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March 28, 2017

VIA E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Application of Laurel Pipe Line Company, L.P. for Approval to change direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania, Docket No. A-2016-2575829

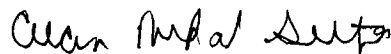
Affiliated Interest Agreement between Laurel Pipe Line Company, L.P. and Buckeye Pipe Line Company, L.P., Docket No. G-2017-2587567

Dear Secretary Chiavetta:

Enclosed please find the Answer of Philadelphia Energy Solutions Refining and Marketing LLC to Motion to Compel Answers to Interrogatories and Requests for Production of Documents Propounded by Laurel Pipe Line Company, L.P. in the above-captioned proceedings.

Copies have been served on all parties as indicated in the attached Certificate of Service.

Very truly yours,



Alan M. Seltzer

AMS/tlg

Enclosure

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laurel Pipe Line Company, L.P. :
for Approval to Change Direction of Petroleum : Docket No. A-2016-2575829
Products Transportation Service to Delivery :
Points West of Eldorado, Pennsylvania :

Affiliated Interest Agreement between :
Laurel Pipe Line Company, L.P. and : Docket No. G-2017-2587567
Buckeye Pipe Line Company, L.P. :

**ANSWER OF PHILADELPHIA ENERGY SOLUTIONS REFINING AND MARKETING
LLC TO MOTION TO COMPEL ANSWERS TO INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS PROPOUNDED BY LAUREL
PIPE LINE COMPANY, L.P.**

Philadelphia Energy Solutions Refining and Marketing LLC (“PESRM”) hereby responds to the Motion to Compel (“Motion”) filed by Laurel Pipe Line Company, L.P. (“Laurel”) on March 23, 2017, pursuant to the Pennsylvania Public Utility Commission (“Commission”) regulations at 52 Pa. Code § 5.342(g)(1) as follows:

I. INTRODUCTION

1. On November 14, 2016, Laurel filed with the Commission an Application for All Necessary Authority, Approvals, and Certificates of the Public Convenience to Change the Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania pursuant to various provisions of the Pennsylvania Public Utility Code (“Application”). 66 Pa. C. S. §§ 101, *et seq.* PESRM filed a timely Protest and Petition to Intervene and is an active party in this proceeding, having issued written discovery to Laurel and been the recipient of discovery from Laurel.

2. The Motion and this Answer have their genesis in a discovery dispute between Laurel and PESRM regarding certain interrogatories and Requests for Production of Documents

propounded by Laurel upon PESRM on March 2, 2017 in Set I. Set I consists of eleven (11) interrogatories and requests for production, with various subparts.

3. PESRM served its responses timely to Set I on March 22, 2017. PESRM provided responses to all of portions of Laurel Set I, Nos. 1 (a-d), 2(a-i), 3(a-b), 4(a-b), 5(a-b), 6(a-c), 7(a-f), 8 (a), 9(a-c) 10 (a-f) and 11(a-e).

4. PESRM also objected timely to certain of the interrogatories contained in Laurel Set I. PESRM filed objections on March 13, 2017 to the following interrogatories in Laurel Set I: 1(a, b and d); 2(a, b, e and h); 3(b); 4(a-b); 5(a-b); 6(a-c); 7(a-f); 9(a-c) and 10(a-f) (“Objections”).

5. The Motion seeks to compel PESRM to respond to the following interrogatories in Set I: Nos. 1-7, 9-10 (“Disputed Discovery”). The Motion fails to acknowledge that PESRM has provided information with respect to each of Laurel’s Set 1 interrogatories and indicated it will provide additional information if it becomes available at a later point in time. In essence, the Motion is seeking to compel “responses” to the Disputed Discovery when in most if not all cases PESRM has in fact answered the question. It appears that Laurel filed the Motion after seeing PESRM’s Objections but without consideration of the subsequently filed answers. This is understandable given the Commission’s discovery rules that essentially required Laurel to file the Motion at approximately the same time PESRM filed answers to Set I. Moreover, because Laurel has not reached agreement with most of the Parties to this case on the terms of its proposed Protective Order, Laurel has moved to compel further responses on Set 1 without reviewing the Confidential and Highly Confidential information PESRM has indicated in its answers it will provide to Laurel once a Protective Order is in place. For ease of reference the Disputed Discovery is set forth in Appendix A to this Answer.

II. PESRM RESPONSES

A. PESRM's Limited Objections to Laurel Set 1 – Request No. 1 Should be Sustained.

6. In this interrogatory, Laurel requested by month and for a five year period, all the product lifted out of all Pennsylvania terminals used by PESRM (and method of transportation), all the refined product transported by PESRM to any terminal in Pennsylvania by barge or a non-Buckeye pipeline, and all the refined product PESRM purchased from other parties who shipped on the Laurel pipeline and the amount of refined product, by month for 5 years, that PESRM has transported to terminals in Pennsylvania.

7. While PESRM objected to both the unreasonable breadth and relevancy of the enormous information requested in Set I, No. 1, it filed answers to the entire question including its willingness to provide Highly Confidential Information upon the entry of a mutually acceptable Protective Order. Therefore, contrary to the Motion and notwithstanding its Objections, PESRM has in fact answered this Interrogatory and there is nothing further to which it should be compelled to provide.

8. For example, with respect to Set I, No. 1(a and b) PESRM advised that it does not “lift” products at terminals; with respect to Set I, No. 1(c) PESRM advised it has not purchased from other parties who shipped refined product on the Laurel pipeline and with respect to Set I No. 1 (d) it provided a detailed response in the form of a Highly Confidential attachment that it will make available to Laurel upon the entry of a mutually acceptable Protective Order.

9. The Motion challenges PESRM's claim that because it only has access to eleven months of data the request for information for earlier time periods would be unreasonably costly and burdensome to obtain. PESRM has asserted that to obtain the detailed information of

product movements and shipments for periods outside of the 11-month time frame would be both extremely costly and burdensome. There are thousands of movements at issue beyond the 11-month time and a cost is associated with acquiring this data, approximately \$0.70 per movement. It is impossible of course to discern the full cost of this laborious exercise since PESRM does not have actual access to this older data and will have to make a substantial investment merely to determine how much data there actually is. Clearly, PESRM's Objection based on extreme cost and burden is fully supported by facts. Laurel's simple disagreement with PESRM's Objection and claim that PESRM is in a better position access the data is not borne out by the facts and ignores the fact that PESRM simply does not have the information outside of the 11-month period already supplied.¹⁰ Laurel further challenges PESRM's claim that because of the nature of its intermediation agreement with J.P Morgan Energy Ventures Corporation, which was in effect until October 2014, PESRM does not have access to the data before that period with which to respond to this interrogatory. Importantly, PESRM has agreed to provide data responsive to Set I No. 1(d) for the period after October 2014. PESRM cannot reasonably access data it neither owns nor controls. Its Objection clearly pointed out this limitation and its answer to this interrogatory provided the information it has available that is responsive to Set I, No. 1(d). It is unreasonable to compel the provision of any further information given the undisputed limitation identified in the Objection regarding the changing counterparties under the intermediation agreements.

10. Laurel takes issue with PESRM's response to Set I, No 1(c) in part based on the pricing based on Freight on Board ("FOB"). Importantly, and as noted in the Objection, this question is limited to shipments on the Laurel pipeline itself, information that is clearly within

Laurel's control since it owns and operates the pipeline. There is no basis to compel a response to this interrogatory from PESRM when Laurel itself is the best source of this information.

B. PESRM's Limited Objections to Laurel Set 1 – Request No. 2 Should be Sustained.

11. Contrary to the implication in the Motion, PESRM filed or, subject to the completion of a mutually acceptable Protective Order is prepared to provide, responses to every subpart of Set I, No. 2.

12. For purposes of the response to the portions of the Motion in connection with Set I, No. 2, PESRM incorporates paragraphs 6 to 10 above.

C. PESRM's Limited Objections to Laurel Set I – Request No. 3 Should be Sustained.

13. First, with respect to Set I, No. 3(a), the Motion is moot since PESRM has fully responded to this question with Highly Confidential Information that will be made available to Laurel upon the issuance of a mutually acceptable Protective Order.

14. Second, while PESRM properly objected to the scope and breadth of Set I No. 3(b), it filed responses to Laurel in the form of documents identified in the Privilege Log provided to Laurel with its response and further committed to providing additional reviews, analyses and reports when completed. Thus, the Motion is again moot with respect to this question.

D. PESRM's Limited Objections to Laurel Set I – Request Nos. 4 -7 Should be Sustained

15. The Motion appears to fundamentally misconstrue the nature of the Objections raised by Laurel with respect to Set I, Nos 4-7. In each case, PESRM objected to the question to the extent it sought material and information that is otherwise protected from disclosure by the Attorney Client privilege and attorney work product doctrine. Consistent with this Objection,

any privileged documents responsive to these questions have already been identified and included on the Privilege Log provided by PESRM to Laurel. In all other respects, PESRM has fully answered these questions and there is no further response to compel.

16. The fact that Laurel disagrees with PESRM's claim that it generated no studies or analyses *before* filing its Protest that is in fact the situation as noted in PESRM's responses to these questions. Laurel's disagreement with PESRM's factual claim is not a basis for compelling information that PESRM does not, in fact, have in its possession.

E. PESRM's Limited Objections to Laurel Set I – Request No. 9 Should be Sustained

17. While PESRM's Objection properly noted that this question was not bounded by a specific time frame and was otherwise not relevant and burdensome, it in fact filed answers responsive to subparts a, b and c which the Motion neither considers nor addresses given the timing of PESRM's Objections, the filing of the Motion and the service of PESRM's answers to Set I.

18. With respect to Set I, No. 9(a), PESRM has indicated that any reviews, analyses or reports will be provided when completed.

19. With respect to Set I, Nos. 9(b) and (c), PESRM's filed answer specifically addresses product pricing and information about profit margin. For the reasons noted previously, the Motion does not address the actual answers provided and should therefore be disregarded.

F. PESRM's Limited Objections Laurel Set I – Request No. 10 Should be Sustained

20. PESRM incorporates herein its response above with respect to Set I, No. 1. In addition, PESRM has again provided fully responsive answers to Set I, No. 10 (a)-(f) that the Motion does not consider for the reasons specified above. Importantly and contrary to the

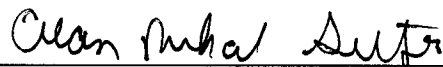
implication in the Motion, there are no privileged documents cited with respect to the answer to Set I, No. 10. Accordingly, there is no basis to compel any response to this Interrogatory.

III. CONCLUSION

WHEREFORE, Philadelphia Energy Solutions Refining and Marketing LLC respectfully requests that Your Honor reject Laurel Pipe Line Company, LLC's Motion to Compel Answers to Interrogatories and Requests for Production, Set I, Nos. 1-7, 9-10 and grant PESRM such other relief as may be just and reasonable under the circumstances.

Respectfully submitted,

Dated: March 28, 2017



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Counsel to Philadelphia Energy Solutions Refining
and Marketing LLC

Appendix A

Disputed Discovery

**INTERROGATORIES, REQUESTS FOR PRODUCTION OF
DOCUMENTS AND REQUESTS FOR ADMISSION
ON PESRM – SET 1**

1. With reference to PESRM's claim in paragraph 30 of its protest that there exist a lack of viable alternatives for Laurel's current shippers:
 - a. Please provide records showing by the month quantity of refined petroleum products lifted by PESRM out of each terminal in Pennsylvania used by PESRM from January 1, 2012 to February 1, 2017.
 - b. Please ensure that all information provided in response to subpart (a) identifies the terminal the product originated from, and method of transportation used for the shipment.
 - d. Please identify the amount of refined product by month that PESRM has transported to terminals in Pennsylvania by either a non-Buckeye pipeline or by barge from January 1, 2012 to February 1, 2017.
2. With reference to PESRM's claim in paragraph 30 of its protest that there exist a lack of viable alternatives for Laurel's current shippers:
 - a. Please provide records showing by the month quantity of refined petroleum products produced by PESRM and delivered to each terminal in Pennsylvania used by PESRM from January 1, 2012 to February 1, 2017.
 - b. Please ensure that all information provided in response to subpart (a) identifies the terminal to which the product was delivered, and method of transportation used for the shipment.
 - e. Please ensure that all information provided in response to subpart (d) identifies the terminal to which the product was sold and the party to whom the product was sold.
 - h. Please ensure that all information provided in response to subpart (g) identifies the terminal to which the product was sold and the party to whom the product was sold.
3. Regarding PESRM's reference in paragraph 30 to limiting PESRM's access to markets:
 - b. Please identify any and all internal reviews, analyses, reports, or discussions undertaken or caused to be undertaken by PESRM regarding competitive threats to Philadelphia refineries, including but not limited to loss of transportation options and competition from other sources of supply.
4. Regarding its claims that PESRM will be negatively affected by the Application:

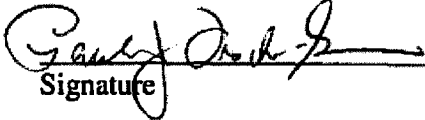
- a. Has PESRM performed any analysis and/or study (either quantified or qualitative) of how it will or may be affected economically if Laurel's Application is approved? If so, provide a copy of all analyses and/or studies.
 - b. Please provide all documents, including emails, memoranda, letters, notes of phone calls, etc., which in any way address or relate to how PESRM will or may be affected economically if Laurel's Application is approved, whether or not such documents constitute analyses or studies.
5. Regarding PESRM's claims on the impact of additional Midwestern refined petroleum products supply on the consumers of Pennsylvania:
 - a. Has PESRM performed any analysis and/or study (either quantified or qualitative) of how it will or may be affected economically by competition from supply from the Midwest? If so, provide a copy of all analyses and/or studies.
 - b. Please provide all documents, including emails, memoranda, letters, notes of phone calls, etc., which in any way address or relate to how PESRM will or may be affected economically by competition from supply from the Midwest, whether or not such documents constitute analyses or studies.
6. With reference to the statement in paragraph 30 that the proposal would "increase the cost of gasoline and diesel in Pittsburgh, Altoona, and other Pennsylvania markets":
 - a. Please provide all studies or analyses conducted by or on behalf of PESRM, or reviewed by PESRM, since January 1, 2012 discussing the cost of gasoline and diesel in the Pittsburgh market (at wholesale or retail).
 - b. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing the cost of gasoline and diesel in the Altoona market (at wholesale or retail).
 - c. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing the cost of gasoline and diesel in any other Pennsylvania markets (at wholesale or retail).
7. With reference to PESRM's statements in paragraph 30 that consumers will lose reliability benefits, which will lead to price spikes and shortages:
 - a. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing the benefit of supply alternatives.
 - b. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing the benefit of reliability redundancies for the Pittsburgh market caused by Laurel's east to west direction of flow.

- c. Please provide all studies conducted by or on behalf of PESRM since January 1, 2012 discussing or showing that Pittsburgh would lose reliability benefits if Laurel did not flow in an east to west direction.
 - d. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing pricing benefits to Pittsburgh customers resulting from having access to deliveries from the east by Laurel.
 - e. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing price spikes to Pittsburgh customers.
 - f. Please provide all studies or analyses conducted by or on behalf of PESRM since January 1, 2012 discussing actual or potential supply shortages to Pittsburgh customers.
9. Regarding PESRM's claims in Paragraph 30 that it would lose markets that cannot be replaced at a similar margin:
- a. Please provide all internal cost analysis undertaken by PESRM regarding potential alternative markets to the markets served by the destinations on Laurel located west of Altoona, including pricing information for selling petroleum products to those markets.
 - b. Please provide all internal cost analysis and data regarding the current profit margin PESRM receives from shipments on Laurel, by destination.
 - c. Please provide all internal cost analysis and data regarding the current profit margin PESRM receives from sales of product at the refinery gate.
10. With reference to PESRM's discussion of alternative markets in New York and New Jersey:
- a. Please provide by month and product type the amount of product that PESRM has delivered to New York from January 1, 2012 to the present.
 - b. With regard to material provided in response to subpart (a) please ensure that each supply source and/or transportation route is listed separately (e.g. if a certain amount of gasoline was shipped to the New York City market using Colonial and a different amount was shipped to the New York City market via Harbor pipeline, via barge, or via exchange, please so state).
 - c. Please provide by month and product type the amount of product that PESRM has delivered to New Jersey from January 1, 2012 to the present.
 - d. With regard to material provided in response to subpart (c) please ensure that each supply source and/or transportation route is listed separately.

- e. Please provide by month and product type the amount of product that PESRM has delivered to Central Pennsylvania from January 1, 2012 to the present.
- f. With regard to material provided in response to subpart (e) please ensure that each supply source and/or transportation route is listed separately.

VERIFICATION

I, Paula Fischer Gressman, Director of Supply Chain, of Philadelphia Energy Solutions Refining and Marketing LLC, hereby verify that the information in the foregoing Answer to Motion to Compel filed at Docket No. G-2017-2587567, is true and correct to the best of my information, knowledge and belief. I understand that the statements are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to the unsworn falsification to authorities.


Signature

Dated: March 28, 2017

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laurel Pipe Line Company, L.P. :
for Approval to Change Direction of Petroleum : Docket No. A-2016-2575829
Products Transportation Service to Delivery :
Points West of Eldorado, Pennsylvania :

Affiliated Interest Agreement between :
Laurel Pipe Line Company, L.P. and : Docket No. G-2017-2587567
Buckeye Pipe Line Company, L.P. :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the Answer of Philadelphia Energy Solutions Refining and Marketing LLC to Motion to Compel Answers to Interrogatories and Requests for Production of Documents Propounded by Laurel Pipe Line Company, L.P. upon the parties and in the manner listed below:

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Dated this 28th day of March, 2017.



Alan M. Seltzer, Esq.