUCTION OF THE
10 PIPE LINE OR LINES, THE commission ~~to~~ SHALL examine and
11 ~~inquire into~~ DETERMINE the necessity and practicability of
12 ~~such~~ THE transmission line or lines and ~~to determine that~~
13 ~~such~~ WHETHER THE line or lines will ~~when constructed and in~~
14 ~~operation~~ serve the convenience and necessities of the public.
15 ~~before approval of such map and proposed transmission line or~~
16 ~~lines. Provided, That persons, associations or corporations~~
17 ~~having already acquired the rights of common purchasers and~~
18 ~~common carriers at the time the provisions of this act became~~
19 ~~effective shall be required to file the map or plat provided for~~
20 ~~in this section only.~~

21 (4) THE COSTS OF A PIPE LINE OR LINES AND RELATED FACILITIES
22 SHALL NOT BE INCLUDED IN ANY RETAIL UTILITY RATE WITHOUT THE
23 PRIOR APPROVAL OF THE COMMISSION.

24 Sec. 10. (1) ~~A common purchaser or common carrier of~~ IF
25 natural gas IS PURCHASED OR TRANSPORTED BY A PIPE LINE OR LINES
26 THAT THE COSTS OF WHICH WERE NOT INCLUDED IN THE RETAIL UTILITY
27 RATE ESTABLISHED UNDER ACT NO. 3 OF THE PUBLIC ACTS OF 1939,

1 BEING SECTIONS 460.1 TO 460.8 OF THE MICHIGAN COMPILED LAWS,
2 before receiving the gas for transmission or delivery, THE PUR-
3 CHASER OR COMMON CARRIER shall file with the commission a sched-
4 ule OR OTHER DOCUMENTATION of the rates and price at which the
5 ~~common~~ purchaser or common carrier will receive gas at delivery
6 stations from a well, field, or source of supply, ~~as well as~~
7 the rates or charges at which the ~~common~~ purchaser or common
8 carrier will deliver gas to connecting carriers or distributing
9 lines or customers — and, if the ~~common~~ purchaser or common
10 carrier is operating as a carrier for hire, the rates and charges
11 ~~which~~ THAT the ~~common~~ purchaser or common carrier will charge
12 for the service to be performed by ~~it~~ THE PURCHASER OR COMMON
13 CARRIER. ~~A common~~

14 (2) ALL INITIAL PRICES, RATES, CHARGES, TERMS, AND CONDI-
15 TIONS SHALL BE A MATTER OF NEGOTIATION BETWEEN THE PARTIES.

16 (3) IF REQUIRED BY THE COMMISSION, A purchaser or common
17 carrier operating as a carrier for hire ~~also~~ shall file a copy
18 of each contract for purchasing, receiving, or supplying gas.
19 ~~The price to be paid and the rates and charges shall be stated~~
20 ~~and set up in the manner and form required by the commission and~~
21 ~~outlined in the rules of the commission for filing of rates of~~
22 ~~artificial gas utilities or pursuant to rules and conditions of~~
23 ~~service adopted by the commission, which the commission may make~~
24 ~~for the regulation of common purchasers and common carriers of~~
25 ~~natural gas. Thereafter, a common purchaser or common carrier of~~
26 ~~natural gas may alter or amend its price paid, rates, charges,~~
27 ~~and conditions of service by application to and approval by the~~

~~1 commission in the same manner and by the same process and under
2 the same legal limitations and like right as are now provided by
3 statute for the regulation by the commission of the rates for
4 electricity transmitted in this state and process of appeal pro-
5 vided in section 26 of Act No. 300 of the Public Acts of 1909,
6 being section 462.26 of the Michigan Compiled Laws.~~

7 (4) ALL AMENDMENTS, REVISIONS, OR CHANGES TO THE INITIAL
8 PRICES, RATES, CHARGES, TERMS, AND CONDITIONS, INCLUDING CHANGES
9 UNDER INDEFINITE PRICING PROVISIONS WHETHER OR NOT WITHIN AN INI-
10 TIALY FIXED RANGE OF PRICES, SHALL BECOME EFFECTIVE BY EITHER
11 REAFFIRMATION FROM THE PURCHASER OR COMMON CARRIER OR BY NEGOTIA-
12 TION BETWEEN THE PARTIES. IN THE EVENT OF AN INABILITY TO REAF-
13 FIRM OR REACH AGREEMENT ON THE AMENDMENT, REVISION, OR CHANGE,
14 THE PURCHASER OR COMMON CARRIER MAY APPLY TO THE COMMISSION TO
15 REAFFIRM OR REACH AGREEMENT ON THE AMENDMENT, REVISION, OR
16 CHANGE.

17 (5) UPON APPLICATION UNDER SUBSECTION (4), THE COMMISSION
18 SHALL CONSIDER THE NEEDS OF THE PARTIES FOR THE GAS OR SERVICES,
19 THE VALUE OF THE GAS OR SERVICES, THE EFFICIENT PRODUCTION OR
20 TRANSMISSION OF THE GAS, OBLIGATIONS OF THE PARTIES AND AFFECTED
21 PRODUCERS, AND ANY OTHER INFORMATION THE COMMISSION CONSIDERS
22 IMPORTANT.

23 Sec. 12. (1) ~~Every common purchaser and~~ A common carrier
24 of natural gas is ~~hereby~~ required to file with the commission
25 on or before April ~~first~~ 1 of each year, ~~upon blanks to be~~ ON
26 A FORM prescribed ~~and furnished by~~ the commission, an annual
27 statement of its income, expenses, operating and corporate

1 accounts for the preceding calendar year, including the state of
2 its finances in capital securities, fixed capital, and other
3 related corporate or balance sheet accounts. ~~and including also~~

4 (2) THE ANNUAL STATEMENT SHALL ALSO INCLUDE statistical data
5 relating to the production ~~, purchase,~~ AND transmission ~~and~~
6 ~~sales~~ of gas by ~~such common purchasers and~~ THE common carriers
7 of natural gas, its equipment facilities, and customers. ~~, said~~
8 ~~statement to~~

9 (3) THE STATEMENT SHALL be verified by the oath of ~~some~~ AN
10 officer of the ~~utility knowing~~ COMMON CARRIER WITH ACTUAL
11 KNOWLEDGE OF the facts stated ~~therein~~ IN THE STATEMENT.

12 Sec. 13. The commission shall ~~have the power and author-~~
13 ~~ity and it is hereby made its duty to~~ prescribe the manner and
14 the form or system of accounts, financial records, and operating
15 memoranda or data to be ~~set up and~~ MAINTAINED AND kept by all
16 ~~common purchasers and~~ common carriers of natural gas. ~~and~~
17 ~~every common purchaser and common carrier of natural gas existing~~
18 ~~and operating within this state is hereby required to set up and~~
19 ~~keep its books of accounts, records and memoranda in the manner~~
20 ~~and form prescribed by the commission.~~

21 Sec. 14. The commission shall ~~have authority to~~ prevent
22 ~~the~~ waste of natural gas in producing operations and in the
23 piping and distribution ~~thereof and to make~~ OF GAS AND
24 PROMULGATE rules and regulations ~~for that purpose. It is hereby~~
25 ~~authorized and empowered to do all things necessary for the con-~~
26 ~~servation of natural gas in connection with the production,~~
27 ~~piping and distribution thereof and to establish such other rules~~

1 ~~and regulations as will be necessary to carry into effect this~~
2 ~~act,~~ AS ARE NECESSARY to conserve the natural gas ~~resources of~~
3 ~~the~~ OF THIS state and to preserve the public peace, safety, and
4 convenience. ~~in relation thereto.~~

5 Section 2. Sections 4, 5, 8, 11, and 20 of Act No. 9 of the
6 Public Acts of 1929, being sections 483.104, 483.105, 483.108,
7 483.111, and 483.120, are repealed.