

Ky. House panel delays vote on Bluegrass Pipeline bill

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By Marcus Green

FRANKFORT, Ky. (WDRB) – The House Judiciary Committee heard nearly two hours of testimony before postponing a vote on a bill that would prohibit the proposed Bluegrass Pipeline and other carriers of natural gas liquids from using condemnation to acquire land in Kentucky.

With a standing-room crowd and two pages of speakers signed up, committee chair Rep. John Tilley said he wanted to give lawmakers more time to digest a revised bill introduced earlier this week and allow the public a chance to weigh in.

The move came hours before one of the pipeline's developers pushed back the project's completion date by about a year -- to mid-to-late 2016 -- to "better align with the needs of producers," the Williams company **announced shortly after 5 p.m. Wednesday in a press release accompanying its year-end earnings.**

House Bill 31 – sponsored by two Republicans and three Democrats – would bar private natural gas liquids pipelines from being able to use Kentucky's eminent domain law, which would only apply to oil or gas projects "in public service."

And Gov. Steve Beshear, who rejected calls to place the Bluegrass Pipeline on the agenda of a special legislative session, gave his backing to the measure on Wednesday.

"Although we have been advised that existing law does not permit companies to use eminent domain for private projects like the Bluegrass Pipeline, I would welcome legislation that will clarify and codify that point," Beshear said in a statement. "I strongly encourage our legislature to consider and pass such a bill."

The House panel's hearing on an eminent domain bill at times turned into a forum on the safety and environmental concerns of natural gas liquids, or NGLs, which are separated from natural gas during hydraulic fracturing, or "fracking" operations. The Bluegrass Pipeline would include roughly 275 miles of new or retrofitted line in Kentucky along a route stretching from natural gas fields in Pennsylvania to the Gulf Coast.

The measure's sponsors argued that Kentucky needs to clarify its eminent domain law to give certainty to landowners who may believe they have no choice but to grant an easement for the pipeline. Joe Boone, a Nelson County cattleman, told lawmakers that a pipeline agent told him the project could use eminent domain.

"I thought to myself: I might as well go along with it because I could probably lose a lot of money trying to fight them and I wouldn't be able to win," Boone said.

Four business groups – including the Kentucky Association of Manufacturers, the Kentucky Oil and Gas Association and the Kentucky Chamber of Commerce -- testified in opposition to the bill and warned about possible economic consequences if it's enacted.

"It's not a question of whether NGLs – natural gas liquids – will move through Kentucky. It's a question of how they will move through Kentucky," said Andrew McNeill, executive director of the oil and gas association. "With over 100 years of history, Kentucky's oil and gas producers strongly believe pipelines are a safe and cost-effective option."

"We're concerned that adopting a restrictive public policy today to address a very specific issue ... could create unintended consequences and significant barriers in the future," he said.

Greg Higdon, a former Kentucky state Senator and president of the manufacturers' association, argued that the courts should be the "ultimate decider."

But Rep. Tilley (D-Hopkinsville) disagreed.

"If this General Assembly wants to grant eminent domain for the purposes of NGL, then that's a question for the General Assembly," Tilley said. "But I think it's clear if you look to the Attorney General or our Cabinet Secretary or the governor with his statement as well – everyone feels as if there's a gap in the law that you can drive a truck through at this point. The bill simply seeks to clarify that."