



Hundredth Legislature - Second Session - 2008
Introducer's Statement of Intent
LB 1095

Chairperson: Mike Friend
Committee: Urban Affairs
Date of Hearing: February 12, 2008

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 1095 exempts natural gas supply pipelines outside of cities from a “double-piping” prohibition currently in state law. The bill amends sec. 66-1852.

The primary system of natural gas supply pipelines in Nebraska is fully subscribed and therefore incapable of adding capacity to meet growing demand without substantial expense and significant delay. LB 1095 will allow transmission pipelines to be constructed by additional suppliers, allowing for increased capacity, more reasonable rates and reliable supply. LB 1095 is important to ensuring critical infrastructure needed for industrial and economic growth.

Section 66-1852 was *intended* to prohibit double-piping within cities (or local *distribution* centers) for safety purposes. With a labyrinth of distribution pipelines, it would be dangerous not to know which company owns a leaking line. Although the double-piping law was not intended to apply outside of cities to supply (or *transmission*) pipelines, the Public Service Commission has strictly construed the law, finding that it applies to *all* pipelines, both distribution and transmission. The Commission said the issue of whether duplication exists must be resolved on a *case-by-case* basis.

This means that utilities, like Northwestern Energy, and the cities they serve face a choice of either remaining hostage to monopoly interstate supply pipeline companies or going through lengthy and contentious regulatory proceedings in an *attempt* to obtain approval for a second supply pipeline for *each* city served.

An *intrastate* supply pipeline company, like Nebraska Resources Company, when attempting to construct a pipeline to a city in Nebraska, is subject to the double-piping prohibition; while an *interstate* company, such as Kinder Morgan, is not, due to **federal preemption** of the state double-piping law.

The safety concern for transmission lines is *not* the same as it is for distribution lines within cities. The pressure of supply pipelines is constantly monitored; so a leak would be detected immediately. Also, the supply pipeline is not a part of the labyrinth of distribution lines that wind through business and residential areas within cities.

This is *not* another battle in the “gas wars.” It amends a *different section* of law than the double-piping prohibition that applies to Aquila and MUD. Nor does the bill establish service territories

Principal Introducer:

_____ **Senator Ray Aguilar**