

SENATE BILL No. 1549

November 3, 2010, Introduced by Senators GLEASON, ANDERSON, WHITMER, CHERRY, OLSHOVE and THOMAS and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1929 PA 16, entitled

"An act to regulate the business of carrying or transporting, buying, selling or dealing in crude oil or petroleum or its products, through pipe lines; to authorize the use of public highways and the condemnation of private property; to regulate the purchase and storage of crude oil or petroleum; to provide for the control and regulation of all corporations, associations and persons engaged in such business, by the Michigan public utilities commission; to define the powers and duties of the commission in relation thereto; and to prescribe penalties for violations of the provisions hereof,"

by amending sections 2a, 2b, and 3 (MCL 483.2a, 483.2b, and 483.3), sections 2a and 2b as added by 1997 PA 125.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2a. (1) As used in this ~~section and section 2b~~ ACT:

(A) "COMMISSION" MEANS THE MICHIGAN PUBLIC SERVICE COMMISSION.

(B) ~~(a)~~—"Person" means an individual, partnership,

1 corporation, association, governmental entity, or other legal
2 entity.

3 (C) ~~(b)~~—"Pipeline" means a pipeline used or to be used to
4 transport crude oil or petroleum.

5 (2) A person who is conducting survey work for a proposed
6 pipeline under this act shall notify all affected property owners
7 in writing before a survey crew enters the owner's property.

8 (3) Any offer to a landowner for an easement for the purpose
9 of locating, constructing, maintaining, operating, and transporting
10 crude oil or petroleum pipelines on agricultural property in this
11 state shall include all of the following information:

12 (a) The anticipated physical impact of pipeline construction
13 on the landowner's property.

14 (b) Written assurance that any agricultural drainage tile that
15 is damaged or removed during the construction or repair of a
16 pipeline will be repaired or replaced to preconstruction working
17 condition. As used in this subdivision, "drainage tile" includes
18 any surface or subsurface system by which the movement of water is
19 redirected.

20 (c) Written assurance that topsoil that is disturbed due to
21 construction or repair of a pipeline is properly separated and
22 replaced. As used in this subdivision, "topsoil" means surface soil
23 that is presumed to be fertile as distinguished from subsoil.

24 (d) The method by which property will be appraised.

25 (e) For property used to produce crops prior to construction
26 of a pipeline, an estimate of the value of the loss of the
27 productivity based on the historic yield of the site before

1 construction of a pipeline. The agricultural property owner shall
2 provide historic crop yield values upon request.

3 (f) That payment will be made for all damages incurred after
4 construction of the pipeline due to the pipeline owner's or
5 operator's entry upon the property to exercise easement rights,
6 except that the owner or operator of the pipeline is allowed to
7 maintain a clear right-of-way without further compensation being
8 due to the landowner.

9 (g) That the landowner has rights under the uniform
10 condemnation procedures act, 1980 PA 87, MCL 213.51 to ~~213.77~~
11 ~~213.75~~, and a copy of the act. ~~to the landowner.~~

12 Sec. 2b. (1) **BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY**
13 **ACT THAT ADDED THIS SUBSECTION, THE COMMISSION SHALL ENSURE THAT**
14 **THE SITING OF A PIPELINE IN THIS STATE IS NOT LIKELY TO ADVERSELY**
15 **IMPACT PUBLIC HEALTH, SAFETY, OR WELFARE OR THE ENVIRONMENT.**

16 (2) A PERSON THAT INTENDS TO CONSTRUCT A PIPELINE IN THIS
17 STATE SHALL SUBMIT AN APPLICATION TO THE COMMISSION CONTAINING THE
18 INFORMATION REQUIRED BY THE COMMISSION.

19 (3) THE COMMISSION SHALL APPROVE A CONSTRUCTION PERMIT UNDER
20 THIS SECTION IF THE COMMISSION DETERMINES ALL OF THE FOLLOWING:

21 (A) THE PIPELINE WILL BE CONSTRUCTED IN COMPLIANCE WITH THIS
22 ACT AND THE RULES PROMULGATED UNDER THIS ACT.

23 (B) THE OPERATION OF THE PIPELINE IN THE LOCATION PROPOSED IN
24 THE APPLICATION WILL NOT POSE A THREAT TO PUBLIC HEALTH, SAFETY, OR
25 WELFARE OR TO THE ENVIRONMENT.

26 (4) A pipeline company shall make a good-faith effort to
27 minimize the physical impact and economic damage that result from

1 the construction and repair of a pipeline.

2 Sec. 3. (1) ~~There is hereby granted to and vested in the~~
3 ~~Michigan public utilities commission, hereinafter styled the~~
4 ~~"commission," the power to~~ **THE COMMISSION MAY** control, investigate,
5 and regulate every ~~corporation, association or person, now or~~
6 hereafter exercising or claiming the right to carry or transport
7 crude oil or petroleum, or any of the products thereof, by or
8 through pipe line or lines, for hire, compensation or otherwise, or
9 now or hereafter exercising or claiming the right to engage in the
10 business of piping, transporting or storing crude oil or petroleum,
11 or any of the products thereof, or now or hereafter engaging in the
12 business of buying, selling or dealing in crude oil or petroleum
13 within the limits of this state. ~~÷ Provided, however, That all~~
14 ~~corporations, associations, or persons who are producers, or~~
15 ~~refiners of crude oil, or petroleum, or operators of private trunk~~
16 ~~or gathering lines or other methods of conveying such products,~~
17 ~~where the nature and extent of their business is private, and where~~
18 ~~in the conduct thereof no public interest is involved, are hereby~~
19 ~~specifically excepted and excluded from the terms of this act.~~

20 **(2) A PERSON SHALL NOT OPERATE A PIPELINE IN THIS STATE UNLESS**
21 **THE PERSON IS IN POSSESSION OF AN OPERATING PERMIT ISSUED BY THE**
22 **COMMISSION.**

23 **(3) A PERSON THAT WISHES TO RECEIVE AN OPERATING PERMIT FROM**
24 **THE COMMISSION SHALL SUBMIT TO THE COMMISSION AN APPLICATION**
25 **CONTAINING THE INFORMATION REQUIRED BY THE COMMISSION.**

26 **(4) THE COMMISSION SHALL APPROVE AN OPERATING PERMIT UNDER**
27 **THIS SECTION IF THE COMMISSION DETERMINES ALL OF THE FOLLOWING:**

1 (A) THE PIPELINE WILL BE OPERATED IN COMPLIANCE WITH THIS ACT
2 AND THE RULES PROMULGATED UNDER THIS ACT.

3 (B) THE OPERATION OF THE PIPELINE WILL NOT POSE A THREAT TO
4 PUBLIC HEALTH, SAFETY, OR WELFARE OR TO THE ENVIRONMENT.

5 Enacting section 1. This amendatory act does not take effect
6 unless all of the following bills of the 95th Legislature are
7 enacted into law:

8 (a) Senate Bill No. 1544.

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10 (b) Senate Bill No. 1545.

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12 (c) Senate Bill No. 1543.

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14 (d) Senate Bill No. 1542.

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16 (e) Senate Bill No. 1547.

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18 (f) Senate Bill No. 1541.

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20 (g) Senate Bill No. 1548.

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22 (h) Senate Bill No. 1546.

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24 (i) Senate Bill No. 1550.