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February 21, 2017

VIA ELECTRONIC FILING

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

Attached please find the Answer of Laurel Pipe Line Company, L.P. to the Petition to Intervene and Protest of Giant Eagle, Inc. in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Anthony D. Kanagy

ADK/skr
Enclosure

cc: Certificate of Service
Honorable Eranda Vero

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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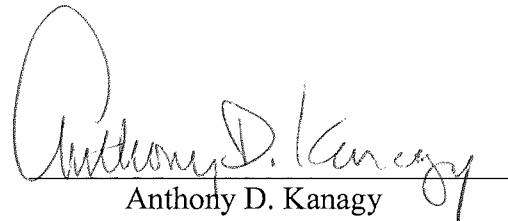
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Date: February 21, 2017


Anthony D. Kanagy

**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 :

**ANSWER OF LAUREL PIPE LINE COMPANY, L.P.
TO THE PETITION TO INTERVENE AND PROTEST
OF GIANT EAGLE, INC.**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

Laurel Pipe Line Company, L.P. (“Laurel”) hereby files this Answer to the Petition to Intervene and Protest (“Petition and Protest”) filed by Giant Eagle, Inc. (“Giant Eagle”) for the purposes of addressing and clarifying the allegations and assertions contained in Giant Eagle’s Petition and Protest. Laurel files this Answer pursuant to Sections 5.61 and 5.66 of the Pennsylvania Public Utility Commission’s (“Commission”) regulations, 52 Pa. Code §§ 5.61 and 5.66. In support thereof, Laurel respectfully represents the following:

I. BACKGROUND

1. Admitted.
2. Admitted.
3. Admitted.
4. Admitted in part; denied in part. The first sentence of paragraph 4 is admitted.

The second sentence in paragraph 4 is denied as stated. By way of further explanation the December 6, 2016 Secretarial Letter “granted in part” Gulf Operating, LLC’s Motion to Extend the Deadline for Protests. The final sentence in paragraph 4 is admitted.

5. Admitted in part; denied in part. The first two sentences in paragraph 5 are admitted. Laurel denies the final sentence in paragraph 5. As stated in the Application, and clarified throughout the pleadings, Buckeye Partners, L.P. is an indirect general partner of Laurel, as well as an indirect general partner of Buckeye. Buckeye Partners, L.P. is the parent of the general partner of both Laurel and Buckeye. Laurel further denies the suggestion that the Application does not provide adequate clarity as to the ownership structure between Laurel and the stated affiliates.

II. GROUNDS FOR INTERVENTION AND PROTEST

6. Admitted in part; denied in part. The first sentence of paragraph 6 calls for a legal conclusion to which no response is required. However, Laurel denies that the change in direction of service proposed by its Application “dramatically modifies” the service provided by Laurel. Deliveries on Laurel’s pipeline system will continue at all origin points and at all destination points; the only change is the direction of deliveries west of Eldorado. The second sentence of paragraph 6 is admitted.

7. Upon reasonable investigation, Laurel lacks sufficient information to form a reasonable belief as to the assertions in paragraph 7, and therefore denies the same.

8. Admitted in part; denied in part. The first sentence in paragraph 8 is admitted. After a reasonable investigation, Laurel lacks sufficient information to form a reasonable belief as to the assertions in the second sentence of paragraph 8, and therefore denies the same. By way of further response, Laurel submits that the competitiveness of the Pittsburgh market will not be harmed by the Application because numerous alternatives exist. The final sentence in paragraph 8 is admitted. By way of further response, Giant Eagle does not transport petroleum products on Laurel’s pipeline system; as stated in its Petition and Protest, Giant Eagle merely “purchases the petroleum products that travel through the Laurel Pipeline[sic] in Pennsylvania.”

9. Admitted in part; denied in part. The first sentence of paragraph 9 is denied. The Competitiveness of the Pittsburgh market will not be affected by Laurel's proposal because eastern refineries will still be able to transport supplies to the Pittsburgh market by other means, including trucks and exchanges, and Pittsburgh will receive increased access to generally lower-priced Midwest petroleum products. The second sentence in paragraph 9 is denied. By way of further response, retailers and consumers benefit from lower wholesale prices for petroleum products. The third sentence of paragraph 9 is denied as stated. By way of further response, the annual-average benefit of Midwest products is increasing over time and trends indicate this will continue to increase in future (*see* Laurel St. No. 5, at pp. 16-22); further, the benefit of Midwest products is most pronounced in winter and the historical benefit of East Coast product in summer months is declining and Laurel expects that trend to continue to the point that Midwest products are beneficial year-round. Moreover, Laurel intends to demonstrate that independent fuel retailers, like Giant Eagle, will benefit from the increased access to generally lower-priced Midwestern products that is contemplated in the Application.

10. Denied. Giant Eagle effectively concedes that an area benefits when it has access to lower-priced products. Importantly, Laurel's proposed reversal will increase Western Pennsylvania's access to generally lower-priced Midwestern petroleum products. Historical analysis of pricing trends between East Coast and Midwest sources of petroleum products demonstrates that the price-gap between East Coast and Midwest petroleum products has narrowed in recent years. As explained in the Direct Testimony of Michael J. Webb, this trend is expected to continue in the future, with Midwestern prices becoming favorable year-round. *See* Laurel St. No. 5, at pp. 16-22. Moreover, Pittsburgh will still have access to supplies from the East Coast, including by trucks that transport petroleum products from Eldorado to Pittsburgh.

11. Denied. Paragraph 11 assumes that the result of Laurel's proposal will be "[t]he increased cost of gasoline for retailers and consumers in Pennsylvania." This assumption is denied. By way of further response, the proposed project will, in fact, increase access to lower-priced petroleum products in Western Pennsylvania, which will put downward pressure on prices in the region. Moreover, any decision by the Pennsylvania General Assembly to set fuel taxes in Pennsylvania, or the Ohio General Assembly to set fuel taxes in Ohio, is entirely unrelated to Laurel's proposal, and cannot serve as a basis of Giant Eagle's intervention and protest. Giant Eagle's claimed interest in this regard is neither direct nor immediate, because denial of Laurel's proposal would not redress the pre-existing discrepancy in fuel taxes established by these independent state legislatures. Therefore, to the extent that Giant Eagle claims an interest in this proceeding founded on the actions of independent state legislatures that cannot be redressed by this, or any, proceeding before the Commission, its claim must be denied.

12. Admitted in part; denied in part. The first sentence in paragraph 12 is admitted. The second sentence in paragraph 12 is denied. By way of further response, Giant Eagle's assertion that increased costs would be passed onto Western Pennsylvania customers assumes that lower price of Midwestern petroleum products is insufficient to offset any alleged increase in transportation costs. Moreover, Giant Eagle's assertion that any increased costs would be passed onto consumers is entirely dependent on its decision to set at-the-pump prices as an independent retailer.

13. Denied as stated. Laurel's proposal will not eliminate the Pittsburgh area's ability to access petroleum products supplies from the east. As stated in the Application, numerous alternatives exist for the Pittsburgh area to receive petroleum products, including exchanges. In addition, Laurel's proposal will not decrease energy security for the region. Rather, by reducing

dependency on eastern refineries, which primarily source crude oil from volatile foreign markets, Laurel's proposal will increase energy security in the region.

14. Denied. To the extent that eastern refineries lose access to the Pittsburgh area, Laurel has demonstrated that adequate alternatives already exist for such refineries, as well as creating additional alternatives for these refineries to move their products to market. Additionally, Giant Eagle again assumes in paragraph 14 that consumers in Western Pennsylvania will face "high prices and potential supply disruptions."

15. Denied. The first sentence of paragraph 15 is denied. By way of further response, Laurel's Application detailed numerous available alternatives for market participants in the Pittsburgh area to obtain petroleum products after the reversal. The second sentence of paragraph 15 is also denied. By way of further response, Giant Eagle ignores the question of whether current truck movements to Western Pennsylvania from Ohio, and current truck movements into the Altoona area and points east from Sunoco's Delmont, Pennsylvania terminus, could be ended by the reversal, with an accompanying reduction in overall truck movements. The third sentence of paragraph 15 is denied. The Federal Energy Regulatory Commission has found that the alternatives noted in Laurel's Application are viable alternatives. Finally, the fourth sentence in paragraph 15 is denied. By way of further response, the proper consideration before this Commission is whether independent fuel retailers in Western Pennsylvania will continue to have viable options to purchase petroleum products, and not whether these retailers will continue to have viable options to purchase petroleum products from East Coast Suppliers, including Eastern Pennsylvania refineries. Petroleum products are a fungible resource. Thus, to the extent that independent fuel retailers are able to purchase petroleum products of suitable grade and quality, they possess viable alternatives in the context

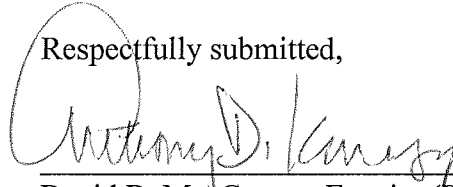
of Laurel's proposal. Moreover, independent fuel retailers, like Giant Eagle, will have viable options to purchase East Coast supplies.

16. Denied. Paragraph 16 calls for a legal conclusion to which no response is required. To the extent that a response is required, Laurel denies the extent of Giant Eagle's interest as represented in its Petition and Protest, consistent with Laurel's responses in this Answer.

17. Denied. While Laurel does not contest that Giant Eagle has demonstrated an interest sufficient to grant it intervenor status in this proceeding, Laurel denies the extent of that interest as represented by Giant Eagle in its Petition and Protest, consistent with Laurel's responses in this Answer.

WHEREFORE, Laurel Pipe Line Company, L.P.: (1) does not object to the Petition to Intervene of Giant Eagle, Inc., subject to Laurel Pipe Line Company, L.P.'s responses to the allegations contained therein; and (2) respectfully requests that the Protest of Giant Eagle, Inc. be dismissed.

Respectfully submitted,



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Date: February 21, 2017

Counsel for Laurel Pipe Line Company, L.P.

VERIFICATION

I, David Arnold, being Vice President, Domestic Pipelines for Buckeye Partners, L.P., hereby state that the information set forth above is true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 21 February 2017



David Arnold
Vice President, Domestic Pipelines
Buckeye Partners, L.P.