



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

IN REPLY PLEASE
REFER TO OUR FILE

February 13, 2017

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 Pre-Hearing Conference Memorandum on behalf 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,

Adam D. Young
Senior Prosecutor
Attorney ID No. 91822

Enclosure

cc: As per Certificate of Service

SECRETARY'S BUREAU
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**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 : Docket No. A-2016-2575829
Petroleum Products Transportation Service :
to Delivery Points West of Eldorado, :
Pennsylvania :
:

**PREHEARING CONFERENCE MEMORANDUM OF THE BUREAU OF
INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE ERANDA VERO:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission") respectfully submits the following Prehearing Conference Memorandum in the above-captioned proceeding pursuant to the Prehearing Conference Order of the presiding Administrative Law Judge dated February 7, 2017.

A. History of Proceedings:

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.*

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. Application at Page 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. *Id.* at 2.

The Application proposes to modify the jurisdictional pipeline transportation service currently provided by Laurel by eliminating service to all points west of Eldorado, PA (near Altoona) from the east. *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. *Id.* The Application further states that these deliveries would be "on Laurel's pipeline at FERC-approved interstate rates." *Id.* at 9. The Application also states 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. *Id.*

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.

On November 22, 2016, Gulf Operating, LLC ("Gulf") filed a Petition to Intervene and Motion to Extend Deadline for Protests. Laurel filed an Answer requesting that the Commission: (1) grant expedited consideration of Gulfs Motion to Extend the Deadline for Protests and Laurel's Answer; and (2) deny Gulfs 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.

On December 5, 2016, Philadelphia Energy Solutions Refining and Marketing LLC ("PESRM"), filed a Petition to Intervene and Answer in Support of Gulfs Motion to Extend Deadline for Protests. Laurel requested that the Commission deny PESRM's Petition and Answer.

On December 6, 2016, the Commission issued a second Secretarial Letter, granting Gulfs Petition to Intervene and 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.

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. 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.

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. The Bureau of Investigation and Enforcement ("I&E") submitted a Notice of Intervention in this proceeding on December 20, 2016. Monroe Energy LLC ("Monroe") filed a Petition to Intervene in this proceeding on January 3, 2017. Husky Marketing and Supply Co. ("Husky") filed a Petition to Intervene on January 30, 2017. Sunoco, LLC ("Sunoco") filed a Petition to Intervene on January 31, 2017. On February 1, 2017, Sheetz, Inc. ("Sheetz") and Giant Eagle, Inc. ("Giant Eagle") filed Petitions to Intervene.

By the deadline of February 1, 2017, Protests had been filed by Monroe, PESRM, Giant Eagle, Sheetz, Gulf, and I&E.

On February 7, 2017, Applicant filed a Petition for approval of a new capacity agreement between Laurel and Buckeye at Docket No. G-2017-2587567, and simultaneously a Motion to Consolidate said G docket with the current Application at Docket at A-2016-2575829.

B. Names and addresses of witnesses to be presented and proposed subject matter of testimony:

Witnesses:

Sunil Patel, P.E.
Pennsylvania Public Utility Commission
Pipeline Safety Division
P.O. Box 3265
Harrisburg, PA 17105

Mr. Patel is a pipeline safety inspector for the Pennsylvania Public Utility Commission. It is expected that Mr. Patel's testimony will primarily focus on the state

and federal regulatory pipeline safety issues associated with the proposed pipeline flow reversal.

I&E reserves the right to call additional witnesses and/or delete witnesses listed above, if necessary, to address any factual issues relating to abandonment of service and/or Laurel's current tariff.. The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. All active parties will be notified of any additions or deletions to the I&E witness list.

C. Issues to be Addressed:

(A) I&E's issues are more fully set forth in its Protests filed at A-2016-2575829, which include:

1. Addressing the delivery needs of any of Laurel's Customers from points east of Eldorado, PA to points west of the Pittsburgh area.
2. Addressing the economic impact to Pennsylvania consumers in the Pittsburgh, Altoona, and Philadelphia markets (among others).
3. Addressing the alternative options for Laurel's Customers seeking transportation of its product from points east of Eldorado, PA to points west of Eldorado, PA.
4. Addressing 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.
5. Whether 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.
6. Addressing the impacts of the flow reversal outlined in PHMSA's Flow Reversal Guidelines 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.

7. 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

- i. Flow meters;
- j. ILI inspection launching/receiving facilities; and
- k. Number and placement of vapor detectors.

D. Proposed litigation schedule:

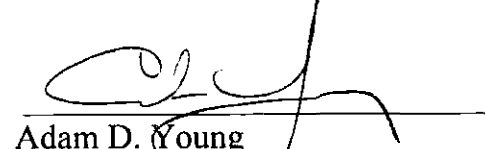
I&E proposes that in the interests of expediency that pre-filed direct testimony be used in lieu of live direct testimony for expert witnesses, and that such witnesses be available for cross-examination at the time of the hearing. I&E requests, however, that non-expert witnesses testify live in person. The following schedule is a suggestion, and I&E is willing to work with the other parties in this proceeding to arrive at a litigation schedule that is mutually convenient.

February 7, 2017	Laurel files Direct Testimony
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)

E. Motion to Consolidate:

I&E does not oppose Laurel's Motion to Consolidate Docket No. G-2017-2587567 and Docket at A-2016-2575829 .

Respectfully Submitted,



Adam D. Young
Senior Prosecutor
Attorney ID: 91822

Michael L. Swindler
Deputy Chief Prosecutor
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For the Bureau of Investigation
and Enforcement

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Date: February 13, 2017

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laurel Pipe Line :
Company, L.P. For approval to change :
direction of petroleum products :
transportation service to delivery points : Docket No. A-2016-2575829
west of Eldorado, Pennsylvania :

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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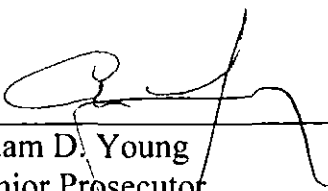
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