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March 27, 2017

***VIA ELECTRONIC FILING***

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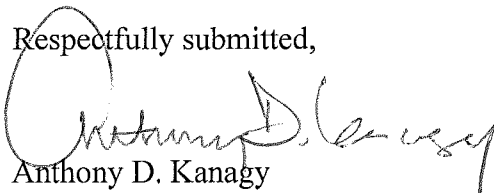
**Re: Application of Laurel Pipe Line Company, L.P. for All Necessary Authority, Approvals, and Certificates of Public Convenience To Change the Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania  
Docket No. A-2016-2575829**

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Dear Secretary Chiavetta:

Enclosed please find the Answer of Laurel Pipe Line Company, L.P. to the Motion to Compel Responses to Philadelphia Energy Solutions Refining and Marketing LLC Sets II and III 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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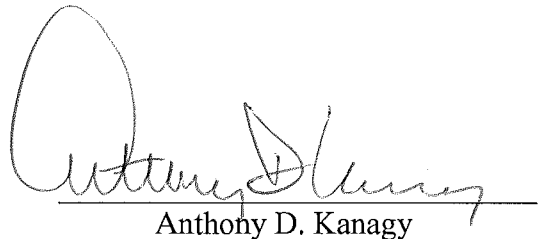
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Date: March 27, 2017



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 :

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**ANSWER OF LAUREL PIPE LINE COMPANY, L.P.  
TO THE MOTION TO COMPEL RESPONSES TO PESRM SET II AND III**

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**TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:**

Laurel Pipe Line Company, L.P. (“Laurel” or the “Company”) hereby files this Answer, pursuant to 52 Pa. Code § 5.342, to the Motion to Compel Responses to PESRM Set II and III (“Motion”) filed by Philadelphia Energy Solutions Refining and Marketing LLC (“PESRM”) on March 21, 2017. As explained below, PESRM’s Motion should be denied because the Interrogatory Number 14 set forth in PESRM Set II and Interrogatory Number 2 in PESRM Set III are not relevant and are not likely to lead to the discovery of relevant or admissible evidence in this application proceeding. In support thereof, Laurel states as follows:

**I. INTRODUCTION**

1. On March 13, 2017, Laurel submitted timely Objections to PESRM’s Set II and III Interrogatories. Laurel objected to PESRM Set II, Interrogatory No. 14 and PESRM Set III, Interrogatory Nos. 2 and 12 (“Objections”). PESRM elected not to challenge Laurel’s objection to Set III, No. 12, and timely submitted its Motion with respect to PESRM Set II, Interrogatory No. 14 and PESRM Set III, Interrogatory No. 2, which requested the following:

**PESRM-LAU-II-14** To what extent has Laurel or any of its affiliates considered building a new pipeline to carry liquid petroleum products eastward from Pittsburgh across Pennsylvania in addition to or in lieu reversing the flow on portion of the Laurel pipeline as proposed in the Application? Explain and provide all non-privileged Documents in support of or relating to your Answer.

**PESRM-LAU-III-2** Explain in detail how Laurel and Buckeye calculates the profitability of their terminal assets, specifically those connected to the Laurel pipeline. Explain and provide all Documents in support of or relating to your Answer.

2. In its Objections, Laurel objected to PESRM Set II, Interrogatory No. 14 as follows:

Pursuant to Section 5.321(c), a party may obtain discovery of any matter not privileged that is relevant to a pending proceeding and that is reasonably calculated to lead to the discovery of admissible evidence. 52 Pa. Code § 5.321(c). The information sought in PESRM Set II, Number 14 is not relevant to the issues to be addressed in this proceeding, and not likely to lead to the discovery of admissible evidence.

The information requested in PESRM Set II, Number 14 pertains to considerations by Laurel or its affiliates related to the construction of a new pipeline to carry petroleum products eastward from Pittsburgh, across Pennsylvania, “in addition to or in lieu [of] reversing the flow on [the] portion of the Laurel pipeline as proposed in the Application.” Laurel’s, or any of its affiliates’, considerations “in addition to” or “in lieu of” the Application pending before the Commission are irrelevant and outside the scope of the above-captioned proceeding. Neither Laurel nor an affiliate has sought approval from the Commission to construct a new pipeline to transport petroleum products eastwards from Pittsburgh across Pennsylvania as a part of this proceeding. To the extent that Laurel or an affiliate considered these options, those considerations would not be relevant to a material issue in this proceeding. Therefore, the information sought by PESRM Set II, Number 14 is irrelevant to Laurel’s proposed change in

direction of flow for points west of Eldorado on its existing pipeline system that is pending before the Commission.

Based on the foregoing, Laurel objects to PESRM Set II, Number 14, which seeks information that is irrelevant, immaterial, and not likely to lead to admissible evidence in this proceeding.

Objections, at pp. 3-4. Laurel also objected to PESRM Set III, Interrogatory No. 2 as follows:

Pursuant to Section 5.321(c), a party may obtain discovery of any matter not privileged that is relevant to a pending proceeding and that is reasonably calculated to lead to the discovery of admissible evidence. 52 Pa. Code § 5.321(c). The information sought in PESRM Set III, Number 2 is not relevant to the issues to be addressed in this proceeding, and not likely to lead to the discovery of admissible evidence.

The information sought in PESRM Set III, Number 2 pertains to how Laurel and Buckeye “calculates the profitability of their terminal assets” connected to the Laurel pipeline. To the extent that this interrogatory seeks information related to Buckeye’s calculations of profitability for Buckeye’s terminal assets, the information sought is irrelevant, immaterial, and not likely to lead to the discovery of admissible evidence. The profitability of Buckeye’s assets is entirely unrelated to Laurel’s Application that is pending before the Commission, because the Application only seeks authorization, to the extent that such authorization is required, to change the direction of flow over certain Laurel facilities. Regardless of whether such assets “are connected” to the Laurel pipeline, financial and cost information related to Buckeye’s assets are not related to a relevant issue in this proceeding. Moreover, Buckeye is an interstate petroleum products pipeline, whose rates, services, and facilities are not subject to the jurisdiction of the Commission. Thus, information related to Buckeye’s calculations of profitability for Buckeye’s assets are not and cannot be relevant to the above-captioned Application proceeding that is pending before the Commission.

Based on the foregoing, Laurel objects to PESRM Set III, Number 2, which seeks information that is irrelevant, immaterial, and not likely to lead to admissible evidence in this proceeding.

Objections, at pp. 4-5. As discussed more fully herein, Laurel has demonstrated that the information sought by this interrogatory is irrelevant and not reasonably calculated to lead to the discovery of evidence that is admissible in this proceeding.

3. Under Section 5.342(g)(1) of the Commission's regulations, "[t]he party against whom the motion to compel is directed shall file an answer within 5 days of service of the motion absent good cause..." 52 Pa. Code § 5.342(g)(1). Accordingly, Laurel hereby files this Answer to PESRM's Motion with respect to PESRM Set II, Interrogatory No. 14 and PESRM Set III, Interrogatory No. 2.

## **II. ANSWER TO THE MOTION TO COMPEL**

4. PESRM Set II, Interrogatory No. 14 and PESRM Set III, Interrogatory No. 2 both seek information that is not relevant to the issues and subject matter to be addressed in this proceeding, and are not likely to lead to the discovery of admissible evidence. For the reasons explained herein, disclosure of the information sought by these interrogatories should be denied. In addition, paragraph 4 of PESRM's Motion attempts to summarize Laurel's Objection. The Objections are a written document, the terms of which speak for themselves. Any interpretation or characterization thereof is denied.

5. The Commission's regulations and precedent limit discovery to information that is relevant to the subject matter involved in the pending proceeding. Section 5.321(c) of the Commission's regulations states that:

A party may obtain discovery regarding any matter, not privileged,  
**which is relevant to the subject matter involved in the pending**

**action**, whether it relates to a claim or defense of the party seeking discovery or to the claim or defense of another party, including the existence, description, nature, content, custody, condition and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of a discoverable matter.

52 Pa. Code § 5.321(c) (emphasis added). In addition, the information sought by discovery must be “reasonably calculated to lead to the discovery of admissible evidence.” *Id.*

PESRM cites *Koken v. One Beacon Ins. Co.*, 911 A.2d 1021, 1025 (Pa. Cmwlth. 2006), for the proposition that any doubts regarding the relevancy of subject matter should be resolved in favor of relevancy, and that the party contending discovery is not relevant has the burden of proving irrelevancy. Motion ¶ 5. Notably, PESRM fails to disclose that the Commonwealth Court in *Koken* went on to hold that “if there is nothing in the record from which relevancy can be ascertained, this Court may place the burden of establishing relevancy upon the requesting party.” *Koken*, 911 A.2d at 1025.

Importantly, Laurel is not seeking to construct a new pipeline as a part of this proceeding. Therefore, whether Laurel considered this alternative business plan in addition to or in lieu of the proposed reversal of its system to Eldorado and points west is irrelevant to either of the material issues in this proceeding. In addition, Buckeye’s terminal assets are neither a part of Laurel’s proposal nor subject to the Commission’s jurisdiction. Therefore, the profitability of Buckeye’s non-jurisdictional terminal assets is outside the scope of this proceeding. Despite PESRM’s attempts to misconstrue Laurel’s Application and the issues raised therein, there is nothing in the record to support the relevance of either PESRM Set II, Interrogatory No. 14 or PESRM Set III, Interrogatory No. 2. As such, for the reasons more fully explained below, PESRM has failed to demonstrate that the information sought by these interrogatories is related to a relevant issue in this proceeding.



6. PESRM's arguments in this Motion continue to misconstrue the two issues raised by Laurel in its Application. Laurel's Application requests that the Commission: (1) determine that no approval is required to effectuate the proposed reversal; or (2) if the Commission determines that Laurel must receive its approval for the proposal, that the Commission find Laurel's proposed reversal, as described by the Application, to be in the public interest.

The first determination is a question of law involving, in part, what authority was granted to Laurel by the Commission in its Certificate of Public Convenience. Under this determination, the proper subject matter to determine relevance is the authority granted to Laurel in the Certificate of Public Convenience issued by the Commission. The issue of whether Laurel considered or any of its affiliates considered building a new pipeline to carry liquid petroleum products eastward from Pittsburgh across Pennsylvania in addition to or in lieu of the reversal of flow proposed in the Application is entirely irrelevant to determining whether the Commission authorized Laurel to provide both westbound and eastbound service in its Certificate of Public Convenience. In addition, the Commission is federally pre-empted from limiting Laurel's proposal to use its pipeline in interstate commerce and any such limitation would unreasonably burden interstate commerce.

The second determination involves an evaluation of facts to determine whether Laurel's proposal is in the public interest, if and only if the Commission determines that approval is required. Under this determination, the proper subject matter to determine relevance is the proposal as stated in Laurel's Application. Any information related to alternative considerations in addition to or in lieu of the reversal proposed in the Application is irrelevant. Such additional and/or alternative proposals would necessarily involve delivery points, engineering work, timing, financing, etc. that are irrelevant, and entirely outside the scope of Laurel's Application.

Importantly, Your Honor's March 8, 2017 Order Regarding Motions to Compel recognized these two issues are the relevant subject matter that define and limit the scope of discovery in this proceeding. *See* Order Regarding Motions to Compel, Docket Nos. A-2016-2575829; G-2017-2587567, at pp. 2-3 (Order Issued by ALJ Vero March 8, 2017). This Order denied both PESRM's and Gulf Operating, LLC's attempts to discover information about potential projects that were not proposed by Laurel in this proceeding. Therefore, any discovery that seeks information unrelated to these issues falls outside the scope of this proceeding.

7. Contrary to PESRM's claims regarding the applicability of the public interest standard for certificates of public convenience under Section 1103(a) of the Pennsylvania Public Utility Code ("Code"), a certificate of public convenience to effectuate Laurel's proposed reversal is only necessary if the Commission determines that Laurel must receive its approval for the proposed reversal. PESRM continues to misconstrue the two alternative claims for relief contained in Laurel's Application.

8. Beyond PESRM's unsupported conclusion that it "is impossible to understand" whether the proposal in Laurel's Application is in the public interest without the information sought by PESRM Set II, No. 14, PESRM has failed to demonstrate that this information is related to any relevant issue in this proceeding, or is likely to lead to the discovery of evidence that would be admissible at hearing.

9. Further, the information sought by PESRM Set III, No. 2 with respect to Buckeye's interstate, *i.e.* non-jurisdictional, terminals and assets is irrelevant. Indeed, information related to Buckeye's non-jurisdictional terminals and assets has no bearing on PESRM's purported economic and financial evaluation of Laurel's operations.

10. PESRM's assertion that Laurel's facilities qualify as public utility facilities, under the Commission's jurisdiction, misses the point regarding whether the information sought by its interrogatories is relevant for purposes of discovery. As explained above, the information sought by a discovery request must be relevant to the subject matter of a proceeding and reasonably calculated to lead to the discovery of admissible evidence. While Chapter 11 of the Code requires the Commission to determine whether an application is in the public interest, this determination is not so broad as to include consideration of other business plans considered by a utility that were ultimately not submitted to the Commission for consideration. Nor is this determination so broad as to include review of a non-jurisdictional affiliate's terminal asset profitability calculations. Such information has no bearing on whether, to the extent the Commission determines Laurel must receive authorization to effectuate the proposed reversal, Laurel's proposal is in the public interest.

11. As such, denying PESRM the opportunity to engage in a fishing expedition for information regarding subject matter that is outside the scope of this Application proceeding, *i.e.* Laurel's alternative business plans and the profitability of Buckeye's non-jurisdictional terminal assets, is consistent with the Commission's investigative powers in proceedings such as this one.

12. Contrary to PESRM's assertions, discovery of Laurel's considerations of alternatives to reversing flow on its pipeline, which are not the subject of its Application, would be inconsistent with the Commission's regulatory authority. The Commission cannot act as a "super board of directors" and substitute its judgment for that of the utility, unless an abuse of discretion by the utility has been shown. *See Metropolitan Edison Co. v. Pa. Pub. Util. Comm'n*, 437 A.2d 76 (Pa. Cmwlth. 1981). PESRM essentially asks the Commission to substitute its judgement for Laurel's with respect to the Company's cost/benefit analysis of the proposed

reversal as compared to alternative business plans in addition to or in lieu of the proposed reversal that Laurel could have considered.

13. In addition, PESRM's assertions that Laurel has interjected its future plans for service east of Eldorado into this proceeding are incorrect. PESRM cites a statement in Laurel's Application, which is a written document the terms of which speak for themselves; PESRM's characterization of these statements is thus denied. The Application simply explained that flow over Laurel's system would remain unchanged east of Eldorado, in order to clarify the limited scope of Laurel's submitted proposal, *i.e.* westbound service will continue to these points, and is not being altered by Laurel as a part of this proceeding. Moreover, PESRM's assertion that this statement supports its argument that Laurel's alternative business plans in addition to or in lieu of the proposed reversal for points west of Eldorado is flawed. The referenced statement solely speaks to the points east of Eldorado, which are not the subject of Laurel's proposal. Additionally, the referenced statement bears no relationship to alternative plans that Laurel may have considered prior to submission of the Application.

14. PESRM's Motion misrepresents Laurel's objection to PESRM Set III, Interrogatory No. 2, which sought information related to the profitability of Buckeye's terminal assets. Laurel specifically objected to this interrogatory because "[t]o the extent that this interrogatory seeks information related to Buckeye's calculations of profitability for Buckeye's terminal assets, the information sought is irrelevant, immaterial, and not likely to lead to the discovery of admissible evidence." Objections, at p. 4 (emphasis in original). As explained in Laurel's Objections, Buckeye is an interstate petroleum products pipeline, whose rates, services, and facilities are not subject to the jurisdiction of the Commission. Moreover, to the extent that authorization for Laurel's proposal to change the direction of flow over certain Laurel facilities is

required, Laurel's, and not Buckeye's, profitability would be implicated by the Commission's standard described in paragraph 14 of PESRM's Motion. Regardless of whether certain Buckeye assets are connected to the Laurel pipeline system, the financial and cost information related to Buckeye's assets are not related to a relevant issue in this proceeding, because Buckeye is neither the applicant in this proceeding nor a PUC-jurisdictional pipeline.

15. As demonstrated above, PESRM's attempts to identify matter in the record to support relevancy are unavailing, and therefore PESRM has failed to carry its burden to demonstrate that the information sought is relevant, because nothing in the record exists from which relevance can be determined. *See Koken*, 911 A.2d at 1025.

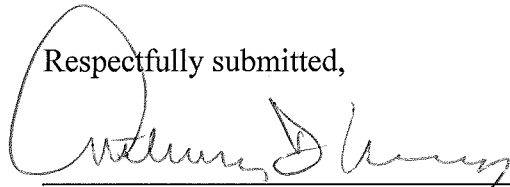
**III. CONCLUSION**

WHEREFORE, Laurel Pipe Line Company, L.P. respectfully requests that Administrative Law Judge Eranda Vero grant Laurel Pipe Line Company, L.P.'s objection and enter an appropriate order directing the following:

(I) PESRM Set II, Interrogatory No. 14 and PESRM Set III, Interrogatory No. 2 are irrelevant and not reasonably calculated to lead to the discovery of admissible evidence, and therefore Laurel Pipe Line Company, L.P. is not required to respond to this question; and

(II) PESRM's Motion to Compel is denied.

Respectfully submitted,



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