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February 1, 2017

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

VIA ELECTRONIC FILING

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 Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Protest of Sheetz, Inc. ("Sheetz") in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to Sheetz, Inc.

/lmc

Enclosure

c: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

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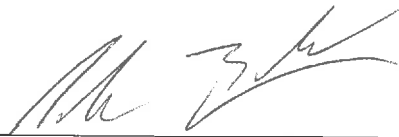
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Adeolu A. Bakare

Counsel to Sheetz, Inc.

Dated this 1st day of February, 2017, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

PROTEST OF SHEETZ, INC.

I. INTRODUCTION

Pursuant to Section 5.51 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") regulations, 52 Pa. Code § 5.51, Sheetz, Inc. ("Sheetz") hereby files this Protest ("Protest") in the above-captioned proceeding. In support of this Protest, Sheetz avers as follows:

II. BACKGROUND

1. On November 14, 2016, Laurel Pipe Line Company, L.P. ("Laurel" or "Applicant") filed its Application 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, with the Commission pursuant to various provisions of the Pennsylvania Public Utility Code ("Application"). *See* 66 Pa. C.S. § 101, *et seq.*

2. As set forth in the Application, Laurel currently transports petroleum products from points of origin near Philadelphia, Pennsylvania, to destination points across the Commonwealth, terminating west of Pittsburgh, Pennsylvania. *See* Application, p. 2. In

addition to the intrastate shipments, Laurel assigns a portion of its capacity to Buckeye Pipe Line Company, L.P. ("Buckeye") for interstate transportation service from origin points in New Jersey and Delaware to destination points in Pennsylvania. *See id.* at 2.

3. The Application proposes to dramatically modify the jurisdictional pipeline transportation service currently provided by Laurel by eliminating service to all points west of Eldorado (near Altoona) from the east. *See id.* at 9. Laurel proposes that Buckeye will use the pipeline facilities west of Eldorado, for future receipt of interstate deliveries originating from origin points in the Midwest and in the Pittsburgh area to Eldorado. *See id.* Importantly, the Application claims that these deliveries would be "on Laurel's pipeline at FERC-approved interstate rates." *Id.* at 9. The Application also claims that Laurel "will submit for approval a new capacity agreement whereby Buckeye will use a portion of Laurel's post-project capacity" for these interstate shipments. *See id.* To date, no such filing has been made.

4. On November 16, 2016, the Commission issued a Secretarial Letter directing Laurel to publish notice of the Application in a newspaper having general circulation in the area involved and file proof of publication with the Commission by December 19, 2016. The Secretarial Letter also confirmed that the Commission would publish notice of the Application in the *Pennsylvania Bulletin* on December 3, 2016, with formal protests and petitions to intervene due to the Commission by December 19, 2016.

5. On November 22, 2016, Gulf Operating, LLC ("Gulf") filed a Petition to Intervene and Motion to Extend Deadline for Protests.

6. Laurel filed an Answer to Gulf's Petition and Motion requesting that the Commission: (1) grant expedited consideration of Gulf's Motion to Extend the Deadline for Protests and Laurel's Answer; and (2) deny Gulf's Petition to Intervene and Motion to Extend the

Deadline for Protests beyond the December 19, 2016, deadline established by the Commission's November 16, 2016, Secretarial Letter.

7. On December 5, 2016, Philadelphia Energy Solutions filed a Petition to Intervene.

8. The Commission issued a second Secretarial Letter on December 6, 2016, extending the deadline for filing formal protests and petitions to intervene in this proceeding to February 1, 2017. The Secretarial Letter confirmed that the Commission would publish notice of the Application in the *Pennsylvania Bulletin* on December 17, 2016, with formal protests and petitions to intervene due to the Commission by February 1, 2017. The Secretarial Letter also directed Laurel to serve a copy of its Application on the following parties: current customers using the pipeline; former customers who used the pipeline during the period from January 1, 2015, through the date of filing (*i.e.*, November 14, 2016); and prospective and committed customers Laurel expects to use the pipeline if the flow direction of the line is changed. Finally, the Commission noted that pursuant to 52 Pa. Code § 5.44, parties may file a petition for reconsideration of the Secretarial Letter within 20 days of the date of the Secretarial Letter, or by December 26, 2016. No party filed a petition for reconsideration.

9. On December 15, 2016, Laurel filed its proof of publication of the Application in the following newspapers: The Patriot News; The Philadelphia Inquirer; The Altoona Mirror; The Pittsburgh Post-Gazette; and The Reading Eagle.

10. Notice of Laurel's Application was published in the *Pennsylvania Bulletin* on December 17, 2016, with formal protests and petitions to intervene due no later than February 1, 2017.

11. On December 19, 2016, Laurel provided notice to the Commission that it served a copy of its Application on the parties as directed by the Commission in its December 6, 2016, Secretarial Letter.

12. The Bureau of Investigation and Enforcement ("I&E") submitted a Notice of Intervention in this proceeding on December 20, 2016.

13. Monroe Energy LLC ("Monroe") filed a Petition to Intervene in this proceeding on January 3, 2017. On January 26, 2017, Monroe filed a Motion for Admission *Pro Hac Vice*.

14. Husky Marketing and Supply Co. filed a Petition to Intervene on January 30, 2017.

15. Sunoco, LLC ("Sunoco") filed a Petition to Intervene on January 31, 2017.

16. As a shipper on Laurel's Pipe Line, Sheetz has a significant interest in this proceeding. A Pennsylvania corporation, Sheetz is a family owned business with more than 17,000 employees in six states. The majority of those employees work in Pennsylvania. Sheetz operates over 250 stores in Pennsylvania and over 550 total stores nationwide. In addition to retail gasoline and fuel, Sheetz sells food and other convenience items.

17. The full name, address and telephone number of the Protestant is:

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Altoona, PA 16602
Phone: (814) 946-3611

18. The names and addresses of Sheetz's attorneys are:

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III. PROTEST

A. **Laurel's Proposed Reversal Constitutes an Abandonment of Public Utility Facilities.**

19. Laurel's Application must be denied as harmful to retail consumers, shippers, and the public interest. Despite Laurel's claim to the contrary, the proposed reversal is subject to Commission review as an abandonment of public utility service and/or, at minimum, a proposed tariff change. *See* 66 Pa. C.S. §§ 1102(a)(2), 1308. For numerous reasons, especially regarding the negative economic consequences for the Pittsburgh petroleum products market, the proposed reversal is detrimental to the public interest. Therefore, whether reviewed as a proposed abandonment or a proposed tariff change, Sheetz respectfully requests that the Commission deny the Application and require Laurel to continue furnishing petroleum products transportation service consistent with its Certificate of Public Convenience and from those points of origination to those destinations set forth in its current tariff.

20. In the Application, Laurel claims the proposed reversal does not constitute an abandonment of public utility service and therefore requires no Certificate of Public Convenience or other PUC approval. *See* Application, p. 12. Laurel claims to have filed the Application only out of recognition that the matter constitutes an issue of first impression and requests approval of the Application to the extent the Commission disagrees with Laurel's primary assessment. Laurel's analysis misconstrues the plain language of its current Certificate

of Public Convenience authorizing Laurel to transport petroleum products from east-to-west. Consistent with its Certificate of Public Convenience and the Public Utility Code, Laurel must obtain approval from the PUC prior to abandoning previously certificated public utility service. *See id.*

21. Critical to the interest of Sheetz in this proceeding, the fact that the proposed reversal would eliminate Pittsburgh-area locations as PUC-jurisdictional delivery points confirms that service will be abandoned. In the Application, Laurel concedes the proposed reversal would transfer jurisdiction over all deliveries to the Pittsburgh area from this Commission to the Federal Energy Regulatory Commission ("FERC"). *See* Application, p. 14. However, without citing statutory or precedential authority, Laurel claims "a change in the jurisdictional nature of service is not an abandonment of service." *See id.* This statement conflicts with the definition of "Service" in the Public Utility Code, which includes only acts done in the performance of duties under the Public Utility Code. *See* 66 Pa. C.S. § 102. Accordingly, the removal of a service from the PUC's jurisdiction under the Public Utility Code clearly constitutes an abandonment of jurisdictional service subject to Commission review. Alternatively, as indicated above, the inclusion of a modified tariff clearly subjects the Application to Commission review as a proposed tariff change. *See* 66 Pa. C.S. § 1308; *see also Sunoco Pipeline L.P. Request for Approval of Tariff Pipeline-Pa P.U.C. No. 16 and Waiver of 52 Pa. Code §53.52(b)(2) and (c)(1) through (5)*, Docket No. R-2014-2426158 (Pa. PUC August 12, 2014), p. 3.

22. For the above reasons, the Commission should dismiss Laurel's contention that the proposed reversal requires no Commission approval and, as further discussed below, deny the Application as contrary to the public interest.

B. Laurel's Proposed Reversal is Detrimental the Pittsburgh-Area Fuels Market, Contrary to the Public Interest, and Must be Denied.

23. The proposed pipeline reversal would adversely impact consumers in the Pittsburgh area that presently receive service from East Coast suppliers of petroleum products, current shippers dependent on Laurel's certificated facilities for access to the Pittsburgh market, and the general public. If approved, the proposed pipeline reversal would eliminate pipeline supply from East Coast markets to the Pittsburgh area, thereby removing beneficial price discipline, reliability redundancies, and supply alternatives for the Pittsburgh market. *See Application*, p. 16. For these reasons, the Application must be denied. Alternatively, the Commission should hold hearings to address the issues raised by Sheetz and any other Protestants.

24. Granting Laurel's Application would harm the Pittsburgh-area petroleum products market. Presently, customers in the Pittsburgh area benefit from an ability to arbitrage prices for supply from pipelines from the Midwest and East Coast. Independent fuel retailers, such as Sheetz, deliver lower fuel prices to customers by securing the lowest costs of goods sold between Midwest and East Coast suppliers. If the flow of service on Laurel's pipeline is reversed, Western Pennsylvania retailers would no longer be able to purchase product from the East Coast refineries. As a result, costs will increase and those increased costs will be passed through to Pennsylvania customers. Thus, the ultimate result of a pipeline reversal is that end-use consumers will pay more for their gasoline.

25. Additionally, the tariffs on the Laurel pipeline are currently regulated by the PUC. However, if the pipeline is reversed, the tariff rates would be set by FERC, which would lead to significantly higher fuel transportation costs. *See Application*, p. 14. These increased costs would also be passed onto Western Pennsylvania consumers.

26. In addition to higher rates, Sheetz is concerned with the impact of Laurel's proposed reversal on reliability and energy security for the Western Pennsylvania area. The proposed reversal would greatly increase dependency on Midwestern refineries, which decreases energy security for the region. *See* Application, p. 14. In the event of supply disruptions in the Midwest, Sheetz will no longer be able to rely on pipeline deliveries from the east. As a result, events impacting the ability of Midwest refineries to ship volumes will expose Western Pennsylvania markets to potential supply disruption and price surges.

27. Finally, Laurel's Application proposes alternatives for Pittsburgh-area retailers to obtain petroleum products if the pipeline is reversed, but lacks any evidence showing these alternatives to be reasonable from an economic or practical standpoint. *See* Application, p. 7. Laurel has not provided sufficient evidence that independent fuel retailers in Western Pennsylvania will continue to have viable options for purchasing fuel from East Coast suppliers, including eastern Pennsylvania refineries.

28. Because Laurel has failed to demonstrate the proposed reversal furthers the public interest, the Commission should deny the Application or, at minimum, conduct further hearings on the matter.

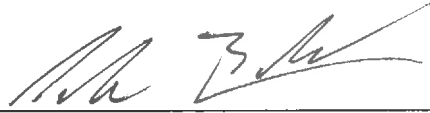
IV. CONCLUSION

WHEREFORE, Sheetz, Inc. hereby respectfully requests that the Commission deny the Application filed by Laurel Pipe Line Company and grant any other relief that is deemed to be reasonable and appropriate.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By



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Dated: February 1, 2017