



SENATE BILL No. 720

October 5, 1995, Introduced by Senators GOUGEON, MC MANUS
and NORTH and referred to the Committee on Local, Urban
and State Affairs.

A bill to amend Act No. 16 of the Public Acts of 1929, 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,"

being sections 483.1 to 483.11 of the Michigan Compiled Laws, by adding sections 2a, 2b, and 2c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 16 of the Public Acts of 1929, being
2 sections 483.1 to 483.11 of the Michigan Compiled Laws, is
3 amended by adding sections 2a, 2b, and 2c to read as follows:

1 SEC. 2A. (1) AS USED IN THIS SECTION AND SECTIONS 2B AND
2 2C:

3 (A) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
4 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

5 (B) "PIPELINE" MEANS A PIPELINE USED OR TO BE USED TO TRANS-
6 PORT CRUDE OIL OR PETROLEUM.

7 (2) A PERSON WHO SEEKS TO OBTAIN EASEMENTS FOR THE PURPOSE
8 OF LOCATING, CONSTRUCTING, MAINTAINING, OPERATING, AND TRANSPORT-
9 ING CRUDE OIL OR PETROLEUM PIPELINES IN THIS STATE SHALL DO ALL
10 OF THE FOLLOWING:

11 (A) PROVIDE WRITTEN NOTICE TO EACH LANDOWNER OF RECORD WHOSE
12 PROPERTY IS LOCATED WITHIN THE PROPOSED ROUTE OF A PIPELINE. THE
13 NOTICE REQUIRED BY THIS SUBDIVISION SHALL BE MAILED PRIOR TO
14 SEEKING AUTHORIZATION FROM THE PUBLIC SERVICE COMMISSION REGARD-
15 ING THE PIPELINE ROUTE.

16 (B) UPON INITIAL CONTACT WITH A LANDOWNER WHOSE PROPERTY IS
17 LOCATED WITHIN A PROPOSED PIPELINE ROUTE, ADVISE THAT PERSON IN
18 WRITING OF THE RIGHTS HE OR SHE HAS UNDER THE UNIFORM CONDEMN-
19 TION PROCEDURES ACT, ACT NO. 87 OF THE PUBLIC ACTS OF 1980, BEING
20 SECTIONS 213.51 TO 213.77 OF THE MICHIGAN COMPILED LAWS.

21 (C) USE PIPELINE CONSTRUCTION METHODS DURING PIPELINE CON-
22 STRUCTION THAT AVOID UNNECESSARY DAMAGE OR LOSS TO LANDOWNERS.

23 (D) PAY FOR ANY AGRICULTURAL DRAINAGE TILE THAT IS DAMAGED
24 OR REMOVED DURING THE CONSTRUCTION OR REPAIR OF A PIPELINE. THE
25 LANDOWNER MAY USE THE CONTRACTOR OF HIS OR HER CHOICE TO REPAIR,
26 REPLACE, OR RETILE THE FIELD. AS USED IN THIS SUBDIVISION,

1 DRAINAGE TILE INCLUDES ANY SURFACE OR SUBSURFACE SYSTEM BY WHICH
2 THE MOVEMENT OF WATER IS REDIRECTED.

3 (E) PAY FOR, DELIVER, AND APPLY TO THE SITE TOPSOIL THAT IS
4 LOST DUE TO CONSTRUCTION OF A PIPELINE AT THE PER-YARD MARKET
5 PRICE OF TOPSOIL AND MAKE ANY OTHER REPARATION TO RESTORE DAMAGE
6 TO THE SITE THAT RESULTS FROM THE DISRUPTION OF TOPSOIL. AS USED
7 IN THIS SUBDIVISION, "TOPSOIL" MEANS SURFACE SOIL THAT IS PRE-
8 SUMED TO BE FERTILE AS DISTINGUISHED FROM SUBSOIL.

9 (F) APPRAISE PROPERTY AT ITS FAIR MARKET VALUE FOR THE PUR-
10 POSE OF MAKING A GOOD-FAITH OFFER FOR THE USE OF PROPERTY FOR A
11 PIPELINE. FOR AGRICULTURAL PROPERTY, THE APPRAISAL SHALL COMPEN-
12 SATE FOR THE LOSS OF THE CROP PRODUCTIVITY BASED ON THE HISTORIC
13 YIELD OF THE SITE BEFORE CONSTRUCTION OF A PIPELINE.

14 (G) PAY THE EXPENSES OF THE LANDOWNER FOR ANY DAMAGES DONE
15 BY THE OWNER OR OPERATOR OF A PIPELINE OR HIS OR HER AGENTS OR
16 CONTRACTORS FOR DAMAGES DONE IF THE PROPERTY IS ENTERED TO MAIN-
17 TAIN THE RIGHT-OF-WAY AND DAMAGES OCCUR, INCLUDING THE COST OF
18 LEGAL COUNSEL AS MAY BE NECESSARY TO PROVE AND COLLECT SUCH
19 DAMAGES.

20 SEC. 2B. PRIOR TO COMMENCEMENT OF CONSTRUCTION OF A PIPE-
21 LINE, THE PUBLIC SERVICE COMMISSION SHALL NOTIFY EACH LANDOWNER
22 OF RECORD WHO WILL BE DIRECTLY IMPACTED BY THE AUTHORIZATION OF A
23 PIPELINE THAT THE CONSTRUCTION OF A PIPELINE HAS BEEN APPROVED
24 AND OF THE LOCATION OF THE PIPELINE. THE PUBLIC SERVICE COMMIS-
25 SION SHALL ALSO PROVIDE THE PERSON WITH A TOLL-FREE TELEPHONE
26 NUMBER AT WHICH REPRESENTATIVES OF THE PUBLIC SERVICE COMMISSION

1 WILL BE AVAILABLE TO ANSWER QUESTIONS AND ADDRESS ISSUES
2 REGARDING PIPELINES.

3 SEC. 2C. (1) IF A PERSON WHO SEEKS TO LOCATE, CONSTRUCT,
4 MAINTAIN, OR OPERATE A PIPELINE IN THIS STATE OR HIS OR HER AGENT
5 OR CONTRACTORS MAKE A FALSE, MISLEADING, OR THREATENING STATEMENT
6 TO A PERSON REGARDING A PIPELINE THAT DOES NOT REFLECT THE ACTUAL
7 STATE OF THE LAW WITH REGARD TO A PIPELINE, ANY EASEMENT OR
8 RIGHT-OF-WAY NEGOTIATED BY THAT PERSON IS VOIDABLE AT THE OPTION
9 OF THE LANDOWNER TO WHOM THE THREATS WERE MADE.

10 (2) A PIPELINE COMPANY SHALL MAKE A GOOD-FAITH EFFORT TO
11 MINIMIZE THE IMPACT AND ECONOMIC DAMAGE THAT RESULT FROM THE CON-
12 STRUCTION OR REPAIR OF A PIPELINE.

13 (3) THE PUBLIC SERVICE COMMISSION SHALL ENJOIN THE CONSTRUC-
14 TION OF A PIPELINE IF THE LOCATION OF A PIPELINE DEVIATES FROM
15 THE APPROVED ROUTE. THE PUBLIC SERVICE COMMISSION SHALL NOT
16 ISSUE A VARIANCE FROM THE APPROVED PIPELINE ROUTE.

17 (4) THE PUBLIC SERVICE COMMISSION MAY ENJOIN THE CONSTRUC-
18 TION OF A PIPELINE IF IT IS BEING CONSTRUCTED IN VIOLATION OF
19 CONSTRUCTION STANDARDS THAT AVOID UNNECESSARY ENVIRONMENTAL
20 DAMAGE OR LOSS TO LANDOWNERS.

21 (5) A PERSON, INCLUDING THE OWNERS AND KEY EMPLOYEES OF A
22 CORPORATION, WHO CONSTRUCTS, MAINTAINS, OR OPERATES A PIPELINE IS
23 RESPONSIBLE FOR DAMAGES THAT RESULT FROM THE ACTION OF THAT
24 PERSON OR HIS OR HER AGENTS OR CONTRACTORS TO A LANDOWNER ON
25 WHOSE PROPERTY A PIPELINE IS LOCATED.