NATURAL GAS

Act 9 of 1929

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.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929

The People of the State of Michigan enact:

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483.101 Natural gas; buying, selling or transporting.

Sec. 1.

Every corporation, association or person, now or hereafter exercising or claiming the right to carry or transport natural gas by or through pipe line or lines, for hire, compensation or otherwise, or now or hereafter exercising or claiming the right to engage in the business of piping or transporting natural gas, or any other person or persons, now or hereafter engaging in the business of buying and selling or transporting natural gas within the limits of this state, shall not have or possess the right to conduct or engage in said business or operations, in whole or in part, as above described, or have or possess the right to locate, maintain or operate the necessary pipe lines, fixtures and equipment thereto belonging, or use in connection therewith, concerning the said business of carrying or transporting natural gas as aforesaid, on, over, along, across, through, in or under any present or future highway, or part thereof, or elsewhere, within the state, or have or possess the right of eminent domain, or any other right or rights, concerning said business or operation, in whole or in part, except as authorized by and subject to the provisions of this act, except, further, and only such right or rights as may already exist which are valid, vested, and incapable of revocation by any law of this state or of the United States.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11632 ;-- CL 1948, 483.101

483.102 Condemnation to acquire rights-of-way, use of highways; limitation to intrastate transportation.

Sec. 2.

For the purpose of acquiring necessary right-of-ways, every such corporation, association or person is hereby granted the right of condemnation by eminent domain, and the use of the highways in this state, for the purpose of transporting natural gas by pipe lines, and for locating, laying, constructing, maintaining and operating the same; and such condemnation proceedings shall be conducted in accordance with the procedure and in the same manner as is provided by the laws of this state for the condemnation of right-of-ways by railroad companies: Provided, however, That no corporation, association or person shall be granted such right of condemnation by eminent domain or the right to use the highways of this state to lay or construct, maintain or operate a pipe line or lines for the transmission or transportation of natural gas unless and except such pipe line or lines are to be used solely and exclusively for the transmission, transportation and distribution of natural gas within the state of Michigan.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11633 ;-- CL 1948, 483.102

483.103 Control vested in public utilities commission; scope; limitations.

Sec. 3.

There is hereby granted to and vested in the Michigan public utilities commission, hereinafter styled the "commission," the power to control and regulate corporations, associations and persons engaged, directly or indirectly, in the business of purchasing or selling or transporting natural gas for public use; and said commission shall investigate any alleged neglect or violation of the laws of the state by any corporation, association or person purchasing or selling natural gas and transmitting or conveying the same by pipe line or lines for public use: Provided, That nothing in this act shall be construed to prevent oil and gas operators or producers of gas from laying pipe lines to transport or transmit gas to drilling wells within this state: And provided further, That factories or industries in this state may transport or transmit gas through pipe lines for their own use in plants located wholly within this state without constituting themselves a common purchaser within the terms of this act.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11634 ;-- CL 1948, 483.103
Compiler's Notes: The public utilities commission, referred to in this section, was abolished and its powers and duties transferred to the public service commission by MCL 460.4.

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483.104 Common purchaser; definition; purchase without discrimination.

Sec. 4.

Every corporation, association or person, now or hereafter claiming or exercising the right to carry or transport natural gas by pipe line or lines, for hire, compensation, or otherwise, within the limits of this state, as owner, lessee, licensee, or by virtue of any other right or claim, or now engaged or hereafter engaging in the business of purchasing and selling natural gas shall be a common purchaser thereof, and shall purchase all the natural gas in the vicinity of, or which may be reasonably reached by its pipe lines, or gathering branches, without discrimination in favor of 1 producer or 1 person as against another, and shall fully perform all the duties of a common purchaser; but if it shall be unable to perform the same, or be legally excused from purchasing and transporting all the natural gas produced or offered, then it shall purchase and transport natural gas from each person or producer ratably, in proportion to the average production, and such common purchasers are hereby expressly prohibited from discriminating in price or amount for like grades of natural gas or facilities as between producers or persons; and in the event it is likewise a producer, it is hereby prohibited from discrimination in favor of its own production, or production in which it may be interested directly or indirectly, in whole or in part, and its own production shall be treated as that of any other person or producer.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11635 ;-- CL 1948, 483.104

483.105 Regulations of public utilities commission.

Sec. 5.

The commission is hereby empowered and it is made its duty to make regulations for the equitable purchasing, taking and collecting of all such gas, for the metering and delivery of the same and for providing adequate facilities for service demanded, which regulations shall apply to all persons affected thereby in like manner; and it shall have authority to relieve any such common purchaser, after due application, notice and hearing, from the obligation of purchasing gas of an inferior quality or grade or from purchasing gas from wells which for economic reasons are not at the time a practicable source of supply.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11636 ;-- CL 1948, 483.105
Admin Rule: R 460.851 et seq. of the Michigan Administrative Code.

483.106 Common carriers; preference prohibited.

Sec. 6.

All corporations, associations and persons, purchasing or collecting natural gas and transmitting or conveying the same for hire, compensation or otherwise by pipe line or lines as a common carrier shall be a common carrier thereof as at common law, and it shall be unlawful for any such common carrier doing business within this state to give, either directly or indirectly, any preference or advantage to any person, copartnership, corporation or locality, in any respect whatsoever as to rates, service, facilities for service or commodity delivered.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11637 ;-- CL 1948, 483.106

483.107 Maximum daily flow.

Sec. 7.

All corporations, associations and persons, whether producing or receiving gas from producers in any production field are hereby prohibited from taking more than 25 per centum of the daily natural flow of any gas well or wells, unless, for good cause shown, under the exigencies of the particular case, the commission shall establish a higher or lower per centum under the prescribed rules and regulations thereof.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11638 ;-- CL 1948, 483.107

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483.108 Curtailment of purchase.

Sec. 8.

Whenever the full production from any common source or field of supply of natural gas in this state is in excess of the market demands, then any common purchaser of such natural gas as herein defined receiving production or output from such source or field shall take therefrom only such proportion of the available supply as may be marketed and utilized without waste, as the natural flow of the well or wells owned or controlled by such common purchaser bears to the total natural flow or production of such common source or field, having due regard to the acreage drained by each well, so as to prevent any common purchaser from securing an unfair proportion therefrom; and it shall be the duty of the commission and it is hereby empowered to regulate and enforce the above provision, provided that the commission may by proper order permit the taking of a greater proportion by any common purchaser whenever or wherever it shall determine a taking of such greater proportion reasonable and equitable or conducive to public convenience or necessity.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11639 ;-- CL 1948, 483.108

483.109 Map or plat of proposed line; filing with public utilities commission, approval; existing carriers.

Sec. 9.

Any corporation, association or person within the terms of this act desiring to construct transmission mains for the transportation or conveying of natural gas from its source to the locality or localities where utilized, shall submit to the commission, accompanied by due application, a map or plat of such proposed line or lines which it desires to construct, showing the dimensions and character of such proposed pipe line or lines, its compression stations,

control valves, and connections, and shall first receive the approval of the commission of such map, route and type of construction before proceeding with the actual construction of such transmission lines, and it shall be the duty of the commission to examine and inquire into the necessity and practicability of such transmission line or lines and to determine that such line or lines will when constructed and in operation serve the convenience and necessities of the public before approval of such map and proposed transmission line or lines: Provided, That persons, associations or corporations having already acquired the rights of common purchasers and common carriers at the time the provisions of this act became effective shall be required to file the map or plat provided for in this section only.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11640 ;-- CL 1948, 483.109

483.110 Filing schedule of rates or charges; filing copies of contracts; alterations or amendments; application; approval; appeal.

Sec. 10.

A common purchaser or common carrier of natural gas, before receiving the gas for transmission or delivery, shall file with the commission a schedule of the rates and price at which the common purchaser or common carrier will receive gas at delivery stations from a well, field, or source of supply, as well as the rates or charges at which the common purchaser or common carrier will deliver gas to connecting carriers or distributing lines or customers, and, if the common purchaser or common carrier is operating as a carrier for hire, the rates and charges which the common purchaser or common carrier will charge for the service to be performed by it. A common purchaser or common carrier operating as a carrier for hire also shall file a copy of each contract for purchasing, receiving, or supplying gas. The price to be paid and the rates and charges shall be stated and set up in the manner and form required by the commission and outlined in the rules of the commission for filing of rates of artificial gas utilities or pursuant to rules and conditions of service adopted by the commission, which the commission may make for the regulation of common purchasers and common carriers of natural gas. Thereafter, a common purchaser or common carrier of natural gas may alter or amend its price paid, rates, charges, and conditions of service by application to and approval by the commission in the same manner and by the same process and under the same legal limitations and like right as are now provided by statute for the regulation by the commission of the rates for electricity transmitted in this state and process of appeal provided in section 26 of Act No. 300 of the Public Acts of 1909, being section 462.26 of the Michigan Compiled Laws.

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History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11641 ;-- CL 1948, 483.110 ;-- Am. 1987, Act 6, Eff. Apr. 1, 1987
Compiler's Notes: Section 2 of Act No. 498 of the Public Acts of 1982, which act amended this section, provided that this "amendatory act shall not take effect unless House Bill No. 5719 (request no. 02467 81) of the 81st Legislature is enacted into law." House Bill No. 5719 was not enacted into law during the 1982 Regular Session.
Admin Rule: R 460.201 et seq. of the Michigan Administrative Code.

483.111 Sale and purchase contract; filing.

Sec. 11.

Every common purchaser or common carrier of natural gas shall file with the commission a true and verified copy of the contract for the sale and purchase of gas entered into between the producer or producers and such common purchaser or common carrier, within 30 days after the making thereof.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11642 ;-- CL 1948, 483.111

483.112 Annual statement; contents.

Sec. 12.

Every common purchaser and common carrier of natural gas is hereby required to file with the commission on or before April first of each year, upon blanks to be prescribed and furnished by the commission, an annual statement of its income, expenses, operating and corporate accounts for the preceding calendar year, including the state of its finances in capital securities, fixed capital and other related corporate or balance sheet accounts and including also statistical data relating to the production, purchase, transmission and sales of gas by such common purchasers and common carriers of natural gas, its equipment facilities and customers, said statement to be verified by the oath of some officer of the utility knowing the facts stated therein.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11643 ;-- CL 1948, 483.112

483.113 Accounts and records.

Sec. 13.

The commission shall have the power and authority and it is hereby made its duty to prescribe the manner and the form or system of accounts, financial records and operating memoranda or data to be set up and kept by all common purchasers and common carriers of natural gas and every common purchaser and common carrier of natural gas existing and operating within this state is hereby required to set up and keep its books of accounts, records and memoranda in the manner and form prescribed by the commission.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11644 ;-- CL 1948, 483.113

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483.114 Prevention of waste; rules of public utilities commission.

Sec. 14.

The commission shall have authority to prevent the waste of natural gas in producing operations and in the piping and distribution thereof and to make rules and regulations for that purpose. It is hereby authorized and empowered to do all things necessary for the conservation of natural gas in connection with the production, piping and distribution thereof and to establish such other rules and regulations as will be necessary to carry into effect this act, to conserve the natural gas resources of the state and to preserve the public peace, safety, and convenience in relation thereto.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11645 ;-- CL 1948, 483.114

483.115 Penalties; civil liability.

Sec. 15.

Any corporation, association or person, violating any provision of this act or any order or regulation of the commission made pursuant thereto, shall be deemed guilty of an unlawful act and shall be liable to a penalty of not less than 100 dollars, nor more than 20,000 dollars. Any officer, agent, representative, employee or servant of any corporation or association or any person who causes, aids or assists, or participates in any such unlawful act shall be deemed guilty of a misdemeanor, and on conviction thereof shall be liable to a fine of not less than 100 dollars, nor more than 1,000 dollars, or to imprisonment in the county jail not less than 30 days, nor more than 1 year, or to both such fine and imprisonment in the discretion of the court. Said penalty shall be exclusive of civil liability.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11646 ;-- CL 1948, 483.115

483.116 Assistants; employment by commission.

Sec. 16.

The commission is hereby authorized and empowered to employ such clerks, inspectors, and experts as may be necessary to carry out and administer the provisions of this act.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11647 ;-- CL 1948, 483.116

483.117 Municipal corporations excepted.

Sec. 17.

Nothing in this act contained shall be construed to vest the commission with regulatory control and authority over any natural gas utility owned and operated by a municipal corporation nor to in any way infringe upon the authority of the duly constituted official bodies having charge of such municipally owned utilities.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11648 ;-- CL 1948, 483.117

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483.120 Immediate effect.

Sec. 20.

An emergency is hereby declared, by reason whereof it is necessary for the immediate preservation of the public peace, safety, convenience and welfare that this act take immediate effect.

History: 1929, Act 9, Imd. Eff. Mar. 19, 1929 ;-- CL 1929, 11651 ;-- CL 1948, 483.120