

LEGISLATURE OF NEBRASKA
ONE HUNDRED SECOND LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 578

Introduced by Haar, 21.

Read first time January 19, 2011

Committee: Natural Resources

A BILL

- 1 FOR AN ACT relating to pipelines; to require proof of financial
- 2 responsibility as prescribed.
- 3 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) Any person seeking to operate a pipeline
2 to transport crude oil or any other hazardous liquid in the State of
3 Nebraska shall provide proof of financial responsibility with the
4 Public Service Commission by providing adequate surety or other
5 financial arrangement sufficient to accomplish any necessary
6 corrective action or cleanup on real or personal property caused by
7 releases of material from the pipeline during the operational life of
8 the pipeline and to comply with the requirements for decontamination,
9 decommissioning, site closure, and stabilization of sites, and
10 structures and equipment used in conjunction with the operation of
11 the pipeline, in the event the operator abandons the pipeline or
12 defaults for any reason in performing its operational, closure, or
13 other requirements in the event of abandonment, default, or other
14 inability of the operator to meet the requirements of remediation,
15 closure, reclamation of land, or other requirements of federal,
16 state, and local agencies.

17 (2) Proof of financial responsibility shall include any
18 of the following made payable to or held in trust for the benefit of
19 the state and approved by the commission:

20 (a) A surety bond executed by the operator and a
21 corporate surety licensed to do business in this state;

22 (b) A deposit of cash, negotiable bonds of the United
23 States or this state, negotiable certificates of deposit, or an
24 irrevocable letter of credit of any bank or other savings institution
25 organized or transacting business in the United States in an amount

1 or which has a market value equal to or greater than the amount of
2 the bonds required for the bonded area under the same terms and
3 conditions upon which surety bonds are deposited;

4 (c) An established escrow account; or

5 (d) A bond of the operator without separate surety upon a
6 satisfactory demonstration to the commission that such applicant has
7 the financial means sufficient to self-bond pursuant to bonding
8 requirements adopted by the commission consistent with the purposes
9 of this section.

10 (3) The commission shall determine the amount of the
11 bond, deposit, or escrow account which shall be reasonable and
12 sufficient so the commission may, if the operator is unable or
13 unwilling to do so and in the event of forfeiture of the bond or
14 other financial responsibility methods, arrange to rectify any
15 improper management technique committed during the life of the
16 pipeline and assure the performance of duties and responsibilities
17 required by the operator pursuant to law, rules, and regulations.

18 (4) In determining the amount of the bond or other method
19 of financial responsibility, the commission shall consider any
20 conditions specified by the commission, the probable difficulty of
21 completing the requirements of such law, rules, or regulations,
22 conditions due to such factors as topography, geology of the site,
23 and hydrology, and the prior history of environmental activities of
24 the operator.

25 (5) Nothing in this section prohibits any county board,

1 city council, or village board from adopting regulations that are
2 more stringent or that require greater financial assurances than
3 those imposed by the commission, including, but not limited to,
4 financial assurances for the maintenance and repair of roads,
5 bridges, or other infrastructure related to the establishment of the
6 pipeline or the maintenance and operation thereof.