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February 13, 2017

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, Filing Room
400 North Street
Harrisburg, PA 17101

RE: Application of Laurel Pipe Line Company, L.P.; Docket No. A-2016-2575829
**PREHEARING CONFERENCE MEMORANDUM OF MONROE
ENERGY, LLC**

Dear Secretary Chiavetta:

Enclosed for electronic filing with the Pennsylvania Public Utility Commission ("Commission") is the Prehearing Conference Memorandum of Monroe Energy, LLC in the above-captioned proceeding. Hard copies will follow in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. Please contact me with any questions concerning this filing.

Very truly yours,

Kevin J. McKeon
Todd S. Stewart
Whitney E. Snyder
Counsel for Monroe Energy, LLC

KJM/TSS/WES/jld

Enclosure

cc: Administrative Law Judge Eranda Vero
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 of Public Convenience To : Docket No. A-2016-2575829
Change the Direction of Petroleum Products :
Transportation Service to Delivery Points :
West of Eldorado, Pennsylvania :

**PREHEARING CONFERENCE MEMORANDUM
OF MONROE ENERGY LLC**

Monroe Energy, LLC (“Monroe Energy”) hereby submits its prehearing conference memorandum in compliance with the Presiding Administrative Law Judge’s Prehearing Order dated February 7, 2017. A Prehearing Conference in this matter is currently scheduled to be held on Tuesday February 14, 2017 at 10:00 A.M.

I. PROCEDURAL HISTORY

1. On November 14, 2016, Laurel Pipe Line Company (“Laurel”) filed an 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”).
2. On January 3, 2017, Monroe Energy filed a Petition to Intervene.
3. On February 1, 2017, Monroe Energy filed a Protest to the Application.

3. Monroe Energy is represented in this matter by the counsel listed below. By letter dated February 8, 2017, the below listed counsel requested inclusion on the full service list. Counsel agree to e-service of all documents served in this proceeding and request that parties do not serve them with hard copies.

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II. PUBLIC INPUT HEARINGS

4. Monroe Energy proposes public input hearings for Philadelphia and Pittsburgh so as to provide affected consumers and public officials in the affected communities with an opportunity to express their views on the impact of the Application.

III. DISCOVERY MODIFICATIONS

5. Monroe Energy may propose discovery rule modifications in the event its proposed procedural schedule is not adopted.

IV. ISSUES AND WITNESSES

6. Laurel is a Commission jurisdictional public utility holding a certificate of public convenience. Laurel currently transports petroleum products from points of origin near Philadelphia, Pennsylvania, to destination points across the Commonwealth, terminating west of Pittsburgh, Pennsylvania. In its Application, Laurel proposes to dramatically modify the jurisdictional pipeline transportation service it currently provides by eliminating service to all points west of Eldorado (near Altoona) from the east. Laurel proposes that Buckeye Pipeline Company, L.P. (“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 at FERC-approved interstate rates.

7. Monroe Energy intends to show that these proposed changes are subject to Commission review as the abandonment of public utility service under 66 Pa. C.S. § 1101(a)(2) and/or a proposed tariff change, which Laurel must prove to be in the public interest. *See 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) (“Sunoco”).*

8. Monroe Energy also intends to show that Laurel’s proposed changes do not meet the criteria for abandoning service and are not in the public interest. Each of these issues involves significant issues of material fact including:

- (a) the proposed reversal will in fact abandon intrastate service to Pittsburgh;

- (b) the proposed reversal will in fact conflict with Laurel's current certificate of public convenience;
- (c) the extent of the loss to Laurel of its current pipeline service;
- (d) the current and ongoing high demand for Laurel's pipeline service;
- (e) the extensive harm to the public, including, shippers, refiners, consumers, and Pennsylvania's infrastructure environment in the event of abandonment;
- (f) the lack of harm to Laurel if the abandonment is not approved; and
- (g) lack of available alternatives to replace Laurel's current pipeline service.

9. In its Protest, Monroe Energy adopted the Affidavit of Daniel S. Arthur of the Brattle Group, which was submitted with the protest of Gulf Operating, LLC in this proceeding. Monroe Energy may present the testimony of Mr. Arthur and of additional witnesses, but has not yet identified the witness(es). Monroe Energy will notify Your Honor and the other parties at the earliest possible juncture of the identity of its witnesses.

V. SCHEDULE

10. Monroe Energy proposes the procedural schedule attached as **Attachment A**.

VI. SETTLEMENT

11. Monroe Energy is willing to engage in discussions of settlement at the appropriate juncture in this matter, has suggested settlement conference dates in its proposed procedural schedule, and will work cooperatively with the other parties to determine whether settlement is feasible.

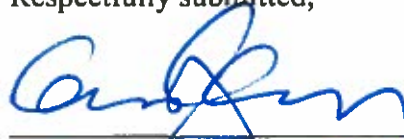
VII. CONSOLIDATION

12. Consistent with Your Honor's directive, Monroe Energy has responded to Laurel's Motion to Consolidate this proceeding with Laurel's recent affiliated interest agreement filing at Docket No. G-2017-2587567, and has attached that answer, filed with the Commission February 13, 2017, to this Prehearing Memorandum as **Attachment B**. Monroe Energy believes that the

consolidation motion is properly addressed to the Commission, because the affiliated interest agreement filing at Docket No. G-2017-2587567 has not yet been assigned to Your Honor (or indeed even set for a litigation resolution).

WHEREFORE, Monroe Energy hereby respectfully submits its Prehearing Conference Memorandum in the above-captioned matter.

Respectfully submitted,



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DATED: February 13, 2017

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 the manner indicated below, and in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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Kevin J. McKeon
Todd S. Stewart
Whitney E. Snyder

Dated: February 13, 2017

ATTACHMENT A

**LAUREL PIPELINE APPLICATION FOR TO REVERSE FLOW OF PENNSYLVANIA PIPELINE
PROPOSED LITIGATION SCHEDULE**

February 7, 2017	Laurel files Direct Testimony ¹
February 14, 2017	Prehearing Conference
March 15, 2017	Settlement Conference
March 22, 2017	Intervenors and Public Advocates must serve their initial set of interrogatories/data requests by this date
March 23, 2017	Intervenors and Public Advocate to Notify Parties of any Need for Depositions
March 24 – May 12, 2017	Complete Depositions of Laurel Representatives if Requested
Week of May 15, 2017	Second Prehearing Conference to Complete Procedural Schedule (convene week of March 27, 2017 if no depositions)

¹ Written interrogatories and requests for production of documents may be served and answered throughout the schedule until the ALJ closes the evidentiary record.

ATTACHMENT B



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February 13, 2017

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, Filing Room
400 North Street
Harrisburg, PA 17101

RE: Application of Laurel Pipe Line Company, L.P.; Docket No. A-2016-2575829
**ANSWER OF INDICATED PARTIES OPPOSING LAUREL'S MOTION
TO CONSOLIDATE**

Dear Secretary Chiavetta:

Enclosed for electronic filing with the Pennsylvania Public Utility Commission ("Commission") is the Answer of Indicated Parties¹ Opposing Laurel's Motion to Consolidate in the above-captioned proceeding. Hard copies will follow in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. Please contact me with any questions concerning this filing.

Very truly yours,

Kevin J. McKeon
Todd S. Stewart
Whitney E. Snyder

Counsel for Monroe Energy, LLC

Enclosure

cc: Per Certificate of Service

¹ The Indicated Parties is an *ad hoc* group of parties united in their opposition to the flow reversal/abandonment proposed by Laurel. For purposes of this Answer, the Parties include: Gulf Operating, LLC; Philadelphia Energy Solutions Refining and Marketing LLC; Monroe Energy, LLC; Giant Eagle, Inc.; and Sheetz, Inc.

**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 Change the Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania	:	:	Docket No. A-2016-2575829
	:	:	
Laurel Pipe Line Company, L.P. – Pipeline Capacity Agreement with Buckeye Pipe Line Company, L.P.	:	:	Docket No. G-2017-2587567
	:	:	

**ANSWER OF INDICATED PARTIES OPPOSING
LAUREL'S MOTION TO CONSOLIDATE**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to 52 Pa. Code §§ 5.61(a)(1) and 5.81, the Indicated Parties¹ hereby answer and oppose Laurel Pipe Line Company, L.P.'s ("Laurel") Motion to Consolidate filed in the above-captioned matters on February 7, 2017 ("Motion").

1. On November 14, 2016, in Docket No. A-2016-2575829, Laurel filed an application seeking a certificate of public convenience to reverse the flow on a portion of its petroleum pipeline that traverses the Commonwealth of Pennsylvania ("Application"). On February 6, 2017, in Docket No. G-2017-2587567, Laurel filed and sought approval of an affiliated interest agreement ("AIA") with Buckeye Pipe Line Company ("Buckeye"). Laurel's Motion seeks to consolidate these two proceedings.

2. However, a critical threshold question is the appropriate entity – the presiding Administrative Law Judge ("ALJ") or the Pennsylvania Public Utility Commission

¹ The Indicated Parties is an *ad hoc* group of parties united in their opposition to the flow reversal/abandonment proposed by Laurel. For purposes of this Answer, the Parties include: Gulf Operating, LLC; Philadelphia Energy Solutions Refining and Marketing LLC; Monroe Energy, LLC; Giant Eagle, Inc.; and Sheetz, Inc.

("Commission") itself – to decide the Motion. The Indicated Parties believe it would be premature and inconsistent with the Commission's regulations on consolidation for the ALJ to decide whether the Application and AIA proceedings should be consolidated as Laurel requested. Laurel filed the two matters separately with the Commission, the proceedings seek different relief and, as noted further below, the AIA proceeding could easily be mooted or obviated by a final Commission decision denying the relief sought in the Application. It is therefore important for the Commission – and with all due respect to the Presiding ALJ – to decide initially the Motion given the procedural posture of the two separate and distinct proceedings that are the subject to the Motion. That the Commission and not the ALJ should decide the Motion is clear based on the Commission's regulations at 52 Pa. Code § 5.81(a) that note that the Commission or the presiding officer may grant consolidation. However, since no presiding officer (including the ALJ) has been assigned to the AIA proceeding, the only entity that can and should decide the Motion is the Commission itself.²

3. Even if the ALJ elects to decide the Motion despite the Indicated Parties' position to the contrary, the Commission's regulations support the denial of consolidation. The Commission's regulations at 52 Pa. Code § 5.81 only allow for consolidation of proceedings "involving a common question of law or fact." *Id.* Laurel concedes there are no common issues

² In addition, interjecting the AIA into the Application proceeding is inconsistent with the Commission's historic treatment of affiliated interest agreements, which typically are handled administratively by Commission staff and not by the Office of Administrative Law Judge. *See, e.g., Securities certificate of Columbia Gas of Pennsylvania, Inc. for the issuance of promissory notes in an aggregate principal amount not to exceed \$130 million. Affiliated interest agreement concerning the issuance of promissory notes between Columbia Gas of Pennsylvania, Inc. and NiSource Finance Corporation*; Docket Nos. S-2015-2515414, and G-2015-2515982, 2016 WL 406524 (Pa. PUC 2016); *Affiliated Interest Agreement between UGI Utilities, Inc. and UGI Central Penn Gas, Inc. et al.*, Docket Nos. G-2015-2489752 *et al.*, 2015 WL 5011607 (Pa. PUC 2015); *Securities certificate and affiliated interest agreement of Peoples Natural Gas Company LLC for the issuance of an intercompany promissory note to its parent, PNG Companies LLC, in an aggregate principal amount not to exceed \$118,125,000*, Docket Nos. S-2015-2465675, and G-2015-2465691, 2015 WL 965767 (Pa. PUC 2015); *Affiliated Interest Agreement between D&E Communications, Inc. and D&E Telephone Company, et al.*, Docket No. G-00010865, 2001 WL 36258619 (Pa. PUC 2001).

of law. Motion at P 9. Laurel's assertion that there are common issues of fact (Motion at P 9) is unsupported and unsupportable.

3. The Application proceeding will determine whether it is in the public interest for Laurel to reverse the flow of its half of its pipeline under 66 Pa. C.S. § 1103(a)-(b). Material considerations of fact included in that determination are:

- (a) whether the proposed reversal will in fact abandon intrastate service to Pittsburgh;
- (b) whether the proposed reversal will in fact conflict with Laurel's current certificate of public convenience;
- (c) the extent of the loss to Laurel of its current pipeline service;
- (d) the current and ongoing high demand for Laurel's pipeline service;
- (e) the extensive harm to the public, including, shippers, refiners, consumers, and Pennsylvania's infrastructure and environment in the event of abandonment;
- (f) the lack of harm to Laurel if the abandonment is not approved; and
- (g) lack of available alternatives to replace Laurel's current pipeline service.

4. In contrast, the AIA proceeding will determine whether the agreement between two affiliates (*i.e.*, Laurel and Buckeye) is reasonable under Chapter 21 of the Public Utility Code. 66 Pa. C.S. § 2101, et seq. Material considerations of fact in that proceeding will include the payments between the parties and market prices for similar goods and/or services provided under the agreement, which allows for Buckeye to use a portion of Laurel's pipeline capacity if the flow of the pipeline is reversed pursuant to Commission approval of the Application. Thus, if Laurel prevails in the Application proceeding, review of the AIA will be required, but will involve different factual and legal issues that are not relevant to the relief sought in the Application and indeed do not need be addressed at all if the Application is denied. This is the only common thread between the proceedings.

5. 52 Pa. Code § 5.81 also allows the Commission or ALJ to "make orders concerning the conduct of the proceeding as may avoid unnecessary costs or delay." *Id.* Contrary to Laurel's assertions, consolidation here will not avoid unnecessary costs or delay. Regarding delay, filing

the AIA almost three months after the Application was Laurel's choice. Regarding costs, the only party that will avoid additional costs is Laurel, and only if its Application is approved. Given that Laurel had control over when it filed the Application and AIA, it should not be allowed to unduly burden other parties by essentially requiring them to protest and litigate an AIA that may be moot or that the parties may choose not to challenge at all if the Application were approved.

6. Should the Commission approve Laurel's Application, it would be appropriate for it to also order *at that time* the filing of any affiliated agreements with the Commission that are necessary given the approval. This would make eminent sense because the AIA Laurel has already filed is based on the Application *as filed*. However, if the Application were to be approved (over the objections of numerous opposing parties), Laurel may be required to modify the AIA based on conditions the Commission may place on any Application approval. It would be a waste of time and resources to adjudicate in this proceeding an AIA that has become moot because it must be revised in some manner based on the outcome of the Application proceeding.

7. Because there are no common issues of law or fact between the Application and AIA proceedings, the express requirement for consolidation under the Commission's regulations, Laurel's citation to and application of the factors ALJ Buckley discussed in *Pa. Pub. Util. Comm'n v. City of Lancaster Sewer Fund*, Docket No. R-2012-2310366 (Second Prehearing Order Nov. 26, 2012) are not relevant to consolidation here. Moreover, these factors, even if considered, counsel against consolidation:

- (1) whether additional issues exist that could cloud the determination of common issues;
 - here, there are no common legal or factual issues, so every issue the AIA adds will be an additional issue to decide;
- (2) whether consolidation will reduce litigation costs and decision-making for the parties and the Commission;

- here, consolidation will increase litigation costs and increase the parties', Your Honor's and the Commission's decision making efforts by requiring unnecessary litigation and consideration of an AIA that is moot if the Application is denied;
- (3) whether the issues in one proceeding go to the heart of an issue in the other proceeding;
 - here, again, there are no common questions of law or fact;
 - (4) whether consolidation will unduly protract a hearing or produce a disorderly or unwieldy record;
 - here, consolidation will both protract the hearing and create an unwieldy record given the myriad, distinct, and complex issues involved in each proceeding;
 - (5) whether different statutory and legal issues are involved;
 - here, the statutory and legal issues are different because the AIA proceeding involves 66 Pa. C.S. § 2101, et seq, and the Application proceeding involves 66 Pa. C.S. § 1103(a)-(b);
 - (6) whether the party with the burden of proof differs in the proceedings;
 - here, while Laurel bears the burden of proof in both proceedings, the factual proof to meet that burden in each proceeding is different;
 - (7) whether consolidation will unduly delay the resolution of one of the proceedings;
 - here, consolidation may delay resolution of both proceedings because new AIA issues will be added to the Application proceeding, and because the AIA filing could otherwise be handled on an entirely different non-litigation track, and could be avoided altogether in the event the Commission denies the Application; and
 - (8) whether supporting data in both proceedings will be repetitive;
 - here, repetitive supporting data is unlikely because there are no common questions of law or fact.

8. It is evident from the number of protests and petitions to intervene that numerous parties oppose the relief Laurel seeks in the Application. Those pleadings further underscore the complexity of the issues and the many and varied stakeholders who will be adversely affected if Laurel's proposal to reverse the flow on a portion of the Laurel pipeline is approved. Because the issues in the Application proceeding are complex and involve a large and diverse group of potentially impacted parties, there are compelling reasons to avoid adding another set of issues for

the parties to address and the ALJ to adjudicate that are clearly marginal and unrelated to the Application. The Indicated Parties anticipate substantial discovery on the issues in the Application proceeding and believe no useful purpose would be served by adding AIA issues into the matters to be addressed, especially if – as the Indicated Parties will argue – the relief sought in the Application should be denied in its entirety.

WHEREFORE, the Indicated Parties respectfully request that Your Honor deny Laurel's Motion to Consolidate.

Respectfully submitted,

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