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February 1, 2017

VIA ELECTRONIC FILING

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

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

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Petition to Intervene and Protest of Giant Eagle, Inc. in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Respectfully submitted,



Daniel J. Stuart
Counsel for Giant Eagle, Inc.

DJS/glo
Enclosure

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

PETITION TO INTERVENE AND PROTEST OF GIANT EAGLE, INC.

Pursuant to Sections 5.51 through 5.54, 5.71 through 5.74, and 5.103 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") regulations, 52 Pa. Code §§ 5.51 - 5.54, 5.71 - 5.74, 5.103, Giant Eagle, Inc. ("Giant Eagle") hereby files this Petition to Intervene and Protest in the above-captioned proceeding. In support thereof, Giant Eagle asserts the following:

BACKGROUND

1. The names and address of Giant Eagle's attorneys are:

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2. On November 14, 2016, Laurel Pipe Line Company, L.P. ("Laurel" or "Applicant") filed its Application 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, with the Commission pursuant to various

provisions of the Pennsylvania Public Utility Code (“Application”). *See* 66 Pa. C.S. § 101, *et seq.*

3. On November 16, 2016, the Commission issued a Secretarial Letter directing Laurel to publish notice of the Application in a newspaper having general circulation in the area involved and file proof of publication with the Commission by December 19, 2016. The Secretarial Letter also confirmed the Commission would publish notice of the Application in the *Pennsylvania Bulletin* on December 3, 2016, with formal protests and petitions to intervene due to the Commission by December 19, 2016.

4. On November 22, 2016, Gulf Operating, LLC (“Gulf”) filed its Petition to Intervene and Motion to Extend the Deadline for Protests. On December 6, 2016, the Commission granted Gulf’s motions and rescheduled the deadline for submitting interventions and protests for February 1, 2017. On December 6, 2016, the Commission also issued a Secretarial Letter reflecting its decision on Gulf’s motions.

5. As set forth in the Application, Laurel currently transports petroleum products from points of origin near Philadelphia, Pennsylvania, to destination points across the Commonwealth, terminating west of Pittsburgh, Pennsylvania. *See* Application at 2. In addition to the intrastate shipments, Laurel assigns a portion of its capacity to Buckeye Pipe Line Company, L.P. (“Buckeye”) for interstate transportation service from origin points in New Jersey and Delaware to destination points in Pennsylvania. *Id.* Per the Application, Laurel and Buckeye are general partners with Buckeye Partners, L.P., although the Application does not clarify the ownership structure between these affiliated entities. *Id.* at 4.

GROUNDNS FOR INTERVENTION AND PROTEST

6. The Application proposes to dramatically modify the jurisdictional pipeline transportation service currently provided by Laurel by eliminating service to all points west of Eldorado (near Altoona) from the east. *See id.* at 9. Laurel proposes to continue using the pipeline facilities west of Eldorado, but for future receipt of interstate deliveries from origin points in the Midwest and the Pittsburgh area. *See id.*

7. Petitioner Giant Eagle is a privately-held corporation with headquarters and principal offices in Pittsburgh, Pennsylvania. Giant Eagle owns and operates a chain of corporate-owned and independently-owned retail supermarkets, food distribution facilities, and fuel and convenience stores in the Western Pennsylvania, Ohio, north central West Virginia, Indiana, and Maryland region—although the majority of stores are located in Pennsylvania and Ohio. Giant Eagle’s fuel and convenience stores are operated under the trade name “GetGo”. GetGo is one of the largest fuel retailers in Western Pennsylvania.

8. Giant Eagle, through its GetGo stations, supplies gasoline to retail consumers in Pennsylvania. As such, Giant Eagle has a strong interest in ensuring the competitiveness of the market for petroleum products in Western Pennsylvania and the security and reliability of petroleum supply. Giant Eagle purchases petroleum products that travel through the Laurel Pipeline in Pennsylvania.

9. Reversing the direction of the Laurel Pipeline would reduce the competitiveness of the Pittsburgh market by eliminating fuel supply options from the East Coast of the United States, including two Philadelphia based refineries. Market competitiveness, and particularly the ability to receive petroleum from either the east or the west, is especially important to retailers and consumers during certain times of the year when prices are higher and manufacturing

capacity is more constrained by fuel refiners. For example, prices are on average higher in the summer months from Midwest refiners due to increased demand in that region and, therefore, Giant Eagle has historically purchased more from East Coast refiners during the summer.

10. Presently, Pittsburgh is a “swing market,” as pipelines from the Midwest and East Coast meet in Pittsburgh. Independent fuel retailers like Giant Eagle are able to deliver lower fuel prices to customers by securing the lowest costs of goods sold between Midwest and East Coast suppliers. If the Laurel Pipeline is reversed, it would eliminate Western Pennsylvania retailers’ ability to purchase product from the East Coast refineries, increasing costs that are passed through to customers. The ultimate result of a pipeline reversal is that end-consumers will pay more for their gasoline.

11. The increased cost of gasoline for retailers and consumers in Pennsylvania will exacerbate the already notable disparity in retail price for gasoline along the Pennsylvania and Ohio border due to the lower gasoline taxes in Ohio. With the recent fuel tax increase in January 2017, Pennsylvania taxes are over 30 cents per gallon higher than Ohio. As a consequence, Pennsylvania retail stations located near the Ohio border will lose an even higher level of sales to Ohio retail stations.

12. The tariffs on the Laurel Pipeline are currently set by Pennsylvania. However, if the pipeline is reversed, the tariff rates could be set by the federal system and would allow Buckeye to charge considerably higher tariffs (which the Midwest refiners appear to be willing to pay) and these increased costs would be passed onto Western Pennsylvania consumers.

13. Eliminating the ability for the Pittsburgh market to import petroleum safely and efficiently from the east greatly increases dependency on Midwestern refineries. Manufacturing disruption occurs with regular frequency in refineries across the United States, including in the

Midwest, both due to their age and complexity of operations. Limiting fuel supply into Western Pennsylvania decreases energy security for the region. An event of any kind that impacts the ability of Midwest refineries to produce or transport petroleum will leave markets west of Altoona much more vulnerable to supply disruption and higher prices.

14. Further, reversing the Laurel Pipeline would negatively impact economic activity and job creation in both Eastern and Western Pennsylvania. The Eastern refineries would lose access to the large Pittsburgh market and consumers in Western Pennsylvania would face higher prices and potential supply disruptions.

15. Laurel's Application proposes alternatives for Pittsburgh-area retailers to obtain petroleum products if the pipeline is reversed, but these proposed alternatives are inadequate, impractical, and/or excessively costly. For example, trucking East Coast product from Altoona to Pittsburgh would require hundreds of additional tanker trucks on Pennsylvania state routes (e.g., Route 30 and Route 22), raising both safety and environmental concerns. Other means of moving product into Pittsburgh (e.g., barges) do not present a viable competitive alternative. Laurel has no evidence that independent fuel retailers in Western Pennsylvania will continue to have viable options for purchasing fuel from East Coast suppliers, including Eastern Pennsylvania refineries.

16. Giant Eagle has a unique interest in these proceedings that is not represented by the existing participants. As set forth throughout this Petition, Giant Eagle will be directly affected and bound by the result of the proceedings because, among other things, the reversal of the pipeline would eliminate beneficial supply alternatives, reduce market competition, raise prices for retailers and consumers, exacerbate price disparity on the Pennsylvania-Ohio border, and remove critical reliability protections.

17. Consistent with 52 Pa. Code § 5.72(a), Giant Eagle has a significant interest in this proceeding that is not represented by any other party of record. Consequently, Giant Eagle qualifies for and should be granted intervenor status in this proceeding.

WHEREFORE, Giant Eagle respectfully requests that the Pennsylvania Public Utility Commission (a) grant the Petition to Intervene and provide Giant Eagle with full-party status in this proceeding; and (b) deny the Application and grant any other relief that is deemed to be reasonable and appropriate.

Respectfully submitted,



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Counsel for Giant Eagle, Inc.

Dated: February 1, 2017

VERIFICATION

I, Polly Flinn, Senior Vice President & General Manager, hereby state that the facts above set forth in the foregoing document are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

GIANT EAGLE, INC.

January 30, 2017

Date

By: 

Polly A. Flinn
Senior Vice President and General
Manager of GetGo



CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Daniel J. Stuart

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Dated this 1st day of February, 2017, in Pittsburgh, Pennsylvania.