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File #: 162860

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 Sheetz, 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

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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 :

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**ANSWER OF LAUREL PIPE LINE COMPANY, L.P.  
TO THE PROTEST OF SHEETZ, INC.**

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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 Sheetz, Inc. ("Sheetz") for the purposes of addressing and clarifying the allegations and assertions contained in Sheetz's Protest.<sup>1</sup> 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. INTRODUCTION**

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>2</sup>

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<sup>1</sup> Laurel has concurrently filed a separate Answer to Sheetz's Petition to Intervene in the above-captioned proceeding.

<sup>2</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 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>3</sup>

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.

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<sup>3</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 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, Sheetz filed separately a Petition to Intervene and formal Protest in the above-captioned proceeding. In order to address and clarify the factual allegations and assertions contained in Sheetz's Protest, as well as preserve the record with respect to fact surrounding Laurel's Applications, Laurel represents the following.

## 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, Sheetz'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 Sheetz's Protest, as well as

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

**A. Background**

1-2. As paragraph numbers 1 through 2 of Sheetz's Protest merely restate the procedural history of the case, no response is required.

3. Laurel submits that the Application and associated direct testimony and exhibits, which were served on February 7, 2017, demonstrate that the change in direction of service proposed by its Application does not "dramatically modify" 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. Moreover, Laurel submitted the Capacity Agreement referenced in the Application to the Commission at Docket No. G-2017-2587567 on February 6, 2017. Laurel additionally filed a Motion to Consolidate the Capacity Agreement filing, with the above-captioned Application proceeding on February 7, 2017.

4-15. As paragraph numbers 4 through 15 of Sheetz's Protest merely restate the procedural history of the case, no response is required.

16. After a reasonable investigation, Laurel lacks sufficient information to form a reasonable belief as to the assertions in the paragraph 16, and therefore denies the same. While Laurel does not contest that Sheetz has demonstrated an interest sufficient to grant it intervenor status in this proceeding, Laurel denies the extent of that interest as represented by Sheetz in its Protest, consistent with Laurel's responses in this Answer. Moreover, Laurel intends to demonstrate that independent fuel retailers, like Sheetz, will benefit from the increased access to generally lower-priced Midwestern products that is contemplated in the Application.

17-18. No response is required to paragraphs 17-18 of the Protest.

**i. Laurel's Proposed Reversal Does Not Constitute an Abandonment of Public Utility Facilities.**

19. This paragraph makes legal arguments based on Sheetz's interpretation of the Public Utility Code, and Laurel disagrees with these legal claims. 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. In addition, Laurel has not proposed to change its rates as a part of its Application; therefore, the Section 1308 the Public Utility Code is inapplicable to the Application. Therefore, consistent with the substantial public benefits of Laurel's proposal that are detailed in its Application and Direct Testimony, Laurel's proposal is in the public interest and should be approved.

20. Contrary to Sheetz's claims, the plain language of Laurel's certificate of public convenience authorizes Laurel to transport petroleum products across Pennsylvania. The only directional or locational reference contained in the certificate describes the location of Laurel's facilities in Pennsylvania; it does not describe the nature or character of service to be provided over those facilities.

21. This paragraph makes a legal argument based on Sheetz'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.

22. For the above described reasons, and those more fully stated in the Application, the Commission should acknowledge Laurel's proposal does not require Commission authorization, or, in the alternative, grant the proposal as in public interest.

**ii. Laurel's Proposed Reversal is Beneficial to the Pittsburgh-Area Fuels Market, In the Public Interest, and Should be Approved.**

23. As described in the Application, Laurel's proposed flow reversal is in response to long developing market changes that have created pricing favorability for Midwestern petroleum products over East Coast supplies. If approved, the proposed pipeline reversal would increase consumers' access to generally lower-priced Midwestern petroleum products, further decrease dependency on supplies from East Coast pipelines (*e.g.*, the Colonial Pipeline) that have experienced significant constraints, and do so without affecting the competitiveness of the Pittsburgh petroleum products market.

24. Sheetz's suggestion that Laurel's proposal would harm the Pittsburgh-area petroleum products market is incorrect. As Laurel stated in its Application and has demonstrated in testimony, Midwestern petroleum products have increasingly become price-advantaged as compared to East Coast petroleum products. Laurel's proposal would increase access to these price advantaged products. Therefore, costs will decrease, and those decreased costs will be passed on to Pennsylvania consumers by independent fuel retailers such as Sheetz.

25. Sheetz's assertion that any increase in transportation costs associated with Laurel's proposal would be passed onto Western Pennsylvania consumers is flawed. This assertion presupposes that any commodity cost-savings associated with generally lower-priced Midwestern sourced petroleum products would be insufficient to offset any increase in transportation costs associated with changes in rate jurisdiction.

26. Although Sheetz asserts that the proposed reversal would negatively affect reliability and energy security for Western Pennsylvania, the opposite is in fact true. Constraints on the Colonial Pipeline in the east have historically led to a \$0.14/gallon price premium, which has significantly impacted Pennsylvania consumers. Sheetz posits that the reversal will subject Pennsylvania markets to “potential supply disruption and price surges.” In fact, the contrary is true. Pennsylvania consumers have already been subjected to these disruptions and surges due to reliance on East Coast supplies. *See* Laurel St. No. 5, at p. 21. Laurel’s proposal will mitigate the impact of disruptions in East Coast supplies on Pennsylvania consumers.

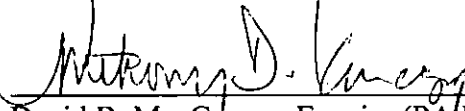
27. Additionally, the alternatives available for Pittsburgh-area retailers to obtain petroleum products are reasonable. Moreover, it is incorrect to assert that independent fuel retailers, like Sheetz, exclusively rely on petroleum products from East Coast suppliers. Sheetz has already made it clear in its Protest that it regularly purchases petroleum products at the lowest cost, regardless of whether the products are sourced from a Midwest or East Coast supplier. It is irrelevant whether alternatives for independent fuel retailers to purchase petroleum products from East Coast suppliers are available; the relevant inquiry is whether alternatives for retailers to purchase petroleum products exist. As demonstrated in the Application and testimony, a significant alternatives will remain available after the proposed reversal.

28. Because Laurel has demonstrated that the proposed reversal, as contemplated by the Application, is in the public interest, the Commission should grant the Application.



WHEREFORE, Laurel Pipe Line Company, L.P. respectfully requests that the Protest of Sheetz, Inc. be denied.

Respectfully submitted,



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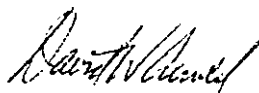
*Counsel for Laurel Pipe Line Company, L.P.*

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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  
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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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Date: February 21, 2017



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