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November 14, 2016

VIA HAND DELIVERY

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

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

Dear Secretary Chiavetta:

Enclosed please find the Application of Laurel Pipe Line Company, L.P. for All Necessary Authority, Approvals, and Certificates of Public Convenience To Change the Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania. Copies of this Application will be provided as indicated on the Certificate of Service. In addition, a check in the amount of \$350.00 is enclosed for the filing fee.

Respectfully submitted,



Lillian S. Harris

LSH/skr
Enclosures

cc: Certificate of Service

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SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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APPLICATION OF LAUREL PIPE LINE COMPANY, L.P.

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

By this Application, Laurel Pipe Line Company, L.P. (“Laurel” or “Applicant”), pursuant to various provisions of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 101, *et seq.*, hereby requests all necessary authority, approvals and Certificates of Public Convenience from the Pennsylvania Public Utility Commission (“Commission”), to the extent required, authorizing Laurel to change the direction of its petroleum products transportation service over a portion of its system west of Eldorado, Pennsylvania;¹ and confirming that Laurel may, in its discretion, reinstate the current direction of service in the future without further Commission approval. For the reasons set forth below, Commission approval for this change in service either is not required, or if required, approval of this Application “is necessary or proper for the service,

¹ As explained in more detail below, Laurel proposes to change a portion of its service, *i.e.* provide deliveries to points west of Eldorado, PA from the west as opposed to providing deliveries from Philadelphia points of origin. Laurel is not requesting authority to abandon its facilities, nor is it requesting to abandon any portion of its certificated authority to transport petroleum and petroleum products granted under its Certificate of Public Convenience.

accommodation, convenience, or safety of the public,” 66 Pa. C.S. § 1103(a), and therefore should be approved.

Laurel is currently authorized to transport, store and distribute petroleum and other petroleum products² by means of pipeline and appurtenances for the public, in and across the Pennsylvania under its Certificate of Public Convenience. Pursuant to that authority and under currently effective tariffs on file with the Commission, Laurel currently transports petroleum products from east to west—from points of origin near Philadelphia, Pennsylvania, to destination points across the Commonwealth, terminating west of Pittsburgh, Pennsylvania, where it connects to pipelines originating from a number of Midwest refineries. In addition, Laurel assigns a portion of its capacity to Buckeye Pipe Line Company, L.P. (“Buckeye”), pursuant to a Commission-approved affiliated interest agreement. Buckeye uses this capacity to provide interstate transportation service from origin points in New Jersey and Delaware to destinations in Pennsylvania. As explained in more detail below, long-developing changes in crude petroleum supplies for refineries and the petroleum products market have generally increased the volumes and decreased the relative price of Midwestern product supplies. Because of these broad market changes, in recent years Eastern Ohio and Western Pennsylvania wholesale prices for petroleum products from the Midwest have generally been below wholesale petroleum products prices on the East Coast. Expanding refining capacity in the Midwest, driven by increasing access to lower cost crude oil in that region, has led a number of shippers to indicate their interest in increased transportation options to reach additional destination points in Western and Central Pennsylvania (“Shippers”).³

² The term “other petroleum products” includes, but is not limited to, gasoline, diesel fuel, heating oil, propane, butane, and jet fuel.

³ See footnote 9, *infra*.

Additional eastbound pipeline capacity will provide Western and Central Pennsylvania increased access to generally lower-priced Midwestern gasoline and petroleum products. In order to increase access to additional Midwestern supplies and in response to its Shippers' requests, Laurel proposes to reverse flow on part of the Western-Pennsylvania portion of its pipeline system to allow petroleum products to move in an eastbound direction to the Altoona, Pennsylvania area.⁴ This change in direction of service will provide ongoing access to lower wholesale commodity prices for gasoline and other petroleum products to consumers in Western and Central Pennsylvania. Moreover, the change in direction of service also will provide an additional Midwest source of petroleum products in the event of a disruption of East Coast supplies.

In order to facilitate this change in direction of service and for all of the reasons stated in this Application, Laurel respectfully requests that the Commission either determine by final order that approval is not required for this change in service or grant all necessary approvals and permit Laurel to change the direction of its petroleum products transportation service to delivery points west of Eldorado, Pennsylvania. Laurel further requests that the Commission confirm Laurel possesses the authority to reinstate the current direction of service in the future, because Laurel is not seeking to change the certificate authority granted to it by the Commission and because all current origin and destination points will continue to receive pipeline delivery service under the proposed reconfigured operation of the pipeline.

In support of these requests, Laurel states as follows:

1. The name and address of the Applicant are:

⁴ The Altoona destination point is known as "Eldorado" and will be referred to as such in this Application.

Laurel Pipe Line Company, L.P.
Five TEK Park
9999 Hamilton Blvd.
Breinigsville, PA 18031

2. The names and addresses of Laurel's attorneys are:

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Senior Vice President, General Counsel & Secretary
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3. The remainder of this filing is organized as follows:

Section II: Description of Laurel.

Section III: Description of the Proposed Change.

Section IV: The Legal Standards Applicable to Commission Review and Approval of this Application.

Section V: The Proposed Change is in the Public Interest.

Section VI: Laurel's Request for Relief.

II. DESCRIPTION OF LAUREL

4. Laurel is a Delaware Limited Partnership formed for the purpose of transporting petroleum and petroleum products through pipelines. Buckeye Partners, L.P. is a general partner of Laurel, as well as a general partner of Buckeye. Buckeye Partners, L.P. is indirectly controlled by its general partner, Buckeye GP LLC.

5. Laurel exclusively provides transportation services; it does not own or sell petroleum and petroleum products. The products transported over Laurel's system are batched and fungible, *i.e.* the precise product tendered to Laurel is not the precise product delivered.

6. Laurel owns and operates pipelines in Pennsylvania and New Jersey that form a single pipeline system extending from Eagle Point, New Jersey to Midland, Pennsylvania.⁵ Current Pennsylvania operations consist of owning and operating approximately 350 miles of 12-inch to 24-inch pipeline and related facilities for the transportation of petroleum products to 24 customers at 14 delivery points. From November 1, 2015, through October 31, 2016, Laurel transported a total of 84,090,045 barrels of petroleum products, inclusive of all intrastate and interstate volumes, over its pipeline system. (*See* Attachment A, Schedule of 2015 Volumes)

7. Nearly all of the products Laurel transports via pipeline are ultimately delivered by truck. Laurel's destination points generally are tank farms and truck racks where distributors pick up product and deliver it to end users, which are primarily service stations and some bulk fuel oil terminals.

8. In 1957, the Commission issued a Certificate of Public Convenience broadly authorizing Laurel Pipe Line Company, the predecessor in interest to Laurel Pipe Line Company, L.P., to transport, store and distribute petroleum and petroleum products by means of pipeline and appurtenances for the public, in and across the Commonwealth of Pennsylvania. *See In re*

⁵ Laurel's pipeline system also transports petroleum products in interstate commerce to locations throughout Pennsylvania. This transportation service is provided by Buckeye, pursuant to FERC-approved tariffs and a Commission-approved pipeline capacity agreement under which Laurel provides capacity to Buckeye for its interstate service. *See Laurel Pipe Line Company, L.P. – Pipeline Capacity Agreement with Buckeye Pipeline Company, L.P.*, Docket No. G-00940417 (Dec. 15, 1994), *as amended by, Laurel Pipe Line Company, L.P. – Amendment to Pipeline Capacity Agreement with Buckeye Pipeline Company, L.P.*, Docket No. G-00940417 (May 4, 2015). The change in direction of service set forth in this Application may require revisions to the current pipeline capacity agreement. These revisions, to the extent necessary, will be filed shortly after the filing of this Application.

Application of Laurel Pipe Line Company, Docket No. 84093, Folder 2 (Report and Order entered March 18, 1957).⁶

9. Importantly, Laurel's certificate neither specifies the direction in which Laurel may provide its certificated petroleum products transportation service, nor requires Laurel to provide service at or between specific origin and destination points. Indeed, the only directional and locational references in Laurel's certificate simply describe the location of its pipeline facilities.

10. Laurel also is not engaged in the business of providing transportation services directly to households and other end users; instead, Laurel's customers ("Customers") are primarily major integrated oil companies, large refined products marketing companies, and major end-users of petroleum products.

11. Moreover, unlike other fixed utilities, Laurel does not have an exclusive service territory. It provides deliveries to locations as the market demands and competes with other

⁶ The Commission approved Laurel's certificate application, stating:

[T]he Pennsylvania Public Utility Commission upon application of LAUREL PIPE LINE COMPANY, filed January 31, 1957, for approval of the beginning of the exercise of the right, power or privilege of transporting, storing and distributing petroleum and petroleum products by means of pipelines and appurtenances, for the public, such facilities extending generally westwardly from a point near the City of Philadelphia to a point in the vicinity of the City of Pittsburgh, thence in a northwestwardly direction to the Pennsylvania-Ohio boundary line, as more fully described in said application, and having been duly presented in accordance with the rules of the Commission, and full investigation of the matters and things involved having been had, the Commission finds and determines that the granting of said application is necessary or proper for the service, accommodation, convenience or safety of the public, and that a certificate of public convenience issue evidencing the Commission's approval thereof.

See In re Application of Laurel Pipe Line Company, Docket No. 84093, Folder 2 (Report and Order entered March 18, 1957). Laurel Pipe Line Company more fully described the nature and character of the service it sought to provide in its application. *See In re Application of Laurel Pipe Line Company*, Docket No. 84093, Folder 2, at p. 2 (Application filed Jan. 31, 1957) ("The nature and character of the service to be rendered is the transportation, storage and distribution of petroleum and petroleum products by means of pipe lines, pumps, tanks and other equipment and appurtenances for the public, in and across the Commonwealth of Pennsylvania and other states of the United States.").

entities (*e.g.*, other pipelines, truck and barge transportation) in the highly competitive petroleum transportation market.

12. Market participants in the Pittsburgh market seeking to acquire petroleum products currently have access to deliveries by: (1) Sunoco Pipeline, L.P. ("Sunoco"), from the Midwest; (2) Marathon Pipeline LLC, from the Midwest; (3) Buckeye from the Midwest; (4) Buckeye and Laurel, collectively delivering from the East Coast; (5) trucks delivering from the Ergon refinery in Newell, West Virginia; (6) trucks delivering from the United Refining refinery in Warren, Pennsylvania; (7) barges delivering petroleum products to terminals on the Ohio, Allegheny and Monongahela Rivers from refineries and pipeline terminals in the Midwest and potentially Gulf Coast; and (8) trucks delivering petroleum products from pipeline terminals in Ohio.

13. Market participants in the Philadelphia market seeking to deliver petroleum products to destinations within or outside the Philadelphia market currently have numerous alternatives including: (1) the Laurel/Buckeye system from Philadelphia to Altoona; (2) the Buckeye Pipe Line Transportation LLC system to points in Pennsylvania and Upstate New York; (3) the Sunoco system to destinations in Pennsylvania and Upstate New York; (4) the Sunoco system (Harbor Pipeline) to the New Jersey and New York City markets; (5) the Colonial Pipeline Company ("Colonial") to New Jersey and New York City markets; (6) barge facilities from which product can be transported by water carrier to markets on the entire East Coast; and (7) truck racks at local Philadelphia refineries or local pipeline terminals for distribution by truck to end users within a broad area of Pennsylvania, New Jersey, Delaware and Maryland.

14. For these reasons, the Federal Energy Regulatory Commission has found that the Pittsburgh delivery market is competitive⁷ and that the Philadelphia origin market is competitive.⁸

III. DESCRIPTION OF THE PROPOSED CHANGE IN DIRECTION OF SERVICE

15. Currently, Laurel provides transportation from points of origin in Eastern Pennsylvania to points of delivery in Central and Western Pennsylvania.

16. Laurel currently operates in a transportation market that differs significantly from the market in 1957, when Laurel was granted its Certificate of Public Convenience. At that time, petroleum and petroleum products were primarily transported across Pennsylvania in a westward direction. Laurel transported petroleum products from coastal refineries to western receipt points across Pennsylvania, under its authority from the Commission. Beginning in the mid-to-late 1960s, Laurel also transported substantial volumes of petroleum products originating in the United States Gulf Coast, via its interconnection with Colonial at Booth, Pennsylvania. Later, Laurel began transporting refined petroleum products from the New York City market, via its interconnection with Buckeye at Sinking Spring, Pennsylvania. In the early 1990s, this Commission authorized a pipeline capacity agreement between Laurel and Buckeye to allow Buckeye to transport interstate volumes over a portion of Laurel's system, from connections to various East Coast refineries and pipelines, as well as barge facilities. *See Laurel Pipe Line Company, L.P. – Pipeline Capacity Agreement with Buckeye Pipeline Company, L.P.*, Docket

⁷ *Buckeye Pipe Line Company, L.P.*, 55 FERC ¶ 61,084 (1991); *see also, Guttman Energy, Inc. d/b/a Guttman Oil Company, and PBF Holding Company, LLC v. Buckeye Pipe Line Company, L.P. and Laurel Pipe Line Company, L.P.*, 155 FERC ¶ 63,008 (2016) (“*Buckeye 2016 ID*”) (initial decision finding the Pittsburgh destination market to be competitive).

⁸ *See Sunoco Pipeline, L.P.*, 118 FERC ¶ 61,266 at PP 8-9 (2007) (finding the Philadelphia geographic origin market for petroleum products to be competitive); *Buckeye 2016 ID* at P 478 (initial decision finding that complainants did not show the origin market at Chelsea Junction, Pennsylvania, to be non-competitive).

No. G-00940417 (Dec. 15, 1994). Following the commencement of the pipeline capacity agreement with Buckeye, Laurel provided only intrastate service.

17. Domestic petroleum and petroleum products supplies enter the Pittsburgh area from both the west and the east via pipelines, trucks and barges. However, these petroleum products primarily reach Central Pennsylvania delivery locations via westbound petroleum deliveries from East Coast suppliers.

18. Increased availability of generally lower-priced Midwestern product has generated interest in additional eastbound movements of Midwestern-sourced petroleum products to points east of Pittsburgh.⁹ In response to these demand realities, Laurel and Buckeye propose delivery points east of Pittsburgh for Midwestern products.

19. Specifically, Laurel proposes to change the direction of service on its pipeline for delivery points west of Eldorado.¹⁰ In order to do so, Laurel will cease providing deliveries from origin points in Philadelphia to destination points west of Eldorado. After the reversal, deliveries to Laurel's destination points west of Eldorado will be provided by Buckeye from origin points in the Midwest and the Pittsburgh area to Eldorado.¹¹ The service to be provided upon

⁹ Buckeye received sufficient interest to host an open season to solicit binding commitments from Shippers for the reversed flow and received binding commitments from several Shippers. See News Release, *Buckeye Partners, L.P. Announces Successful Open Season for Second Phase of Michigan/Ohio Pipeline Expansion Project* (issued Oct. 21, 2016). Buckeye received sufficient positive commitment in the open season to move forward with the project. *Id.*

¹⁰ As noted above, Buckeye would use the capacity on the reversed-portion of Laurel's system, and provide transportation service at FERC-approved interstate rates. Furthermore, Buckeye is separately planning to expand its capacity to transport volumes from Midwestern refineries to the Pittsburgh area, so that larger volumes of product reach Western and Central Pennsylvania.

¹¹ These shipments will originate in the Midwest and be transported to Pittsburgh, then proceed from Pittsburgh on to Eldorado on Laurel's pipeline system at FERC-approved interstate rates. Subsequent to the filing of this Application, Laurel will submit for approval a new capacity agreement whereby Buckeye will use a portion of the Laurel's post-project capacity to facilitate these shipments and any other intercompany agreements as may be required by Chapter 21 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 2101, *et seq.*

completion of this project is shown on the map attached hereto as "Attachment B." (See Attachment B, Post Authorization Map of Service Routes)

20. Importantly, Laurel is not seeking to abandon any of the authority granted to it by the Commission in its original Certificate of Public Convenience. *See In re Application of Laurel Pipe Line Company*, Docket No. 84093, Folder 2 (Report and Order entered March 18, 1957). Rather, by this Application, Laurel requests approval to change the direction of deliveries for destination points west of Eldorado. Laurel specifically maintains the authority granted to it in its Certificate of Public Convenience to reinstate the current direction of service, should sustained market conditions support such action in the future.

21. Similarly, service will not be discontinued from any origin point or to any destination point. Absent further approval from the Commission, Laurel will continue to provide service to all current origin and destination points. The only change is the direction of deliveries west of Eldorado. A wide variety of alternatives for transportation service will remain available in both the Philadelphia origin market and the Pittsburgh destination market. *See* Section II, Paragraph 13, *supra* (discussing alternatives in the Philadelphia origin market); Section II, Paragraph 12, *supra* (discussing alternatives in the Pittsburgh destination market). A new transportation option will be created for Western and Central Pennsylvania, and new and expanded alternatives will be provided by Laurel and Buckeye for the Philadelphia origin market. *See* Section III, Paragraph 22, *infra*, and Section V.B, Paragraph 43, *infra* (discussing new and expanded alternatives).

22. Additionally, Laurel is not proposing to revise its tariff with respect to routes originating in the Philadelphia area and terminating in Eldorado. Once the change in direction of service is complete, Customers will still be able to transport product on Laurel's intrastate

pipeline system on identical terms and conditions from Philadelphia to Eldorado, unless and until Laurel receives separate approval from the Commission to revise those terms and conditions. For destinations west of Eldorado, Philadelphia-based Customers will be able to deliver product to Eldorado and then transport it west by truck, or they can continue to access the Pittsburgh market through product exchanges, among other means, which are common in the petroleum products industry. In addition, Laurel and its affiliates have recently made available additional delivery capability into Upstate New York and the New York harbor to existing Philadelphia-area Customers to provide an additional market outlet for product previously delivered to points west of Eldorado.

23. Laurel has consulted with its affected Customers and prospective Shippers and, as more fully explained in Section V.A, *infra*, the preferences of the Shippers committed to taking eastward post-project service from Buckeye should be afforded significant weight, particularly given the substantial public benefits that will result from the eastward transportation of gasoline and other petroleum products, and the variety of alternatives available to Philadelphia-based Customers.

24. No new rights-of-way are needed to complete the engineering work and limited upgrades on Applicant's facilities are necessary to complete the project. Importantly, no new pipeline construction is necessary to complete the project.

IV. LEGAL STANDARD AND APPROVALS REQUIRED

25. As explained above, Laurel is proposing to change the direction of deliveries on its system west of Eldorado. Laurel does not propose to abandon any of the authority held under its current Certificate of Public Convenience. Moreover, while there will be a change in the direction of service, there will be no abandonment of service. Shipments will continue to occur from all current origin points and deliveries will continue to occur at all current destination

points. Furthermore, Laurel has no defined exclusive geographic service territory and no obligation to serve any specific origin or destination points. On these facts, it does not appear that any abandonment of service will occur, and it does not appear that a Certificate of Public Convenience or any other Commission approval should be required, other than possible revisions to Laurel's tariff and the Laurel/Buckeye pipeline capacity agreement. To the best of the Company's knowledge, however, this is an issue of first impression. Therefore, in the alternative, and to the extent required, Laurel requests that the Commission grant all necessary approvals for the project, including but not limited to a Certificate of Public Convenience to abandon service in part, pursuant to Sections 1102(a)(2) and 1103(a) of the Public Utility Code, 66 Pa. C.S. §§ 1102(a)(2) and 1103(a).

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

27. The Commission typically considers several factors when evaluating a public utility's request to abandon service, including: (a) the use of the service by the public; (b) the prospect of future use by the public; (c) the loss to the utility balanced with the convenience and hardship to the public upon discontinuance of such service; and (d) the availability and adequacy

of alternative service. See *Borough of Duncannon v. Pa. Pub. Util. Comm'n*, 713 A.2d 737, 740 (Pa. Commw. 1998) (discussing what are commonly referred to as the “West Penn factors.”). The Commission “must weigh these factors and not focus on mere cost-benefit criteria.” *Borough of Duncannon*, 713 A.2d at 740 (emphasis added).

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

29. As explained above, the change in direction of oil pipeline transportation service at issue in this proceeding is fundamentally different from the facts presented in abandonment proceedings. On these facts, it does not appear that a Certificate of Public Convenience is required.

30. However, in the event the Commission determines otherwise, for the reasons stated in this Application, the Commission should approve this Application and grant Laurel a Certificate of Public Convenience evidencing its approval of a partial service abandonment and related change in direction of service.

V. THE PROPOSED CHANGE IN THE DIRECTION OF SERVICE IS IN THE PUBLIC INTEREST AND SHOULD BY APPROVED

31. Unlike traditional changes in service, the proposed change in direction of service on the western portion of Laurel’s system will result in substantial public benefits without harming the public. In addition, the change in direction of deliveries does not discontinue the shipment of petroleum and petroleum products from any origin point or the delivery of

petroleum and petroleum products to any segment of the public currently served by Laurel. Rather, it changes the direction from which the product is delivered, thereby providing access to the same product to the public at an overall, long-term, expected lower wholesale commodity price.

32. The proposed change in direction of service also would change the jurisdictional authority responsible for the service from the Commission to FERC. Notably, however, a significant amount of the products carried to Pittsburgh-area destinations, including Eldorado, are already shipped under FERC-jurisdictional tariffs pursuant to an existing, Commission-approved capacity agreement between Laurel and Buckeye. *See* Paragraph 6 n.5, *supra*. And, in any event, a change in the jurisdictional nature of service is not an abandonment of service.

A. THE PROPOSED CHANGE IN DIRECTION OF SERVICE IS EXPECTED TO PROVIDE SIGNIFICANT PUBLIC BENEFITS

33. As previously mentioned, significant changes in the petroleum and petroleum products markets have recently occurred. In particular, increased production has created additional petroleum products supplies in the Midwest. These additional supplies have resulted in generally lower wholesale commodity prices for Midwestern petroleum products, which can benefit consumers in Western and Central Pennsylvania.

34. Several Shippers have approached Laurel to explore the feasibility of transporting lower-priced Midwestern petroleum products into and across Pennsylvania. Given the substantial changes in the petroleum products market, significant weight should be given to these Shippers' preferences. Under the proposed change in direction of service, the western portion of Laurel's system (*i.e.* from points west of and near Pittsburgh to Eldorado) would be utilized to transport and deliver generally lower-priced Midwestern petroleum products to the public in Western and Central Pennsylvania.

35. The overall effect on the public of the proposed change in direction of service is the beneficial, and expected, access to generally reduced wholesale commodity prices for petroleum products delivered over Laurel's system. These reduced prices would accrue to the public through decreased at-the-pump gasoline and diesel prices, and through decreased prices for other refined petroleum products. Because petroleum products are fungible resources, the public experiences significant benefits via any reduction in the price of these products with no related decrease in quality or reliability of service.

36. Upon completion of the change in direction of service, the same petroleum products will be delivered to the public at the same receipt points where they are currently delivered. (See Attachment B (Post Authorization Map of Service Routes); Attachment C, Laurel Pipe Line Company, L.P. Tariff (Clean)) Furthermore, supply quality and reliability will not be diminished by the change in direction of service. Rather, supply reliability will improve because the public will receive an additional source of supply that can alleviate delivery problems and constraints on other petroleum products pipelines.¹² Therefore, these considerable public benefits strongly suggest that the proposed change in direction of service is in the public interest.

37. The proposed change in direction of service also will provide consumers increased access to generally lower wholesale commodity prices for petroleum products without requiring construction of a new greenfield pipeline. Because the proposed extension of

¹² For example, Colonial, which transports approximately 50% of the gasoline supply to the East Coast, shut down elements of its system six times in 2016, the pipeline's worst performance in over a decade. *See More Colonial pipeline shutdowns ahead*, ARGUSMEDIA.COM, <http://www.argusmedia.com/news/article/?id=1324098> (Oct. 4, 2016); *see also* Alison Sider & Nicole Friedman, *Colonial Pipeline Issues Likely to Disrupt Gas Supply on East Coast*, WALL ST. J. (Sept. 15, 2016), <http://www.wsj.com/articles/colonial-pipeline-issues-likely-to-disrupt-gas-supply-on-east-coast-1473978662>. A separately-sourced petroleum products pipeline providing service in and across Pennsylvania from Ohio would improve price and delivery reliability by creating additional transportation routes that do not rely on a single pipeline system.

eastbound service would re-purpose existing infrastructure, the new service can be provided without the costs and impacts that may be associated with constructing a new pipeline.

B. THE PUBLIC WILL NOT BE HARMED BY THE CHANGE IN DIRECTION OF SERVICE

38. As mentioned above, the change in direction of service will result in the same petroleum products being delivered to the public at the same receipt points where they are currently delivered. No person who currently receives petroleum and petroleum products on the Laurel system will be unable to receive those same products after the change in direction of service. As a result, the proposed change in direction of service is factually distinguishable from situations where a proposed abandonment would eliminate the public's access to a utility's services. *See, e.g., Borough of Duncannon*, 713 A.2d at 739 (analyzing a water utility's proposal to discontinue use of a reservoir and abandon service to all properties connected to its transmission main); *Commuters' Committee*, 88 A.2d at 421 (recognizing abandonment of rail branch line left the public without access to transportation, and requiring railway to provide substitute transportation as a condition of abandonment).

39. While certain Customers will no longer be able to physically move their products on the Laurel system from Philadelphia origin points to points west of Eldorado, adequate alternatives exist for these Customers to transport their products to market. This Application describes several alternatives that provide such Customers with a reasonable remedy to any adverse effects that may result from the change in direction of service.¹³ *See* Paragraphs 12-13, *supra*.

¹³ Importantly, the Commission does not require a public utility to make even an abandoned customer whole. *See Re Pennsylvania Electric Company*, 70 Pa. P.U.C. 148, 155 (Opinion and Order entered June 23, 1989); *see also Application of Sunoco Pipeline, L.P.*, Docket No. A-140001F2001, at p. 5 (Opinion and Order entered Jan. 25, 2005) (finding an ALJ's recommended condition of abandonment excessive where complainant was not a utility customer). A utility can only be required to provide customers with a "reasonable remedy" as a condition of abandonment. *Re Pennsylvania Electric Company*, 70 Pa. P.U.C. at 155.

40. As previously discussed, Laurel will continue to provide service over all current origin points and destination points, and a wide variety of alternatives will remain available for both the Philadelphia origin market and the Pittsburgh destination market. See Section II, Paragraphs 12-13, *supra*.

41. Market participants in the Pittsburgh market seeking to acquire petroleum products have access to deliveries by multiple pipelines, trucks that make deliveries from nearby refineries, barges that deliver product into the Midwest and potentially the Gulf Coast, and trucks delivering products from Ohio. Thus, market participants in the Pittsburgh area have access to many competitive alternatives that will remain in place after the proposed change in direction of service.¹⁴

42. Similarly, Philadelphia refiners will continue to have multiple alternatives to distribute product to consumers depending on market conditions. All Philadelphia refiners own, or have access to, barge docks that provide a means of delivering product to several domestic and international markets; and in 2014, more than 100,000 barrels/day of petroleum products were loaded onto barges in the Philadelphia area. Numerous truck racks enable local distribution of product to meet the significant demand in the Philadelphia area. Four pipelines owned by three logistics companies provide transportation services from Philadelphia to New York Harbor (Sunoco, Harbor Pipeline, and Colonial). New York Harbor remains a major location for the import of foreign supplied gasoline, and the Philadelphia refiners are logistically well-positioned to serve this large demand center. There are also pipeline options to several local Philadelphia terminals. Sunoco owns pipelines originating out of Philadelphia refineries that serve Eastern

¹⁴ *Buckeye Pipe Line Company, L.P.*, 55 FERC ¶ 61,084 (1991). See also, *Guttman Energy, Inc. d/b/a Guttman Oil Company, and PBF Holding Company, LLC v. Buckeye Pipe Line Company, L.P. and Laurel Pipe Line Company, L.P.*, 155 FERC ¶ 63,008 (2016) (“*Buckeye 2016 ID*”) (initial decision finding the Pittsburgh destination market to be competitive).

and Central Pennsylvania as well as Upstate New York. In addition, many of the terminals in the eastern half of Pennsylvania and Upstate New York that will continue to be served by pipelines supplied from Philadelphia area refiners are capable of supplying material volumes of gasoline and diesel fuel, via truck, to demand locations in western Pennsylvania. Historically this capability has played an important role in easing short term supply constraints caused by refinery outages, severe weather or other similar events. Therefore, market participants in the Philadelphia area have access to many competitive alternatives that will remain in place after the proposed change in direction of service.¹⁵

43. Finally, affected Customers can continue to access the Pittsburgh destination market by transporting product to Eldorado and then transporting it via truck to the Pittsburgh area or by utilizing product market exchanges, among other means, which are common in the petroleum products industry. Moreover, Laurel and its affiliates have recently made available additional capacity into Upstate New York and the New York harbor to these Customers, such that they may use this service as a substitute for shipments to points west of Eldorado.

44. Given these many alternatives, and the many benefits of this project, it is clear the public will not be harmed by the proposed change in direction of service.

C. THE PROPOSED CHANGE IN DIRECTION OF SERVICE IS IN THE PUBLIC INTEREST

45. Upon balance of the significant public benefits and *de minimis* harm that could occur, the proposed change in the direction of service is in the public interest and should be approved. *See Borough of Duncannon*, 713 A.2d at 740.

¹⁵ *Sunoco Pipeline, L.P.*, 118 FERC ¶ 61,266 at PP 8-9 (2007) (finding the Philadelphia geographic origin market for petroleum products to be competitive); *Buckeye 2016 ID* at P 478 (initial decision finding that complainants did not show the origin market at Chelsea Junction, Pennsylvania, to be non-competitive).

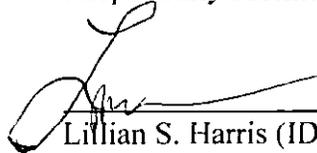
46. The public's access to transportation via Laurel is unchanged by the change in direction of service; the same products will be available at the same receipt points across Laurel's system at expected generally lower wholesale-commodity price levels. Furthermore, as Laurel is only changing the direction of its service on a portion of its system and not its relinquishing its authority to provide service in and across Pennsylvania, Laurel would be able to reinstate the current direction of service should the public interest so require in the future. Indeed, Laurel is not proposing to discontinue its service to the public; Laurel proposes to change the direction of service on a portion of its system.

47. The considerable public benefits created by access to Midwest gasoline and diesel supplies, increased system reliability, and avoidance of the environmental impacts associated with new pipeline construction significantly outweigh the *de minimis* harm that may be experienced by a discrete subset of Customers who have many existing alternatives available to deliver products to market. Therefore, the proposed change in direction of service is in the public interest and should be approved.

VI. CONCLUSION

WHEREFORE, Laurel Pipe Line Company, L.P. respectfully requests that the Pennsylvania Public Utility Commission issue an Order determining that the change in direction of service proposed in this Application does not require Commission approval, or, in the alternative, grant a Certificate of Public Convenience and all other necessary approvals to effectuate the proposed change in direction of a portion of its intrastate service for points west of Eldorado, and confirm Laurel Pipe Line Company, L.P.'s ability to reinstate service in the original direction in the future without further Commission approval.

Respectfully submitted,



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Of Counsel:

Post & Schell, P.C.

Date:

Attorneys for Laurel Pipe Line Company, L.P

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Attachment "A"

Schedule of 2015 Volumes Delivered

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Schedule of 2015 Volumes Delivered

TOTAL VOLUMES	84,090,045 bbls.
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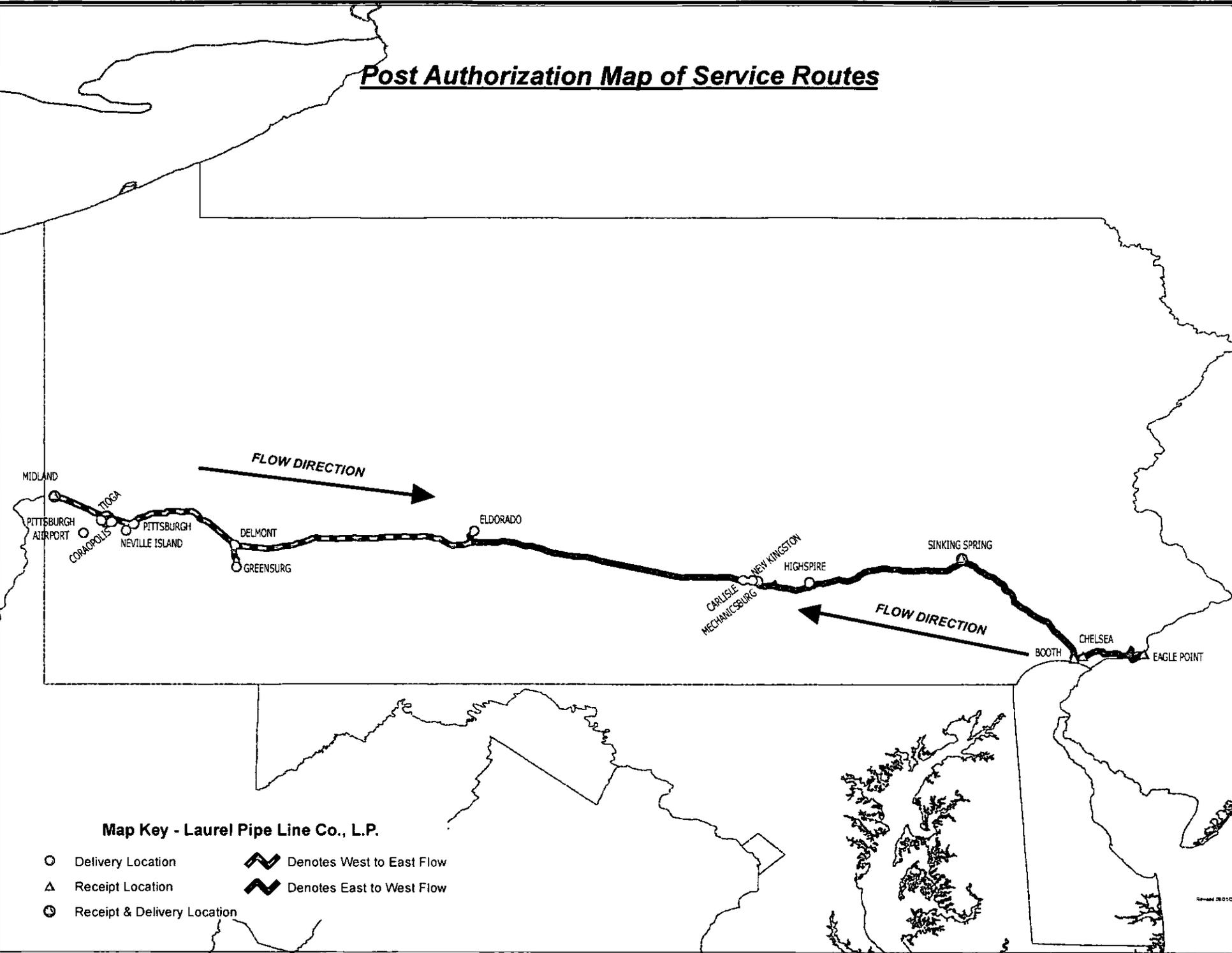
Attachment "B"

Post Authorization Map of Service Routes

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Document Path: G:\GIS\2_Data and Map Requests\12-11_Art\poc Requests\Trappan_Slave\PLC_WestEastExpansion_2016\LAUREL_SYSTEM_MAP_PLUC_W2E_2016.mxd Date Saved: 11/14/2016 10:31:01 AM

Post Authorization Map of Service Routes



Map Key - Laurel Pipe Line Co., L.P.

- Delivery Location
- ▲ Receipt Location
- ⊙ Receipt & Delivery Location
- ⌌ Denotes West to East Flow
- ⌌ Denotes East to West Flow

Attachment "C"

Revised Laurel Pipe Line Company, L.P. Tariff (Clean)

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Pa. PUC No. ___
(Cancels Pa. PUC No. ___)

LAUREL PIPE LINE COMPANY, L.P.

LOCAL AND JOINT TARIFF

In Connection With

Buckeye Pipe Line Company, L.P.

Applying On The Intrastate Transportation Of

REFINED PETROLEUM PRODUCTS

From

POINTS IN PENNSYLVANIA

To

POINTS IN PENNSYLVANIA

Governed by the Rules and Regulations published in
Laurel Pipe Line Company, L.P.'s Tariff Pa. PUC No. 79
Supplements thereto and reissues thereof.

ISSUED: XXXXX XX, 20XX

EFFECTIVE: XXXXX XX, 20XX

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

Issued by:

CLARK C. SMITH

President,

Mainline L.P.

General Partner of

Laurel Pipe Line Company, L.P.

Five TEK Park

9999 Hamilton Blvd.

Breinigsville, PA 18031



Compiled by:

STEVEN R. TRAPANI

Laurel Pipe Line Company, L.P.

Five TEK Park

9999 Hamilton Blvd.

Breinigsville, PA 18031

(610) 904-4635

strapani@buckeye.com

TABLE OF RATES

Rates in Cents Per Barrel of 42 United States Gallons

			FROM: (Origins)	
			CHELSEA JUNCTION <i>Philadelphia</i>	GIRARD POINT <i>Philadelphia</i>
TO: (Destinations)	County	Code	CH	GP
CARLISLE	<i>Cumberland</i>	CR	42.2	43.5
ELDORADO	<i>Blair</i>	DG	48.9	50.2
HIGHSPIRE	<i>Dauphin</i>	HS	37.1	38.4
MECHANICSBURG	<i>Cumberland</i>	MG/MT	38.4	39.7
NEW KINGSTOWN	<i>Cumberland</i>	KT	39.3	40.6
SINKING SPRING	<i>Berks</i>	SN	31.6	32.9

Segregated Batch Handling Fee:

All Segregated Batches of less than 50,000 barrels shall be assessed a handling fee calculated as follows:

$$\text{Handling Fee} = (50,000 - T) \times \$.05$$

Where T is the number of barrels shipped in the Segregated Batch.

VERIFICATION

I, David Arnold, being Vice President, Domestic Pipelines for Buckeye Partners, L.P., hereby state that the information set forth above is true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 11 NOVEMBER 2016



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

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SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

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Small Business Advocate
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300 North Second Street, Suite 202
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Tanya J. McCloskey, Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Richard Kanaskie, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: November 14, 2016



Lillian S. Harris

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