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June 9, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Clean Air Council
Docket Nos. P-2014-2411941 *et al.*

Dear Secretary Chiavetta,

Enclosed please find Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Clean Air Council related to the above docket numbers. A copy has been served in accordance with the enclosed certificate of service.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

BLANK ROME

A handwritten signature in black ink, appearing to read "Christopher A. Lewis".

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cc: Administrative Law Judge Elizabeth H. Barnes (via First-Class Mail and E-Mail)
Administrative Law Judge David A. Salapa (via First-Class Mail and E-Mail)
Certificate of Service

**BEFORE THE
COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Sunoco Pipeline L.P. for a Finding That the Situation of Structures to Shelter Pump Stations and Valve Control Stations is Reasonably Necessary for the Convenience and Welfare of the Public

Docket Nos. P-2014-2411941,
2411942, 2411943, 2411944, 2411945,
2411946, 2411948, 2411950, 2411951,
2411952, 2411953, 2411954, 2411956,
2411957, 2411958, 2411960, 2411961,
2411963, 2411964, 2411965, 2411966,
2411967, 2411968, 2411971, 2411972,
2411974, 2411975, 2411976, 2411977,
2411979, 2411980

(Not Consolidated)¹

**SUNOCO PIPELINE L.P.'S ANSWER TO THE
PRELIMINARY OBJECTIONS OF THE CLEAN AIR COUNCIL**

Pursuant to 52 Pa. Code § 5.101(f), Sunoco Pipeline, L.P. (“SPLP”) files this Answer to the Preliminary Objections of the Clean Air Council (the “CAC”). For the reasons set forth below, the Pennsylvania Public Utility Commission (the “Commission”) should deny the Preliminary Objections of the CAC.

PRELIMINARY STATEMENT

The Commission’s preliminary objection practice is similar to Pennsylvania civil practice. *Equitable Small Transp. Intervenors v. Equitable Gas Co.*, 1994 Pa. P.U.C. LEXIS 69 (July 18, 1994). When considering preliminary objections, the Commission may not rely upon the factual assertions of the moving party, but must accept as true, for purposes of disposing of the objections, all well-pleaded, material facts of the non-moving party, as well as every

¹ SPLP lists here all 31 pending dockets involving SPLP's Petitions for Exemption because the Clean Air Council's pleadings were added to all 31 dockets. However, SPLP's listing of all 31 dockets, which have not been consolidated, should not be interpreted as SPLP's agreement with the docketing of the Clean Air Council's pleadings. SPLP reserves the right to challenge the Clean Air Council's intervention in any and all dockets. Additionally, SPLP reiterates its express request that these dockets remain unconsolidated.

reasonable inference from those facts; a pleading may be dismissed only if the non-moving party would not be entitled to relief under any circumstances as a matter of law.

When considering preliminary objections, the Commission must determine:

[w]hether the law says with certainty, based on well-pleaded factual averments...that no recovery or relief is possible. *P.J.S. v. Pa. State Ethics Commission*, 669 A. 2d 1005 (Pa. Cmwlth. 1996). Any doubt must be resolved in favor of the non-moving party by refusing to sustain the preliminary objections. *Boyd v. Ward*, 802 A.2d 705 (Pa.Cmwlth. 2002).

Dept. Auditor General, et al. v. State Employees' Retirement System, et al, 836 A. 2d 1053, 1064 (Pa. Cmmw. Ct. 2003). Furthermore,

[i]n considering preliminary objections, the Commission may not rely upon the factual assertions of the moving party, but must accept as true for purposes of disposing of the motion all well-pleaded, material facts of the nonmoving party, as well as every inference from those facts. *County of Allegheny v. Commonwealth of Pennsylvania*, 507 Pa. 360, 490 A. 2d 402 (1985); *Commonwealth of Pennsylvania v. Bell Telephone Co. of Pa.*, 551 A. 2d 602 (Pa. Cmwlth. 1988). In this case, the Commission must view the Complaint in the light most favorable to the Complainant, and should dismiss the Complaint only if it appears that the Complainant would not be entitled to relief under any circumstances as a matter of law. *Equitable Small Transportation Intervenors, supra*. Only the facts in the Complaint and the Response to Preliminary Objections can be presumed to be true in order to determine whether recovery is possible.

Maria Povacz v. PECO Energy Co., 2013 WL 392699 (Pa.P.U.C. Jan. 24, 2013).

As explained more fully below, the Commission plainly has jurisdiction over the Amended Petitions because SPLP is a public utility that has been duly certificated by the Commission. SPLP will be providing transportation service *for the public* because, in addition to interstate service that may result in foreign exports, SPLP will be providing interstate service that may also result in delivery of propane to local and regional markets, including deliveries of

propane within Pennsylvania, together with intrastate transportation service to the public to, among other things, satisfy local demand for propane within Pennsylvania. The Commission should therefore deny this Preliminary Objection and hold, as a matter of law, that the service identified in the Amended Petitions is *for the public*.

Similarly, the CAC's contention that the Amended Petition is legally insufficient rests largely on the charge that SPLP has not rebutted allegations of environmental harm that have yet to be made, much less proven or even supported with competent evidence of record. Of course, at the pleadings stage of a formal proceeding, there is no requirement that any facts be established or proven. But more importantly, the *only* issue in this proceeding is whether the *siting* of the structures that will house the pump stations and valve control stations is reasonably necessary for the convenience and welfare of the public. *Del-AWARE Unlimited, Inc. v. Pa. Pub. Util. Comm'n*, 513 A.2d 593, 596 (Pa. Commw. Ct. 1986) (holding that Del-AWARE's argument that the Commission should have considered the impacts of a reservoir were meritless because the reservoir was not a "building" and the Commission therefore only had authority to consider the siting of the associated pumphouse); *Petition of UGI Penn Natural Gas Inc. for a Finding that Structures to Shelter Pipeline Facilities in the Borough of West Wyoming, Luzerne County, To the Extent considered to be Buildings under Local Zoning Rules, Are Reasonably Necessary for The Convenience or Welfare of the Public*, 2013 WL 6835113, at *13 (Pa. P.U.C. 2013). Local municipalities have no authority to regulate public utility facilities, *Duquesne Light Co. v. Monroeville Borough*, 449 Pa. 573, 580, 298 A. 2d 252, 256 (1972) ("[t]his Court has consistently held, however, that the Public Utility Commission has exclusive regulatory jurisdiction over the implementation of public utility facilities."), so the CAC's baseless speculation about environmental harm from the pipeline itself is irrelevant to this proceeding.

*Petition of UGI Penn Natural Gas Inc., supra.*² Furthermore, the Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of “minor significance” under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department’s air quality regulations.

For these reasons, and as explained more fully below, SPLP respectfully requests that the Commission deny the CAC’s Preliminary Objections and rule, as a matter of law, that (i) intrastate transportation of petroleum products by SPLP is service *for the public* and SPLP is therefore a “public utility” regulated by the Commission and a “public utility corporation” within the ambit of section 619 of the Municipalities Planning Code (the “MPC”), 53 P.S. § 10619; (ii) allegations of environmental harm emanating from the construction or operation of the pipeline—a public utility facility—fall outside the scope of a section 619 proceeding and therefore may not be raised in connection with the Amended Petitions; and (iii) all other arguments raised by the CAC in its Preliminary Objections are either moot or devoid of legal merit.

ANSWER TO NUMBERED PARAGRAPHS

1. SPLP admits that it has proposed a project referred to as “Mariner East” to transport natural gas liquids—propane and ethane—from Houston, Pennsylvania to SPLP’s Twin Oaks facilities that are operated in conjunction with the Marcus Hook Industrial Complex (“MHIC”), located on the Delaware River. Approximately 300 miles of the project—including

² In *Petition of UGI Penn Natural Gas Inc., supra*, the Commission opined:

We further conclude that many of the issues and concerns raised by the Intervenors are beyond this Commission’s jurisdiction in this matter and were properly limited by the ALJ via her granting PNG’s Motion in Limine. We find that the majority of Ms. Dolan’s Exceptions are similarly not germane to the issues before the Commission as she, instead, attempts to challenge the existence of the proposed gate station itself and does not address the limited issues before us: whether the four structures the Company proposes to build are “buildings” within the meaning of the MPC and, if so, whether such “buildings” are reasonably necessary for the convenience or welfare of the public.

all of the municipalities affected by the Amended Petitions—consist of SPLP’s existing pipeline infrastructure. This infrastructure will be supplemented by construction of an additional 51-mile extension from Houston, Pennsylvania to Delmont, Pennsylvania. As explained in the Amended Petitions, Mariner East will serve not only foreign markets, but also local markets as well, particularly the market for propane that experienced supply shortages during the past winter. Except as expressly admitted herein, the allegations in paragraph 1 of the CAC’s Preliminary Objections are denied.

2. SPLP admits that in order to transport the liquids from the Marcellus Shale region, SPLP will reconfigure an existing pipeline, plus add a new 51-mile extension, so that it can transport petroleum products and refined petroleum products, including propane and ethane from West to East. SPLP also admits that it will build 18 pump stations and 17 valve control stations as part of the project. In the Amended Petitions, SPLP is seeking a finding from the Commission under 53 P.S. § 10619, that the structures to shelter the pump stations and valve control stations are reasonably necessary for the convenience and welfare of the public and, therefore, exempt from any local zoning, subdivision, and land development. Except as expressly admitted herein, the allegations in paragraph 2 of the CAC’s Preliminary Objections are denied.

3. SPLP admits that in the Amended Petitions, SPLP is seeking a finding from the Commission under 53 P.S. § 10619, that the structures to shelter the pump stations and valve control stations are reasonably necessary for the convenience and welfare of the public and, therefore, exempt from any local zoning, subdivision, and land development. Although SPLP filed a single Petition with the Commission on March 21, 2014, it expressly requested that each of the pump stations and each of the valve control stations be assigned a separate docket number.

(See *Petition*, ¶¶ 5 and 6.) To date, neither the Commission nor the presiding officer has consolidated these dockets, although they have been designated as related proceedings by the Secretary of the Commission.³ SPLP further avers that consolidation at this stage of the proceedings would be premature and unwarranted. On May 8, 2014, after obtaining new legal representation, SPLP filed Amended Petitions in each of the 31 separate dockets. Except as expressly admitted herein, the allegations in paragraph 3 of the CAC's Preliminary Objections are denied.

4. SPLP admits that the Amended Petitions state that the propane will be delivered to SPLP's Twin Oaks facilities in Aston, Pennsylvania, which is physically connected with the Marcus Hook Industrial Complex. Except as expressly admitted herein, the allegations in paragraph 4 of the CAC's Preliminary Objections are denied.

5. SPLP admits that Section 619 of the MPC allows the Commission to grant an exemption for "any existing or proposed building, or extension thereof, used or to be used by a public utility corporation, if, upon petition of the corporation, the Pennsylvania Public Utility Commission shall, after a public hearing, decide that the present or proposed situation of the building in question is reasonably necessary for the convenience or welfare of the public." 53 P.S. § 10619

I. Preliminary Objection #1 Must be Denied

6. SPLP admits that in order for the Commission to make the finding SPLP is seeking under § 619 of the MPC, SPLP must be a "public utility corporation" as that term

³ Under 52 Pa. Code § 5.81, either the Commission or the presiding officer, with or without motion, may order proceedings involving a common question of law or fact to be consolidated.

appears in § 619. As the Amended Petitions recite the Commission has already established that SPLP is a public utility and a public utility corporation.

7. SPLP admits that the term “public utility corporation” is not defined in the MPC, but is defined in Pennsylvania’s Business Corporation Law (“BCL”) to include, among other entities, any domestic corporation for profit that “is subject to regulation as a public utility by the Public Utility Commission.”

8. SPLP denies that the CAC has properly stated or applied all rules of statutory construction and all judicial and administrative precedent that govern the interpretation of the term “public utility corporation.” Therefore, SPLP denies the legal conclusions contained in paragraph 8 of the CAC’s Preliminary Objections.

9. SPLP admits that in its Amended Petition, SPLP maintains and the Commission has established in prior proceedings, that it qualifies as a public utility regulated by the Commission as defined in Section 102 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 102, precisely because it has been certificated and regulated as such since 2002, and that because it “is subject to regulation as a public utility by the Public Utility Corporation,” SPLP comes within the plain language of the definition of a “public utility corporation” as that term is used in Section 619 of the MPC. Except as expressly admitted herein, the allegations in paragraph 9 of the CAC’s Preliminary Objections are denied.

a) *SPLP Meets the Definition of a Public Utility Under the Pennsylvania Public Utility Code*

10. SPLP admits that the basis for its contention that it is a public utility under the Public Utility Code is that it currently holds multiple Certificates of Public Convenience

("CPCs") from the Commission pursuant to Sections 1101 and 1102 of the Public Utility Code, 66 Pa.C.S. §§ 1101 and 1102.

Pursuant to a certificate of public convenience dated January 10, 2002 (and docketed on January 25, 2002), SPLP received approval from the Commission for the transfer, merger, possession and use of, all PA PUC jurisdictional assets of Sun Pipe Line Company ("Sun") and Atlantic Pipeline Corporation ("Atlantic"). In the second ordering paragraph of a Corrected Order docketed on January 28, 2002, the Commission clarified that its approval included "the right of Sunoco Pipeline L.P. to transport petroleum products in the former service territory of Sun Pipe Line Company and Atlantic Pipeline Corp." ⁴

Consequently, the Commission has already determined that SPLP is a public utility, and that determination may not be challenged collaterally in this proceeding.

11. SPLP admits that Section 102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 102, defines the phrase "public utility" and that the CAC has quoted certain parts of the definition in paragraph 11 of its Preliminary Objections.

12. SPLP admits that the Public Utility Code explicitly excludes certain operations from the definition of public utility, and that subparagraph (iii) of Part (2) of the definition of "public utility" states that the term does not include "[a]ny producer of natural gas not engaged in distributing such gas directly to the public for compensation."

⁴ See *Joint Application of Sunoco Pipeline L.P., Sun Pipeline Corp. for Approval of the Transfer of Assets and Merger of Sun Pipe Line Company and Atlantic Pipeline Corp. to Sunoco Pipeline L.P. for the Right of Sunoco Pipeline L.P. to Transport Petroleum Products in the Former Service Territory of Sun Pipe Line Company and Atlantic Pipeline Corp. and for the Abandonment of Services by Sun Pipe Line Company and Atlantic Pipeline Corp.*, Corrected Order, Docket No. A-140001, A-140400 F2000, A-140075 F2000 (Jan. 28, 2002).

13. SPLP admits that it cannot meet the definition of public utility set out in subparagraph (i) of the definition. By way of further answer, SPLP states that it has never claimed to be in the business of distributing natural gas.

14. SPLP denies the allegations contained in paragraph 14 of the CAC's Preliminary Objections. SPLP *does* meet the definition of public utility set out in subparagraph (v) of the definition which the Commission has already recognized because SPLP is engaged in "[t]ransporting...gasoline or petroleum products...or other fluid substance...by pipeline or conduit, for the public for compensation." 66 Pa.C.S. § 102. SPLP further states that the Commission's certification of SPLP as a "public utility", as referenced in paragraph 10 above, is legally conclusive and binding on the CAC and may not be challenged collaterally in a Section 619 proceeding.

15. SPLP admits that in its original petition, SPLP did not propose any intrastate delivery of petroleum products or refined petroleum products. SPLP further admits that in its Amended Petitions, SPLP has proposed to transport propane to SPLP's Twin Oaks facilities in Aston, Pennsylvania. By way of further answer, SPLP states that the Twin Oaks facility is operated in conjunction with the Marcus Hook Industrial Complex. Except as expressly admitted herein, the allegations in paragraph 14 of the CAC's Preliminary Objections are denied.

16. SPLP provides transportation service for petroleum products and refined petroleum products. Once delivered to Twin Oaks or the Marcus Hook facility, the propane will either be stored or shipped elsewhere, including to third-party storage facilities or distribution terminals. SPLP further admits that the Marcus Hook facility and the Twin Oaks facilities are connected by pipeline, and the Twin Oaks Terminal is operated "in conjunction with the MHIC."

17. SPLP denies the allegations contained in paragraph 17 of the CAC's Preliminary Objections. The CAC's allegation that all 5,000 barrels of propane per day could be stored for later export, or sent to Marcus Hook for export, is factual speculation that must be rejected for purposes of considering the CAC's Preliminary Objections. Propane will be delivered and used in the Commonwealth of Pennsylvania as the shippers of propane shall determine. As stated in the Amended Petitions, SPLP is adding intrastate service for propane "[g]iven the increased interest expressed by shippers in securing intrastate pipeline transportation facilities sooner than originally anticipated, and in recognition of the public interest in ensuring adequate pipeline capacity to meet peak demand for propane during the winter season..." Amended Petition, ¶ 20. The Amended Petition further stated that "...Pennsylvania has experienced severe shortages of propane during periods of peak demand like the 2013-2014 winter season, due in part to lack of adequate pipeline capacity. As a result of the high supply of propane and other NGLs, and given the need for uninterrupted deliveries of propane in the Commonwealth, the demand for intrastate transportation of propane is significant." Amended Petition, ¶19.

18. SPLP denies the allegations contained in paragraph 18 of the CAC's Preliminary Objections. SPLP will be transporting propane *for the public* because, subject to the available capacity and tariffs to be filed with the Commission, SPLP will serve any and all potential customers who wish to make intrastate shipments on the pipeline within the Commonwealth of Pennsylvania. Propane will be delivered and used in the Commonwealth of Pennsylvania and SPLP as the shippers shall determine which will depend on market conditions. Providing this service to *shippers* is providing pipeline service *for the public*. Moreover, as noted above, SPLP anticipates that especially during the winter, when demand for propane peaks, the *shippers* who are receiving the transportation service will use this service to accommodate the demand for

propane that exists locally in Pennsylvania and regionally in the northeast United States. Consequently, because the transportation service will be available for domestic and local use, SPLP will be meeting the definition of a public utility even under the CAC's cramped interpretation of service *for the public*.

19. SPLP admits that it currently has CPCs on segments of its Mariner East pipeline and that it had previously used the authority granted by these CPCs to transport petroleum products and refined petroleum products from the eastern part of the state to the western part of the state and to northeastern Pennsylvania. These products included gasoline, petroleum distillates, propane, and butane, as set forth in SPLP's Tariff Pipeline – Pa. P.U.C. No. 8 (at pages 4 and 5). A true and correct copy of this Tariff is attached to this Answer as Exhibit "A". SPLP further admits that it is seeking to convert those portions of the pipeline to allow transport of propane and ethane from West to East, and that the Marcus Hook location allows shipment by water to foreign markets. By way of further answer, SPLP states that the Twin Oaks and Marcus Hook locations also allow shipment by water to domestic markets, and shipment by rail and truck to domestic markets, including markets within the Commonwealth of Pennsylvania. Except as expressly admitted herein, the allegations in paragraph 19 of the CAC's Preliminary Objections are denied.

20. SPLP denies the allegations contained in paragraph 20 of the CAC's Preliminary Objections. As noted in paragraph 19 above, SPLP's existing Tariff includes intrastate pipeline service for propane and butane. Moreover, SPLP is proposing to act as a public utility in its currently proposed project, because it is proposing to transport "petroleum products – or other fluid substance" by pipeline for the public for compensation, as the plain language of Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, contemplates. Propane will be delivered and

used in the Commonwealth of Pennsylvania and SPLP will prove that. Finally, this service is guaranteed to benefit the public in numerous ways. Specifically, the Mariner East project will benefit the public by: (1) providing take away capacity for natural gas liquids produced from the Marcellus Shale, allowing these valuable resources to reach commercial markets and promoting the continued growth and development of Pennsylvania's oil and gas industry; (2) ensuring that the route to the market remains within the Commonwealth as opposed to the Gulf Coast, so that the Marcus Hook Industrial Complex can become a Northeast hub for the distribution of natural gas liquids to local, regional, national or international markets; (3) anchoring the revitalization of the Marcus Hook Industrial Complex, so that jobs and economic opportunities can be created in southeastern Pennsylvania; (4) providing intrastate transportation capacity for propane, so that shippers can arrange reliable, safe, and economical transportation of propane during the winter season, when demand for propane peaks and existing transportation alternatives are inadequate and (5) providing an increased supply of propane to the market which will allow consumers, including Pennsylvania residents, to benefit from lower cost propane during the winter season.

21. SPLP denies the allegations and legal conclusions contained in paragraph 21 of the CAC's Preliminary Objections. SPLP is not in the business of producing natural gas.

22. SPLP denies the allegations and legal conclusions contained in paragraph 22 of the CAC's Preliminary Objections. Natural gas liquids are "petroleum products...or other fluid substance" so an entity that transports them for the public for compensation is a "public utility" as defined in Section 102 of the Public Utility Code, 66 Pa.C.S. § 102.

23. SPLP denies the allegations contained in paragraph 23 of the CAC's Preliminary Objections as a misstatement of the well-pleaded material facts in the Amended Petitions. By

way of further answer, SPLP incorporates herein by reference its answers to paragraphs 10 through 22 of the CAC's Preliminary Objections.

b) SPLP's Status As a Public Utility Corporation on Other Grounds is Moot

24-30. Because SPLP is a "public utility" that has been certificated by the Commission since 2002, and because SPLP is currently regulated as a "public utility" by the Commission, the Commission need not reach the question as to whether SPLP would also be a "public utility" under other lines of analysis. Consequently, SPLP asserts that the allegations contained in paragraphs 24 through 30 of the CAC's Preliminary Objections are moot.

II. Preliminary Objection #2 Must be Denied Because the Amended Petitions are Legally Sufficient

c) The Necessity of the Mariner East Project is Not at Issue in this Proceeding

31. SPLP denies the allegations and legal conclusions contained in paragraph 31 of the CAC's Preliminary Objections. The Amended Petitions pertain to the siting of structures that might be considered public utility "buildings" under Section 619 of the MPC, 53 P.S. § 10619. In *Del-AWARE Unlimited, Inc. v. Pa. Pub. Util. Comm'n*, 513 A.2d 593, 596 (Pa. Commw. Ct. 1986), the Commonwealth Court ruled that Section 619 only empowers the Commission to decide if there is reasonable necessity for the *site* of buildings. *See also Petition of UGI Penn Natural Gas Inc., supra*. Public utility facilities that are not "buildings" do not require a determination that the site is reasonably necessary for the public convenience or welfare. *Id.* (holding that Del-AWARE's argument that the Commission should have considered the impacts of a reservoir were meritless because the reservoir was not a "building" and the Commission therefore only had authority to consider the siting of the associated pumphouse).

32. SPLP denies the allegations and legal conclusions contained in paragraph 32 of the CAC's Preliminary Objections. The overall need for the Mariner East project is not at issue in this Section 619 proceeding, which is limited to the siting of the structures that house the pump stations and valve control stations. *See* paragraph 31 above. But even if the overall need for the pipeline transportation service were at issue, the Amended Petitions allege numerous facts to demonstrate such need and the public benefits to be realized from the project. *See* paragraphs 17 through 20 above. Finally, all material facts in the Amended Petitions must be taken as true for purposes of ruling on the CAC's Preliminary Objections, so the CAC's demand for proof at this stage of the proceedings is inappropriate and wrong.

33. SPLP denies the allegations and legal conclusions contained in paragraph 33 of the CAC's Preliminary Objections. The allegations in the Amended Petitions concerning peak demand for propane during the winter season must be accepted as true for purposes of disposing of the CAC's Preliminary Objections. Whether the demand for propane could be met using the currently existing infrastructure is not a relevant issue in this Section 619 proceeding and, even if it were, SPLP's allegations regarding the inadequacy of existing infrastructure would need to be deemed true for purposes of ruling on the CAC's Preliminary Objections. Moreover, SPLP's service will prevent or mitigate price spikes in propane thus making propane more available at affordable prices in Pennsylvanians.

34. SPLP denies the allegations contained in paragraph 34 of the CAC's Preliminary Objections as an intentional distortion of the material facts alleged in the Amended Petition. For an accurate recitation of the applicable facts as pleaded in the Amended Petitions, SPLP incorporates herein by reference its answers to paragraphs 16 through 20 of the CAC's Preliminary Objections.

35. SPLP denies the allegations contained in paragraph 35 of the Amended Petition. SPLP denies that it is required by Section 619 of the MPC or the Commission's rules to address putative environmental health effects in a petition seeking relief under Section 619 of the MPC. By way of further answer, and to respond to the scurrilous accusation made by the CAC, SPLP states that the Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of "minor significance" under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department's air quality regulations.

36. SPLP denies that the valve control stations and pump stations will result in emissions of any substances beyond de minimis levels. Contrary to the impression advanced by CAC, Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of "minor significance" under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department's air quality regulations.. Consequently, the litany of allegations regarding pollutants and associated health problems set forth in paragraph 36 of the CAC's Preliminary Objections are clearly improper.

37. SPLP denies the allegations and legal conclusions contained in paragraph 37 of the CAC's Preliminary Objections. The only issue of relevance to this proceeding is the *siting* of the structures that house the pump stations and valve control stations. Possible environmental impacts of the new pipeline from the MarkWest Houston facility to Delmont, Pennsylvania, are not relevant to this proceeding. *Petition of UGI Penn Natural Gas, supra.*

38. SPLP denies the legal conclusions alleged in paragraph 38 of the CAC's Preliminary Objections. The fact that the DEP had already done a review of the environmental

impact in *Del-AWARE Unlimited, Inc. v. Pennsylvania Public Utility Commission*, 99 Pa. Cmwlth. 634, 513 A. 2d 593 (1986), does not mean that such a review is otherwise required in every other case. By way of further answer, as mentioned, the Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of “minor significance” under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department’s air quality regulations.

39. SPLP denies the allegations and legal conclusions contained in paragraph 39 of the CAC’s Preliminary Objections. The environmental and health impacts of the Mariner East pipeline are not at issue in this Section 619 proceeding, which, as noted above, only concerns the siting of certain structures. Moreover, under well-settled law, local municipalities have no authority to regulate the design, location, or construction of public utility facilities. *See Duquesne Light Co. v. Monroeville Borough*, 449 Pa. 573, 580, 298 A. 2d 252, 256 (1972) (“This Court has consistently held, however, that the Public Utility Commission has exclusive regulatory jurisdiction over the implementation of public utility facilities.”) (citations omitted); *County of Chester v. Phila. Elec. Co.*, 420 Pa. 422, 218 A.2d 331 (1966) (holding that regulation by a multitude of jurisdictions would result in “twisted and knotted” public utilities with consequent harm to the general welfare). By way of further answer, as mentioned, the Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of “minor significance” under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department’s air quality regulations.

b) SPLP's Amended Petitions Are Expressly Permitted By The Commission's Regulations

40. SPLP admits that its original petition, as filed on March 21, 2014, did not mention the intention to engage in intrastate transportation of natural gas liquids or to SPLP's Twin Oaks facilities. SPLP denies the implication that it may not update its business plans to respond to market conditions and serve the public. Except as expressly admitted herein, the allegations contained in paragraph 40 of the CAC's Preliminary Objections are denied.

41. SPLP denies the allegations and legal conclusions contained in paragraph 41 of the CAC's Preliminary Objections as an incomplete and inaccurate summary of the positions taken by the environmental and citizens' groups. SPLP further avers that all legal arguments that were asserted prior to the filing of the Amended Petitions are now moot and irrelevant.

42. While SPLP admits that it obtained new legal representation and that it filed Amended Petitions, SPLP avers that it made the decision to offer intrastate service to satisfy the demands of its customers and to benefit the public. Except as expressly admitted herein, the allegations and legal conclusions contained in paragraph 42 of the CAC's Preliminary Objections are denied.

43. SPLP denies the allegations contained in paragraph 43 of the CAC's Preliminary Objections. By way of further answer, SPLP incorporates herein by reference its answers to paragraphs 16 through 20 of the CAC's Preliminary Objections. SPLP further states that it is permitted to amend its pleadings as a matter of right, 52 Pa. Code § 5.91(b).

44. SPLP denies the allegations and legal conclusions contained in paragraph 44 of the CAC's Preliminary Objections. The allegations in the Amended Petitions concerning need

and demand for intrastate service must be accepted as true for purposes of disposing of the CAC's Preliminary Objections.

45. SPLP denies the allegations and legal conclusions contained in paragraph 45 of the CAC's Preliminary Objections. As explained earlier, natural gas liquids are "petroleum products...or other fluid substance" so an entity that transports them for the public for compensation is a "public utility" as defined in Section 102 of the Public Utility Code, 66 Pa.C.S. § 102. Consequently, this is precisely the type of project for which public utility status does and was meant to apply.

c) *Article I, Section 27 of the Pennsylvania Constitution Does not Prohibit Granting of SPLP's Amended Petition*

46. SPLP denies the legal conclusions contained in paragraph 46 of the CAC's Preliminary Objections. The Supreme Court's plurality decision in *Robinson Township, et al v. Commonwealth of Pennsylvania, et al.*, 83 A.3d 901 (Pa. Dec. 19, 2013) concerned Act 13 and did not involve Section 619 of the MPC.

47. SPLP admits that paragraph 47 of the CAC's Preliminary Objections describe a part of the voluminous opinion in *Robinson Township*. By way of further answer, the extent that CAC is alleging that the project does not meet the standards of Article I, Section 27 of the Pennsylvania Constitution, such allegation is denied. In fact, the Pennsylvania Department of Environmental Protection has determined that the pump stations are air emissions sources of "minor significance" under 25 Pa. Code § 127.14, thus any potential air emissions are so insubstantial as to not require a Plan Approval under the Department's air quality regulations.

48. SPLP denies the legal conclusions contained in paragraph 48 of the CAC's Preliminary Objections. First, the only thing at issue in this Section 619 proceeding is the siting of the structures that house the pump stations and valve control stations. *Del-AWARE Unlimited, Inc., supra; Petition of UGI Penn Natural Gas, supra.* At this point in the proceeding, there is no evidence whatsoever that the siting of those structures may negatively impact the environmental integrity and esthetic value of the communities in which they are located. To the extent that any party to this proceeding comes forward with evidence of such purported impacts from the *siting* of the structures, the Commission may consider such evidence in determining whether to make a finding that the *siting* of the structures is for the convenience or welfare of the public. SPLP expressly denies that this process implicates the concerns voiced in *Robinson Township*. To the contrary, under the Commission's policy statement, 52 Pa. Code § 69.1101, in evaluating the siting of a public utility "building" under Section 619 of the MPC, the Commission will consider "...the impact of its decisions upon local comprehensive plans and zoning ordinances."

d) *SPLP's Request That the Dockets Remain Unconsolidated*

49. SPLP admits that in its Amended Petitions, SPLP has "explicitly request[ed] that these dockets remain unconsolidated." (Amended Petitions at 1, n.1.)

50. In answer to paragraph 50 of the CAC's Preliminary Objections, SPLP states that it was requesting that all of the dockets remain unconsolidated. The fact that the dockets are unconsolidated does not mean that the initial pre-hearing conference cannot take place at the same time for all the dockets, or for groupings of the dockets by segment (*i.e.*, East of Mechanicsburg or West of Mechanicsburg).

51. SPLP denies the legal conclusions contained in paragraph 51 of the CAC's Preliminary Objections. The issue of whether or not to consolidate the dockets is not a matter to be decided in a ruling on preliminary objections. Instead, it is a procedural issue that should be addressed in a pre-hearing conference, with an opportunity for all parties to appear and be heard. The only issue of relevance to these proceedings is the siting of the protective enclosures for the pump stations and valve control stations, an issue that is particularized as to each municipality and each docket. While it is true that the CAC's arguments concerning the service being not *for the public* and presenting environmental harm have been asserted in all of the dockets, neither of these issues has any legal merit, and thus they should be rejected and removed from these proceedings via the Commission's disposition of the CAC's Preliminary Objections.

52. SPLP denies the legal conclusions contained in paragraph 52 of the CAC's Preliminary Objections for the reasons set forth in paragraph 51 above.

WHEREFORE, SPLP respectfully requests that the Pennsylvania Public Utility Commission deny the Preliminary Objections of the Clean Air Council.

Dated: June 9, 2014

Respectfully Submitted,
BLANK ROME LLP



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EXHIBIT “A”

**Tariff Pipeline - Pa. P.U.C. No. 8
Cancels Tariff Pipeline - Pa. P.U.C. No. 1
and Tariff Pipeline - Pa. P.U.C. No. 5**

SUNOCO PIPELINE L.P.

LOCAL TARIFF

CONTAINING

RULES AND REGULATIONS

**GOVERNING THE INTRASTATE PIPELINE TRANSPORTATION
OF
PETROLEUM PRODUCTS
WITHIN
PENNSYLVANIA**

NOTICE

This tariff consolidates the Rules and Regulations of Sunoco Pipeline L.P.'s former Tariffs Pipeline – Pa. P.U.C. Nos. 1 and 5 and eliminates tariff language that is no longer applicable.

ISSUED: DECEMBER 1, 2002

EFFECTIVE: FEBRUARY 1, 2003

Issued by:
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Operations GP LLC, the General Partner of
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EXPLANATION OF REFERENCE MARK:

[C] CHANGE

GENERAL APPLICATION

Carrier will receive, transport, and deliver Petroleum through its facilities only as provided in this Rules and Regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein or in succeeding reissues of these Rules and Regulations.

5. Definitions

"ASTM" as herein used refers to the American Society for Testing Materials.

"Barrels" as herein used will consist of forty-two (42) U.S. gallons at sixty degrees Fahrenheit (60°F).

"Carrier" as herein used means and refers to Sunoco Pipeline L.P. and other common carrier pipelines participating herein.

"Pa. P.U.C." as used herein means the Pennsylvania Public Utility Commission or its successor agencies.

"Nomination" as herein used means a written designation by a Shipper to Carrier of an approximate quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier over a period of one Operating Month in accordance with these Rules and Regulations.

"Operating Month" for Shipper or Transferor as herein used means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of such party. For purpose hereof, the month shall be deemed to begin on the first day of such month at 0001 hours until the first day of the succeeding month at 2400 hours [Eastern Standard or Eastern Daylight Savings Time, whichever is in effect on the date specified].

"Petroleum" as herein used refers to the grade or grades of petroleum products derived from refining crude oil, which are specified in Item No. 15.

"Shipment Transfer" as herein used means the physical transfer of a stated quantity of Petroleum in custody of Carrier from a Shipper to another Shipper.

"Shipper" as herein used means the consignor of a Tender.

"Tender" or "Tendering" as herein used means an offer of delivery by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier in accordance with these Rules and Regulations.

"Title Transfer" as herein used means transfer of ownership reported in the records of Carrier of a stated quantity of Petroleum in the custody of Carrier from one entity to another.

10. Tenders

All Shippers tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with Carrier's tariffs. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Carrier will not be obligated to accept a Tender for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the fifteenth (15th) day of the preceding calendar month.

Carrier can require Tenders for the same kind and quality of Petroleum in minimum of twenty-five thousand (25,000) barrel shipments consigned to the same destination point. Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

15. Specification Required As To Quality

Specification A (includes gasoline)

Petroleum meeting the following minimum specifications:

- (1) the color shall not be darker than eighteen (18) Saybolt as determined by ASTM D-156 (except that gasoline to which artificial coloring has been added will be accepted for transportation regardless of color);
- (2) the initial boiling point, when tested by standard method test for distillation in accordance with ASTM D-86, shall not exceed one hundred degrees Fahrenheit (100°F);
- (3) when the temperature reaches three-hundred ten degrees Fahrenheit (310°F), not less than fifty percent (50%) of the product shall have been distilled away;
- (4) the final boiling point shall not exceed five hundred twenty-five degrees Fahrenheit (525°F);
- (5) the distillation recovery of the product shall not be less than ninety-six percent (96%).

Specification B (includes kerosene, certain furnace or heating oils, and petroleum fuel oil distillate which is not suitable for illuminating purposes)

Petroleum meeting the following minimum specifications:

- (1) the flash point shall not be less than one hundred degrees Fahrenheit (100°F) as determined by Tag Closed Tester, ASTM D-56;
- (2) when the temperature reaches six-hundred seventy-five degrees Fahrenheit (675°F), not less than ninety percent (90%) of the product shall have been distilled away;
- (3) the final boiling point shall not exceed seven hundred fifty degrees Fahrenheit (750°F) as determined by ASTM D-86;

(4) the color shall not be less than three (3) Dilute as determined by ASTM Union colorimeter pursuant to ASTM D-1500;

(5) the viscosity shall not be more than forty-five seconds at one-hundred degrees (100°) Fahrenheit (45 SUS) as determined by a Saybolt Universal Viscosimeter pursuant to ASTM D-445;

(6) the total water and sediment content, as determined by ASTM D-96, shall be less than one-tenth of one percent (0.1%).

Specification C (includes LPG, propane, butane, or a mixture thereof)

Petroleum meeting the following minimum specifications:

(1) liquid flammable hydrocarbons with a Reid Vapor Pressure, as determined by ASTM D-1267, which exceeds forty pounds per square inch absolute (40 psia) at one-hundred degrees Fahrenheit (100° F), but which does not exceed two-hundred twenty-five pounds per square inch gauge (225 psig) at one-hundred five degrees Fahrenheit (105° F);

(2) liquid flammable hydrocarbons shall not contain any hydrogen sulfide, mercaptans or any sulfur compounds which corrode;

(3) any unstenched liquid flammable hydrocarbons shall not contain total sulfur which exceeds fifteen (15) grains per hundred (100) cubic feet of vapor, as determined by the test for Total Sulfur in Liquefied Petroleum Gas;

(4) the liquid flammable hydrocarbons shall be free of mechanically entrained water.

Specification D (includes toluene, xylene, or a mixture thereof)

Petroleum meeting the following minimum specifications:

(1) the color of aromatic hydrocarbons shall not be darker than plus twenty-one (+21) Saybolt, as determined by ASTM D-156;

(2) the initial boiling point, when tested for distillation pursuant to ASTM D-86, shall be greater than one-hundred degrees Centigrade (100°C) and the final boiling point shall not exceed one-hundred sixty degrees Centigrade (160°C);

(3) the freezing point shall not be greater than minus thirty degrees Centigrade (-30°C), as determined pursuant to ASTM D-1015.

To avoid contamination, Petroleum will be received for transportation only when the specifications therefor conform with Petroleum being then transported by Carrier, and no Petroleum will be received or transported which does not meet the specifications provided herein. Carrier shall not be responsible for discoloration or contamination of Petroleum transported by it unless such discoloration or contamination was caused by the negligence of Carrier.

20. Acceptance Free From Liens and Charges

Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges.

25. Measurement, Testing, Volume Corrections and Deductions

All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in Barrels. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery, and the quantity determined and tested after such receipt or delivery. Shipper or its Consignee may be present or represented at any measuring and testing.

Where Carrier uses a tank or meter of Shipper or its Consignee, Carrier reserves the right to request restrapping or check-strapping of the tank, and proving or check-proving of the meter.

Except for arithmetic errors, all measurement and testing by a representative of Carrier will be conclusive evidence of the quantity as adjusted herein if a representative of Shipper or its Consignee was not present during such measuring and testing.

If two or more Carriers are involved with tendered volumes, tests are to be performed by the particular Carrier as agreed between Carriers.

The net balance at sixty degrees Fahrenheit (60°F) will be the quantity received or delivered by Carrier.

30. Facilities Required At Origin and Destination

Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

In the event Shipper fails to provide adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, or in the event the Shipper or its Consignee refuses to accept the Petroleum at the destination point, Carrier shall have the right to divert or re consign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to deliver the Petroleum from Carrier's facilities, including the right of public or private sale in a commercially reasonable manner. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of and the balance shall be held for whomsoever may be lawfully entitled thereto.

35. Origin Facilities Required For Automatic Custody Transfer

When Shipper or its Consignee elects to deliver Petroleum to Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), Shipper or its Consignee will furnish the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body.

In the event automatic custody transfer is made by a metering facility, Shipper or its Consignee will also furnish whatever pumping service is required to ensure that the Petroleum being delivered through the meter is at a pressure in excess of the true vapor pressure of the liquid.

40. Application of Rates and Charges

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item No. 25.

45. Notice of Arrival, Delivery at Destination

The obligation of Carrier is to deliver at the nominated destination the Tendered quantity of Petroleum, and such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee with all possible dispatch into the tanks or facilities to be provided by the Shipper or its Consignee.

50. Proration of Pipeline Capacity

If, during any period, the total volume of Petroleum nominated over any segment of Carrier's pipelines is in excess of the normal operational capacity of said segment, such Petroleum will be apportioned for acceptance and transportation on an equitable basis.

55. Payment of Transportation and Other Charges; Finance Charges; Lien; Set-Off

The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier. For Petroleum not released due to failure of Shipper to pay or left in Carrier's custody after the scheduled delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including any reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one-hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law, whichever is less.

Petroleum accepted for such transportation shall be subject to a lien for all such charges or antecedent unpaid charges.

If the Petroleum remains in Carrier's custody more than thirty (30) days after the tender of delivery by Carrier, Carrier shall have the right to sell the Petroleum at a public or private sale in a commercially reasonable manner to collect such charges.

Carrier reserves the right to set-off any such charges against any monies owed to Shipper by Carrier or any Petroleum of Shipper in Carrier's custody.

60. Warranties

Shipper warrants that the Petroleum tendered to Carrier will conform with the Specifications stated in Item No. 15, it will be merchantable and will not be contaminated. Shipper will be liable to Carrier, other Shippers or Consignees for any damage, including special, incidental, and consequential, arising from a breach of this warranty. The transportation of the Petroleum may be refused or canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if contracted laboratory test results determine that the Petroleum is nonmerchantable, Shipper will be liable to Carrier for the cost of such tests for nonmerchantable or contaminated Petroleum.

CARRIER DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, CONCERNING THE QUALITY OF THE PETROLEUM.

65. Exemption of Liability

Carrier will not be liable for any loss of Petroleum or damage thereto or delay caused by an Act of God, fire, explosion, storm, flood, electrical malfunction, war, rebellion, insurrection, strike, breakage or accident to machinery or equipment, difference with workmen, the public enemy, quarantine, the authority of law, riots, the act of default of Shipper or owner, or from any cause not due to fault or negligence or any cause reasonably beyond the control of Carrier. In such cases, the loss allocated to Shipper shall be the quantity equal to the amount of its Tenders for the month in which such loss occurs bears to the whole amount of the line fill and tankage in the system of Carrier during the month of such loss, and Shipper shall be entitled to receive only

such portion of its Tenders as remains after deducting its due proportion of the loss. Carrier's custody of the Tenders shall end when Petroleum has been delivered into Shipper's or its consignee's facilities.

Except in force majeure situations, the correction of a nonconformity, the payment of the difference between the reference price for similar Petroleum in the area of origin and the [C] value of the degraded Petroleum, or the replacement of the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

The reference prices for each type of Petroleum and the methodology for calculating the value of any overage or shortage periodically will be provided to Shipper in a letter from Carrier in advance of the effective date of any revision in the reference prices or methodology.

70. Pipeage Contracts Required

Separate pipeage contracts in accordance with this tariff and these Rules and Regulations covering further details may be required of a Shipper before any duty to transport will arise.

75. Claims and Times For Filing

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum or, in case of failure to make delivery, then with nine (9) months after a reasonable time for delivery has elapsed. Suits arising out of such claims must be instituted against Carrier only within two (2) years from the time when the Carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within two (2) years after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

80. Duty of Carrier

Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

85. Application of Rates From and To Intermediate Points

Carrier will receive Petroleum for pipeline transportation only from and to established origin and delivery stations or terminals.

Petroleum received from an established origin station, on Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a point from which rates are published in said tariff, through such unnamed point, will be assessed the rate in effect from the next more distant point published in the tariff.

Petroleum delivered to an established delivery station or terminal, on Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a point to which rates are published in said tariff, through such unnamed point, will be assessed the rate in effect to the next more distant point published in the tariff.

90. Intrasystem Transfers

Carrier will allow a Shipper Transfer of one shipper to another, and Title Transfers from one ownership to another for Petroleum in custody of Carrier. A charge of one-half cent (0.5¢) per barrel with a fifty dollar (\$50.00) minimum will be made to each party directing such transfers, except for the first Title Transfer.

Only one Shipper Transfer will be allowed per movement and party accepting volumes on a Shipper Transfer shall become the Shipper of record. Shipper Transfer must be made at point of origin.

Title Transfers may not be accepted after the twenty-fifth (25th) day of the preceding calendar month.

A transfer request, if accepted, must be confirmed in writing or by facsimile by both the Transferor and the Transferee within forty-eight (48) hours after the transfer request. Such transfer request will indicate the party to which the transfer is to be made, the amount of Petroleum to be transferred, and its location and grade.

Carrier will incur no liability for any losses or damage incurred by any Shipper or owner involved in any intrasystem transfer.

95. Corrosion Inhibitors

Carrier reserves the right to inject or approve the injection of corrosion inhibitors in the Petroleum to be transported.

100. Connection Requirements

All proposed receiving or delivery connections must meet tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier, and all costs of connections shall be paid by the connecting party.

105. Commodity

Carrier is engaged exclusively in the transportation of Petroleum specified and described in Item No. 15 and, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

110. Charges for Spill Compensation Acts and Regulations

In addition to the transportation charges and all other charges accruing on Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such Petroleum pursuant to any federal, state, or local act or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such Petroleum within its jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of persons sustaining a loss therefrom.

115. Product Interface Adjustment

[C]

In the normal course of operations, interfaces between products ("Transmix") are collected by Carrier on specific pipeline segments. Transmix volumes on these pipeline segments will be allocated monthly among Shippers in proportion to each shipper's volumes of all Petroleum shipped during the month in the pipeline segments and will then be disposed of in the manner described herein.

Carrier will determine a ratio ("Interface Ratio") of the Transmix generated to the total volumes shipped on the pipeline segments. Each Shipper's allocation of Transmix barrels will be the product of their volume shipped ("Shipper Volumes") and the Interface Ratio. Carrier will reevaluate the Interface Ratio annually.

Transmix Allocation = Shipper Volumes x Interface Ratio

Carrier will take title and possession of the Transmix and credit the Shipper with a value per gallon of Transmix based on the following formula:

$(35\% \times \text{Unleaded Regular Price}) + (65\% \times \text{No. 2 F.O. Price}) - (\text{Quality Adjustment})$

Where:

"Unleaded Regular Price" and "No. 2 F.O. Price" represent the per gallon price for Unleaded Regular Gasoline and No. 2 Furnace Oil, respectively, published in Platt's Oilgram Price Report, for the appropriate location on the last business day of the Operating Month; and

"Quality Adjustment" represents a combination of factors which impact the material value of Transmix, including re-refining costs handling, and transportation. The Quality Adjustment will be determined solely by Carrier and will be reevaluated annually.

[C]

SUNOCO PIPELINE L.P.

**Tariff Pipeline - Pa. P.U.C. No. 8
Original Page No. 12**

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ISSUED: DECEMBER 1, 2002

EFFECTIVE: FEBRUARY 1, 2003

VERIFICATION

Harry J. Alexander deposes and says he is Vice President, Business Development of Sunoco Pipeline L.P. that he is duly authorized to and does make this Verification on behalf of SPLP; that the facts set forth in the foregoing Answer to the Preliminary Objections are true and correct to the best of his knowledge information and belief; and that this verification is made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



HARRY J. ALEXANDER

DATED: June 9, 2014

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of June, 2014 cause a true copy of the foregoing document to be served upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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