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February 21, 2017

**VIA HAND DELIVERY**

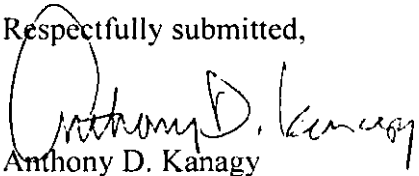
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**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 Protest of Gulf Operating, LLC 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

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

FEB 21 2017

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 :

PA. PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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ANSWER OF LAUREL PIPE LINE COMPANY, L.P.  
TO THE PROTEST OF GULF OPERATING, LLC

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TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

Laurel Pipe Line Company, L.P. ("Laurel") hereby files this Answer to the Protest filed by Gulf Operating, LLC ("Gulf") for the purposes of addressing and clarifying the allegations and assertions contained in Gulf's Protest. Laurel files this Answer pursuant to Section 5.61 of the Pennsylvania Public Utility Commission's ("Commission") regulations, 52 Pa. Code § 5.61. In support thereof, Laurel respectfully represents the following:

**I. BACKGROUND**

On November 14, 2016, Laurel filed the *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* at Docket No. A-2016-2575829 ("Application"). Therein, Laurel requested any and all approvals that the Commission deemed necessary to change the direction of flow on the western portion of Laurel's petroleum products pipeline system. Application, at p. 1.<sup>1</sup>

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<sup>1</sup> Laurel requested, in the alternative, that if no approvals are required, a ruling to that effect be issued by the Commission.

On November 16, 2016, the Commission issued a Secretarial Letter requiring Laurel to publish the enclosed notice of the Application in a newspaper of general circulation in the area involved and to file proof of publication with the Commission on or before December 19, 2016. The November 16, 2016 Secretarial Letter also scheduled publication of the notice in the *Pennsylvania Bulletin* in the December 3, 2016 issue, and set the deadline to file formal protests and petitions to intervene on December 19, 2016.

On November 22, 2016, Gulf filed a Petition to Intervene and Motion to Extend the Deadline for Protests. Laurel filed an Answer to Gulf's Petition and Motion on November 28, 2016.

On December 6, 2016, the Commission issued a Secretarial Letter supplementing its prior November 16, 2016 Secretarial Letter and the Notice published in the December 3, 2016 edition of the *Pennsylvania Bulletin*. Therein, the Commission granted Gulf's Petition to Intervene, and granted, in part, Gulf's Motion to Extend the Deadline for Protests and set the new deadline for formal protests and petitions to intervene in the proceeding at 4:30 p.m. on February 1, 2017. The Commission also directed Laurel to serve a copy of its Application by December 19, 2016, on the following entities: (1) current customers using the subject pipeline; (2) former customers who used the subject pipeline during the period from January 1, 2015, through the date of filing; and (3) prospective and committed customers Laurel expects to use the subject pipeline if the flow direction of the line is changed.

On December 15, 2016, Laurel filed Affidavits for Proof of Publication indicating that the Public Notice for the Application had been published in five newspapers.<sup>2</sup>

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<sup>2</sup> The Public Notice was published in all five newspapers on December 6, 2016. As such, it reflected the version of the Public Notice that was included in the Commission's November 16, 2016 Secretarial Letter.

On December 17, 2016, the Commission published a supplemental Notice of Laurel's Application, in accordance with its December 6, 2016 Secretarial Letter, noticing that the deadline for all Protests and Petitions to Intervene was extended until February 1, 2016.

On December 19, 2016, Laurel served a copy of its Application on the three groups of entities described in the Commission's December 6, 2016 Secretarial Letter, and filed a copy of its letter indicating such service with the Commission.

Thereafter, on February 1, 2017, Gulf filed its formal Protest.

## II. ANSWER

"[T]he purpose of a protest is to alert the agency and other parties of its existence and the nature of the objection." *Re Philadelphia Electric Company*, 57 Pa. PUC 161, 165 (Opinion and Order entered April 15, 1983) (noting that under the former Section 35.23 of the Commission's regulations, protests serve to provide notice of the existence and nature of an objection to a filing before the Commission). The Commission's regulations further only require a protest to: "(1) Set out clearly and concisely the facts from which the alleged interest or right of the protestant can be determined; (2) State the grounds of the protest; (3) Set forth the facts establishing the protestant's standing to protest." 52 Pa. Code § 5.52(a) (emphasis added). Clearly, a protest does not necessitate a detailed inventory of every assertion or argument a party might raise as a result of an application, and subsequent discovery and/or testimony. It only serves to notify the Commission and the parties an objection to the filing exists and describe the nature of the objection.

Indeed, Gulf's Protest advances facts and legal arguments that extend beyond the expected content to be included in a protest submitted to the Commission. Therefore, in order to address and clarify the factual allegations and assertions contained in Gulf's Protest, as well as

preserve the record with respect to facts surrounding Laurel's Application, Laurel represents the following:

**A. Background**

1-17. As paragraph numbers 1 through 17 of Gulf's Protest merely restate the procedural history of the case, no response is required.<sup>3</sup>

**B. Protest**

18. For the reasons more fully explained in Laurel's Application and its Direct Testimony and associated exhibits, the proposed change in direction of flow for points west of Eldorado, Pennsylvania is not an abandonment of service, subject to the Commission approval. Even if Laurel's proposal is found to be subject to Commission review and approval, Laurel has demonstrated that the public, particularly Western and Central Pennsylvania consumers, will benefit from increased access to generally lower-priced petroleum products and that numerous alternatives are available to its customers.

**i. Laurel's Proposed Pipeline Reversal Does Not Constitute an Abandonment of Service Requiring PUC Approval**

19. Despite Gulf's claims, Laurel's Certificate of Public Convenience broadly authorizes Laurel to provide petroleum and petroleum products transportation service in and across the Commonwealth of Pennsylvania. Gulf's interpretation of Laurel's Certificate of Public Convenience misconstrues the plain language of certificate. The only directional description contained in the certificate explicitly references the location of Laurel's facilities; it does not describe or otherwise limit the direction of service to be provided over those facilities.

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<sup>3</sup> Laurel notes that the first sentence of paragraph 3 of Gulf's Protest is 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.

20. While Laurel is a public utility providing petroleum products transportation service to the public for compensation, the proposed change in direction of service is not an action that requires Commission approval under the Public Utility Code. As Laurel's Certificate of Public Convenience broadly authorizes Laurel to provide transportation service in and across Pennsylvania, Laurel's proposal is clearly within the bounds of the authority granted to it by the Commission in its certificate. Moreover, Laurel's proposal will not result in an abandonment of service because deliveries will continue at all existing points on its system.

21. As paragraph 21 of Gulf's Protest merely contains recitations of provisions of the Pennsylvania Public Utility Code, no response is required.

22. Laurel fully explained in its Application why its proposal will not constitute an abandonment that would require issuance of a Certificate of Public Convenience. Importantly, deliveries at all existing origin points and deliveries at all existing destination points along the Laurel pipeline system will continue under the proposal. Additionally, the plain language of Laurel's existing Certificate of Public Convenience demonstrates that Laurel is not restricted to providing solely east-to-west transportation service. *See* Application, at p. 6; *see also* paragraph 25 *infra*.

23. Despite Gulf's claims to the contrary, service will not be abandoned under the proposed reversal. Moreover, Gulf's claim that the transportation of petroleum products must be assessed solely between discrete origins and destinations is incorrect. *See* Laurel St. No. 5, at pp. 11-12. Gulf's attempted analogy between humans traveling between cities via airplane and petroleum products being transported to and from cities (*i.e.* points) is mistaken and untethered to the realities of petroleum products markets.

A shipper seeking to receive a specific type of refined petroleum product does not in fact care whether the product physically originates in one refinery or market than another—refined petroleum products are defined by grade specifications and are fungible. Shippers on Laurel are not likely to receive the same product that they tendered, and the pipeline tariff gives the pipeline the right to deliver different petroleum products so long as the quality is the same. Indeed, even under current operations, shippers transporting refined products under Commission tariffs from points in eastern Pennsylvania to the Pittsburgh area may well receive products that physically originated in New York Harbor, or in the Gulf Coast refinery region—the shippers neither know, nor care, where the shipments physically originated, so long as the product is materially the same type and quality as that which they tendered to Laurel. Consequently, diesel, gasoline and home heating oil of a particular type can be delivered by Laurel, or by Buckeye, to a destination, from any origin, and the shipper neither knows, nor cares, where the product physically originated. The shipper is primarily concerned about the price of the refined products. As indicated by Laurel in its Application and testimony, products from Midwestern refineries are available at a generally lower price than products from Philadelphia-area refineries.

24. This paragraph makes a legal argument based on Gulf's interpretation of the Public Utility Code, and Laurel disagrees with this legal claim. Every terminal receiving refined petroleum products deliveries via pipeline from Laurel will continue to receive refined petroleum products delivered via pipeline, and indeed through the same pipeline facilities used to make the deliveries today. Laurel contends that this is not an abandonment of service under the Public Utility Code.

25. Laurel denies Gulf's allegation that Laurel's Certificate of Public Convenience mandates that transportation be provided in a particular direction. The plain language of

Laurel's Certificate of Public Convenience demonstrates that the directional references contained therein, merely describe the location of Laurel's facilities and not the direction of service to be provided over those facilities. Indeed, the phrase "extending generally westwardly from a point near the City of Philadelphia to a point in the vicinity of the City of Pittsburgh, thence in a northwestwardly direction to the Pennsylvania boundary line" directly follows and modifies "such facilities." See *In re Application of Laurel Pipeline Company*, Docket No. 84093, Folder 2 (Report and Order entered March 18, 1957). Conspicuously absent from this language is the term "service." Contrary to Gulf's hypothetical assertion that "if the Commission intended to describe only the location of the facilities, there would be no need to include directional references at all..." the Commission did include a directional reference, and that reference only modifies the term "such facilities." The plain language of Laurel's Certificate of Public Convenience provides no grammatical or legal basis to conclude otherwise.

**ii. If Applicable, Laurel Has Met the Commission's Standards for an Abandonment of Service.**

26. Section 1102(a)(2) of the Public Utility Code, 66 Pa. C.S. § 1102(a)(2), requires a public utility to obtain a certificate of public convenience from the Commission "...to abandon or surrender, in whole or in part, any service..." 66 Pa. C.S. § 1102(a)(2). The Commission "shall grant" a certificate "only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa. C.S. § 1103(a). However, "[o]ur Public Utility Law...does not define in detail the circumstances or conditions under which the Commission may permit abandonment by a carrier of a portion of its service." *Commuters' Committee v. Pa. Pub. Util. Comm'n*, 88 A.2d 420, 424 (Pa. Super. 1982).



As stated in the Application, the Commission typically considers several factors when evaluating a public utility's request to abandon service, including: (a) the use of the service by the public; (b) the prospect of future use by the public; (c) the loss to the utility balanced with the convenience and hardship to the public upon discontinuance of such service; and (d) the availability and adequacy of alternative service. *See Borough of Duncannon v. Pa. Pub. Util. Comm'n*, 713 A.2d 737, 740 (Pa. Commw. 1998) (discussing what are commonly referred to as the "West Penn factors."). The Commission "must weigh these factors and not focus on mere cost-benefit criteria." *Borough of Duncannon*, 713 A.2d at 740 (emphasis added).

However, the primary consideration by the Commission is whether the proposed abandonment is in the public interest. *See* 66 Pa. C.S. § 1103(a). Indeed, the "West Penn factors" are non-exclusive and merely "among the factors to be considered in determining the existence or nonexistence of public convenience and necessity in abandonment of service." *See Commuters' Committee*, 88 A.2d at 424 (emphasis added) (recognizing non-exclusivity of the aforementioned factors, and applying additional factors in its analysis).

**1. An Inability to Earn Adequate Revenue is Only One of Many Factors The Commission May Consider.**

27. As explained in paragraph 26, above, this factor is one of the non-exclusive factors to be considered in determining the existence or nonexistence of public convenience. Therefore, to the extent that Laurel has not demonstrated an inability to earn adequate revenue from its jurisdictional operations, this factor must simply be weighed against the significant public benefits that would accrue to Western and Central Pennsylvania consumers and the minimal costs to Pittsburgh and Philadelphia associated with the proposed change in direction of service that are demonstrated in Laurel's Application. *See Borough of Duncannon*, 713 A.2d at 740; *see also Commuters' Committee*, 88 A.2d at 424.

**2. Insufficient Demand is Only One of Many Factors The Commission May Consider.**

28. As explained in paragraph 26, above, this factor is also one of the non-exclusive factors to be considered in determining the existence or nonexistence of public convenience. Therefore, to the extent that Laurel has not demonstrated insufficient demand for its jurisdictional pipeline service, this factor must simply be weighed against the significant public benefits that would accrue to Western and Central Pennsylvania consumers and the minimal costs to Pittsburgh and Philadelphia associated with the proposed change in direction of service that are demonstrated in Laurel's Application. *See Borough of Duncannon*, 713 A.2d at 740; *see also Commuters' Committee*, 88 A.2d at 424.

In further answer, deliveries to Pittsburgh on the Laurel pipeline have declined in recent years and continue to decline, despite Gulf's assertion that Laurel's system remains in adequate demand. *See Laurel St. No. 1*, at p. 15. The Affidavit ignores these trends on the Laurel system, as well as broader demand trends that will likely lead the utilization of Laurel's system to continue to decline, without the proposed reversal. *See Laurel St. No. 5*, at pp. 17-20.

**3. Laurel Has Experienced Steep Declines in Usage Due to Increased Amounts of Product Moving into Pittsburgh from the West and Declining Shipments from the East; Laurel's Proposal Addresses This Decline and Benefits Pennsylvania Consumers.**

29. Laurel denies the averments in this paragraph. Even a preliminary review of Gulf's Protest and the supporting Affidavit of Mr. Arthur demonstrates that Gulf's contentions about the allegedly harmful impacts of Laurel's proposal on current shippers, Pittsburgh-area consumers, and the general public are inaccurate and lacking rational support, and that the specific claims of harm are either unproven or are clearly overstated. Laurel's proposal would in fact: diminish the negative effects of pipeline constraints (*e.g.*, Colonial pipeline) on Central and

Western Pennsylvania, thereby improving pricing and supply reliability; avoid the environmental harm and waste associated with new pipeline construction; and have no effect on access to low-Reid Vapor Pressure (“RVP”) gasoline supplies for the Pittsburgh area. Moreover, to the extent that the Philadelphia-area refinery and petroleum products distribution industries assert that they will be adversely impacted by Laurel’s proposal—these adverse impacts are attributable to the less competitive nature of East Coast petroleum products sources, and ultimately the less competitive nature of the East Coast refineries relative to refineries in the Midwest and U.S. Gulf Coast. The purpose of the Public Utility Code is not to prevent Laurel from taking steps to benefit Western and Central Pennsylvania consumers, simply because such steps might have an impact, however small, on economically less viable refineries.

30. Contrary to Gulf’s assertion, 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.

31. Therefore, to the extent that certain customers are no longer able to transport petroleum products over Laurel’s pipeline from points in the Philadelphia area to points in the Pittsburgh area, the correct inquiry regarding alternatives is whether these customers are able to access alternatives market for their petroleum products. As demonstrated by the Application, and Laurel’s Direct Testimony, such alternative markets clearly exist.

32. Gulf concedes that an area benefits when it is supplied by multiple sources. Importantly, even with Laurel’s proposed reversal, Pittsburgh remains supplied by a multitude of sources that possess ample capacity to supply the market in the event of a disruption or constraint

on one, or more, of those sources. However, Central Pennsylvania is not supplied in this manner. As explained in the Direct Testimony of Michael J. Webb, price premiums resulting from constraints on Colonial pipeline, which alone transports substantial amounts of petroleum products that supply Eastern and Central Pennsylvania, have negatively impacted Central Pennsylvania in the past. *See* Laurel St. No. 5, at p. 21. Ensuring that Midwest supplies can reach Central Pennsylvania would decrease the region's dependence on a pipeline that is subject to frequent constraints and disruptions. Therefore, from a reliability standpoint, Laurel's proposal will have minimal to non-existent impact on Western Pennsylvania, and substantial positive impacts on Central Pennsylvania.

33. Laurel denies that Philadelphia-area refineries are dependent on access to the Pittsburgh market, because the volumes transported by the Laurel pipeline system to the Pittsburgh area have declined over time, and such deliveries do not constitute a significant portion of the total refinery output of the Philadelphia-area refineries. The Philadelphia-area refineries have multiple alternative markets for the limited quantities being transported to Pittsburgh. Any minor degree of reliance by these refineries on Pittsburgh-area consumption reflects limitations on the refineries' ability to compete in other markets that they otherwise can access. Moreover, to the extent that Gulf asserts Philadelphia-area refineries will be impacted because "available delivery alternatives are uneconomic and inadequate," Laurel has demonstrated that its analysis in this regard is flawed and should be disregarded. *See* paragraphs 43-44 *infra*.

34. Gulf relies on a fatally flawed analysis by Mr. Arthur to conclude that the reversal will result in increased truck traffic between Altoona and Pittsburgh. First, Mr. Arthur's analysis does not consider whether, or to what extent, truck traffic into Western Pennsylvania would be

offset by the reversal—*i.e.* Mr. Arthur 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. Moreover, Mr. Arthur's analysis assumes without proof that independent retailers or other market participants will continue to purchase East Coast products despite additional supplies of Midwestern sourced products becoming available at a generally lower-price. These claims are merely unsupported speculation.

35. To the extent that statistics regarding accidents or safety incidents involving vehicles are even relevant to this proceeding, these asserted impacts rest on the same flawed analysis by Mr. Arthur to support supposed environmental and infrastructure impacts due to increased truck traffic. In addition, these impacts are far too attenuated to be considered as impacts associated with Laurel's reversal. Laurel does not own or operate trucks for purposes of transporting petroleum products, and to the extent that a shipper or recipient of products shipped on Laurel's system decides to avail themselves of this available alternative, such entities are responsible for the safe operation of those trucks.

36. Gulf's assertions in paragraph 36 are irrelevant and immaterial to the consideration of Laurel's Application, and should be disregarded. Laurel's Application does not seek authorization for "possible" subsequent reversals of its system. Any subsequent reversal of Laurel's pipeline system outside of the scope of its pending Application is only properly an issue for consideration before this Commission at such time that Laurel's requests any related authorizations or approvals from this Commission, to the extent that they are necessary.

37. As indicated in its Application and Direct Testimony, Laurel will complete the engineering work associated with its proposed flow reversal in compliance with the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") safety regulations, and by adopting PHMSA's Flow Reversal Guidance. Moreover, to the extent that any such pipeline safety concerns exist, Laurel will work with PHMSA to ensure that the proper protections are in place.

38. To the extent that Gulf contests the fungible nature of gasoline products in Pittsburgh, its arguments can be dismissed by two simple facts. First, the Department of Environmental Protection's ("DEP") regulation establishing the maximum Reid Vapor Pressure ("RVP") of 7.8 psi for gasoline in Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties, can be satisfied by gasoline regardless with an RVP of 7.8 or less—regardless of whether it is Reformulated Blendstock for Oxygenate Blending ("RBOB") gasoline or Conventional Gasoline Blending Components ("CBOB"). Second, gasoline with an RVP of 7.8 psi or less is readily available from Midwestern sources, as explained in the Direct Testimony of David W. Arnold (*see* Laurel St. No. 1, at p. 17), and conceded by Gulf in its Protest.

39. Moreover, Gulf acknowledges that the DEP's maximum RVP regulations remain uncertain. As such, Gulf's assertions related to impacts associated with the availability of low-RVP gasoline necessary to comply with these regulations, should not be afforded significant weight.

40. For the reasons more fully explained above, the concerns raised by Gulf associated with alleged impacts of Laurel's reversal are flawed and overstated.

**4. Available Alternatives to Replace Shipped Volumes on Laurel's Pipeline are Reasonable and Sufficient.**

41. Laurel has identified ample alternatives that are available to both Pittsburgh-area market participants and Philadelphia-area market participants in its Application and Direct Testimony.

42. Although Gulf has listed a number of refineries that ship barrels of petroleum products from the Philadelphia area to the Pittsburgh area over Laurel's pipeline system, Laurel will demonstrate in the course of this proceeding that Gulf's contention that these shipments constitute "significant volumes" of petroleum products is false. Gulf overstates Western Pennsylvania's current demand for eastern supply sources.

43. Moreover, Gulf relies on Mr. Arthur's flawed and internally inconsistent analysis of the alternatives available to Pittsburgh-area market participants to receive petroleum products to incorrectly project that Laurel's proposal will negatively affect Pittsburgh consumers. Mr. Arthur and Gulf project that the reversal could "increase delivery costs to Pittsburgh consumers by \$68 million annually." *See* Gulf Protest, at ¶ 43; Arthur Affidavit, at ¶ 20. And later in the Protest, Gulf and Mr. Arthur project that the proposed reversal "will reduce annual revenues for Philadelphia refiners by at least \$10 million." *See* Gulf Protest, at ¶ 44; Arthur Affidavit, at ¶ 32. Laurel believes that both the claims of consumer harm and the claims of harm to the refineries are incorrect, and that the evidence will show that consumers will benefit, that the refineries will not be significantly harmed, and that the benefit to consumers will greatly exceed any minor harm to the refineries.

44. As explained above, Gulf's assertions and conclusions related to alternative markets in New York City, Upstate New York, and Central Pennsylvania rely on Mr. Arthur's flawed and internally inconsistent analysis. Regardless of whether this is a "preliminary

analysis” by Mr. Arthur, the inherently flawed assumptions that underlie his analysis demonstrate that any analysis forwarded by Mr. Arthur using this methodology should be disregarded.

45. Gulf’s claim that the competitiveness of the Pittsburgh and Philadelphia markets should be disregarded because prior findings assumed that Laurel would continue to operate in an east-to-west direction is inaccurate. Laurel believes that the competitive conclusions would be unchanged after the proposed revisions to Laurel’s services. For the reasons more fully explained above, Laurel has demonstrated that alternatives are available for both Pittsburgh-area market participants and Philadelphia-area market participants that are affected by the reversal.

## **5. Conclusion**

46. For the reasons set forth above, and those more fully explained in Laurel’s Application, Laurel has met the standards for a partial abandonment of its east-to-west service, should the Commission determine that Laurel’s proposal constitutes an abandonment. Despite Gulf’s attempts to constrain the standard for evaluating a proposed abandonment, Laurel intends to demonstrate in this proceeding that upon balance of all relevant factors, its proposal as contemplated by the Application is clearly in the public interest and to the benefit of consumers in Western and Central Pennsylvania.

### **iii. Laurel’s Proposal Does Not Involve a Change In Rates.**

47–52. The remaining paragraphs of Gulf’s Protest can be summarily addressed by a review of the cited portions of the Public Utility Code and Commission’s regulations, and the *Sunoco Tariff Order*.<sup>4</sup> First, the referenced provision of the Public Utility Code, 66 Pa. C.S. § 1308, and the Commission’s regulations at 52 Pa. Code § 53.52 only apply to tariff revisions that

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<sup>4</sup> *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, at p. 3 (Order entered Aug. 12, 2014) (referred to as the “*Sunoco Tariff Order*” in Gulf’s Protest and this Answer.



involve a utility proposing changes to its rates. See 66 Pa. C.S. § 1308 (applicable to “Voluntary changes in rates.”) (emphasis added); 52 Pa. Code §§ 53.52-53.56 (describing the “Information Furnished With the Filing of Rate Changes”) (emphasis added). Laurel has not proposed to change its rates as a part of its Application; therefore, these provisions of the Public Utility Code and the Commission’s regulations are inapplicable to the Application.

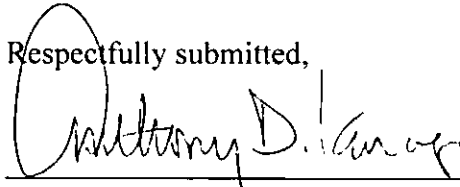
Gulf’s reliance on the *Sunoco Tariff Order* is similarly misplaced. In that proceeding, Sunoco Pipeline L.P. sought to establish rates for resumed service over a previously abandoned route on its pipeline. See *Sunoco Tariff Order*, at p. 3. In effect, Sunoco Pipeline L.P. sought to set rates for an otherwise non-existent service, as the applicable route had previously been abandoned and, as a result, no rates were in effect. Laurel has not proposed to set rates as a part of its Application. Therefore, Sunoco Pipeline L.P.’s proposal in the *Sunoco Tariff Order* is wholly distinguishable from Laurel’s proposal in the instant Application.

Based on the foregoing, Laurel submits that Gulf’s attempt to construe Laurel’s Application in the above-captioned docket as a tariff revision subject to the provisions of the Public Utility Code and the Commission’s regulations applicable to rate changes should be disregarded in its entirety. Laurel has demonstrated in its Application and Direct Testimony that the proposal contemplated by the Application is in the public interest, and should be approved.

**III. CONCLUSION**

**WHEREFORE**, Laurel Pipe Line Company, L.P. requests that the Protest of Gulf Operating, LLC be denied

Respectfully submitted,



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Date: February 21, 2017


*Counsel for Laurel Pipe Line Company, L.P.*

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**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



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

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## 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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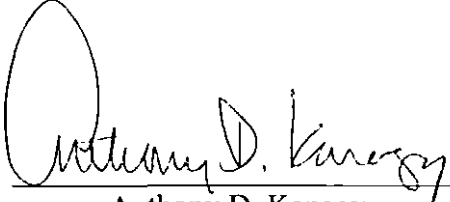
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