



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

February 1, 2017

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Application of Laurel Pipe Line Company, L.P. for All Necessary Authority, Approvals, and Certificates of Public Convenience to Change the Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania. Docket No. A-2016-2575829

Dear Ms. Chiavetta:

Enclosed for filing is the Protest of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission in the above-referenced case. Copies have been served on the parties of record in accordance with the Certificate of Service.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adam D. Young", is written over the typed name.

Adam D. Young
Senior Prosecutor
PA Attorney ID No. 91822

cc: As per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laurel Pipe Line	:	
Company, L.P. for All Necessary	:	
Authority, Approvals, And Certificates	:	Docket No. A-2016-2575829
of Public Convenience To Change the	:	
Direction of Petroleum Products	:	
Transportation Service to Delivery	:	
Points West of Eldorado, Pennsylvania	:	

**THE BUREAU OF INVESTIGATION AND ENFORCEMENT’S PROTEST TO
THE APPLICATION OF LAUREL PIPELINE TO CHANGE THE DIRECTION
OF PETROLEUM PRODUCTS TRANSPORTATION SERVICE TO DELIVERY
POINTS WEST OF ELDORADO, PA.**

Pursuant to 52 Pa. Code §5.51, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) hereby timely files the foregoing Protest to the Application of Laurel Pipeline in the above-captioned proceeding. The date for filing formal protests and petitions to intervene in this matter was extended by Secretarial Letter dated December 6, 2016. Such pleadings must be filed and served by 4:30 PM on or before Wednesday, February 1, 2017. In support thereof, I&E states as follows:

INTRODUCTION:

1. The Commission, with a mailing address of P.O. Box 3265, Harrisburg, PA 17105-3265, is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities.
2. Act 129 of 2008, 66 Pa.C.S. § 308.2, authorizes the Commission to establish bureaus, offices and positions to, *inter alia*, take appropriate enforcement actions that are necessary to insure compliance with the Public Utility Code and Commission regulations and orders. 66 Pa.C.S. § 308.2(a)(11).
3. In accordance with Act 129, the Commission established I&E to serve as the prosecutory bureau for the purposes of representing the public interest in ratemaking and service matters, and enforcing compliance with the Public Utility Code, 66 Pa.C.S. §§ 101 *et seq.*, and Commission regulations, 52 Pa. Code §§ 1.1 *et seq.* See *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).
4. Pursuant to the Commission's regulations at 52 Pa. Code § 59.33(b), the Commission's Gas Safety Division, which is part of I&E, also has the authority to enforce federal gas pipeline safety regulations set forth in 49 U.S.C.A. §§ 60101, *et seq.* and implemented in 49 C.F.R. Parts 191-193, 195 and 199, 49 C.F.R. §§ 191-193, 195 and 199.
5. I&E, through its prosecutors, has intervened in this proceeding to ensure that any adverse effects of the flow reversal are examined and addressed, including, but not limited to: (1) ensuring that, at a minimum, Laurel follows the Pipeline Hazardous

Materials Safety Administration (“PHMSA”) guidelines for pipeline flow reversals; (2) hardship (including economic hardship) to the public upon discontinuance of such service is minimized; (3) the availability and adequacy of alternative service to Laurel’s customers.

BACKGROUND:

6. On November 14, 2016, Laurel Pipe Line Company, L.P. (“Laurel” or “Company”) filed an application, pursuant to various provisions of the Pennsylvania Public Utility Code, requesting all necessary authority, approvals and Certificates of Public Convenience from the Commission to the extent required, authorizing Laurel to change the direction of its petroleum products transportation service over a portion of its system west of Eldorado, Pennsylvania.

7. In its Application, Laurel requests, inter alia, that the Commission determine by final order that either approval is not required for this change in service, or grant all necessary approvals and permit Laurel to change the direction of its petroleum products transportation service to delivery points west of Eldorado, Pennsylvania.

8. In 1957, the Commission issued a Certificate of Public Convenience authorizing Laurel Pipe Line Company, the predecessor in interest to Laurel Pipe Line Company, L.P., to transport, store and distribute petroleum and petroleum products by means of pipeline.

9. Laurel, as a public utility, exclusively provides transportation services, in that it does not own or sell petroleum products, but rather transports petroleum products (east to west) from point to point in Pennsylvania, and through an affiliated interest

agreement with Buckeye Pipeline Company, L.P. (“Buckeye”), to points outside of Pennsylvania.

10. Laurel also is not engaged in the business of providing transportation services directly to households and other end users, rather, Laurel’s customers (“Customers”) are primarily major integrated oil companies, large refined products marketing companies, and major end-users of petroleum products.

11. Currently, Laurel provides transportation from points of origin in eastern Pennsylvania (Philadelphia) to points of delivery in Central and Western Pennsylvania (Altoona and Pittsburgh, respectively). Laurel seeks to reverse the flow of its pipeline system from points near Eldorado, PA to points west of Pittsburgh, PA such that the direction of flow in this segment of the pipeline will be from west (Ohio) to east (Altoona area). This segment of pipeline will then no longer be under Commission jurisdiction; rather, it will become the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) as an interstate pipeline.

12. In its Application, Laurel alleges that “[m]arket participants in the Pittsburgh market seeking to acquire petroleum products currently have access to deliveries by: (1) Sunoco Pipeline, L.P. (“Sunoco”), from the Midwest; (2) Marathon Pipeline LLC, from the Midwest; (3) Buckeye from the Midwest; (4) Buckeye and Laurel, collectively delivering from the East Coast; (5) trucks delivering from the Ergon refinery in Newell, West Virginia; (6) trucks delivering from the United Refining refinery in Warren, Pennsylvania; (7) barges delivering petroleum products to terminals on the Ohio, Allegheny and Monongahela Rivers from refineries and pipeline terminals in the

Midwest and potentially Gulf Coast; and (8) trucks delivering petroleum products from pipeline terminals in Ohio.

13. Moreover, Laurel alleges that “[m]arket participants in the Philadelphia market seeking to deliver petroleum products to destinations within or outside the Philadelphia market currently have numerous alternatives including: (1) the Laurel/Buckeye system from Philadelphia to Altoona; (2) the Buckeye Pipe Line Transportation LLC system to points in Pennsylvania and Upstate New York; (3) the Sunoco system to destinations in Pennsylvania and Upstate New York; (4) the Sunoco system (Harbor Pipeline) to the New Jersey and New York City markets; (5) the Colonial Pipeline Company (“Colonial”) to New Jersey and New York City markets; (6) barge facilities from which product can be transported by water carrier to markets on the entire East Coast; and (7) truck racks at local Philadelphia refineries or local pipeline terminals for distribution by truck to end users within a broad area of Pennsylvania, New Jersey, Delaware and Maryland.

PROTESTS:

14. While addressing in its Application the acquisition needs of the Pittsburgh market and the delivery needs of the Philadelphia market as far west as Altoona, PA, the Application falls short of addressing the delivery needs of any of Laurel’s Customers from points east of Eldorado, PA to points west of the Pittsburgh area.

15. Laurel’s Application does not specifically address the economic impact to Pennsylvania consumers in the Pittsburgh, Altoona, and Philadelphia markets (among others).

16. Laurel's Application does not specifically address the alternative options for Laurel's Customers seeking transportation of its product from points east of Eldorado, PA to points west of Eldorado, PA.

17. Laurel's Application does not address the potential economic impact to its Customers seeking to transport product from points east of Eldorado, PA to points west of Eldorado, PA, and/or the potential environmental impacts of such alternative methods of transportation.

18. Laurel's Application is effectively an Application for Abandonment of Service, in that Laurel intends to abandon its customers seeking to transport petroleum products from Altoona area to the Pittsburgh area. Moreover, as discussed in Paragraph 12, above, Laurel intends for this segment of pipe to become FERC jurisdictional, and no longer under the jurisdiction of the Commission.

19. Therefore, the Commission should examine the factors for abandonment of service, including: (1) the extent of loss to the utility; 2) the prospect of the system being used in the future; 3) the loss to the utility balanced with the convenience and hardship to the public upon discontinuance of such service; and 4) the availability and adequacy of the service to be substituted. *See Borough of Duncannon v. Pennsylvania Public Utility Commission, 713 A.2d 737 (Pa. Cmwlth. 1998).*

20. In its Application, Laurel does not provide a detailed map specifying the mile posts and exact length of the pipeline of which it seeks to reverse the flow.

21. In its Application, Laurel does not provide adequate pipeline details such as the age of the pipe, the size of the pipe, or the pressure at which the pipe operates.

22. I&E has certain concerns regarding the impacts of the flow reversal outlined in PHMSA's Flow Reversal Guidelines that are not addressed in Laurel's Application, including:

- a. Changes in pressure gradients, flow rates, and velocities through the pipeline network;
- b. For liquid pipelines there may be changes in the location, magnitude and frequency of pressure surges and pressure cycles;
- c. A shift in locations along the pipeline at risk for Stress Crack Corrosion ("SCC") and/or cyclic fatigue (liquid pipelines);
- d. Changes in the inlet and outlet pressures at various appurtenances along the pipeline;
- e. Overpressure protection may need to be modified for gas pipeline grandfathered under § 192.195 to protect against accidental over-pressuring;
- f. Changes in the ability to run In-line Inspection ("ILI") tools and use launching/receiving facilities;
- g. Internal Corrosion Direct Assessment ("ICDA") evaluations to assess the integrity of the gas pipelines at the relevant location; and
- h. Emergency Flow Restricting Device (ERFD) analysis for liquid pipelines.

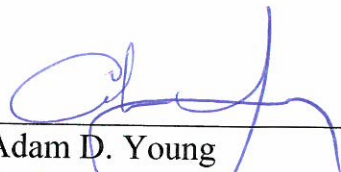
23. Potential Facility Changes for liquid pipelines include new or modified:

- a. Trench containment systems;

- b. Tanks and tank farm appurtenances;
- c. Pump stations;
- d. Surge and overpressure protection systems;
- e. Check valves;
- f. Strainers;
- g. Sectionalizing/EFRD location or actuation;
- h. Supervisory Control and Data Acquisition (“SCADA”);
- i. Flow meters;
- j. ILI inspection launching/receiving facilities; and
- k. Number and placement of vapor detectors.

WHEREFORE, I&E respectfully requests that the Commission sustain the protests filed herein, and refer the matter to the Office of Administrative Law Judge for an evidentiary hearing on this Application.

Respectfully submitted,



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Senior Prosecutor
PA Attorney ID No. 91822

Michael L. Swindler
Deputy Chief Prosecutor
PA Attorney ID No. 43319

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Bureau of Investigation and Enforcement
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Date: February 1, 2017

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Application of Laurel Pipe Line
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Docket No. A-2016-2575829

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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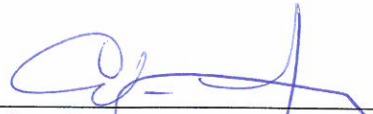
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Dated: February 1, 2017