

*Phone:* (215) 569-5793  
*Fax:* (215) 832-5793  
*Email:* [lewis@blankrome.com](mailto:lewis@blankrome.com)

June 19, 2014

**VIA OVERNIGHT FEDERAL EXPRESS**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

RECEIVED

JUN 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Mountain Watershed Association, Docket Nos. P-2014-2411941, *et al.*

Dear Secretary Chiavetta,

Enclosed please find Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Mountain Watershed Association related to the above docket numbers. A copy has been served in accordance with the enclosed certificate of service.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

BLANK ROME



Christopher A. Lewis (ID #29375)  
Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103  
Phone: (215) 569-5793  
*Counsel for Sunoco Pipeline, L.P.*

cc: Administrative Law Judge Elizabeth H. Barnes (via First-Class Mail and E-Mail)  
Administrative Law Judge David A. Salapa (via First-Class Mail and E-Mail)  
Certificate of Service

RECEIVED

JUN 19 2014

BEFORE THE  
COMMONWEALTH OF PENNSYLVANIA PA PUBLIC UTILITY COMMISSION  
PENNSYLVANIA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

Application of Sunoco Pipeline L.P. for a Finding That the Situation of Structures to Shelter Pump Stations and Valve Control Stations is Reasonably Necessary for the Convenience and Welfare of the Public

: Docket Nos. P-2014-2411941,  
: 2411942, 2411943, 2411944, 2411945,  
: 2411946, 2411948, 2411950, 2411951,  
: 2411952, 2411953, 2411954, 2411956,  
: 2411957, 2411958, 2411960, 2411961,  
: 2411963, 2411964, 2411965, 2411966,  
: 2411967, 2411968, 2411971, 2411972,  
: 2411974, 2411975, 2411976, 2411977,  
: 2411979, 2411980

(Not Consolidated)<sup>1</sup>

**SUNOCO PIPELINE L.P.'S ANSWER TO THE PRELIMINARY OBJECTIONS OF MOUNTAIN WATERSHED ASSOCIATION**

Pursuant to 52 Pa. Code § 5.101(f), Sunoco Pipeline, L.P. ("SPLP") files this Answer to the Preliminary Objections of Mountain Watershed Association ("MWA").

1. SPLP admits that MWA has submitted Preliminary Objections with regard to SPLP's Amended Petitions and that DRN has requested that the Commission deny SPLP's Amended Petitions. For the reasons set forth in this Answer, the Commission should deny DRN's Preliminary Objections.

2. SPLP lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 2 of the Preliminary Objections concerning the formation and activities of the MWA.

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<sup>1</sup> SPLP lists here all 31 pending dockets involving SPLP's Petitions for Exemption because the MWA's Preliminary Objections listed all 31 dockets. However, SPLP's listing of all 31 dockets, which have not been consolidated, should not be interpreted as SPLP's agreement with the docketing of the MWA's peladings. As MWA implicitly concedes in paragraph 3 of its Preliminary Objections, all but two of the municipalities in which the structures will be erected are located outside of the Youghiogheny River watershed. Consequently, SPLP denies that MWA has standing to participate in 29 of the 31 dockets. Additionally, SPLP reiterates its express request that these dockets remain unconsolidated.

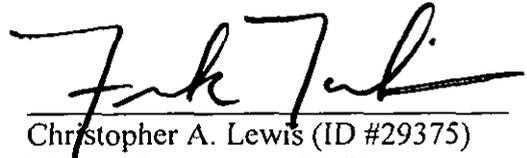
3. SPLP admits that the Mainer East Project includes the construction of 17 valve control stations and 18 pump stations and that SPLP seeks findings under section 619 of the Municipalities Planning Code, 53 P.S. §10619, for structures to be located in Rostraver and Hempfield Townships. SPLP denies the remaining allegations asserted in paragraph 3 of MWA's Preliminary Objections. By way of further answer, SPLP submits that MWA lacks standing to participate in those proceedings which concern structures that will be located outside of the Youghiogheny River watershed.

4. SPLP admits that MWA adopted the preliminary objections made by the Delaware Riverkeeper Network ("DRN") dated June 5, 2014. A copy of SPLP's Answer to the Preliminary Objections of the Delaware Riverkeeper Network is attached hereto as Exhibit "A" and incorporated herein by reference.

5. For the reasons stated herein and in SPLP's Answer to the Preliminary Objections of the Delaware Riverkeeper Network, the Commission should deny MWA's Preliminary Objections.

Dated: June 19, 2014

Respectfully Submitted,  
BLANK ROME LLP



Christopher A. Lewis (ID #29375)

Michael L. Krancer (ID #39443)

Frank L. Tamulonis (ID# 208001)

Melanie S. Carter (ID#312294)

Blank Rome LLP

One Logan Square

Philadelphia PA 19103

Phone: (215) 569-5793

*Counsel for Sunoco Pipeline L.P.*

**RECEIVED**

JUN 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**EXHIBIT "A"**

Phone: (215) 569-5720  
Fax: (215) 832-5720  
Email: [MCarter@BlankRome.com](mailto:MCarter@BlankRome.com)

June 18, 2014

**VIA OVERNIGHT FEDERAL EXPRESS**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

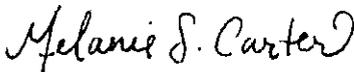
**Re: Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Delaware Riverkeeper Network, Docket Nos. P-2014-2411941, et al.**

Dear Secretary Chiavetta:

Enclosed please find Sunoco Pipeline L.P.'s Answer to the Preliminary Objections of the Delaware Riverkeeper Network related to the above docket numbers. A copy has been served in accordance with the enclosed certificate of service.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

  
Melanie S. Carter

cc: Administrative Law Judge Elizabeth H. Barnes (via First-Class Mail and E-Mail)  
Administrative Law Judge David A. Salapa (via First-Class Mail and E-Mail)  
Certificate of Service

**BEFORE THE  
COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Sunoco Pipeline L.P. for a Finding That the Situation of Structures to Shelter Pump Stations and Valve Control Stations is Reasonably Necessary for the Convenience and Welfare of the Public

Docket Nos. P-2014-2411941,  
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(Not Consolidated)<sup>1</sup>

**SUNOCO PIPELINE L.P.'S ANSWER TO THE  
PRELIMINARY OBJECTIONS OF DELAWARE RIVERKEEPER NETWORK**

Pursuant to 52 Pa. Code § 5.101(f), Sunoco Pipeline, L.P. ("SPLP") files this Answer to the Preliminary Objections of Delaware Riverkeeper Network and the Delaware Riverkeeper, May van Rossum (collectively, "DRN").

**A. GOVERNING LEGAL STANDARDS**

The Commission's preliminary objection practice is similar to Pennsylvania civil practice. *Equitable Small Transp. Intervenors v. Equitable Gas Co.*, 1994 Pa. P.U.C. LEXIS 69 (July 18, 1994). When considering preliminary objections, the Commission may not rely upon the factual assertions of the moving party, but must accept as true, for purposes of disposing of the objections, all well-pleaded, material facts of the non-moving party, as well as every

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<sup>1</sup> SPLP lists here all 31 pending dockets involving SPLP's Petitions for Exemption because the DRN's pleadings were added to all 31 dockets. However, SPLP's listing of all 31 dockets, which have not been consolidated, should not be interpreted as SPLP's agreement with the docketing of the DRN's pleadings. As the DRN implicitly concedes in paragraph 6 of its Preliminary Objections, many of the municipalities in which the structures are located do *not* fall within the Delaware River watershed. Consequently, SPLP denies that the DRN has standing to participate in most of the 31 dockets. Additionally, SPLP reiterates its express request that these dockets remain unconsolidated.

reasonable inference from those facts; a pleading may be dismissed only if the non-moving party would not be entitled to relief under any circumstances as a matter of law.

When considering preliminary objections, the Commission must determine:

[w]hether the law says with certainty, based on well-pleaded factual averments...that no recovery or relief is possible. *P.J.S. v. Pa. State Ethics Commission*, 669 A. 2d 1005 (Pa. Cmwlth. 1996). Any doubt must be resolved in favor of the non-moving party by refusing to sustain the preliminary objections. *Boyd v. Ward*, 802 A.2d 705 (Pa.Cmwlth. 2002).

*Dept. Auditor General, et al. v. State Employees' Retirement System, et al*, 836 A. 2d 1053, 1064 (Pa. Cmmw. Ct. 2003). Furthermore,

[i]n considering preliminary objections, the Commission may not rely upon the factual assertions of the moving party, but must accept as true for purposes of disposing of the motion all well-pleaded, material facts of the nonmoving party, as well as every inference from those facts. *County of Allegheny v. Commonwealth of Pennsylvania*, 507 Pa. 360, 490 A. 2d 402 (1985); *Commonwealth of Pennsylvania v. Bell Telephone Co. of Pa.*, 551 A. 2d 602 (Pa. Cmwlth. 1988). In this case, the Commission must view the Complaint in the light most favorable to the Complainant, and should dismiss the Complaint only if it appears that the Complainant would not be entitled to relief under any circumstances as a matter of law. *Equitable Small Transportation Intervenors, supra*. Only the facts in the Complaint and the Response to Preliminary Objections can be presumed to be true in order to determine whether recovery is possible.

*Maria Povacz v. PECO Energy Co.*, 2013 WL 392699 (Pa.P.U.C. Jan. 24, 2013).

To withstand a preliminary objection alleging insufficient specificity, a pleading need not produce evidence. *Podolak v. Tobyhanna Tp. Bd. of Supervisors*, 37 A. 3d 1283, 1288-89 (Commw. Ct. 2012). "A case is not tried at the preliminary objection phase of litigation." *Id.*, quoting *General State Authority v. The Sutter Corporation*, 69 Pa. Cmwlth. 504, 452 A. 2d 75, 78 (1982) (citing *Department of Transportation v. Bethlehem Steel Corp.*, 33 Pa. Cmwlth. 1, 380

A. 2d 1308, 1313).” Rather, a pleading is sufficiently specific if it enables the other party to prepare a defense. *Podolak, supra*.

In its Preliminary Objections, simply ignoring these governing legal standard, DRN has advanced its own self-serving version of the facts in an effort to support legal arguments that are both wrong and immaterial.<sup>2</sup> In section B of this Answer, SPLP summarizes why DRN’s arguments are erroneous. Though the Commission must accept as true the allegations contained in the Amended Petitions and reject the extraneous facts asserted by DRN, in section C of this Answer, SPLP responds to the Preliminary Objections in greater detail to debunk many of DRN’s misstatements and misconceptions.

**B. SUMMARY OF RESPONSE TO DRN’S PRELIMINARY OBJECTIONS**

Each of DRN’s Preliminary Objections lacks merit:

(1) In Preliminary Objection I, DRN argues that SPLP cannot rely on *intrastate* service to support the exemption under section 619 of the Municipalities Planning Code, 53 P.S. § 10619, because the facilities that the structures will house are sized, scoped, and designed to serve the needs of a larger project that will include *interstate* service as well.

DRN cites no case law or administrative decisions to support this bald assertion. To the contrary, the Commission has made clear that intervenors may not raise challenges to the necessity of public utility facilities in proceedings brought under section 619 of the MPC:

We further conclude that many of the issues and concerns raised by the Intervenor are beyond this Commission’s jurisdiction in this matter and were properly limited by the ALJ via her granting

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<sup>2</sup> Throughout the Preliminary Objections, DRN repeatedly claims that the Amended Petitions lack sufficient specificity because they do not address or refute various factual contentions made by DRN in the Preliminary Objections themselves. The simple fact that DRN can make its factual contentions—even though such contentions are erroneous and not germane to this proceeding— shows that the Amended Petitions contain enough information for DRN to prepare a defense and, consequently, are sufficiently specific as a matter of law.

PNG's Motion in Limine. We find that the majority of Ms. Dolan's Exceptions are similarly not germane to the issues before the Commission as she, instead, attempts to challenge the existence of the proposed gate station itself and does not address the limited issues before us: whether the four structures the Company proposes to build are "buildings" within the meaning of the MPC and, if so, whether such "buildings" are reasonably necessary for the convenience or welfare of the public.

*Petition of UGI Penn Natural Gas Inc. for a Finding that Structures to Shelter Pipeline Facilities in the Borough of West Wyoming, Luzerne County, To the Extent considered to be Buildings under Local Zoning Rules, Are Reasonably Necessary for The Convenience or Welfare of the Public, 2013 WL 6835113, at \*13 (Pa. P.U.C. 2013).* The Commonwealth Court has affirmed that this is the proper construction of section 619. *Del-AWARE Unlimited, Inc. v. Pa. Pub. Util. Comm'n*, 513 A.2d 593, 596 (Pa. Commw. Ct. 1986) (holding that Del-AWARE's argument that the Commission should have considered the impacts of a reservoir were meritless because the reservoir was not a "building" and the Commission therefore only had authority to consider the siting of the associated pumphouse).

Moreover, DRN's objection is a classic "red herring"—a logical fallacy in which an irrelevant topic is presented to divert attention from the original issue. Whether the location and number of the facilities would have been different had SPLP designed a project based only on a 5,000 barrel per day capacity is irrelevant. The issue is whether *this* project, in *this* design and *this* configuration, serves the public convenience and welfare. By enabling the intrastate transportation of an estimated 5,000 barrels per day of propane and providing capacity to address demand especially during the winter peak season, the Mariner East Project easily meets this test, even if its merits are judged solely by reference to the *intrastate* service. That the public will

benefit from the *interstate* service, too, enhances rather than diminishes the attractiveness of the project.

(2) In Preliminary Objection II, DRN argues that SPLP cannot be a “public utility” under state law if it is also regulated by the Federal Energy Regulatory Commission (“FERC”) as a “common carrier” under the Interstate Commerce Act (the “ICA”). Because a company *must* be certificated under section 1102(a)(1) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(1), before it may lawfully furnish *intrastate* service, DRN’s argument quickly reduces to an “all or nothing” proposition: a pipeline can offer *intrastate* service, or it can offer *interstate* service, but it cannot offer *both*. Again, DRN cites no case law or administrative decision to support its bald legal assertion.

In fact, there is no inconsistency between the two regulatory regimes: FERC jurisdiction extends only to *interstate* shipments, while the Commission’s jurisdiction extends only to *intrastate* shipments. Not only do pipelines commonly provide both types of service, but SPLP itself has done so since 2002 using the very pipelines it will use for the Mariner East Project—all pursuant to its Certificates of Public Convenience and with Commission approval.

(3) In Preliminary Objection III, citing *Drexelbrook Associates v. Pennsylvania Public Utility Commission*, 418 Pa. 430 (1965), DRN contends that the Mariner East Project has an “overwhelming private character” and that SPLP will not be providing service “to or for the public.” This argument, like so many advanced by DRN, constitutes an impermissible challenge to the merits of the Mariner East Project rather than an issue that can be considered in a proceeding brought under section 619 of the MPC. But even putting aside this deficiency, DRN’s argument still lacks merit. The intrastate service that SPLP will offer is plainly service “to and for the public” because: (i) SPLP will be transporting or conveying the propane by

pipeline for compensation; (ii) SPLP explicitly has stated that it will serve any and all potential customers needing to move propane through the pipeline system subject to the available capacity and the tariffs on file with the Commission; (iii) SPLP has explicitly stated that it will be utilizing tariffs to establish technical requirements, delivery points, and other terms and conditions of service; and (iv) SPLP has made a commitment to endeavor to expand the capacity of the intrastate service by building Mariner East 2, if commercial conditions so permit. *See Application of Laser Northeast Gathering Company LLC for Approval to Begin to Offer, Render, Furnish, of Supply Natural Gas Gathering and Transporting or Conveying Service by Pipeline to the Public in Certain Townships of Susquehanna County, Pennsylvania*, Opinion and Order, Docket No. A-2010-2153371 (Aug. 25, 2011) (applying the foregoing criteria to conclude that a gas gathering operation was providing service “for the public”). SPLP’s provision of *interstate* service under federal law, which also was open to the public, and for which a widely-publicized “open season” was held in accordance with FERC rules and regulations, does not alter the conclusion that the *intrastate* service to be provided by SPLP and regulated by the Commission will be “to and for the public.”

(4) In Preliminary Objection IV, DRN contends that Article I, Section 27 of the Pennsylvania Constitution prohibits a grant of SPLP’s Amended Petitions. This argument rests on the Supreme Court’s recent ruling in *Robinson Township, Delaware Riverkeeper Network, et al. v. Commonwealth of Pennsylvania, et al.*, 83 A. 3d 901 (Pa. Dec. 19, 2013). But *Robinson Township* involved Act 13, not section 619 of the MPC. Moreover, unlike *Robinson Township* where Act 13 permitted incompatible uses as a matter of right, section 619 of the MPC requires the Commission to make an *individualized* finding that the siting is for the convenience and welfare of the public before local zoning regulation is trumped. None of the concerns expressed

in *Robinson Township* is implicated by this proceeding, and the Commission cannot unilaterally choose to disregard the statutory duties assigned to it by section 619 of the MPC.

(5) Finally, in Preliminary Objection V, DRN abandons any pretense of objecting to the siting of the structures and launches a scattershot attack against the Mariner East Project. Under *Del-AWARE Unlimited, Inc.* and *Petition of UGI Penn Natural Gas, Inc.*, none of these allegations can be considered in these limited section 619 proceedings.

For these reasons and as explained more fully below, the Commission must deny DRN's Preliminary Objections.

### C. ANSWER TO NUMBERED PARAGRAPHS

Except as expressly admitted below, SPLP denies the allegations of fact and legal conclusions asserted in DRN's Preliminary Objections:

1. SPLP admits that DRN has submitted Preliminary Objections with regard to SPLP's Amended Petitions and that DRN has requested that the Commission deny SPLP's Amended Petitions. For the reasons set forth in this Answer, the Commission should deny DRN's Preliminary Objections.
2. SPLP lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 2 of the Preliminary Objections concerning the DRN and Maya van Rossum.
3. SPLP denies that these proceedings in any way impact species of animals that use or may reside in the Delaware River. In particular, DRN has not alleged, and cannot alleged, that the *siting* of the enclosures for the pump stations and valve stations will affect the Delaware

River or its tributary streams. Consequently, the allegations contained in paragraph 3 of the Preliminary Objections are denied as irrelevant.

4. SPLP lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 4 of the Preliminary Objections concerning, among other things, the DRN's programs and activities.

5. SPLP denies that the DRN and its members have a direct and concrete interest in the outcome of SPLP's Amended Petitions. SPLP further denies that a substantial portion of the facilities, and any purported impacts, are proposed to be within the Delaware River watershed or any subwatersheds. By way of further answer, SPLP states that the 31 dockets involve structures that will be erected in municipalities across the Commonwealth. Relatively few of these municipalities are located within the Delaware River watershed. Neither the DRN nor its members *qua* DRN members has any legally cognizable interest as regards the structures that are not in the Delaware River watershed.

6. SPLP admits that Spring Township, Brecknock Township, Upper Uwchlan Township, West, Goshen Township, Upper Chichester Township and Wallace Township are located in the Delaware River watershed. SPLP lacks knowledge or information sufficient to form a belief as to the truth of the allegation that DRN has members in each of the aforementioned townships. Therefore, said allegation is denied, and strict proof thereof is demanded, if relevant. By way of further answer, DRN's conspicuous failure to list all of the municipalities in which structures for the pump stations and valve control stations are proposed shows that most are not located in the Delaware River watershed. SPLP submits that DRN lacks standing to participate in proceedings where the structures at issue will not be located in the Delaware River watershed.

7. Public utility facilities are exempted from local zoning ordinances as a matter of law. *Duquesne Light Co. v. Monroeville Borough*, 449 Pa. 573, 580, 298 A. 2d 252, 256 (1972) (“[t]his Court has consistently held, however, that the Public Utility Commission has exclusive regulatory jurisdiction over the implementation of public utility facilities.”). Moreover, this proceeding relates to possible *buildings* under section 619 of the Municipalities Planning Code, 53 P.S. § 10619, not the pump stations or valve control stations, which are public utility *facilities*. For these reasons, SPLP denies the allegations in paragraph 7 of the Preliminary Objections about DRN’s purported concerns.

8. SPLP admits that Houston, Pennsylvania will be the origination point when the Mariner East (“Project”) is completed and Commission approval is obtained to provide service in Washington County, Pennsylvania. In the interim, SPLP will also provide service from Mechanicsburg and Delmont, Pennsylvania, as explained in paragraphs 21 and 22 of the Amended Petitions. SPLP expressly denies that the delivery point will be located in Claymont, Delaware. The Marcus Hook Industrial Complex is situated within both Marcus Hook, Pennsylvania and Claymont, Delaware, with most of the facility being located on the Pennsylvania side. Alexander Verification, ¶ 2. For the intrastate service described in the Amended Petitions, SPLP will construct and use facilities that are solely in Pennsylvania. *Id.* Interstate shipments, by contrast, will be routed using different pipes that cross the part of the Marcus Hook Industrial Complex that lies in Delaware. *Id.*

Shippers accepting delivery of an intrastate shipment will take delivery at the truck racks at the Marcus Hook Industrial Complex, in Marcus Hook, Pennsylvania. *Id.*

SPLP denies that the Amended Petitions—at pages 8-10, at paragraphs 8-10, or anywhere else—alleged that intrastate shipments would be made into Delaware or that the delivery point would be in Delaware.

9. SPLP admits that the purpose of the Project is to increase transportation infrastructure for the movement of Marcellus Shale resources, specifically the natural gas liquids ethane and propane (“NGLs”). SPLP further admits that, in February of 2013, before Pennsylvania experienced severe winter shortages of propane and shippers began to express robust interest in intrastate pipeline transportation service for propane, SPLP had proposed that the Project initially “will transport the NGLs to a Sunoco, Inc. terminal in eastern Pennsylvania and Delaware for storage, processing, and subsequent transportation to alternative markets by water or truck.” (Preliminary Objections, ¶9, *quoting* Order Granting Petition for Declaratory Relief, 142 FERC ¶ 61,115 (Feb. 15, 2013) (Docket No. OR 13-9-000)). As explained in paragraphs 19-21 of the Amended Petitions, business conditions have changed since February of 2013 and SPLP has accelerated its plans to provide intrastate shipments of propane accordingly.

10. SPLP admits that, in or around 2010, referring to *ethane*, SPLP stated before the Federal Energy Regulatory Commission (“FERC”) that there are “no major markets in the Northeast United States for the producers to sell the ethane produced during the extraction natural gas, causing an oversupply problem that potentially could lead to curtailment of natural gas production.” Ethane is commonly used as feedstock for the production of ethylene. *See* Alexander Verification, at ¶ 3. Without a reliable, firm supply of ethane, companies in the Northeast that produce ethylene are unwilling to invest the billions of dollars required to construct and operate the ethylene “crackers”. *Id.* Consequently, the only markets that currently exist for ethane are either abroad or along the Gulf Coast where there are ethylene crackers, and

SPLP's initial focus was to ensure that take-away capacity for ethane. The Mariner East project will benefit the public interest in Pennsylvania by creating the transportation infrastructure required to bring the supply of ethane to market. Once the pipeline is operational, an essential foundation will have been laid so that "major markets in the Northeast United States" for *ethane* can then develop, including opportunities within Pennsylvania at the Marcus Hook Industrial Complex. *Id.*

In 2010 and now, there is a major market for *propane* in the Northeast United States, and in Pennsylvania in particular, where consumers still rely on this critical fuel for residential heating. Alexander Verification, at ¶ 4. SPLP's Local Tariff, Tariff Pipeline – Pa.P.U.C. No. 8, issued December 1, 2002 and effective February 1, 2003, expressly included LPG, propane, butane, and mixtures thereof, as petroleum products for which SPLP was already providing intrastate transportation service. A copy of this tariff is attached to this Answer as Exhibit "A".

SPLP admits that it has stated before FERC that the Mariner East Project is anticipated to have an initial capacity to transport approximately 72,250 barrels per day of NGLs and can be "scaled to support higher volumes as needed." By way of further answer, SPLP states that, upon completion of the first phase of Mariner East, approximately 40,000 barrels per day transported on the pipeline are expected to be ethane, and approximately 25,000 barrels per day are expected to be propane. Alexander Verification, at ¶ 5. Both interstate and intrastate shipments of propane will be available for shippers to satisfy demand in Pennsylvania and in the Northeast United States. *Id.*

SPLP admits that the Commission submitted a motion to intervene in the matter before FERC and therefore may be aware of the facts contained in SPLP's filings before the FERC.

11. While SPLP admits that the Mariner East Project will require the construction of 17 valve control stations and the construction of 18 pump stations in 31 different municipalities, SPLP expressly denies that the purpose of its Amended Petitions is to request an exemption from section 619 of the MPC for the construction of these facilities. As explained above, the Amended Petitions only concern structures that house the pump stations and valve control stations which arguably could be classified as “buildings” under section 619; the pump stations and the valve control stations themselves are public utility facilities that are exempt from local regulation as a matter of law. *See Duquesne Light, supra.*

12. SPLP denies the conclusions of law asserted in paragraph 12 of the Preliminary Objections for the reasons expressed in this Answer.

**I. The Sizing of the Intrastate Service Is Irrelevant to SPLP’s Public Utility Status**

13. SPLP denies both the rhetoric and any material allegations contained in paragraph 13 of the Preliminary Objections.

Since 2002 and its inception, SPLP has *always* provided both intrastate and interstate transportation service on many of its pipelines in Pennsylvania. As a matter of law, the *interstate* service is provided under FERC tariffs, while the *intrastate* service is regulated by the Commission. To the extent DRN claims that a pipeline service cannot legally provide both, or be authorized to do so, that claim is belied by the Commission’s own actions. Such an authorization by the Commission is neither “unprecedented” nor “ill-conceived”. To the contrary, such authorization was granted, and for good reason, in 2002 when the Commission

approved “the right of Sunoco Pipeline, L.P. to transport petroleum products in the former service territory of Sun Pipe Line Company and Atlantic Pipeline Corp.”<sup>3</sup>

From 2002 to the present, SPLP provided both *intrastate* and *interstate* transportation service on many of its pipelines. For historical perspective, SPLP has attached as Exhibit “B” to this Answer a copy of the tariff that was in effect in 2011 and 2012. SPLP attaches hereto as Exhibit “C” a map showing current intrastate movements and as Exhibit “D” a map showing current interstate movements. As demonstrated by the tariffs and the maps, the *intrastate* and *interstate* services are provided on the same pipelines.

The Public Utility Code contains no provision mandating that a pipeline be devoted exclusively to *intrastate* service, and DRN cites no such requirement. Nor is there any provision in the Public Utility Code requiring a minimum volume or throughput for *intrastate* service. Again, DRN cites no such provision.

Under section 1102(a)(1) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(1), the Commission regulates “service,” and the Certificates of Public Convenience issued to SPLP (and its predecessors in interest) by the Commission authorize SPLP to provide petroleum products and refined petroleum products transportation service to the public in certain counties.

That SPLP may use the same public utility facilities to provide *interstate* service in no way undermines the substantial benefits that accrue to the public from the provision of the *intrastate* service. To the contrary, utilizing the same pipeline to provide both kinds of service

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<sup>3</sup>See *Joint Application of Sunoco Pipeline L.P., Sun Pipeline Corp. for Approval of the Transfer of Assets and Merger of Sun Pipe Line Company and Atlantic Pipeline Corp. to Sunoco Pipeline L.P. for the Right of Sunoco Pipeline L.P. to Transport Petroleum Products in the Former Service Territory of Sun Pipe Line Company and Atlantic Pipeline Corp. and for the Abandonment of Services by Sun Pipe Line Company and Atlantic Pipeline Corp.*, Corrected Order, Docket No. A-140001, A-140400 F2000, A-140075 F2000 (Jan. 28, 2002).

generates economies of scale and scope, benefiting *intrastate* and *interstate* shippers, their customers, and the public at large. See Alexander Verification, at ¶ 6.

DRN's claim that SPLP has engaged in improper "partitioning" or "segmenting" or its service is completely at odds with the operation of pipelines in the United States, the Commission's historical practice, and the Public Utility Code.

14. SPLP admits that its original Petition, comprising 31 dockets, was filed on March 21, 2014 and described the project as originating in Houston, Pennsylvania and terminating in Claymont, Delaware, in the Marcus Hook Refinery complex. By way of further answer, SPLP states that it accelerated its plans to provide intrastate service for propane, for the reasons and as described in paragraphs 19-21 of the Amended Petitions. SPLP also admits that DRN and other purportedly interested parties submitted preliminary objections and protest letters to the original Petition; SPLP denies that these objections and protests had any legal merit. Finally, SPLP admits that, as permitted by the Commission's rules, on or about April 29, 2014, SPLP notified the Commission that it would be filing Amended Petitions.

15. SPLP denies the conclusions of law contained in paragraph 15 of the Preliminary Objections for the reasons set forth in this Answer.

16. SPLP denies the allegations contained in paragraph 16 of the Preliminary Objections on the ground that they distort the well-pleaded factual allegations of the Amended Petitions.

17. While SPLP admits that the Amended Petitions did not describe the capacity of the *interstate* service to be provided by Mariner East, SPLP denies that any such description was required to be set forth in those pleadings. SPLP expressly denies that the Project's primary

purpose is to deliver 72,500 barrels per day of NGLs for export abroad to a market that has yet to be specifically identified. As the provider of pipeline transportation services, SPLP does not dictate to which market the products its moves will be delivered. The primary purpose of the Mariner East project is to provide much needed take-away capacity for natural gas liquids derived from the Marcellus Shale, and provide shippers with a transportation method in which to reach local, regional and international markets. Initially, in December of 2012, shipper interest focused largely on *ethane* and finding a transportation solution that would enable ethane to reach the commercial markets. After the “open season” for Mariner East 1 had closed and shippers had entered into binding commitments for firm transportation service of both ethane and propane, and SPLP received expressions of interest during the “open season” for Mariner East 2, including requests for *intrastate* service for *propane*—all of which occurred *after* the FERC proceeding, it was clear that the market for propane had changed to include local use of propane in Pennsylvania for residential heating purposes. The FERC has no legal authority to regulate *intrastate* shipment of NGLs, so there is no reason why SPLP would need to amend or modify the FERC Order to implement its modified plan to provide *intrastate* service in addition to *interstate* service.

18. SPLP denies the legal conclusion that it is relying “solely on the segmenting of a very small portion of the overall Project to justify the requested exemption for its facilities.” No exemption for the facilities is required, as the same arises by operation of law. *Duquesne Light Co., supra*. But even if such an exemption were required, or SPLP needed to prove that the overall Project serves the public interest, the allegations of the Amended Petitions establish that this higher hurdle is met.

DRN’s argument regarding “partitioning” or “segmenting” rests on a logical fallacy:

that the public benefit to be provided by the *intrastate* service—the estimated 5,000 barrels per day of propane—somehow can be diminished by the *interstate* service that accompanies it. Assuming this proceeding sought a certificate of public convenience for the *intrastate* service to be provided by Mariner East—which, of course, it does not—the relative size and scope of the two types of service would be irrelevant. Under section 1103(a) of the Public Utility Code, 66 Pa.C. S. § 1103(a), what counts is simply whether the service is “necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a).

The Mariner East Project easily meets this standard. Specifically, the Mariner East Project will benefit the public by: (1) providing take away capacity for natural gas liquids produced from the Marcellus Shale, allowing these valuable resources to reach commercial markets and promoting the continued growth and development of Pennsylvania’s oil and gas industry; (2) ensuring that the route to the market remains within the Commonwealth as opposed to the Gulf Coast, so that the Marcus Hook Industrial Complex can become a Northeast hub for the distribution of natural gas liquids to local, regional, national or international markets; (3) anchoring the revitalization of the Marcus Hook Industrial Complex, so that jobs and economic opportunities can be created in southeastern Pennsylvania; (4) providing intrastate transportation capacity for propane, so that shippers can arrange reliable, safe, and economical transportation of propane during the winter season, when demand for propane peaks and existing transportation alternatives are inadequate and (5) providing an increased supply of propane to the market which will allow consumers, including Pennsylvania residents, to benefit from lower cost propane during the winter season. As regards the two latter benefits, the Commission should note that the estimated 5,000 barrels equate to approximately 25 additional transport truckloads per day and represent approximately 25% of the demand for propane in Pennsylvania. Alexander

Verification, at ¶ 7. Any notion that this volume is *de minimis* is clearly mistaken. Though they may amount to less than 10% of the overall capacity of the Project, the estimated 5,000 barrels per day of propane provide significant benefit to shippers and residential consumers who rely on propane for heating their homes.

Finally, the Commission itself has already acknowledged the public benefit of the Mariner East Project. In the context of SPLP's abandonment application proceeding last year, the Commission found that abandonment of a portion of the existing service for transportation of gasoline and distillates in order to facilitate construction of the Mariner East Project was necessary for the public convenience and welfare. Specifically, the Commission held that "there are significant public benefits to be gained by approving the Application and Petition and that there is minimal impact on customers."<sup>4</sup>

19. SPLP admits that the Mariner East facilities are sized, scoped, and designed to facilitate the movement of the combined *intrastate* and *interstate* volumes, and that the facilities were specifically designed to serve the Mariner East Project as a whole. There is no provision in the Public Utility Code that prohibits public utility facilities from also being used to furnish *interstate* service. As noted above, pipelines—including those involved in these proceedings—commonly provide both types of service.

20. SPLP admits that the optimal location of the pump stations was based on the entire capacity of the Mariner East Project, which SPLP anticipates will be approximately 72,000 barrels per day. SPLP also admits that Exhibit E to the Amended Petitions "contains a graph demonstrating that the location of the pump stations are based on where the amount of fluid

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<sup>4</sup> See *Application of Sunoco Pipeline L.P. for a Certificate of Public Convenience to Abandon a Portion of its Petroleum Products Pipeline Transportation Service in Pennsylvania*, Opinion and Order, Docket No. A-2013-2371789 (August 29, 2013, as amended November 14, 2013).

energy is dropping below sub-optimal levels” and that SPLP relies on this graph as one (but not necessarily the only) piece of evidence to demonstrate that the location of the pumping stations is necessary. Except as expressly admitted herein, SPLP denies the allegations made by DRN in paragraph 20 of the DRN’s Preliminary Objections.

21. SPLP admits that the optimal location of the pump stations is not based on a 5,000 barrel per day transportation profile, but rather is based on the entire capacity of the pipeline. Pipeline companies design and engineer pipelines and their associated facilities based on capacity and not on whether volumes throughput on the pipeline will be intrastate or interstate movements.

22. SPLP admits that the number and location of pump stations would be different from what is proposed in Exhibit E if the Project were designed for a 5,000 barrel per day capacity. SPLP denies that it had any legal obligation to design the project for the *intrastate* capacity alone, and DRN cites no authority for this proposition. Except as expressly admitted herein, SPLP denies the allegations contained in paragraph 22 of the DRN’s Preliminary Objections.

23. SPLP admits that the Project would not be commercially viable based solely on the 5,000 barrel per day capacity. But this point undercuts DRN’s argument. Absent use of the pipeline to provide *interstate* service, SPLP would be unable to furnish *intrastate* service and the numerous public benefits that flow from it. The larger capacity is necessary, and indispensable, to achieve the public benefit. Except as expressly admitted herein, SPLP denies the allegations contained in paragraph 23 of the DRN’s Preliminary Objections.

24. SPLP admits that it has stated that “[t]he Mariner East Project will require a large capital investment by [SPLP] in new and converted pipeline infrastructure. Because of the

investment required, *success of the Mariner East Project depends on the support of committed shippers.*” Committed shippers enter into long term volume commitments to support the capital commitment undertaken by SPLP for a project that will create new pipeline capacity while preserving access to such new capacity by uncommitted shippers. SPLP denies that committed shippers have reserved the entire throughput of the Project. To the contrary, 10% of the capacity of the pipeline is reserved for uncommitted shippers.

The economic viability of the *intrastate* service does rely directly on the implementation of the Mariner East Project as a whole, but again, this point weakens DRN’s argument. But for the implementation of the *interstate* service for which shippers make long-term commitments, it would be impossible for SPLP to complete the Project and provide the numerous public benefits that flow from it—including, but not limited to, the benefits to Pennsylvania from the substantially enlarged propane transportation capacity.

25. SPLP denies the legal conclusions asserted in paragraph 25 of the DRN’s Preliminary Objections.

SPLP is not relying on “the belated addition of the Twin Oaks takeoff point” as the basis for its Amended Petition. SPLP is relying instead on the fact that the Commission has *already* certificated SPLP to provide petroleum products and refined petroleum products transportation service and, therefore, SPLP is a “public utility corporation” for purposes of section 619 of the MPC.

The Commonwealth Court has ruled, and the Commission has emphasized, that the scope of a section 619 proceeding is limited to the *siting* of the structures that will be erected in conjunction with the public utility facilities. *Del-AWARE Unlimited, Inc., supra; Petition of UGI Penn Natural Gas Inc., supra.*

Finally, even if the Commission did consider SPLP's Amended Petitions in the context of the Mariner East Project as a whole, it would conclude that the Project confers numerous benefits on the public, including but not limited to critically needed pipeline capacity for *intrastate* transportation of propane. Contrary to DRN's unsupported accusation, this is not an "end-around" any statutory or legal requirements; indeed, for all the fulmination in its Preliminary Objections, DRN fails to name a single statutory or legal requirement that is purportedly circumvented.

**II. SPLP's Status As a Common Carrier for Interstate Service is Irrelevant to its Status as a Public Utility for Intrastate Service**

26-33. Because SPLP is a "public utility" that has been certificated by the Commission since 2002, and because SPLP is currently regulated as a "public utility" by the Commission, the Commission need not reach the question as to whether SPLP would also be a "public utility" because of regulation by FERC. Consequently, SPLP asserts that the allegations contained in paragraphs 26 through 33 of DRN's Preliminary Objections are moot.

To the extent that DRN is arguing that SPLP *cannot* be a "public utility corporation" under the MPC because *it is also* a "common carrier" regulated by FERC for purposes of the Mariner East Project, SPLP submits that DRN is just plain wrong. This is, in fact, the very situation that currently exists as regards service on many of SPLP's pipelines within Pennsylvania. SPLP has both FERC tariffs and PUC tariffs governing service on its pipelines, depending upon whether the service nominated by the shipper is *interstate* or *intrastate*. So DRN is mistaken when it contends in paragraph 26 of its Preliminary Objections that SPLP points to no case law or administrative decisions supporting its position: SPLP's own

certification and tariffs on file with the Commission constitute conclusive proof that a pipeline may lawfully provide both types of service.

What DRN fails to appreciate is that not all of the service provided by Mariner East will be *interstate* shipments subject to FERC jurisdiction under the Interstate Commerce Act (“ICA”). As set forth in the Order Granting Petition for Declaratory Relief, 142 FERC ¶ 61,115 (Feb. 15, 2013) (Docket No. OR13-9-000) (hereinafter, the “FERC Order”), SPLP reserved 10 percent of capacity for uncommitted shippers to provide reasonable access to the public. It is this 10% that SPLP is making available for *intrastate* shipments. When a shipment is made *intrastate*, it is not covered by the ICA and is not regulated by the FERC.

For this reason, there is no conflict between the ICA and the Public Utility Code. The former applies to *interstate* movements, while the latter applies only to *intrastate* movements.<sup>5</sup> More specifically, under Section 1(1) of the ICA, the FERC has no authority to regulate *intrastate* shipments. *See, e.g., Amoco Pipeline, Co.*, 62 F.E.R.C. 61119, at 61803, 1993 WL 25751, at \*4 (Feb. 8, 1993)(finding that “a commingling of oil streams is not a factor in fixing jurisdiction under the ICA.”)<sup>6</sup>

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<sup>5</sup> DRN cites no authority for its bald assertion that “[a]s a result of FERC’s regulation of [SPLP] as a common carrier, [SPLP] cannot meet the standard articulated in 15 Pa.C.S. § 1103.” *See* DRN’s Preliminary Objections, ¶29. SPLP submits that DRN cannot, because none exists.

<sup>6</sup> In *Amoco*, FERC further held as follows:

It is not disputed that both interstate and intrastate transportation occur over the pipeline segments in question, nor is there any dispute that crude oil shipped by Sinclair over these segments, no matter where produced, is destined for Sinclair’s Wyoming refineries. Therefore, the crude oil produced outside of Wyoming and transported over Amoco’s Wyoming facilities to Sinclair’s refineries in that state is moving in interstate commerce and is covered by the tariffs filed by Amoco with this Commission. Transportation over Amoco’s facilities of that portion of the crude oil that is both produced and refined in Wyoming is subject to the regulation of the Wyoming PSC. Commingling does not alter the jurisdictional nature of the shipments, and as Sinclair has stated, the question of jurisdiction arises only in the context of the facts relevant to individual shipments.

62 F.E.R.C. at 61803, 1993 WL 25751 at \*4.

The *Loper* decision is not to the contrary. In *Sunoco v. Loper, et al.*, York County Court of Common Pleas (Docket No. 2013-SU-4518-05) (February 26, 2014), *reconsideration denied* (March 25, 2014), SPLP argued it was a public utility corporation under the BCL because it was regulated as a public utility by FERC. At the time, SPLP had not finalized its plans to provide *intrastate* service as well as *interstate* service, so the York County Court of Common Pleas did not consider whether SPLP would be a public utility corporation by reason of *intrastate* service. Because *intrastate* service falls within the exclusive jurisdiction of the Commission and *cannot* be regulated by FERC, SPLP submits that its status as a common carrier under the ICA is simply irrelevant to the question of whether SPLP is a “public utility” and a “public utility corporation” under Pennsylvania law.

### **III. SPLP is a Public Utility Because It is Offering Service to the Public**

34. SPLP denies the allegations and legal conclusions contained in paragraph 34 of DRN’s Preliminary Objections. By way of further answer, SPLP states that it need not seek a Certificate of Public Convenience for the transportation of NGLs to its Marcus Hook or Twin Oaks facilities because such service is already certificated, except in Washington County.

35. SPLP denies the allegations and legal conclusions asserted in paragraph 35 of DRN’s Preliminary Objections. Intrastate service on the Mariner East Project will be provided pursuant to SPLP’s existing Certificates of Public Convenience (together with a service territory expansion into Washington County), all as authorized under section 102(1)(v) of the Public Utility Code, 66 Pa. C.S. § 102(1)(v) (“[t]ransport[s] or convey[s] ...petroleum products...or other fluid substance, by pipeline...for the public for compensation”).

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36. SPLP denies the legal conclusions asserted in paragraph 36 of DRN's Preliminary Objections as an incomplete analysis of Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, and *Drexelbrook Associates*<sup>7</sup> and its progeny.

37. SPLP denies the allegations of paragraph 37 of DRN's Preliminary Objections as a material distortion of the facts alleged in the Amended Petitions. Specifically, the Amended Petitions allege, among other things, that shippers have expressed interest in intrastate pipeline service to transport propane within the Commonwealth, *Amended Petitions*, ¶¶19 and 20, and that the Mariner East Project will allow shippers to arrange reliable intrastate transportation of propane during the winter season when demand for this service peaks, *Amended Petitions*, ¶23. Contrary to the misrepresentation made by DRN in paragraph 37 of its Preliminary Objections, SPLP will be providing definite and unrestricted access to the public for this service, because it will be offering the *intrastate* service to any and all potential customers who wish to make shipments on the pipeline within Pennsylvania, subject to the terms and conditions of tariffs that have been duly filed with the Commission. Providing the service to *shippers* is providing pipeline transportation service *to and for the public* in accordance with section 102 of the Public Utility Code and *Drexelbrook Associates*. See *Application of Laser Northeast Gathering Company, supra*.

38. SPLP denies that the Mariner East Project has an "overwhelming private character." As a matter of federal law, for the *interstate* shipments, in order to provide firm service, SPLP was required to conduct, and did conduct, a widely-publicized "open season" from August 9 to September 28, 2012 to allow public access to the pipeline. FERC Order, at ¶6. As a matter of state law under the Public Utility Code, for the *intrastate* capacity, any member of the

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<sup>7</sup> *Drexelbrook Associates v. Pennsylvania Public Utility Commission*, 418 Pa. 430, 435 (1965).

public may have access to the pipeline, subject to the terms and conditions of the tariff on file with the Commission.

39. SPLP denies the allegations contained in paragraph 39 of DRN's Preliminary Objections. All *ethane* will be delivered to Marcus Hook. Shippers will be able to take delivery of *propane* at either Twin Oaks or Marcus Hook. SPLP is providing a *transportation* service; it will not own the ethane and propane being shipped through the pipeline. Consequently, once the product is delivered to either Marcus Hook or Twin Oaks, its future distribution will be determined by the shippers. Based on the expressions of interest received from the shippers, SPLP anticipates that many will use the service to deliver propane locally in Pennsylvania and regionally in the northeast United States when the demand exists in those markets.

40. SPLP denies that it has any obligation to provide "information in the record" until the submission of its pre-filed testimony. By way of further answer, SPLP states that the markets for the ethane and propane have been described in detail in this Answer. Except as expressly admitted herein, SPLP denies the allegations contained in paragraph 40 of DRN's Preliminary Objections.

**IV. Article I, Section 27 of the Pennsylvania Constitution Does Not Prohibit the Amended Petitions**

41. SPLP denies that a grant of its Amended Petitions will contradict the Pennsylvania Supreme Court's ruling in *Robinson Township, Delaware Riverkeeper Network, et al. v. Commonwealth of Pennsylvania, et al.*, 83 A. 3d 901 (Pa. Dec. 19, 2013) or violate Article I, Section 27 of the Pennsylvania Constitution. The Supreme Court's plurality decision in *Robinson Township* concerned Act 13 and did not involve section 619 of the MPC. SPLP

further submits that the Commission does not have jurisdiction to determine whether Article I, Section 27 preempts section 619 of the MPC.

42. SPLP denies the legal conclusions asserted in paragraph 42 of DRN's Preliminary Objections on the grounds that they are an incomplete and inaccurate analysis of the law regarding Article I of the Pennsylvania Constitution.

43. SPLP denies the legal conclusions asserted in paragraph 43 of DRN's Preliminary Objections as an incomplete description of the full opinions in *Robinson Township*.

44. SPLP admits that, in *Robinson Township*, a plurality of the Supreme Court held that Act 13 violated Article I, Section 27 because it permitted incompatible "uses as a matter of right in every type of pre-existing zoning district." SPLP denies that section 619 of the MPC permits any incompatible use as a matter of right. To the contrary, no exemption from local zoning occurs under section 619 unless the Commission makes a finding, specific to the building at issue and the zoning district at issue, that the situation of the building is reasonably necessary for the convenience and welfare of the public. See section 619 of the MPC, 53 Pa.C.S. § 10619. Moreover, under the Commission's policy statement, 52 Pa. Code § 69.1101, in evaluating the siting of a public utility "building" under section 619 of the MPC, the Commission will consider "...the impact of its decisions upon local comprehensive plans and zoning ordinances." For these reasons, SPLP expressly denies that section 619 implicates the concerns voiced by the Supreme Court in *Robinson Township*.

Finally, the only thing at issue in these section 619 proceedings is the siting of the structures that house the pump stations and valve control stations. *Del-AWARE Unlimited, Inc., supra*; *Petition of UGI Penn Natural Gas, supra*. At this point in the proceedings, there is no evidence whatsoever that the siting of those structures may negatively impact the environment or

habitat, and DRN has made no such claim. The Commission need not immerse itself in a constitutional claim when the party raising the claim has not even identified any particular harm that could arise.

45. SPLP denies the legal conclusions asserted in paragraph 45 of DRN's Preliminary Objections as an incomplete and inaccurate description of the *Robinson Township* ruling.

46. SPLP denies the allegations asserted in paragraph 46 of DRN's Preliminary Objections. The citizens in each of the petitioned townships have a reasonable expectation that the Commission will carry out the duties and responsibilities assigned to it by law in section 619 of the MPC. Moreover, in several of the townships, including West Goshen Township, pump stations have existed for decades, so many of the citizens purchased their homes with a reasonable expectation that they would reside near pipeline operations.

47. SPLP denies the legal conclusions asserted in paragraph 47 of DRN's Preliminary Objections for the reasons set forth in paragraph 44 above.

#### **V. DRN's Fifth Preliminary Objection is Not Legally Cognizable**

48-59. SPLP denies the allegations contained in paragraphs 48 through 59 of DRN's Preliminary Objections and states that, as in *Petition of UGI Penn Natural Gas Inc., supra*, the issues sought to be raised by DRN relate to the merits of the overall project and are not germane to the limited issue presently before the Commission: whether the structures housing the pump stations and valve control stations are "buildings" within the meaning of the MPC and, if so, whether such "buildings" are reasonably necessary for the convenience or welfare of the public. *Id.* SPLP further notes that, in considering DRN's Preliminary Objections, the Commission may not rely upon the factual assertions of the moving party, but must accept as true for purposes of

disposing of the motion all well-pleaded material facts of the non-moving party, as well as every inference from those facts. *Maria Povacz v. PECO Energy Co.*, 2013 WL 392699 (Pa. P.U.C. Jan. 24, 2013). Consequently, even if the matters that DRN seeks to raise were germane to a section 619 proceeding, the Commission could not consider them in disposing of DRN's Preliminary Objections.

60. SPLP denies the conclusions of law asserted in paragraph 60 of DRN's Preliminary Objections.

61. SPLP's denies the allegations and conclusions of law asserted in paragraph 61 of DRN's Preliminary Objections.

#### VI. Conclusion

62. For all the foregoing reasons, SPLP respectfully requests that the Pennsylvania Public Utility Commission deny the Preliminary Objections of Delaware Riverkeeper Network.

Dated: June 18, 2014

Respectfully Submitted,  
BLANK ROME LLP



Christopher A. Lewis (ID #29375)

Michael L. Krancer (ID #39443)

Frank L. Tamulonis (ID# 208001)

Melanie S. Carter (ID#312294)

Blank Rome LLP

One Logan Square

Philadelphia PA 19103

Phone: (215) 569-5793

*Counsel for Sunoco Pipeline L.P.*

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SECRETARY'S BUREAU

**EXHIBIT "A"**

**Tariff Pipeline - Pa. P.U.C. No. 8  
Cancels Tariff Pipeline - Pa. P.U.C. No. 1  
and Tariff Pipeline - Pa. P.U.C. No. 5**

# **SUNOCO PIPELINE L.P.**

**LOCAL TARIFF**

**CONTAINING**

**RULES AND REGULATIONS**

**GOVERNING THE INTRASTATE PIPELINE TRANSPORTATION  
OF  
PETROLEUM PRODUCTS  
WITHIN  
PENNSYLVANIA**

## **NOTICE**

This tariff consolidates the Rules and Regulations of Sunoco Pipeline L.P.'s former Tariffs Pipeline - Pa. P.U.C. Nos. 1 and 5 and eliminates tariff language that is no longer applicable.

**ISSUED: DECEMBER 1, 2002**

**EFFECTIVE: FEBRUARY 1, 2003**

Issued by:  
Deborah M. Fretz, President  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
Ten Penn Center  
1801 Market Street  
Philadelphia, PA 19103-1699

Compiled by:  
Yiping Ren  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
Ten Penn Center  
1801 Market Street  
Philadelphia, PA 19103-1699  
(215) 977-6861

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**EXPLANATION OF REFERENCE MARK:**

[C] CHANGE

**GENERAL APPLICATION**

Carrier will receive, transport, and deliver Petroleum through its facilities only as provided in this Rules and Regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein or in succeeding reissues of these Rules and Regulations.

**5. Definitions**

"ASTM" as herein used refers to the American Society for Testing Materials.

"Barrels" as herein used will consist of forty-two (42) U.S. gallons at sixty degrees Fahrenheit (60°F).

"Carrier" as herein used means and refers to Sunoco Pipeline L.P. and other common carrier pipelines participating herein.

"Pa. P.U.C." as used herein means the Pennsylvania Public Utility Commission or its successor agencies.

"Nomination" as herein used means a written designation by a Shipper to Carrier of an approximate quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier over a period of one Operating Month in accordance with these Rules and Regulations.

"Operating Month" for Shipper or Transferor as herein used means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of such party. For purpose hereof, the month shall be deemed to begin on the first day of such month at 0001 hours until the first day of the succeeding month at 2400 hours [Eastern Standard or Eastern Daylight Savings Time, whichever is in effect on the date specified].

"Petroleum" as herein used refers to the grade or grades of petroleum products derived from refining crude oil, which are specified in Item No. 15.

"Shipment Transfer" as herein used means the physical transfer of a stated quantity of Petroleum in custody of Carrier from a Shipper to another Shipper.

"Shipper" as herein used means the consignor of a Tender.

"Tender" or "Tendering" as herein used means an offer of delivery by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier in accordance with these Rules and Regulations.

"Title Transfer" as herein used means transfer of ownership reported in the records of Carrier of a stated quantity of Petroleum in the custody of Carrier from one entity to another.

**10. Tenders**

All Shippers tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with Carrier's tariffs. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Carrier will not be obligated to accept a Tender for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the fifteenth (15th) day of the preceding calendar month.

Carrier can require Tenders for the same kind and quality of Petroleum in minimum of twenty-five thousand (25,000) barrel shipments consigned to the same destination point. Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

**15. Specification Required As To Quality**

Specification A (includes gasoline)

Petroleum meeting the following minimum specifications:

- (1) the color shall not be darker than eighteen (18) Saybolt as determined by ASTM D-156 (except that gasoline to which artificial coloring has been added will be accepted for transportation regardless of color);
- (2) the initial boiling point, when tested by standard method test for distillation in accordance with ASTM D-86, shall not exceed one hundred degrees Fahrenheit (100°F);
- (3) when the temperature reaches three-hundred ten degrees Fahrenheit (310°F), not less than fifty percent (50%) of the product shall have been distilled away;
- (4) the final boiling point shall not exceed five hundred twenty-five degrees Fahrenheit (525°F);
- (5) the distillation recovery of the product shall not be less than ninety-six percent (96%).

Specification B (includes kerosene, certain furnace or heating oils, and petroleum fuel oil distillate which is not suitable for illuminating purposes)

Petroleum meeting the following minimum specifications:

- (1) the flash point shall not be less than one hundred degrees Fahrenheit (100°F) as determined by Tag Closed Tester, ASTM D-56;
- (2) when the temperature reaches six-hundred seventy-five degrees Fahrenheit (675°F), not less than ninety percent (90%) of the product shall have been distilled away;
- (3) the final boiling point shall not exceed seven hundred fifty degrees Fahrenheit (750°F) as determined by ASTM D-86;

(4) the color shall not be less than three (3) Dilute as determined by ASTM Union colorimeter pursuant to ASTM D-1500;

(5) the viscosity shall not be more than forty-five seconds at one-hundred degrees (100°) Fahrenheit (45 SUS) as determined by a Saybolt Universal Viscosimeter pursuant to ASTM D-445;

(6) the total water and sediment content, as determined by ASTM D-96, shall be less than one-tenth of one percent (0.1%).

Specification C (includes LPG, propane, butane, or a mixture thereof)

Petroleum meeting the following minimum specifications:

(1) liquid flammable hydrocarbons with a Reid Vapor Pressure, as determined by ASTM D-1267, which exceeds forty pounds per square inch absolute (40 psia) at one-hundred degrees Fahrenheit (100° F), but which does not exceed two-hundred twenty-five pounds per square inch gauge (225 psig) at one-hundred five degrees Fahrenheit (105° F);

(2) liquid flammable hydrocarbons shall not contain any hydrogen sulfide, mercaptans or any sulfur compounds which corrode;

(3) any unstenched liquid flammable hydrocarbons shall not contain total sulfur which exceeds fifteen (15) grains per hundred (100) cubic feet of vapor, as determined by the test for Total Sulfur in Liquified Petroleum Gas;

(4) the liquid flammable hydrocarbons shall be free of mechanically entrained water.

Specification D (includes toluene, xylene, or a mixture thereof)

Petroleum meeting the following minimum specifications:

(1) the color of aromatic hydrocarbons shall not be darker than plus twenty-one (+21) Saybolt, as determined by ASTM D-156;

(2) the initial boiling point, when tested for distillation pursuant to ASTM D-86, shall be greater than one-hundred degrees Centigrade (100°C) and the final boiling point shall not exceed one-hundred sixty degrees Centigrade (160°C);

(3) the freezing point shall not be greater than minus thirty degrees Centigrade (-30°C), as determined pursuant to ASTM D-1015.

To avoid contamination, Petroleum will be received for transportation only when the specifications therefor conform with Petroleum being then transported by Carrier, and no Petroleum will be received or transported which does not meet the specifications provided herein. Carrier shall not be responsible for discoloration or contamination of Petroleum transported by it unless such discoloration or contamination was caused by the negligence of Carrier.

**20. Acceptance Free From Liens and Charges**

Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges.

**25. Measurement, Testing, Volume Corrections and Deductions**

All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in Barrels. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery, and the quantity determined and tested after such receipt or delivery. Shipper or its Consignee may be present or represented at any measuring and testing.

Where Carrier uses a tank or meter of Shipper or its Consignee, Carrier reserves the right to request restrapping or check-strapping of the tank, and proving or check-proving of the meter.

Except for arithmetic errors, all measurement and testing by a representative of Carrier will be conclusive evidence of the quantity as adjusted herein if a representative of Shipper or its Consignee was not present during such measuring and testing.

If two or more Carriers are involved with tendered volumes, tests are to be performed by the particular Carrier as agreed between Carriers.

The net balance at sixty degrees Fahrenheit (60°F) will be the quantity received or delivered by Carrier.

**30. Facilities Required At Origin and Destination**

Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

In the event Shipper fails to provide adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, or in the event the Shipper or its Consignee refuses to accept the Petroleum at the destination point, Carrier shall have the right to divert or reconsign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to deliver the Petroleum from Carrier's facilities, including the right of public or private sale in a commercially reasonable manner. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of and the balance shall be held for whomsoever may be lawfully entitled thereto.

**35. Origin Facilities Required For Automatic Custody Transfer**

When Shipper or its Consignee elects to deliver Petroleum to Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), Shipper or its Consignee will furnish the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body.

In the event automatic custody transfer is made by a metering facility, Shipper or its Consignee will also furnish whatever pumping service is required to ensure that the Petroleum being delivered through the meter is at a pressure in excess of the true vapor pressure of the liquid.

**40. Application of Rates and Charges**

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item No. 25.

**45. Notice of Arrival, Delivery at Destination**

The obligation of Carrier is to deliver at the nominated destination the Tendered quantity of Petroleum, and such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee with all possible dispatch into the tanks or facilities to be provided by the Shipper or its Consignee.

**50. Proration of Pipeline Capacity**

If, during any period, the total volume of Petroleum nominated over any segment of Carrier's pipelines is in excess of the normal operational capacity of said segment, such Petroleum will be apportioned for acceptance and transportation on an equitable basis.

**55. Payment of Transportation and Other Charges; Finance Charges; Lien; Set-Off**

The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier. For Petroleum not released due to failure of Shipper to pay or left in Carrier's custody after the scheduled delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including any reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one-hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law, whichever is less.

Petroleum accepted for such transportation shall be subject to a lien for all such charges or antecedent unpaid charges.

If the Petroleum remains in Carrier's custody more than thirty (30) days after the tender of delivery by Carrier, Carrier shall have the right to sell the Petroleum at a public or private sale in a commercially reasonable manner to collect such charges.

Carrier reserves the right to set-off any such charges against any monies owed to Shipper by Carrier or any Petroleum of Shipper in Carrier's custody.

#### **60. Warranties**

Shipper warrants that the Petroleum tendered to Carrier will conform with the Specifications stated in Item No. 15, it will be merchantable and will not be contaminated. Shipper will be liable to Carrier, other Shippers or Consignees for any damage, including special, incidental, and consequential, arising from a breach of this warranty. The transportation of the Petroleum may be refused or canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if contracted laboratory test results determine that the Petroleum is nonmerchantable, Shipper will be liable to Carrier for the cost of such tests for nonmerchantable or contaminated Petroleum.

CARRIER DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, CONCERNING THE QUALITY OF THE PETROLEUM.

#### **65. Exemption of Liability**

Carrier will not be liable for any loss of Petroleum or damage thereto or delay caused by an Act of God, fire, explosion, storm, flood, electrical malfunction, war, rebellion, insurrection, strike, breakage or accident to machinery or equipment, difference with workmen, the public enemy, quarantine, the authority of law, riots; the act of default of Shipper or owner, or from any cause not due to fault or negligence or any cause reasonably beyond the control of Carrier. In such cases, the loss allocated to Shipper shall be the quantity equal to the amount of its Tenders for the month in which such loss occurs bears to the whole amount of the line fill and tankage in the system of Carrier during the month of such loss, and Shipper shall be entitled to receive only

such portion of its Tenders as remains after deducting its due proportion of the loss. Carrier's custody of the Tenders shall end when Petroleum has been delivered into Shipper's or its consignee's facilities.

Except in force majeure situations, the correction of a nonconformity, the payment of the difference between the reference price for similar Petroleum in the area of origin and the [C] value of the degraded Petroleum, or the replacement of the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

The reference prices for each type of Petroleum and the methodology for calculating the value of any overage or shortage periodically will be provided to Shipper in a letter from Carrier in advance of the effective date of any revision in the reference prices or methodology.

**70. Pipeage Contracts Required**

Separate pipeage contracts in accordance with this tariff and these Rules and Regulations covering further details may be required of a Shipper before any duty to transport will arise.

**75. Claims and Times For Filing**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum or, in case of failure to make delivery, then with nine (9) months after a reasonable time for delivery has elapsed. Suits arising out of such claims must be instituted against Carrier only within two (2) years from the time when the Carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within two (2) years after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

**80. Duty of Carrier**

Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

**85. Application of Rates From and To Intermediate Points**

Carrier will receive Petroleum for pipeline transportation only from and to established origin and delivery stations or terminals.

Petroleum received from an established origin station, on Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a point from which rates are published in said tariff, through such unnamed point, will be assessed the rate in effect from the next more distant point published in the tariff.

Petroleum delivered to an established delivery station or terminal, on Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a point to which rates are published in said tariff, through such unnamed point, will be assessed the rate in effect to the next more distant point published in the tariff.

**90. Intrasystem Transfers**

Carrier will allow a Shipper Transfer of one shipper to another, and Title Transfers from one ownership to another for Petroleum in custody of Carrier. A charge of one-half cent (0.5¢) per barrel with a fifty dollar (\$50.00) minimum will be made to each party directing such transfers, except for the first Title Transfer.

Only one Shipper Transfer will be allowed per movement and party accepting volumes on a Shipper Transfer shall become the Shipper of record. Shipper Transfer must be made at point of origin.

Title Transfers may not be accepted after the twenty-fifth (25th) day of the preceding calendar month.

A transfer request, if accepted, must be confirmed in writing or by facsimile by both the Transferor and the Transferee within forty-eight (48) hours after the transfer request. Such transfer request will indicate the party to which the transfer is to be made, the amount of Petroleum to be transferred, and its location and grade.

Carrier will incur no liability for any losses or damage incurred by any Shipper or owner involved in any intrasystem transfer.

**95. Corrosion Inhibitors**

Carrier reserves the right to inject or approve the injection of corrosion inhibitors in the Petroleum to be transported.

**100. Connection Requirements**

All proposed receiving or delivery connections must meet tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier, and all costs of connections shall be paid by the connecting party.

**105. Commodity**

Carrier is engaged exclusively in the transportation of Petroleum specified and described in Item No. 15 and, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

**110. Charges for Spill Compensation Acts and Regulations**

In addition to the transportation charges and all other charges accruing on Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such Petroleum pursuant to any federal, state, or local act or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such Petroleum within its jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of persons sustaining a loss therefrom.

**115. Product Interface Adjustment**

[C]

In the normal course of operations, interfaces between products ("Transmix") are collected by Carrier on specific pipeline segments. Transmix volumes on these pipeline segments will be allocated monthly among Shippers in proportion to each shipper's volumes of all Petroleum shipped during the month in the pipeline segments and will then be disposed of in the manner described herein.

Carrier will determine a ratio ("Interface Ratio") of the Transmix generated to the total volumes shipped on the pipeline segments. Each Shipper's allocation of Transmix barrels will be the product of their volume shipped ("Shipper Volumes") and the Interface Ratio. Carrier will reevaluate the Interface Ratio annually.

Transmix Allocation = Shipper Volumes x Interface Ratio

Carrier will take title and possession of the Transmix and credit the Shipper with a value per gallon of Transmix based on the following formula:

$(35\% \times \text{Unleaded Regular Price}) + (65\% \times \text{No. 2 F.O. Price}) - (\text{Quality Adjustment})$

Where:

"Unleaded Regular Price" and "No. 2 F.O. Price" represent the per gallon price for Unleaded Regular Gasoline and No. 2 Furnace Oil, respectively, published in Platt's Oilgram Price Report, for the appropriate location on the last business day of the Operating Month; and

"Quality Adjustment" represents a combination of factors which impact the material value of Transmix, including re-refining costs handling, and transportation. The Quality Adjustment will be determined solely by Carrier and will be reevaluated annually.

[C]

**SUNOCO PIPELINE L.P.**

**Tariff Pipeline - Pa. P.U.C. No. 8  
Original Page No. 12**

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**ISSUED: DECEMBER 1, 2002**

**EFFECTIVE: FEBRUARY 1, 2003**

**RECEIVED**

JUN 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**EXHIBIT "B"**

Sunoco Pipeline L.P.

2012 General Rate Filing

Pennsylvania Public Utility Commission

April 2012

**Sunoco Pipeline L.P.**  
**Information Filed in Support of**  
**Tariff Pipeline – PA P.U.C. No. 15**

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**Sunoco Pipeline L.P.**  
**Information Filed in Support of**  
**Tariff Pipeline – PA P.U.C. No. 15**

**I. Introduction**

**A. The Company**

Sunoco Pipeline L.P. is a wholly owned subsidiary of Sunoco Logistics Partners L.P. Sunoco Pipeline L.P. owns and operates approximately 2,200 miles of refined product pipelines in the Northeast, Midwest and Southwest United States. The refined product pipelines transport refined products from Sunoco's Philadelphia, Pennsylvania refinery, and from third party locations to markets in Michigan, New Jersey, New York, Ohio, Pennsylvania, and Texas. The refined products transported in these pipelines include multiple grades of gasoline, middle distillates (heating oil, diesel and jet fuel), liquefied petroleum gases (LPG) such as propane and butane, refining feedstocks, and other hydrocarbons. The Federal Energy Regulatory Commission (FERC) regulates the rates for interstate shipments on Sunoco Pipeline L.P. refined product pipelines and the Pennsylvania Public Utility Commission (PA PUC) regulates the rates for intrastate shipments in Pennsylvania. Sunoco, Inc. (R&M) is the largest shipper and customer of Sunoco Pipeline L.P.

## II. Tariff – PA PUC No. 15

### A. Proposed Tariff Modifications

The proposed tariff modifications contained in Tariff Pipeline PA PUC No. 15 relate to the intrastate shipment of petroleum products. The proposed tariff modifications are designed to increase Sunoco Pipeline L.P.'s charges to its intrastate customers and increase its gross intrastate revenues in Pennsylvania approximately 4.0% from \$24.8 million to \$25.8 million. This increase amounts to approximately 0.063¢/gallon shipped, based on the level of operations for the historic test year ended December 31, 2011. The reasons for seeking an increase at this time are explained in Section III.

Tariff Pipeline PA PUC No. 15 also cancels Philadelphia Junction as a destination from Point Breeze. This is due to the fact that there have been no shipments on the segment since 2009 and the line will be idled due to the lack of shipper demand for the service. The last known shipper has been notified of the cancellation.

### B. The Impact of Competition on Rate Design

Sunoco Pipeline L.P. faces substantial competition from other pipelines. Further, these pipelines have excess capacity to compete for Sunoco Pipeline L.P. volume. For example, Laurel Pipeline runs a parallel route between Philadelphia and Pittsburgh. This line also delivers to terminals in markets between those points that compete directly with Sunoco Pipeline L.P. In addition, Sunoco Pipeline L.P. faces substantial truck competition from various refineries and terminals both within and outside Pennsylvania. For example, the Philadelphia market is also

served by refineries and terminals in New Jersey, as well as by other larger pipelines originating outside Pennsylvania (e.g. Colonial Pipeline), and by waterborne traffic.

Sunoco Pipeline L.P. designed the proposed rates to meet the various forms of competition while maintaining volumes.

### **C. Shipper Poll**

All the shipper/customers who shipped on Sunoco Pipeline L.P. in Pennsylvania were notified of the Company's intention to make its filing prior to the filing and none indicated any opposition to the proposed tariff changes. A list of those customers appears on Schedule 11 included herein. These customers understand the need for the recovery of cost increases in order for Sunoco Pipeline L.P. to maintain a reliable and efficient system. In general, the shippers believe the proposed tariffs are just and reasonable.

### **D. Filing Perspective**

It is important to keep in mind that Sunoco Pipeline L.P. does not sell liquid petroleum products. It provides only a transportation service for such products. These rates have nothing to do with the underlying cost of the liquid petroleum products being transported.

### **III. Reasons for the Proposed Increase**

#### **A. 2011 Federal Energy Regulatory Commission Filing**

On May 27, 2011, Sunoco Pipeline L.P. provided a tariff filing for its interstate movements to the Federal Energy Regulatory Commission (FERC). A copy of this tariff filing is attached as Appendix 4. Infra

A FERC tariff filing will be made on May 30, 2012 and is expected to increase FERC regulated rates by 8.7%. The tariff modifications contained in PA PUC No. 15 correspond to but are below those estimated for Sunoco Pipeline L.P.'s 2012 FERC tariff filing. The official interstate rates will be announced by FERC on or about May 11, 2012.

The reason for the expected increase for FERC regulated rates in 2012 is that the methodology employed by FERC to determine the rate of increase or decrease is based on the rate of change of the United States Bureau of Labor Statistics' Producer Price Index over the prior two years plus an adjustment factor that is reviewed every five years. From 2010 to 2011 the Producer Price Index increased by 6.01%. The adjustment factor is a positive 2.65%, resulting in an estimated FERC index rate increase of 8.66%. Sunoco Pipeline L.P. is seeking a 4.0% rate increase from the PUC at this time which, again, will be lower than the estimated increase in rates for FERC jurisdictional interstate service.

#### **B. Plant Additions**

Sunoco Pipeline L.P.'s last general intrastate tariff increase was filed in April, 2011 and went into effect on July 1, 2011. That increase averaged about 4.1% based on the level of operations for the historic test year ended December 31, 2010.

Significant capital continues to be invested and substantial expense incurred in connection with the Pennsylvania intrastate pipelines to ensure continued safe, reliable, and environmentally prudent operations. Sunoco Pipeline L.P. anticipates that this work will continue.

**C. Expense Increases/Reasonable Returns**

Given the plant additions coupled with the requirement for additional expenditures for legally required items, and together with an aggressive line testing and preventative maintenance program, a tariff increase is necessary in order to provide a very modest rate of return. The impact of ten years of expense growth and capital growth with no tariff increases took a toll on the financial performance of the Pennsylvania intrastate pipelines. The modest increase that was granted on July 1, 2011 has not kept pace with expense increases. Thus the financial performance of the Pennsylvania intrastate pipeline is still inadequate.

During 2011 the volume of refined products shipped intrastate on the system decreased by 4.1% due to the refinery closures at Marcus Hook, PA and Trainer, PA and a greater total volume of ethanol being blended into the gasoline sold within Pennsylvania (which reduces the amount of gasoline shipped), while Sunoco Pipeline L.P.'s fixed costs remained the same. As a result, the financial performance of Sunoco Pipeline L.P.'s Pennsylvania intrastate pipeline continues to be negatively impacted. Despite the sustained decrease in volume and financial performance of the system, Sunoco Pipeline L.P. is committed to expending the necessary sums to ensure the safe and efficient operation of the system. The proposed rate increase will allow Sunoco Pipeline L.P. to recover a modest portion of these higher fixed costs and continue to invest in the pipeline system.

#### **IV. Supporting Information Overview**

##### **A. Rate Base**

Sunoco Pipeline L.P.'s rate base was developed using the same methodology as was used in the 2011 Filing (R-2011-2239115) and in predecessor Company rate proceedings before this Commission.

Only the petroleum product pipeline system within Pennsylvania is being considered in this rate filing. The original cost values were updated for annual changes in Property, Plant, and Equipment through December 2011. No claim is being made for Construction Work in Progress (CWIP) or Plant Held for Future Use (PHFU).

Accumulated reserve values were developed based on historical book values adjusted for annual updates for depreciation. The depreciation rates for this filing are consistent with the rates used for Sunoco Pipeline L.P.'s annual required reports to FERC.

The net book value of these depreciable assets utilized for the Commonwealth of Pennsylvania intrastate movements as of December 31, 2011 was \$85.8 million. Other components of rate base include land and materials and supplies representing warehouse stock used in operations.

Depreciable assets plus other components result in a total rate base of \$86.9 million as of December 31, 2011.

### **B. Jurisdictional Allocations**

Only that portion of Sunoco Pipeline L.P.'s Pennsylvania facilities which are attributable to intrastate movements was used in developing the rate base for this filing. As in prior Sunoco Pipeline L.P. or predecessor filings before this Commission, Pennsylvania facilities were allocated to intrastate movements based on Hundred-Barrel Miles (HBM). Pennsylvania intrastate movements were calculated to be 55.13% of the barrel-miles in Pennsylvania (See Schedule 3 and Schedule 5 inserted herein).

The barrel-mile figure is well accepted by the pipeline industry as a measure of the amount of transportation service performed. It represents the movement of one barrel for the distance of one mile. Due to the size of the systems, a 100-barrel-mile figure is most often used. This can mean either the movement of one barrel for 100 miles or 100 barrels for one mile. The computation of this statistical unit is arrived at by using the total barrels transported according to tariff movements, multiplied by the miles between the origin point and destination. Barrel-mile data is a well accepted method within the industry for allocating assets, overhead, rates of return or other general system items and, as previously indicated, was used in last year's Filing (R-2011-2239115) as well as in prior predecessor Company rate proceedings before this Commission.

### **C. Revenues**

Revenues are based on a historical test year ended December 31, 2011. Revenues represent only those dollars associated with Pennsylvania PUC tariffs and are shown on Schedule 4 herein. For the historical test year ended December 31, 2011, Sunoco Pipeline L.P.'s

PUC operating revenues amounted to \$24.8million. Sunoco Pipeline L.P. is requesting an increase of \$999,954, which amounts to a 4.0% increase in annual operating revenues.

#### **D. Operating Expenses**

Sunoco Pipeline L.P.'s Refined Products Pipeline System operating income is disclosed separately in the Sunoco Logistics Partners L.P. annual report to the Securities and Exchange Commission on Form 10-K for the 12 months ended December 31, 2011. Page 48 of that report shows the earnings information for the Refined Products Pipeline System. The expenses in the report are allocated to the Pennsylvania PUC on a barrel-mile basis (see Schedule 7 herein). An exception to the barrel-mile allocation is taxes. The taxes shown on Schedule 2 herein are the sum of actual Pennsylvania gross receipts tax paid in 2011 and the PURTA tax paid in 2011 by Sunoco Pipeline L.P.

#### **E. Federal and State Income Taxes**

Sunoco Pipeline L.P. is part of a Master Limited Partnership. The owners of the partnership units pay Federal and State Income Taxes. Furthermore, the Federal Energy Regulatory Commission ("FERC") has issued guidance on the treatment of these taxes in rate making (see Schedule 12 herein).

On May 29, 2007, The United States Court of Appeals for the District of Columbia Circuit, in the matter of ExxonMobil Oil Corporation vs. Federal Energy Regulatory Commission *et.al* upheld the FERC's income tax allowance policy (*Policy Statement on Income Tax Allowances*, III FERC ¶ 61,139 (2005)) ("Policy Statement") permitting partnerships to include a tax allowance in establishing their pipeline rates. In its Policy Statement FERC

concluded "such an allowance should be permitted on all partnership interests, or similar legal interests, if the owner of that interest has an actual or potential income tax liability on the public utility income earned through the interest." *Id.* at 61,736.

In issuing the Policy Statement FERC concluded that the policy "serves the public because it allows rate recovery of income tax liability attributable to regulated utility income, facilitates investment in public utility assets, and assures just and reasonable rates." *Id.* at 61,736.

These considerations are equally applicable to Pennsylvania intrastate rates and we urge the Commission to permit a tax allowance. This filing reflects a tax claim based upon Sunoco Pipeline L.P.'s individual and corporate unitholder mix.

#### **F. Rate of Return**

Based on current tariff rates and the financial data detailed above, it has been determined that the Pennsylvania PUC jurisdictional return on original cost for the historic test year ended December 31, 2011 was -2.9%. With the proposed tariff increase, the return on original cost would be -1.8%. Clearly such a return is well below acceptable levels and is not excessive.

## SUNOCO PIPELINE L.P. -- COMPUTATION OF RATE BASE

Depreciable Property	TOTAL PA 12/31/2011	PAPUC 12/31/2011
Gross Book Value	\$280,392,944	\$154,592,812
Less: Accum. Depreciation	(124,781,680)	(68,797,561)
<b>Net Book Value</b>	<b>155,611,264</b>	<b>85,795,251</b>
Land	2,048,098	1,129,205
Materials and Supplies	41,999	23,156
<b>Net Rate Base <sup>(1)</sup></b>	<b>\$167,701,361</b>	<b>\$86,947,612</b>
Equity Portion of PAPUC Rate Base (43.1%) <sup>(2)</sup>		36,897,458
Debt Portion of PAPUC Rate Base (56.9%) <sup>(2)</sup>		51,050,154

<sup>(1)</sup> Rate base for PA Public Utility Commission is based on a barrel-mile factor of 55.13% for fiscal year ending 12/31/2011

<sup>(2)</sup> This percentage is based on the parent company's capital structure

## SUNOCO PIPELINE L.P. PUC INCOME (THOUSANDS OF DOLLARS)

	2011	METHOD OF ALLOCATION	ANNUALIZED AFTER INCR	
SALES	24,784	DIRECT BASED ON PUC SALES	24,784	
		REMAINDER OF PUC 14 INCREASE (IMPLEMENTED 7/01/11)	558	25,342
		PROPOSED PUC 15 INCREASE (SCHEDULE 4)	999	
<u>EXPENSE</u>				
DIRECT EXPENSE	18,472	BARREL-MILE ALLOCATION EAST PIPELINE (28.59%)(SCH 7)	18,472	
PENNSYLVANIA TAXES	1,573	DIRECT CHARGES	1,651	
DEPRECIATION	4,035	BARREL-MILE ALLOCATION EAST PIPELINE (28.59%)(SCH 7)	4,035	
AFUDC DEPRECIATION	1,760	SCHEDULE 10	1,760	
SELLING GENERAL & ADMIN	4,788	BARREL-MILE ALLOCATION EAST PIPELINE (28.59%)(SCH 7A)	4,788	
OIL (GAINS)/LOSSES	(2,035)	BARREL-MILE ALLOCATION EAST PIPELINE (55.13%)(SCH 7B)	(2,035)	
TOTAL COST	28,592		28,670	
NET INCOME BEFORE TAX	(3,808)		(2,329)	
FEDERAL TAX (31%)	(1,181)	RATE BASED ON LP HOLDERS AVG RATE (SCHEDULE 12)	(722)	
STATE TAX (3%)	(116)	RATE BASED ON LP HOLDERS AVG RATE (SCHEDULE 12)	(71)	
NET INCOME AFTER TAX	(2,512)		(1,536)	
RATE BASE	86,948	PA ASSETS-PUC BBL-MILE ALLOC (55.13%)(SCHEDULE 1)	86,948	
<b>RETURN ON RATE BASE (%)</b>	<b>-2.9%</b>		<b>-1.8%</b>	

## RETURN ON EQUITY CALCULATION

CAPITAL STRUCTURE	PCT	AVG INT RATE	
DEBT	1,698	58.71%	5.24%
EQUITY	1,194	41.29%	
TOTAL	2,892	100.0%	
NET INCOME BEFORE TAX	(3,808)		(2,329)
INTEREST EXPENSE	2,676	58.7% OF RATE BASE TIMES AVG DEBT COST	2,676
NET INCOME BEFORE TAX	(6,484)		(5,005)
NET INCOME AFTER TAX	(4,280)		(3,303)
EQUITY	35,897	41.3% OF RATE BASE	35,897
<b>RETURN ON EQUITY (%)</b>	<b>-11.9%</b>		<b>-9.2%</b>

**SUNOCO PIPELINE L.P. -- PENNSYLVANIA INTRASTATE OPERATIONS**  
**HUNDRED BARREL MILE FACTOR**  
**2008 As Reported**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Hundred Barrel Miles</b>				
Pennsylvania Intrastate	51,111,803	49,897,297	46,144,936	46,770,800
Pennsylvania Interstate	47,101,865	47,539,974	42,925,278	38,059,645
<b>Total PA Hundred Barrel Miles</b>	<b>98,213,768</b>	<b>97,237,271</b>	<b>89,070,214</b>	<b>84,830,245</b>
<b>Percentage Breakdown</b>				
Pennsylvania Intrastate	52.04%	51.11%	51.81%	55.13%
Pennsylvania Interstate	47.96%	48.89%	48.19%	44.87%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Refined Products Pipeline System</b>				
Pennsylvania Intrastate	51,111,803	49,897,297	46,144,936	46,770,800
Remainder of Refined Products Pipeline System	186,006,410	161,058,533	139,122,834	118,808,513
<b>Total Refined Products Pipeline System</b>	<b>237,118,313</b>	<b>210,755,831</b>	<b>185,267,770</b>	<b>163,579,112</b>
<b>Percentage Breakdown</b>				
Pennsylvania Intrastate	21.56%	23.58%	24.91%	28.59%
Remainder of Refined Products Pipeline System	78.44%	76.42%	75.09%	71.41%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## SUNOCO PIPELINE L.P. -- PENNSYLVANIA PUC REVENUE 2011

ORIGIN	DESTINATION	VOLUME	CURRENT TARIFF	PROPOS. INCREASE	PROPOS. TARIFF	CURRENT REVENUE	PROPOS. REV INCR.	PROPOS. REVENUE
POINT BREEZE	BLAWNOX	1,842,313	0.8604	6.6%	0.9172	1,536,877	101,434	1,638,311
	DELMONT	1,252,687	0.7766	6.5%	0.8271	942,163	61,241	1,003,403
	ELDORADO	1,013,356	0.6453	6.5%	0.6872	634,697	41,255	675,952
	EXTON	805,222	0.4575	6.6%	0.4877	359,694	23,740	383,434
	FULLERTON	3,630,506	0.6599	6.5%	0.7028	2,329,300	151,405	2,480,705
	KINGSTON	2,242,115	0.7702	6.6%	0.8210	1,681,203	110,959	1,792,162
	MACUNGIE	1,233,650	0.6209	6.6%	0.6619	754,572	49,802	804,374
	MECHANICSBURG	2,633,090	0.5656	6.5%	0.6024	1,443,077	93,800	1,536,877
	MONTELLO	3,160,785	0.4473	6.6%	0.4768	1,381,053	91,150	1,472,203
	NORTHUMBERLAND	4,440,500	0.7165	6.6%	0.7638	3,100,661	204,644	3,305,304
	PITTSBURGH	384,921	0.8232	6.5%	0.8767	308,161	20,030	328,191
	TAMAQUA	358,902	0.7850	0.0%	0.7850	272,182	-	272,182
	WILLIAMSPORT	242,748	0.7582	6.5%	0.8075	174,988	11,374	186,362
	<b>TOTAL</b>		<b>23,240,795</b>				<b>14,918,628</b>	<b>960,833</b>
POINT BREEZE	DELMONT (INCENTIVE)	-	0.5546	6.5%	0.5906	-	-	-
	ELDORADO (INCENTIVE)	-	0.4902	6.5%	0.5221	-	-	-
	PITTSBURGH (INCENTIVE)	-	0.6017	6.5%	0.6408	-	-	-
	<b>TOTAL</b>	-				-	-	-
MONTELLO	BLAWNOX	-	0.6496	3.0%	0.6691	-	-	-
	DELMONT	-	0.5844	3.0%	0.6019	-	-	-
	ELDORADO	-	0.4782	3.0%	0.4925	-	-	-
	NORTHUMBERLAND	-	0.4954	3.0%	0.5103	-	-	-
	WILLIAMSPORT	-	0.6129	3.0%	0.6313	-	-	-
<b>TOTAL</b>	-				-	-	-	
TWIN OAKS	CHELSEA	2,913,205	0.0820	6.8%	0.0876	226,843	15,425	242,268
	DELMONT	2,213,706	1.0596	0.0%	1.0596	2,288,096	-	2,288,096
	ELDORADO	546,791	0.9458	0.0%	0.9458	508,302	-	508,302
	EXTON	224,868	0.6388	0.0%	0.6388	140,541	-	140,541
	FULLERTON	97,845	0.7124	0.0%	0.7124	69,705	-	69,705
	ICEDALE	-	0.4312	0.0%	0.4312	-	-	-
	KINGSTON	687,988	1.0927	0.0%	1.0927	732,348	-	732,348
	MACUNGIE	-	0.7235	0.0%	0.7235	-	-	-
	MALVERN	884,951	0.4057	6.6%	0.4325	359,025	23,696	382,720
	MECHANICSBURG	1,721,349	0.8357	0.0%	0.8357	1,410,715	-	1,410,715
	MONTELLO	289,810	0.7374	0.0%	0.7374	211,619	-	211,619
	NORTHUMBERLAND	368,471	0.9635	0.0%	0.9635	352,249	-	352,249
	PITTSBURGH	2,202,216	1.0832	0.0%	1.0832	2,381,842	-	2,381,842
	TAMAQUA	170,054	1.0482	0.0%	1.0482	177,868	-	177,868
WILLIAMSPORT	-	1.0680	0.0%	1.0680	-	-	-	
WILLOW GROVE	2,039,871	0.5082	0.0%	0.5082	1,006,036	-	1,006,036	
<b>TOTAL</b>		<b>14,361,125</b>				<b>9,865,188</b>	<b>39,121</b>	<b>9,904,309</b>
<b>TOTAL TOTAL</b>		<b>37,601,920</b>				<b>24,783,816</b>	<b>999,954</b>	<b>25,783,769</b>

**SUNOCO PIPELINE L.P. -- PENNSYLVANIA PUC BARREL-MILES**  
**2011 VOLUMES BY CUSTOMER IN BARRELS**

ORIGIN	DESTINATION	SUN	BUCKEYE	GULF	PET PRO	MSCG	GRIFFITH	XOM	TOTAL	MILES	BBL MILES
POINT BREEZE	BLAWNOX	1,842,313							1,842,313	276.3	508,975,813
	DELMONT	1,252,687							1,252,687	256.9	321,765,183
	ELDORADO	1,013,356							1,013,356	195.3	197,948,961
	EXTON	805,222							805,222	29.9	24,108,347
	FULLERTON	3,630,506							3,630,506	77.6	281,763,571
	KINGSTON	2,242,115							2,242,115	145.4	326,093,206
	MACUNGIE	1,168,994	64,656						1,233,650	64.0	78,916,591
	MECHANICSBURG	2,633,090							2,633,090	114.6	301,725,783
	MONTELLO	3,160,785							3,160,785	60.9	192,428,591
	NORTHUMBERLAND	2,086,682				2,351,319			4,440,500	118.4	525,533,175
	PITTSBURGH	384,921							384,921	279.7	107,650,856
	TAMAQUA	358,902							358,902	99.0	35,520,531
	WILLIAMSPORT	19,999	59,911	15,000				147,838	242,748	143.6	34,853,758
<b>TOTAL</b>		<b>20,599,572</b>	<b>124,567</b>	<b>15,000</b>	<b>2,351,319</b>	<b>-</b>	<b>147,838</b>	<b>2,499</b>	<b>23,240,795</b>		<b>2,937,284,364</b>
MONTELLO	BLAWNOX									215.7	-
	DELMONT									196.3	-
	ELDORADO									134.8	-
	NORTHUMBERLAND									57.8	-
	WILLIAMSPORT									83.0	-
<b>TOTAL</b>											
TWIN OAKS	CHELSEA	2,511,866				401,339			2,913,205	3.2	9,409,652
	DELMONT	2,213,706							2,213,706	250.9	555,418,835
	ELDORADO	546,791							546,791	189.4	103,551,280
	EXTON	224,868							224,868	53.8	12,102,396
	FULLERTON	97,845							97,845	107.4	10,505,618
	ICEDALE								-	31.9	-
	KINGSTON	687,988							687,988	139.5	95,960,566
	MACUNGIE								-	93.7	-
	MALVERN	762,125	122,826						884,951	16.3	14,407,002
	MECHANICSBURG	1,721,349							1,721,349	108.6	186,990,142
	MONTELLO	289,810							289,810	54.9	15,916,365
	NORTHUMBERLAND	366,596	1,875						368,471	112.4	41,412,456
	PITTSBURGH	2,202,216							2,202,216	273.7	602,768,541
	TAMAQUA	170,054							170,054	93.0	15,816,723
WILLIAMSPORT								-	137.6	-	
WILLOW GROVE	2,039,871							2,039,871	37.0	75,516,024	
<b>TOTAL</b>		<b>13,835,085</b>	<b>124,701</b>	<b>-</b>	<b>-</b>	<b>401,339</b>	<b>-</b>	<b>-</b>	<b>14,361,125</b>		<b>1,739,775,600</b>
<b>GRAND TOTAL</b>		<b>34,434,657</b>	<b>249,268</b>	<b>15,000</b>	<b>2,351,319</b>	<b>401,339</b>	<b>147,838</b>	<b>2,499</b>	<b>37,601,920</b>		<b>4,677,059,964</b>

## SUNOCO PIPELINE L.P. -- FERC OIL PIPELINE INDEX

<u>Years</u>	<u>FERC Pipeline Rate Increase</u>
2000	0.76%
2001	3.76%
2002	1.96%
2003	-1.28%
2004	3.17%
2005	3.63%
2006	6.15%
2007	4.32%
2008	5.17%
2009	7.60%
2010	-1.30%
2011	6.88%
2012	8.66%

The rate adjustment for 2012 is estimated to be 8.7%. The official rate for 2012 will be released on or about May 18, 2012.

Source: <http://www.ferc.gov/industries/oil/gen-info/pipeline-index.asp>

**SUNOCO PIPELINE L.P. -- OPERATING EXPENSE**

<u>Account Description</u>	<u>2011</u>
Pip Opr Salaries and Wages	9,101,453
Pip Opr Supplies and Expenses	1,071,180
Pip Opr Outside Services	341,670
Pip Opr Fuel & Power	11,416,416
Pip Opr Oil Losses & Storage	(3,334,747)
Pip Main Salaries & Wages	15,065,389
Pip Main Supplies & Expenses	5,472,594
Pip Main Outside Services	9,121,073
Pip Maintenance Materials	1,052,850
Pip Gen Salaries & Wages	12,184,572
Pip Gen Supplies & Expenses	2,126,641
Pip Gen Outside Services	(4,830,622)
Pip Gen Rentals	2,124,933
Pip Gen Casualty/Other Losses	232,617
Pip Gen Environmental	123,225
Depreciation	13,552,357
Interest Expense External	(5,072)
Taxes Other than Income & Excise	4,885,499
<b>Total</b>	<b>79,702,026</b>

**Total Expenses**

Less:

Depreciation	(13,552,357)
Taxes	(4,885,499)
Interest Expense	5,072
Oil Gains	3,334,747
Net Expenses	64,603,990
Barrel-Mile Allocation	28.59%

<b>Total PUC Expense</b>	<b>18,471,596</b>
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**Depreciation and Amortization**

Depreciation	13,552,357
Amortization	558,689
Total Depreciation and Amortization	14,111,046
Barrel-Mile Allocation	28.59%
<b>Total Deprec. And Amort.-PUC</b>	<b>4,034,635</b>

**PAPUC Taxes**

Grosss Receipts Tax	1,263,000
PURTA	310,000
<b>Total</b>	<b>1,573,000</b>

SUNOCO PIPELINE L.P. -- SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

YTD Dec 2011

Total Refined Products Pipeline Expense	97,000,000
<b>Less:</b>	
Refined Products Pipeline Operating Expense	(79,702,026) (Schedule 7)
Amortization	(558,689) (Schedule 7)
Add Back Interest	<u>5,072</u> (Schedule 7)
Total Eastern Pipeline SG&A	<u>16,744,356</u>
Barrel-Mile Allocation -- PUC	<u>28.59%</u> (Schedule 3)
Total Selling, General and Administrative Expense -- PAPUC	<u>4,787,653</u> (Schedule 2)

## SUNOCO PIPELINE L.P. -- OIL GAINS AND LOSSES FOR PENNSYLVANIA

<u>Description</u>	<u>Oil (Gains)/ Losses</u>
Twin Oaks to Icedale	(671.2)
Elverson to Montello	<u>(3,019.6)</u>
Total	(3,690.8)
PAPUC Barrel-mile Percentage	55.13%
PAPUC Oil Expense	(2,034.9)

SUNOCO PIPELINE L.P. – COMPARISON OF PUC TARIFFS VS. FERC TARIFFS <sup>(1)</sup>

DESTINATION	ORIGIN								
	POINT BREEZE			MONTELLO			TWIN OAKS		
	FERC	PUC	VAR	FERC	PUC	VAR	FERC	PUC	VAR
BLAWNEX	137.47	91.72	45.75	112.10	66.91	45.19	-	-	-
CHELSEA	-	-	-	-	-	-	10.33	8.76	1.57
DELMONT	103.89	82.71	21.18	75.79	60.19	15.60	132.52	105.96	26.56
ELDORADO	86.41	68.72	17.69	65.40	49.25	16.15	115.49	94.58	20.91
EXTON	57.27	48.77	8.50	-	-	-	73.65	63.88	9.77
FULLERTON	85.43	70.28	15.15	-	-	-	86.90	71.24	15.66
KINGSTON	98.56	82.10	16.46	-	-	-	125.55	109.27	16.28
MACUNGIE	80.17	66.19	13.98	-	-	-	82.96	72.35	10.61
MALVERN	-	-	-	-	-	-	47.47	43.25	4.22
MECHANICSBURG	71.18	60.24	10.94	-	-	-	101.44	83.57	17.87
MONTELLO	59.73	47.68	12.05	-	-	-	86.64	73.74	12.90
NORTHUMBERLAND	87.19	76.38	10.81	65.40	51.03	14.37	114.68	96.35	18.33
PITTSBURGH	111.28	87.67	23.61	-	-	-	135.81	108.32	27.49
WILLIAMSPORT	93.67	80.75	12.92	80.79	63.13	17.66	129.24	106.80	22.44

<sup>(1)</sup> FERC tariffs based on projected July 2012 FERC tariff rate

SUNOCO PIPELINE L.P. -- MATERIALS AND SUPPLIES

Materials and Supplies	<u>\$ 41,998</u>
Total	\$ 99,797
Less:	
Ohio	\$ (19,993)
Michigan	\$ (33,516)
New York	<u>\$ (4,288)</u>
Total Pennsylvania	\$ 41,998



SUNOCO PIPELINE L.P.  
(FORMERLY ATLANTIC PIPELINE CORP.)  
PAPUC Term Filing  
Supporting Data

Part 83 AFUDC Add-on- Products System

Schedule 10

Line No.	Description	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1	January	426,100	2,327,810	323,238	2,772,638	720,910	1,827,820	2,815,290	6,863,671	3,158,719	1,213,817	4,831,000	21,228,690	23,877,000	11,888,000	8,672,000	6,438,000	12,242,000	10,211,000	5,845,000	4,180,310	4,841,072	7,614,234	8,889,880	16,886,340	2,109,000	2,745,044	1,482,873	7,128,231	
2	February	407,802	282,229	258,021	3,289,815	881,550	1,841,659	2,781,622	7,689,291	3,224,284	4,402,849	4,725,000	22,228,879	28,063,000	12,811,000	6,798,200	10,127,000	10,821,000	14,262,000	2,984,000	4,182,710	2,254,400	6,411,200	3,774,270	17,442,200	2,673,179	2,271,320	1,800,829	2,781,320	
3	March	438,903	428,548	271,658	3,778,218	1,582,820	2,146,248	3,254,261	10,267,191	2,406,004	7,048,426	3,271,000	24,108,000	26,811,000	14,000,000	5,074,000	11,370,000	11,236,000	14,827,000	4,747,074	3,222,808	4,653,212	6,774,229	6,011,738	7,881,820	2,844,825	2,642,027	2,262,844	6,274,311	
4	April	583,338	510,514	73,000	4,004,913	1,582,820	2,146,248	3,254,261	10,267,191	2,406,004	7,048,426	3,271,000	24,108,000	26,811,000	14,000,000	5,074,000	11,370,000	11,236,000	14,827,000	4,747,074	3,222,808	4,653,212	6,774,229	6,011,738	7,881,820	2,844,825	2,642,027	2,262,844	6,274,311	
5	May	982,173	486,245	125,416	4,182,880	1,582,820	2,146,248	3,254,261	10,267,191	2,406,004	7,048,426	3,271,000	24,108,000	26,811,000	14,000,000	5,074,000	11,370,000	11,236,000	14,827,000	4,747,074	3,222,808	4,653,212	6,774,229	6,011,738	7,881,820	2,844,825	2,642,027	2,262,844	6,274,311	
6	June	784,815	812,333	207,009	4,229,829	1,582,820	2,146,248	3,254,261	10,267,191	2,406,004	7,048,426	3,271,000	24,108,000	26,811,000	14,000,000	5,074,000	11,370,000	11,236,000	14,827,000	4,747,074	3,222,808	4,653,212	6,774,229	6,011,738	7,881,820	2,844,825	2,642,027	2,262,844	6,274,311	
7	Sub-Total	3,426,027	4,248,238	1,544,100	22,311,000	8,788,648	12,212,627	18,161,434	51,174,834	17,130,229	41,372,884	22,842,000	140,730,879	161,112,000	69,822,000	33,866,000	60,911,000	68,111,000	81,118,000	28,064,338	18,422,827	21,888,681	41,533,283	32,820,458	42,543,340	13,812,861	17,581,453	12,811,247	51,728,140	
8	Amount for 2nd half of	461,171	758,028	228,817	3,714,203	1,464,448	2,112,280	3,180,849	8,229,218	2,828,028	4,880,819	4,897,000	21,454,380	27,622,000	11,832,867	5,844,320	10,151,823	11,201,000	16,888,333	4,777,288	3,282,136	3,231,815	4,880,333	3,823,861	10,820,899	2,323,777	2,320,247	2,128,268	6,821,237	
9	Half of annual AFUDC rate	4.62%	6.71%	3.82%	6.82%	6.62%	7.11%	7.20%	8.02%	8.27%	8.20%	8.27%	8.39%	8.10%	8.19%	8.29%	8.27%	8.29%	8.42%	8.02%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%
10	AFUDC for 1st half of yr	37,877	51,816	11,433	343,575	88,429	128,237	234,848	628,328	151,288	420,548	340,714	1,408,013	1,828,820	713,751	314,824	384,433	425,382	551,081	284,207	197,620	377,530	462,488	564,581	830,824	232,274	248,822	187,747	612,817	
11	July	583,825	583,825	854,021	4,702,781	2,828,020	2,240,282	4,238,828	12,228,641	3,145,218	1,887,203	6,223,000	25,857,810	15,828,000	8,384,250	5,202,000	10,229,000	13,827,000	18,000,000	3,784,103	1,780,489	3,802,240	5,802,240	10,728,220	7,623,840	2,821,302	3,863,823	2,940,380	11,428,238	
12	August	734,448	333,229	1,237,888	4,970,387	3,414,238	2,282,148	3,235,820	12,228,641	3,145,218	1,887,203	6,223,000	25,857,810	15,828,000	8,384,250	5,202,000	10,229,000	13,827,000	18,000,000	3,784,103	1,780,489	3,802,240	5,802,240	10,728,220	7,623,840	2,821,302	3,863,823	2,940,380	11,428,238	
13	September	474,888	262,487	1,121,000	3,281,821	1,871,821	1,871,821	2,821,821	8,221,821	2,821,821	1,821,821	3,221,821	12,221,821	15,221,821	8,221,821	5,221,821	10,221,821	13,221,821	18,221,821	3,721,821	1,721,821	3,821,821	5,821,821	10,721,821	7,621,821	2,821,821	3,861,821	2,940,380	11,428,238	
14	October	1,028,000	248,000	1,772,821	3,331,821	4,501,821	2,821,821	3,221,821	8,221,821	2,821,821	1,821,821	3,221,821	12,221,821	15,221,821	8,221,821	5,221,821	10,221,821	13,221,821	18,221,821	3,721,821	1,721,821	3,821,821	5,821,821	10,721,821	7,621,821	2,821,821	3,861,821	2,940,380	11,428,238	
15	November	1,128,000	248,000	2,442,125	3,624,794	4,623,821	2,783,221	3,623,221	8,223,221	3,023,221	1,823,221	3,623,221	12,223,221	15,223,221	8,223,221	5,223,221	10,223,221	13,223,221	18,223,221	3,723,221	1,723,221	3,823,221	5,823,221	10,723,221	7,623,221	2,823,221	3,863,221	2,940,380	11,428,238	
16	December	1,128,000	248,000	2,442,125	3,624,794	4,623,821	2,783,221	3,623,221	8,223,221	3,023,221	1,823,221	3,623,221	12,223,221	15,223,221	8,223,221	5,223,221	10,223,221	13,223,221	18,223,221	3,723,221	1,723,221	3,823,221	5,823,221	10,723,221	7,623,221	2,823,221	3,863,221	2,940,380	11,428,238	
17	Sub-Total	1,231,681	1,128,000	1,944,743	22,222,222	13,872,460	12,222,222	18,222,222	42,222,222	12,222,222	6,222,222	12,222,222	48,222,222	58,222,222	28,222,222	14,222,222	28,222,222	33,222,222	43,222,222	8,222,222	4,222,222	8,222,222	12,222,222	18,222,222	22,222,222	12,222,222	18,222,222	12,222,222	18,222,222	12,222,222
18	Am. for 2nd half of yr	971,842	282,000	1,423,227	4,221,822	3,221,822	2,221,822	4,221,822	12,221,822	3,221,822	1,821,822	4,221,822	16,221,822	19,221,822	10,221,822	6,221,822	12,221,822	15,221,822	20,221,822	4,221,822	2,221,822	4,221,822	6,221,822	12,221,822	8,221,822	3,221,822	4,221,822	3,221,822	4,221,822	12,221,822
19	Half of annual AFUDC rate	8.82%	8.78%	3.82%	8.82%	8.28%	7.11%	7.20%	8.12%	8.10%	8.10%	8.27%	8.39%	8.10%	8.19%	8.29%	8.27%	8.29%	8.42%	8.02%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%	8.04%
20	AFUDC for 2nd half of year	247,803	328,228	810,738	3,048,881	3,222,222	3,478,228	516,457	2,822,221	578,228	822,222	1,228,228	1,048,174	4,228,228	4,228,228	2,228,228	4,228,228	4,228,228	5,228,228	1,228,228	822,228	1,228,228	2,228,228	3,228,228	4,228,228	1,228,228	1,228,228	1,228,228	2,228,228	2,228,228
21	Total AFUDC for the year	510,480	579,555	1,121,221	3,533,428	3,533,428	3,533,428	3,533,428	11,448,055	47,810	1,044,804	1,242,828	3,122,221	2,748,824	1,180,791	721,717	1,212,828	1,828,428	2,228,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428	1,828,428
22	Less interest benefit of other assets not AFUDC	510,480	579,555	381,000	379,000	384,000																								
23				340,221	244,428	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222	222,222
24	Rate of PA & other assets paid.	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	
25	PA FUDC portion of AFUDC	83.70	70.22	21.54	280.828	271.088	272.621	624.748	1,011.728	419.678	186.028	1,081.028	7,287.787	7,427.339	1,097.771	437.781	1,071.821	1,483.788	1,973.281	723.421	127.241	321.081	381.880	693.278	423.218	214.883	292.290	912.823	737.781	

Note: Rate of PA & other assets based on Average PACE to date

SUNOCO PIPELINE L.P.  
(FORMERLY ATLANTIC PIPELINE CORP.)  
PAPUC Tarrif Filing  
Supporting Data

Schedule 10

**AFUDC POST '81 CALCULATIONS - PRODUCTS SYSTEM**  
SM

Description	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1 Equity Service Cost	16.3%	16.5%	16.3%	12.5%	15.8%	15.8%	16.0%	17.5%	14.5%	14.3%	14.1%	13.9%	14.7%	13.1%	13.0%	14.1%	14.8%	13.0%	14.6%	16.6%	15.7%	15.2%	16.0%	24.6%	32.0%	29.1%	33.4%	27.0%	
2 Equity Ratio	64.0%	64.0%	64.0%	64.0%	64.8%	70.3%	69.2%	76.0%	70.5%	72.5%	61.4%	65.6%	61.8%	63.6%	59.3%	59.4%	64.5%	53.2%	54.7%	58.3%	59.5%	59.6%	54.2%	53.4%	47.3%	49.8%	45.9%	41.3%	
3 Equity Portion of AFUDC	10.4%	10.6%	10.4%	8.0%	10.2%	11.1%	11.1%	13.3%	10.2%	10.4%	8.7%	9.1%	9.1%	8.3%	7.8%	8.4%	9.5%	6.9%	8.0%	9.4%	9.3%	9.1%	8.8%	13.1%	15.1%	14.5%	15.3%	11.1%	
4 Debt Service Cost	7.8%	8.7%	8.6%	8.6%	9.2%	10.0%	9.6%	9.0%	8.8%	8.3%	8.5%	8.3%	8.2%	8.2%	8.4%	8.3%	8.3%	7.8%	6.2%	6.1%	6.4%	6.5%	6.6%	4.5%	4.6%	5.1%	5.9%	5.2%	
5 Debt Ratio	36.0%	36.0%	36.0%	35.0%	35.2%	29.7%	30.8%	24.0%	29.5%	27.5%	38.6%	34.4%	35.2%	36.4%	40.1%	40.6%	35.5%	46.8%	45.3%	43.7%	40.5%	40.4%	45.8%	46.6%	52.7%	50.2%	54.1%	58.7%	
6 Debt Portion of AFUDC	2.8%	3.1%	3.1%	3.1%	3.2%	3.0%	3.0%	2.2%	2.6%	2.3%	3.3%	2.9%	3.1%	3.0%	3.4%	3.4%	2.9%	3.6%	2.8%	2.7%	2.6%	2.6%	3.0%	2.1%	2.4%	2.6%	3.2%	3.1%	
7 Weighted Average AFUDC	13.2%	13.7%	13.5%	11.1%	13.5%	14.1%	14.0%	15.6%	12.8%	12.7%	11.9%	12.0%	12.2%	11.3%	11.2%	11.7%	12.9%	10.6%	10.8%	12.0%	11.9%	11.7%	12.8%	15.2%	17.6%	17.1%	18.5%	14.2%	
8 Current Year AFUDC Addition	105	80	121	550	333	310	718	1,145	475	1,014	1,243	3,132	2,746	1,190	722	1,213	1,656	1,582	517	377	748	885	1,569	1,240	489	553	606	1,459	
9 Less: Interest During Constr. Booked	0	0	81	116	94	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Current Year Net AFUDC Additions	105	80	40	434	239	310	718	1,145	475	1,014	1,243	3,132	2,746	1,190	722	1,213	1,656	1,582	517	377	748	885	1,569	1,240	489	553	606	1,459	
11 Remaining Life	23.0	22.0	21.0	20.0	19.0	18.0	17.0	16.0	15.0	14.0	13.0	12.0	11.0	10.0	9.0	8.0	7.0	6.0	5.0	4.0	3.0	2.0	1.0	0.0	0.0	0.0	0.0	0.0	
12 Remaining Life Reciprocal	0.0435	0.0455	0.0476	0.0500	0.0526	0.0556	0.0588	0.0625	0.0667	0.0714	0.0769	0.0833	0.0909	0.1000	0.1111	0.1250	0.1429	0.1667	0.2000	0.2500	0.3333	0.5000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
13 AFUDC Depreciation 84 Additions	3	5	5	5	5	5	5	5	5	5	4	5	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
14 AFUDC Depreciation 85 Additions	2	4	4	4	4	4	4	4	4	4	4	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
15 AFUDC Depreciation 86 Additions		1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
16 AFUDC Depreciation 87 Additions			11	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
17 AFUDC Depreciation 88 Additions				7	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
18 AFUDC Depreciation 89 Additions					9	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
19 AFUDC Depreciation 90 Additions								21	44	44	44	43	44	43	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
20 AFUDC Depreciation 91 Additions									36	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74
21 AFUDC Depreciation 92 Additions										18	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
22 AFUDC Depreciation 93 Additions											36	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
23 AFUDC Depreciation 94 Additions												48	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
24 AFUDC Depreciation 95 Additions													131	273	273	273	273	273	273	273	273	273	273	273	273	273	273	273	273
25 AFUDC Depreciation 96 Additions																													
26 AFUDC Depreciation 97 Additions																													
27 AFUDC Depreciation 98 Additions																													
28 AFUDC Depreciation 99 Additions																													
29 AFUDC Depreciation 00 Additions																													
30 AFUDC Depreciation 01 Additions																													
31 AFUDC Depreciation 02 Additions																													
32 AFUDC Depreciation 03 Additions																													
33 AFUDC Depreciation 04 Additions																													
34 AFUDC Depreciation 05 Additions																													
35 AFUDC Depreciation 06 Additions																													
36 AFUDC Depreciation 07 Additions																													
37 AFUDC Depreciation 08 Additions																													
38 AFUDC Depreciation 09 Additions																													
39 AFUDC Depreciation 10 Additions																													
40 Total AFUDC Depreciation	3	7	10	22	40	55	85	144	198	250	337	520	786	991	1,102	1,234	2,205	2,364	1,978	2,105	2,332	3,061	3,504	3,504	3,504	3,504	3,504	3,504	
41 Ratio of PA & Other States PPTY	83.37%	83.37%	83.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	44.54%	44.54%	44.54%	44.54%	44.54%	51.23%	52.04%	51.11%	51.81%	50.24%	
42 PAPUC Portion of AFUDC Depr.	2	6	9	19	38	49	75	127	175	221	298	493	695	878	974	1091	1943	2089	821	938	1029	1384	1551	1795	1823	1791	1815	1780	

SUNOCO PIPELINE L.P.  
(FORMERLY ATLANTIC PIPELINE CORP.)  
PAPUC Tariff Filing  
Supporting Data

Schedule 18

PRE '84 AFUDC CALCULATIONS - PRODUCTS SYSTEM  
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Description	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
1 Pre 1984 AFUDC	1055																													
2 Remaining Years		23.0	22.0	21.0	20.0	19.0	18.0	17.0	16.0	15.0	14.0	13.0	12.0	11.0	10.0	9.0	8.0	7.0	6.0	5.0	4.0	3.0	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Remaining Years Reciprocal		0.0435	0.0455	0.0478	0.0500	0.0526	0.0555	0.0588	0.0625	0.0667	0.0714	0.0769	0.0833	0.0909	0.1000	0.1111	0.1250	0.1429	0.1667	0.2000	0.2500	0.3333	0.5000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4 Pre '84 AFUDC Depreciation		46	48	50	53	56	59	62	66	70	75	81	88	96	106	117	132	151	178	211	254	352	528	1055	0	0	0	0	0	0
5 Ratio of PA & NY PPTY	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	88.37%	44.54%	44.54%	44.54%	44.54%	44.54%	51.23%	52.04%	51.11%	51.81%	50.24%	
6 PAPUC Portion of AFUDC	932																													
6 PAPUC Portion of AFUDC Depr.		41	42	44	47	49	52	55	58	62	67	72	78	85	93	104	117	133	155	84	117	157	235	470	0	0	0	0	0	

## SUNOCO PIPELINE L.P. – CUSTOMERS IMPACTED BY TARIFF CHANGES (in cents/bbl)

Company	Origin	Destination	2011 Shipments	Current Tariff	Proposed Increase	Proposed Tariff
Buckeye Energy	Point Breeze	Macungie	64,656	62.09	4.10	66.19
Buckeye Energy	Point Breeze	Williamsport	59,911	75.82	4.93	80.75
Buckeye Energy	Twin Oaks	Malvern	122,826	40.57	2.68	43.25
Buckeye Energy	Twin Oaks	Northumberland	1,875	96.35	0.00	96.35
ExxonMobil	Point Breeze	Northumberland	2,499	71.65	4.73	76.38
Griffith Oil	Point Breeze	Williamsport	147,838	75.82	4.93	80.75
Gulf Oil, L.P.	Point Breeze	Williamsport	15,000	75.82	4.93	80.75
Morgan Stanley Capital Group	Twin Oaks	Chelsea	401,339	8.20	0.56	8.76
Petroleum Products Corp	Point Breeze	Northumberland	2,351,319	71.65	4.73	76.38
Sunoco Inc.	Various	Various	34,434,657			
<b>Total</b>			<b>37,601,920</b>			

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# FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

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## NEWS RELEASE

### NEWS MEDIA CONTACT:

Tamara Young-Allen  
202-502-8680

### FOR IMMEDIATE RELEASE

May 4, 2005  
Docket Nos. PL05-5-000,  
ER05-17-001

## COMMISSION ADOPTS POLICY STATEMENT ON INCOME TAX ALLOWANCES FOR REGULATED ENTITIES

The Federal Energy Regulatory Commission today adopted a policy to permit cost-of-service rates to reflect actual or potential income tax liability for all public utility assets, regardless of the form of ownership.

The policy statement stems from public comments received in response to the Commission's Request for Comments issued in December 2004 in Docket No. PL05-5-000. The Commission requested comments as the result of an opinion issued by the U.S. Court of Appeals for the District of Columbia Circuit in *BP West Coast Products, LLC v. FERC*. That opinion remanded the Commission's decisions on tax allowance treatment in an oil pipeline rate proceeding involving SFPP, L.P.

The Request for Comments asked whether the court's ruling applied only to the specifics of SFPP's case or extended to other capital structures involving partnerships and other forms of ownerships.

In the policy statement, the Commission concluded the court's opinion has broader implications for other proceedings and FERC's other regulated entities.

Under the policy, all entities or individuals owning public utility assets would be permitted an income tax allowance on the income from those assets, provided that they have an actual or potential income tax liability on that public utility income. Thus, a taxpaying corporation, partnership, limited liability corporation, or other pass-through entity would be permitted an income tax allowance on the income imputed to the corporation, or to the partners or the members of pass-through entities, provided that the corporation or the partners or the members have an actual or potential income tax liability on that income.

R-05-20

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Any pass-through entity seeking an income tax allowance in a specific rate proceeding should establish that its partners or members have an actual or potential income tax obligation on the entity's public utility income. If any of the partners or members does not have such an actual or potential income tax obligation, the amount of any income tax allowance will be reduced accordingly to reflect the weighted income tax liability of the entity's partners or members.

In a separate ruling, the Commission denied two rehearing requests of a December 2004 order that accepted and suspended a transmission revenue requirement and proposed tariff filed by Trans-Elect NTD Path 15, LLC, subject to the outcome of the policy statement proceeding in Docket No. PL05-5-000. The Commission permitted Trans-Elect to retain its income tax allowance if it can demonstrate in a compliance filing required by the order that it meets the standard for an allowance set out in the policy statement.

R-05-20

-30-

**Energy Currents: "FERC Issues Order Favorable to MLPs On Income Tax Allowance"**

December 20, 2005

In a case in which Vinson & Elkins represented SFPP, L.P., the Federal Energy Regulatory Commission (FERC) issued an order on December 16, 2005, among other things, applying its "Policy Statement on Income Tax Allowances" to certain of SFPP's interstate rates. Overall, FERC's rulings on Income Tax Allowance (ITA) are favorable to SFPP, an oil pipeline owned by a master limited partnership (MLP).

— FERC concluded that if a partner is required to file a Form 1040 or Form 1120 return that includes partnership income or loss, the partner has an actual or potential income tax liability for the partnership meaning that the requirement alone is sufficient to carry the burden of proof for the regulated entity that an ITA will be appropriate if certain other requirements are met, as discussed below (p. 28).

— FERC adopted a presumption that corporate partners owning interests in SFPP or KMEP pay a marginal income tax rate of 35% (p. 30) and adopted a presumption of 28% marginal income tax bracket for entities other than those filing a Form 1120 and for entities deemed to have unrelated business taxable income (UBTI) (p. 32). Municipalities and other exempt entities are presumed to have a marginal income tax rate of zero. The weighted marginal income tax bracket of the different unitholders is to be used to determine the ITA (p. 34). FERC left open the opportunity to provide evidence that the income tax rate should be other than the presumptive rates (p. 32).

— FERC found that multiple levels of ownership will not foreclose the grant of an ITA as long as a partner that is subject to an actual or potential income tax level can be identified by the regulated entity (p. 33).

— With respect to allocations which are different than in accordance with percentage ownership, FERC concluded that since the Policy Statement holds that any ITA should be based on the income tax imputed to the partners and any such allocations required by the IRS rationally reflect the current economic value of the assets a partner contributes, such allocations should be reflected in determining the ITA (p. 39).

— FERC concluded that it is SFPP's prerogative to allocate income and losses among its partners as it chooses as long as the maximum income tax rate imputed to individuals does not exceed the maximum corporate income tax rate (p. 43).

— FERC rejected arguments that were indirect attacks on FERC's Policy Statement, including that a partnership may not receive an ITA because it does not pay income taxes, that an ITA will result in over-recovery of a partnership's cost-of-service, that FERC created a "phantom" ITA to encourage investment, and that granting an ITA to a pass-through entity will result in ratepayer costs beyond those that are incurred through the corporate ownership form (pp. 16 and 17).

— FERC concluded that it was premature to determine if SFPP meets the Policy Statement's ITA standard and that further evidence, in the form of a compliance filing, was necessary for such a determination. Below are the guidelines for the ITA evidence:

A) SFPP must separate its partners (unitholders) into the following six categories and include supporting detail of the unitholders within each category: (1) C corporations; (2) individuals; (3) mutual funds; (4) pension funds, IRAs, Keogh Plans, and other entities that do not pay taxes but have taxpaying beneficiaries or owners; (5) entities in category (4) that may be taxpaying entities due to UBTI; and (6) exempt entities, such as municipalities. Pass-through entities should identify the nature of the entity or individual ultimately subject to an actual or potential ITA and categorize the responsible entities or individuals (p. 45).

B) SFPP must calculate the percentage of taxable partnership income imputed to each group and must develop a weighted ITA to be used in its cost of service (p. 46).

C) FERC required preparation of supporting affidavits explaining the methodology chosen and inclusion of workpapers. If a statistical approach is used, SFPP must explain why the sample is statistically valid or why any failures to meet the Order's standards are not statistically relevant.

**Sunoco Pipeline L.P.**  
**Information Required by 52 PA Code § 53.52**

**Introductions:** Sunoco Pipeline L.P. provides liquid petroleum product transportation service to seven (7) intrastate shipper/customers in the Commonwealth of Pennsylvania under the jurisdiction of the Pennsylvania Public Utility Commission. All of Sunoco Pipeline's shipper/customers have alternative methods of delivery.

Each of the Partnership's customers has been advised of this filing and does not object to it. A FERC tariff filing is expected to be made at the end of May 2012 and is not anticipated to draw any protests as it will increase FERC rates by a small percentage. The FERC jurisdictional rates are expected to be higher than the PUC rates being proposed by Tariff No. 15.

Sunoco Pipeline L.P. submits herewith the data required by 52 PA Code § 53.52 in support of its Tariff Pipeline – PA PUC No. 15.

**53.52 (a)**

**Request:** Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission, with the tariff, revision or supplement statements showing all of the following:

**53.52 (a) (1)**

**Request:** *The specific reasons for each change.*

**Response:** The changes proposed in Tariff No. 15 are below the rates that FERC is expected to permit to become effective for interstate service on July 1, 2012. Please refer to Section 53.52 (b) (1), infra, and Section III, supra, which are incorporated herein by reference, for the specific reasons underlying the proposed tariff modification.

**53.52 (a) (2)**

**Request:** The total number of customers served by the utility.

**Response:** During 2011, seven (7) customers were served by the utility in intrastate (PUC) shipments.

**53.52 (a) (3)**

**Request:** A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

**Response:** Seven (7) customers will be affected by the changes in tariff (see Schedule 11).

**53.52 (a) (4)**

**Request:** The effect of the change on the utility's customers.

**Response:** The proposed rate is an overall increase of 4.0% or 0.063¢/gallon transported.

**53.52 (a) (5)**

**Request:** The direct or indirect effect of the proposed change on the utility's revenues and expenses.

**Response:** The increase is designed to generate an additional \$999,954 annually to help offset the increases in costs that have occurred over the last ten years. Five percent of that additional revenue will be paid to the Commonwealth in gross receipts tax (\$50,000).

**53.52 (a) (6)**

**Request:** The effect of the change on the service rendered by the utility.

**Response:** The Company expects a positive effect on the service rendered, in that the increase will enable it to continue the high level of reliable, environmentally responsible service it has traditionally provided to its customers.

53.52 (a) (7)

**Request:** A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 PA C.S. § 1308 (relating to voluntary changes in rates).

**Response:** Not applicable.

53.52 (a) (8)

**Request:** Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 PA C.S. § 1308.

**Response:** Not applicable.

53.52 (a) (9)

**Request:** Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible opposition, an explanation of why the change is in the public interest shall be provided.

**Response:** Please refer to Section II.C, supra, which is incorporated herein by reference.

53.52 (a) (10)

**Request:** Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

**Response:** The Company has already contacted each customer and reviewed the proposed increase with the customer and will implement the changes in accordance with Commission orders.

**53.52 (a) (11)**

**Request:** F.C.C., F.E.R.C. or Commission orders or rulings applicable to the filing.

**Response:** As previously indicated, the FERC permitted corresponding changes to become effective for interstate service on July 1, 2011. A copy of the FERC filing may be found in Appendix 4 infra. A further FERC filing in late May 2012 to become effective on July 1, 2012 will be made to adjust interstate rates for 2012-2013. Please refer to Section III supra.

**53.52 (b)**

**Request:** Whenever a public utility other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revisions or supplement which will increase or decrease the bills to its customers, it shall submit in addition to the requirements of subsection (a), to the Commission, with the tariff, revision or supplement, statements showing all of the following:

**53.52 (b) (1)**

**Request:** The specific reasons for each increase or decrease.

**Response:** Tariff No. 14 is designed to produce \$999,954 in additional annual revenues, an increase of approximately 4.0% based upon the 12-month adjusted historic test year ended December 31, 2011.

The specific reasons for the proposed rate increase are as follows:

- (1) To establish intrastate rates that correspond to but are lower than the FERC rates expected to be effective on July 1, 2012.
- (2) To provide a return on plant additions since the Company's last general rate increase, including the need to comply with safety regulations and to allow the Company to continue its line testing, preventative maintenance and capital programs to assure continued safe, reliable and environmentally prudent operations.
- (3) To provide an opportunity to achieve a modest loss of -1.8% on property devoted to intrastate public service.

The Company's currently effective rates are neither adequate nor sufficient. Based upon the December 31, 2011 test year level of operations, Sunoco Pipeline L.P.'s return on original cost at present rates is -2.9% (see Schedule 2 herein).

The proposed rates are calculated to produce \$999,954 in additional annual revenues which, as previously indicated, will produce an opportunity to earn a loss of -1.8% on original cost at the adjusted test year level of operations.

Clearly, the proposed rates are not excessive.

53.52 (b) (2)

**Request:** The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing.

**Response:** Please refer to Schedule 2, page 13, supra, which is incorporated herein by reference.

53.52 (b) (3)

**Request:** A calculation of the number of customers, by tariff subdivisions, whose bills will be increased.

**Response:** Assuming the same volumes as 2011, the bills of seven (7) shipper/customers will be increased (see Schedule 11 herein).

53.52 (b) (4)

**Request:** A calculation of the total increases, in dollars, by subdivision, projected to an annual basis.

**Response:** Please refer to Schedule 4, page 13, supra, which is incorporated herein by reference, for a proof of revenues at present and proposed rates.

53.52 (b) (5)

**Request:** A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

**Response:** No customers will experience a rate decrease.

53.52 (b) (6)

**Request:** A calculation of the total decreases, in dollar, by tariff subdivision, projected to an annual basis.

**Response:** None

53.52 (c)

**Request:** If a public utility files a tariff, revision or supplement which it is calculated will increase the bills of a customer or a group of customers by an amount, when projected to an annual basis, exceeding 3% of the operating revenues of the utility – subsection (b) (4) divided by the operating revenues of the utility for a 12-month period as defined in subsection (b)(2) – or which it is calculated will increase the bills of 5% or more of the number of customers served by the utility – subsection (b)(3) divided by subsection (a) (2) – it shall submit to the Commission with the tariff, revision or supplement, in addition to the statements required by subsections (a) and (b), all of the following information:

53.52 (c) (1)

**Request:** A statement showing the utility's calculation of the rate of return earned in the 12-month period referred to in Subsection (b) (2) and the anticipated rate of return to be earned when the tariff, revision or supplement become effective. The rate base used in this calculation shall be supported by summaries of original cost.

**Response:** Please refer to Schedule 2, page 11, supra, which is incorporated by reference, for the pro forma rates of return at present and proposed rates. Please refer to Schedule 1, page 10, supra, which is incorporated by reference for the rate base computation.

53.52 (c) (2)

**Request:** A detailed balance sheet of the utility as of the close of the period referred to in Subsection (b) (2).

**Response:** Please refer to Appendix 5, infra, which is incorporated herein by reference.

53.52 (c) (3)

**Request:** A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (2).

**Response:** Please refer to Schedule 1, page 10, supra, which is incorporated by reference.

53.52 (c) (4)

**Request:** A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).

**Response:** Please refer to Schedule 1, page 10, supra, which is incorporated by reference.

53.52 (c) (5)

**Request:** A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the date of the balance sheet required by paragraph (2).

**Response:** Please refer to Schedule 2, page 11, supra, and Schedule 4, page 13 and Schedule 7, page 16, supra, which are incorporated herein by reference.

53.52 (c) (6)

**Request:** A brief description of a major change in the operating or financial condition of the utility occurring between the dates of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1) – (5).

**Response:** There have been no major changes in the operating or financial condition of the utility occurring between the date of the information supplied and the date of transmittal of Tariff Pipeline – PA PUC No. 15.

53.52 (d)

**Request:** If a utility renders more than one type of public service, such as electric and gas, information required by 53.51 – 53.53; *relating to information furnished with the filing of rate changes, except subsection (c) (2), relates solely to the kind of service to which the tariff or tariff supplement is applicable. In subsection (c) (2), the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.*

**Response:** Sunoco Pipeline L.P. provides only liquid petroleum products transportation service.

**Tariff Pipeline - Pa. P.U.C. No. 15**  
**Cancels Tariff Pipeline - Pa. P.U.C. No. 14**

# **SUNOCO PIPELINE L.P.**

## **LOCAL TARIFF**

Applying On

**The Intrastate Transportation of  
Petroleum Products  
Within  
Pennsylvania**

The rates contained herein are for the intrastate transportation of petroleum products by pipeline, and are governed by the rules and regulations published in Sunoco Pipeline L.P.'s Tariff Pipeline - Pa. P.U.C. No. 8, supplements thereto and successive reissues thereof.

**ISSUED: APRIL 30, 2012**

**EFFECTIVE: JULY 1, 2012**

Issued by:  
**Michael J. Hennigan, President**  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
1818 Market Street, Suite 1500  
Philadelphia, PA 19103

Compiled by:  
**John Snowden**  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
1818 Market Street, Suite 1500  
Philadelphia, PA 19103  
(215) 977-3807  
tariffs@sunocologistics.com

[I] ALL RATES ARE INCREASED UNLESS OTHERWISE NOTED.

TO		TRUNK RATE		
		FROM		
		Point Breeze, Philadelphia County, Pennsylvania	Montello, Berks County, Pennsylvania (Laurel Pipeline Company)	Twin Oaks, Delaware County, Pennsylvania
POINTS IN PENNSYLVANIA	COUNTY	Rate in Cents per Barrel of 42 U.S. Gallons		
Blawnox Chelsea Delmont	Allegheny Delaware Westmorland	91.72	66.91	8.76 [U] 105.96
Eldorado	Blair	82.71 59.06 (A) 68.72 52.21 (A)	60.19 49.25	[U] 94.58
Exton	Chester	48.77		[U] 63.88
Fullerton	Lehigh	70.28		[U] 71.24
Icedale	Chester			[U] 43.12
Kingston	Luzerne	82.10		[U] 109.27
Macungie	Lehigh	66.19		[U] 72.35
Malvern	Chester			43.25
Mechanicsburg	Cumberland	60.24		[U] 83.57
Montello	Berks	47.68		[U] 73.74
Northumberland	Northumberland	76.38	51.03	[U] 96.35
[C] Philadelphia-Jet Pittsburgh	[C] Philadelphia Allegheny	[C] 25.09 87.67 64.08 (A)		[U] 108.32
Tamaqua	Schuylkill	[U] 78.50		[U] 104.82
Twin Oaks	Delaware			
Williamsport	Lycoming	80.75	63.13	[U] 106.80
Willow Grove	Montgomery			[U] 50.82
		Salem Westmoreland County, Pennsylvania (Laurel Pipeline Company)	Chelsea, Delaware County, Pennsylvania	
Blawnox Delmont Pittsburgh Willow Grove	Allegheny Westmorland Allegheny Montgomery	[U] 19.82 [U] 14.86 [U] 17.61		[U] 44.04

(A) INCENTIVE RATES: Incentive Rates shall apply when Shipper's collective shipments from Point Breeze, Montello, and Twin Oaks to Blawnox, Delmont, Eldorado, Mechanicsburg, and Pittsburgh exceed 14,442,000.

Explanation of Reference Marks:

[C] Cancelled [I] Increased Rate [U] Unchanged Rate

ISSUED: APRIL 30, 2012

EFFECTIVE: JULY 1, 2012

### Appendix 3 – Notice of Proposed Rate Changes

Dear Shipper:

Sunoco Pipeline L.P. (herein referred to as "Company") is filing a request with the Pennsylvania Public Utility Commission (herein referred to as "PUC") to increase your rates for the shipment of petroleum products as of July 1, 2012. This notice describes the Company's rate request, the PUC's role, and what action you can take.

The Company has requested an overall rate increase of \$999,954 per year (4.0%). If the Company's entire request is approved, the cost of service on the Company's average barrel of throughput will increase approximately 0.063¢/gallon. The proposed tariff modifications are below the tariff modifications for interstate shipments which will be filed with the Federal Energy Regulatory Commission, for service effective July 1, 2012. Rising expenses and capital investment have made it necessary to pursue this rate increase.

To find out how the requested rates may affect your bill, contact the Company at (215) 977-3822. The rates requested by the Company may be found in Tariff Pipeline PA PUC No. 15. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at the Company's office. Upon request, the Company will send you the Statement of Reasons for Tariff No. 15 explaining why the rate increase has been requested.

The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the increase requested by the utility for each rate schedule. As a result, the rate charged to you may be different than the rate requested by the Company and discussed above.

There are three ways to challenge the Company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in the hearings about the rate increase request. All complaints should be filed with the PUC before July 1, 2012. If no formal complaints are filed, the PUC may grant all, some or none of the request without holding a hearing before a judge.
2. You can send the PUC a letter stating why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC

aware of problems with the Company's service or management. This information can be helpful when the PUC investigates the rate request.

Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105.

3. You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the Company's rate increase request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the Company's representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Company.

For more information, call the PUC at 1-800-692-7380. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case.

Sunoco Pipeline L.P.

By: \_\_\_\_\_  
Charles E. Maser  
Asset Manager, Business Development

**SUNOCO PIPELINE L.P.**  
**LOCAL PROPORTIONAL PIPELINE TARIFF**

Applying On  
**PETROLEUM PRODUCTS**

From Points In  
**Michigan, New Jersey, New York, Ohio, Pennsylvania, and the International Boundary  
near Marysville, MI**  
To Points In  
**Michigan, New Jersey, New York, Ohio, Pennsylvania, and the International Boundary  
near Marysville, MI**

**[N] The tariff rate increases contained herein are filed in compliance with 18 CFR §342.3  
(Indexing).**

Governed, except as otherwise provided herein, by the rules and regulations published in Sunoco Pipeline L.P.'s F.E.R.C. Tariff No. 189.0.0, supplements thereto and successive issues thereof.

Certain rates included in this tariff, as noted in the tables of rates, are market-based pursuant to Commission orders in Docket No. OR05-7-000, issued on January 19, 2006, and on March 30, 2007.

~~[C] Issued on 5 twenty nine (5-29) days' notice under authority of 18 CFR §341.14 (Special Permission).  
This tariff is conditionally accepted subject to refund pending a 30 day review period.~~

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

**ISSUED: MAY 31, 2011**

**EFFECTIVE: JULY 1, 2011**

Issued by:  
Michael J. Hennigan, President  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
1818 Market Street, Suite 1500  
Philadelphia, PA 19103

Compiled by:  
John Snowden  
Sunoco Logistics Partners  
Operations GP LLC, the General Partner of  
Sunoco Pipeline L.P.  
1818 Market Street, Suite 1500  
Philadelphia, PA 19103  
(215) 977-3807  
tariffs@sunocologistics.com

**SUNOCO PIPELINE L.P.**

**F.E.R.C. No. 175.2.0**

**[U] INCREASED. ALL RATES ARE INCREASED UNLESS NOTED.**

TO		TRUNK RATE			
		FROM			
		Malvern, Chester County, Pennsylvania	Montello, Berks County, Pennsylvania (Laurel Pipeline Company)	Point Breeze, Philadelphia County, Pennsylvania	Twin Oaks, Delaware County, Pennsylvania
Points in NEW YORK	COUNTY	Rate in Cents per Barrel of 42 U.S. Gallons			
Big Flats (c)	Chemung	154.90	115.91	125.58	162.79
Binghamton (c)	Broome	195.19 (a)		161.24	183.59
Buffalo (c)	Erie	[U] 161.10	164.97	182.80	211.07
Rochester (c)	Monroe	[U] 146.50	149.36	167.22	195.47
Syracuse (c)	Onondaga	213.03 (a)		179.07	201.42
<b>Points in OHIO</b>					
Akron (a)	Summit	229.01	171.31	194.66	217.27
Youngstown (a)	Mahoning	212.57	154.88	178.24	200.80
<b>Points in PENNSYLVANIA</b>					
Blawnox	Allegheny	160.86	103.17	126.52	149.11
Delmont	Westmoreland	111.94	[U] 69.75	95.61	121.96
Eldorado (c)	Blair	97.67	[U] 56.31	79.53	106.29
Icedale	Chester	55.46	37.64	54.97	43.69
Exton	Chester	79.54 (a)		52.71	67.78
Fullerton	Lehigh	88.85 (a)		78.62	79.98
Kingston	Luzerne	105.52	62.48	90.71	115.55
Macungie	Lehigh	84.82 (a)		73.78	76.35
Malvern	Chester				43.69
Mechanicsburg	Cumberland	83.34	45.18	65.51	93.36
Montello	Berks	80.97	16.55	54.97	79.74
Northumberland (c)	Northumberland	96.90	60.19	80.24	105.54
Philadelphia Jct.	Philadelphia			36.29	
Pittsburgh	Allegheny	114.96	79.07	102.41	124.99
Tamaqua	Schuylkill		51.99		
Williamsport (c)	Lycoming	110.47	74.35	86.21	118.94
Point Breeze	Philadelphia			10.46	

**SUNOCO PIPELINE L.P.**

**F.E.R.C. No. 175.2.0**

**[U] INCREASED. ALL RATES ARE INCREASED UNLESS NOTED.**

TO		TRUNK RATE		
		FROM		
		Caledonia, Livingston County, New York (Buckeye Pipe Line Company) (c)	Newark, Essex County, New Jersey (Colonial) (c)	Twin Oaks, Delaware County, Pennsylvania
Points in NEW YORK	COUNTY	Rate in Cents per Barrel of 42 U.S. Gallons		
Buffalo	Erie	[U] 52.85		
Rochester	Monroe	16.55		
Points in NEW JERSEY	COUNTY			
Linden-Sunoco	Union			70.02
Newark	Essex		16.96	70.02
Piscataway	Middlesex			68.53
Points in PENNSYLVANIA	COUNTY			
Chelsea	Delaware			9.51

**[N] INCREASED. ALL RATES ARE INCREASED UNLESS NOTED.**

TO		TRUNK RATE			
		FROM			
		Chelsea, Delaware County, Pennsylvania	Girard Point, Philadelphia County, Pennsylvania	Linden, Union County, New Jersey (Harbor PL) (c)	Woodbury, Gloucester County, New Jersey
Points in NEW JERSEY	COUNTY	Rate in Cents per Barrel of 42 U.S. Gallons			
[N] <u>Eagle Point</u>	[N] <u>Gloucester</u>		[N] 33.87		
Linden-Sunoco	Union	70.02	58.81	21.76 (a)	
Linden-Harbor	Union		49.77		31.63
Newark	Essex	70.02	70.02 (a)	26.58 (a)	
Piscataway	Middlesex	68.53			
Woodbury	Gloucester		18.15		

# SUNOCO PIPELINE L.P.

F.E.R.C. No. 175.2.0

[I] INCREASED. ALL RATES ARE INCREASED UNLESS NOTED.

TO		TRUNK RATE					
		FROM					
		Joan Junction, Wayne County, MI	Marysville, St. Clair County, MI	Salem, Westmorland County, PA (Laurel Pipeline Company)	The International Boundary near Marysville, MI (c)	Toledo, Lucas County, OH	Taylor, Wayne County, MI (d)
Points in MICHIGAN	COUNTY	Rate in Cents per Barrel of 42 U.S. Gallons					
Joan Jct.	Wayne					43.98	
Marysville	St. Clair				21.55	143.09 (b)	
River Rouge	Wayne	30.04 (c)			108.51	68.53	
Taylor	Wayne		97.13		108.51	53.40	
Points in OHIO	COUNTY						
Akron (a)	Summit			94.96			
Toledo	Lucas		102.88		108.51		
Youngstown (a)	Mahoning			78.53			
Points in PENNSYLVANIA	COUNTY						
Blawnox	Allegheny			48.20		179.98	
Delmont	Westmorland			10.46		179.98	
Pittsburgh	Allegheny			14.23		179.98	
Vanport	Beaver					134.03	
The International Boundary near Marysville, MI (c)	St. Clair		21.55			141.95 (b)	108.51

[C] See Notes on Page 4 for explanations and exceptions

**NOTES:**

- (a) Movements will be made only when operating conditions permit and capacity is available.
- (b) Movements will be made primarily during the period April through September, and at other times only as operating conditions permit.
- (c) Non Market-based rate, all other rates are market-based rates.
- (d) Movements from Taylor to the International Boundary will be made on a space available basis. Movements from Taylor to the International Boundary will be subject to a ten cents per barrel (10.0¢/barrel) trans-shipment through tankage fee.

**EXPLANATION OF REFERENCE MARKS:**

- [C] CANCELLED
- [I] INCREASED
- [N] NEW
- [U] UNCHANGED
- [W] CHANGE IN WORDING ONLY

**Sunoco Pipeline L.P.  
Balance Sheet in Support of  
Tariff Pipeline PA PUC No. 15  
December 31, 2011**

Accounts Receivable	2,405
Inventory -- Materials and Supplies	23
Land	1,129
Property, Plant and Equipment	154,593
Accumulated Depreciation	<u>(68,798)</u>
<b>Net Book Value</b>	<b>85,795</b>
AFUDC (Net)	<u>-</u>
<b>Total Assets</b>	<b>89,353</b>
Accounts Payable	2,405
Long Term Debt	43,837
Stockholder's Equity	<u>43,110</u>
<b>Total Liabilities and Equity</b>	<b>89,353</b>

There is not a separate Balance Sheet for the Pennsylvania PUC. There is a Balance Sheet for the Refined Products Pipeline System. A Balance Sheet has been created for the Pennsylvania PUC by extracting the PUC information from the overall Balance Sheet.

**RECEIVED**

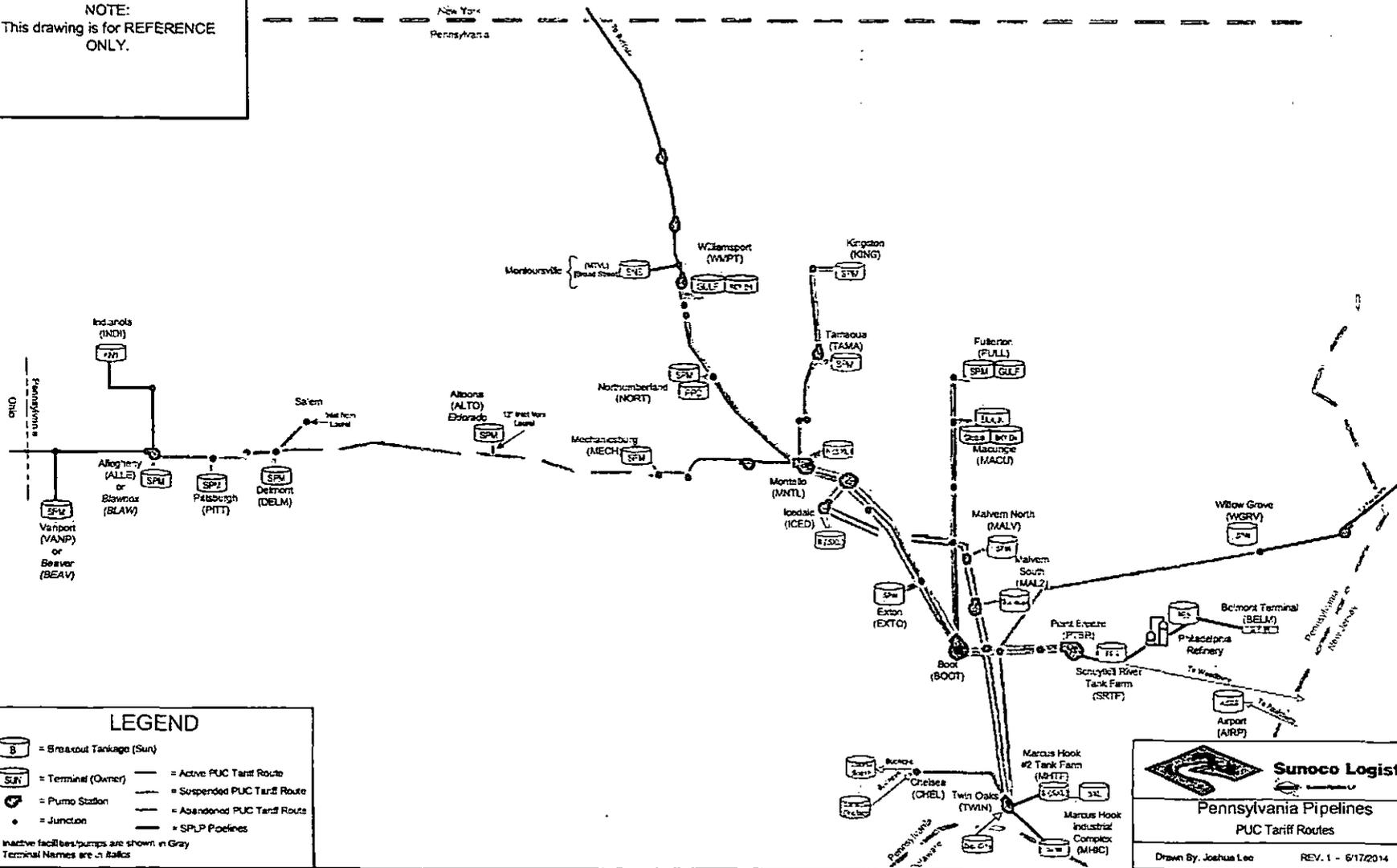
**JUN 19 2014**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**EXHIBIT "C"**

NOT TO SCALE

NOTE:  
This drawing is for REFERENCE ONLY.



LEGEND

- = Breakout Tankage (SUN)
  - = Terminal (OWNER)
  - = Pump Station
  - = Junction
  - = Active PUC Tariff Route
  - = Suspended PUC Tariff Route
  - = Abandoned PUC Tariff Route
  - = SPLP Pipelines
- Inactive facilities/pumps are shown in Gray  
Terminal Names are in Italics

**Sunoco Logistics**

**Pennsylvania Pipelines**  
PUC Tariff Routes

Drawn By: Joshua Lee REV. 1 - 6/17/2014

**RECEIVED**

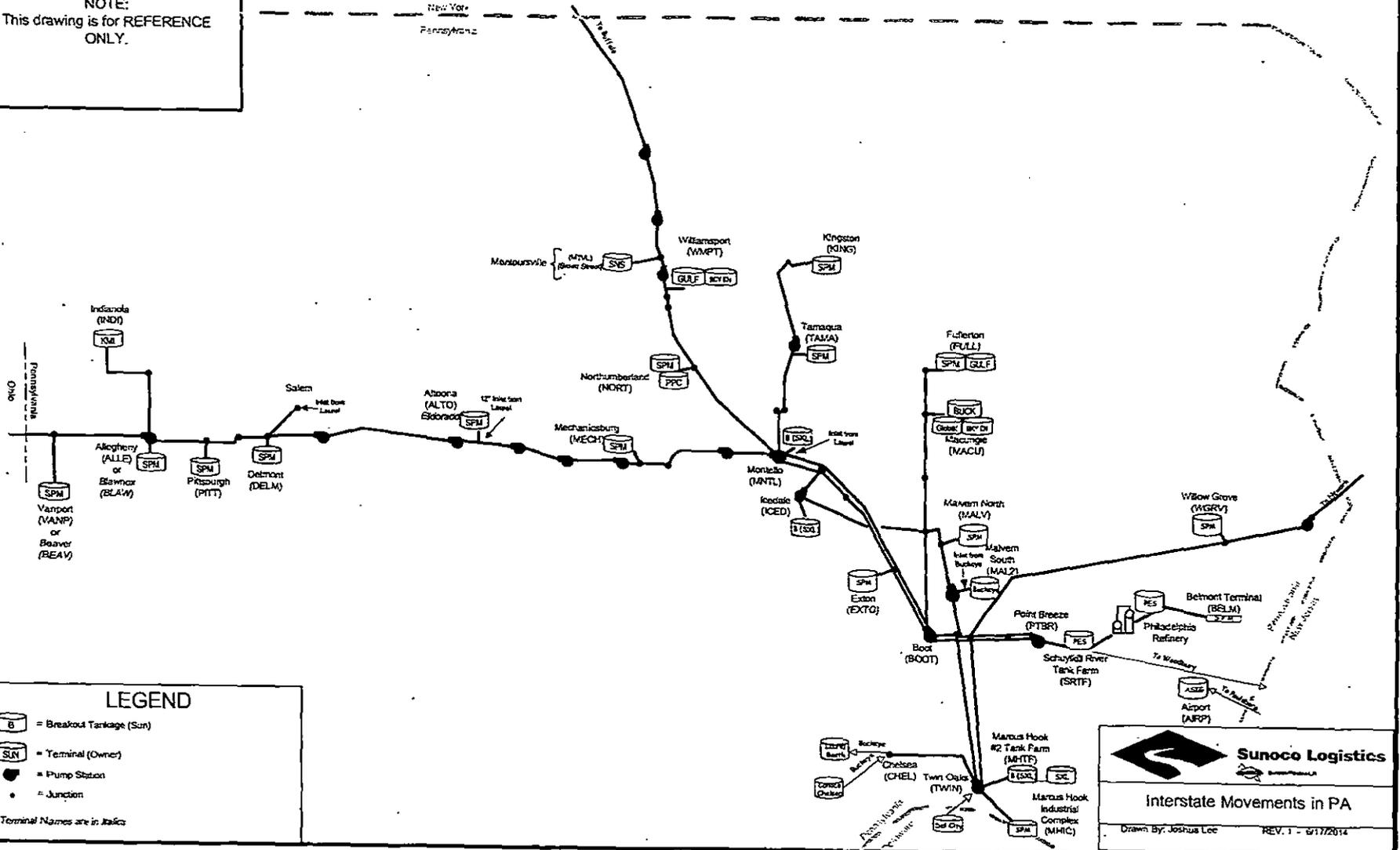
**JUN 19 2014**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**EXHIBIT "D"**

NOT TO SCALE

NOTE:  
This drawing is for REFERENCE ONLY.



LEGEND

- = Breakout Tankage (Sun)
- = Terminal (Owner)
- = Pump Station
- = Junction

Terminal Names are in Italics

**Sunoco Logistics**

Interstate Movements in PA

Drawn By: Joshua Lee      REV. 1 - 01/7/2014

**VERIFICATION**

Harry J. Alexander deposes and says, subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities), that the facts set forth below and in the foregoing Answer to the Preliminary Objections of the Delaware Riverkeeper Network are true and correct to the best of his knowledge information and belief:

1. I am Vice President, Business Development of Sunoco Pipeline L.P., and I am duly authorized to and do make this Verification on behalf of SPLP.
2. The Marcus Hook Industrial Complex is situated within both Marcus Hook, Pennsylvania and Claymont, Delaware, with most of the facility being located on the Pennsylvania side. For the intrastate service described in the Amended Petitions, SPLP will construct and use facilities that are solely in Pennsylvania. Interstate shipments, by contrast, will be routed using different pipes that cross the part of the Marcus Hook Industrial Complex that lies in Delaware. For the Mariner East Project, shippers accepting delivery of an intrastate shipment will take delivery at the truck racks at the Marcus Hook Industrial Complex, in Marcus Hook, Pennsylvania. All *intrastate* shipments will be routed entirely within Pennsylvania.
3. Ethane is commonly used as feedstock for the production of ethylene. Without a reliable, firm supply of ethane, companies in the Northeast that produce ethylene are unwilling to invest the billions of dollars required to construct and operate the ethylene "crackers". Consequently, the only markets that currently exist for ethane are either abroad or along the Gulf Coast where there are ethylene crackers, and SPLP's initial focus was to ensure that take-away capacity for ethane. The Mariner East project will benefit the public interest in Pennsylvania by creating the transportation infrastructure required to bring the supply of ethane to market. Once the pipeline is operational, an essential foundation will have been laid so that "major markets in the Northeast United States" for ethane can then develop, including opportunities within Pennsylvania at the Marcus Hook Industrial Complex.

4. In 2010 and now, there is a major market for propane in the Northeast United States, and in Pennsylvania in particular, where consumers still rely on this critical fuel for residential heating. In response to shipper interest, SPLP has accelerated its plans to provide *intrastate* shipments of propane, including making such intrastate shipments from Mechanicsburg to Twin Oaks during the 2014-2015 winter season.
5. Upon completion of the first phase of *Mariner East*, approximately 40,000 barrels per day transported on the pipeline are expected to be ethane, and approximately 25,000 barrels per day are expected to be propane. Both interstate and intrastate shipments of propane will be available for shippers to satisfy demand in Pennsylvania and in the Northeast United States.
6. Utilizing the same pipeline to provide both *intrastate* and *interstate* service generates economies of scale and scope, benefiting *intrastate* and *interstate* shippers, their customers, and the public at large.

7. The Mariner East Project will benefit the public by: (1) providing take away capacity for natural gas liquids produced from the Marcellus Shale, allowing these valuable resources to reach commercial markets and promoting the continued growth and development of Pennsylvania's oil and gas industry; (2) ensuring that the route to the market remains within the Commonwealth as opposed to the Gulf Coast, so that the Marcus Hook Industrial Complex can become a Northeast hub for the distribution of natural gas liquids to local, regional, national or international markets; (3) anchoring the revitalization of the Marcus Hook Industrial Complex, so that jobs and economic opportunities can be created in southeastern Pennsylvania; (4) providing intrastate transportation capacity for propane, so that shippers can arrange reliable, safe, and economical transportation of propane during the winter season, when demand for propane peaks and existing transportation alternatives are inadequate and (5) providing an increased supply of propane to the market which will allow consumers, including Pennsylvania residents, to benefit from lower cost propane during the winter season. As regards the two latter benefits, the Commission should note that the estimated 5,000 barrels equate to approximately 25 additional transport truckloads per day and represent approximately 25% of the demand for propane in Pennsylvania.



**HARRY J. ALEXANDER**

DATED: June 18, 2014

**CERTIFICATE OF SERVICE**

I hereby certify that on this 18<sup>th</sup> day of June, 2014 cause a true copy of the foregoing document to be served upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**RECEIVED**

**Via First Class Mail**

Honorable Elizabeth H. Barnes  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
*Also via email*

Honorable David A. Salapa  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
*Also via email*

JUN 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Tanya McCloskey, Esquire  
Aron J. Beatty, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place – 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1921

Johnnie Simms, Esquire  
Bureau of Investigation and Enforcement  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17120

Aaron Stemplewicz, Esquire  
925 Canal Street  
Suite 3701  
Bristol, PA 19007  
**Representing Delaware River Keeper  
Network**

John R. Evans, Esquire  
Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

Margaret A. Morris, Esquire  
Reger Rizzo & Darnall  
2929 Arch Street  
13th Floor  
Philadelphia, PA 19104  
**Representing East & West Goshen  
Township**

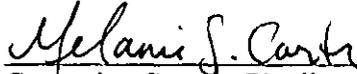
Adam Kron, Esquire  
1000 Vermont Ave. NW  
Suite 1100  
Washington DC 20005  
**Representing Environmental Integrity  
Project**

Augusta Wilson, Esquire  
Joseph O. Minott, Esquire  
135 S. 19th St  
Ste. 300  
Philadelphia, PA 19103  
**Representing Clean Air Council**

Nick Kennedy, Esquire  
1414-B Indian Creek Valley Road  
PO Box 408  
Melcroft, PA 15462  
**Representing Mountain Watershed  
Association**

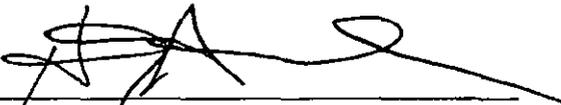
Francis J. Catania, Esquire  
J. Michael Sheridan, Esquire  
230 N. Monroe Street  
Media, PA 19063  
**Representing Upper Chichester Township**

Scott J. Rubin, Esquire  
333 Oak Lane  
Bloomsburg, PA 17815  
**Representing Concerned Citizens of West  
Goshen Township**

  
\_\_\_\_\_  
Counsel to Sunoco Pipeline, L.P.

**VERIFICATION**

Harry J. Alexander deposes and says he is Vice President, Business Development of Sunoco Pipeline L.P. that he is duly authorized to and does make this Verification on behalf of SPLP; that the facts set forth in the foregoing Answer to the Further Preliminary Objections of the Mountain Watershed Association are true and correct to the best of his knowledge information and belief; and that this verification is made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

  
\_\_\_\_\_  
HARRY J. ALEXANDER

DATED: June 19, 2014

**RECEIVED**

JUN 19 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**CERTIFICATE OF SERVICE**

I hereby certify that on this 19<sup>th</sup> day of June, 2014, I caused a true copy of the foregoing document to be served upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Aron J. Beatty, Esquire  
Office of Consumer Advocate  
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Forum Place – 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1921

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Bureau of Investigation and Enforcement  
PA Public Utility Commission  
Commonwealth Keystone Building  
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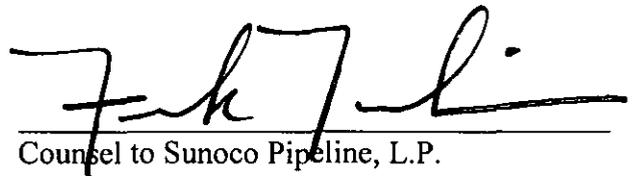
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Scott J. Rubin, Esquire  
333 Oak Lane  
Bloomsburg, PA 17815  
**Representing Concerned Citizens of West  
Goshen Township**



Counsel to Sunoco Pipeline, L.P.

From: (215) 569-5500  
Frank Tamulonis  
Blank Rome LLP  
1 Logan Square  
18th & Cherry Street  
Philadelphia, PA 19103

Origin ID: REDA

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Pennsylvania Public Utility Comm.  
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