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Lillian S. Harris

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February 7, 2017

VIA ELECTRONIC FILING

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-2016-2575829

Laurel Pipe Line Company, L.P. - Pipeline Capacity Agreement with Buckeye Pipe Line Company, L.P. Docket No. G-2017-2587567

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Laurel Pipe Line Company, L.P. ("Laurel") pursuant to Section 5.81 of the Pennsylvania Public Utility Commission's ("Commission") regulations, 52 Pa. Code § 5.81, is a Motion to Consolidate the Commission's consideration of a Capacity Agreement between Laurel and Buckeye Pipe Line Company, L.P. ("Buckeye"), filed February 6, 2017 at Docket No. G-2017-2587567, with the above-captioned Application proceeding. As more fully described in the enclosed motion, Commission consideration of the Capacity Agreement will share common questions of fact and law with the Commission's consideration of Laurel's Application. The Capacity Agreement is the instrument by which Buckeye would accomplish eastbound deliveries at existing delivery points on the western portion of Laurel's pipeline system that are contemplated by the Application.

Rosemary Chiavetta, Secretary February 7, 2017 Page 2

Please do not hesitate to contact me should additional information be needed.

Respectfully submitted,

Lillian S. Harris

LSH/skr

cc: Certificate of Service Honorable Eranda Vero

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

John R. Evans Small Business Advocate Office of Small Business Advocate 300 North Second Street, Suite 202 Harrisburg, PA 17101

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VIA FIRST CLASS MAIL:

Lillian S. Harris

Christopher A. Ruggiero, Esquire Vice President, General Counsel & Secretary Monroe Energy, LLC 4101 Post Road Trainer, PA 19061 Counsel for Monroe Energy, LLC

Date: February 7, 2017

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 Change the Direction of Petroleum Products

Transportation Service to Delivery Points

West of Eldorado, Pennsylvania

:

Laurel Pipe Line Company, L.P. - Pipeline Capacity Agreement with Buckeye Pipe Line

Company, L.P.

Docket No. G-2017-2587567

Docket No. A-2016-2575829

LAUREL'S MOTION TO CONSOLIDATE

TO THE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

Pursuant to Section 5.81 of the Pennsylvania Public Utility Commission's ("Commission") regulations, 52 Pa. Code § 5.81(a), Laurel Pipe Line Company, L.P. ("Laurel") hereby files this Motion to Consolidate the Pipeline Capacity Agreement filed on February 6, 2017, at Docket No. G-2017-2587567 (the "Capacity Agreement Docket"), with the above-captioned Application proceeding. In support thereof, Laurel represents the following:

1. On November 14, 2016, Laurel filed 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 at Docket No. A-2016-2575829 ("Application").

¹ A copy of the filing at the Capacity Agreement Docket is attached hereto as Attachment A.

- 2. Therein, Laurel requested any and all approvals that the Commission deemed necessary to change the direction of flow on the western portion of Laurel's petroleum products pipeline system. Application, at p. 1.²
- 3. Laurel further stated that, after the change in direction of flow was completed, its affiliate, Buckeye Pipe Line Company, L.P. ("Buckeye"), would provide service over the western portion of its pipeline system pursuant to a capacity agreement. Application, at ¶ 19, n.10. Laurel also stated that the current Commission-approved capacity agreement between Buckeye and Laurel must be revised to reflect the change in direction of service contemplated by the Application. Application, at ¶ 6, n.5.
- 4. Laurel further explained that, subsequent to the filing of the Application, it would submit for approval, a new capacity agreement whereby Buckeye would use a portion of Laurel's post-project capacity to facilitate eastbound movements of Midwestern-sourced petroleum products to the Eldorado delivery point and points further west. Application, at ¶ 19, n.10.
- 5. Laurel has now filed a new Pipeline Capacity Agreement between Laurel and Buckeye, as contemplated by the Application, at Docket No. G-2017-2587567 ("Capacity Agreement"). The Capacity Agreement is premised upon and will be executed when the Application is approved by the Commission.
- 6. Section 5.81(a) of the Commission's regulations, 52 Pa. Code § 5.81(a), states that "[t]he Commission or presiding officer, with or without motion, may order proceedings involving a common question of law or fact to be consolidated. The Commission or presiding

² Laurel requested, in the alternative, that if no approvals are required, a ruling to that effect be issued by the Commission.

officer [also] may make orders concerning the conduct of the proceeding as may avoid unnecessary costs or delay." 52 Pa. Code § 5.81(a).

- 7. Among the considerations in addition to the presence of common questions of law or fact are: (1) whether additional issues exist that could cloud the determination of common issues; (2) whether consolidation will reduce litigation costs and decision-making for the parties and the Commission; (3) whether the issues in one proceeding go to the heart of an issue in the other proceeding; (4) whether consolidation will unduly protect a hearing or produce a disorderly or unwieldy record; (5) whether different statutory and legal issues are involved; (6) whether the party with the burden of proof differs in the proceedings; (7) whether consolidation will unduly delay the resolution of one of the proceedings; and (8) whether supporting data in both proceedings will be repetitive. See Pa. Pub. Util. Comm'n v. City of Lancaster Sewer Fund, Docket No. R-2012-2310366, at p. 3-4 (Second Prehearing Order Nov. 26, 2012). "No single consideration, nor group of these consideration, is dispositive of a consolidation." Id., at p. 3. Rather, these considerations must all be evaluated, and a balancing of those favoring and disfavoring consolidation is required. Id.
- 8. The Commission has specifically consolidated interrelated cases that raise common issues of law and fact where the consolidation of the proceedings will promote the efficient use of the time and resources of the parties and the Commission, and where the issues in one proceeding go to the heart of an issue in the other proceeding. See Re Middletown Taxi Co., 1976 Pa. PUC LEXIS 46, at *5 (1976) (finding consolidation was appropriate where it would reduce the costs to the respective parties and the Commission and facilitate consideration of the interrelated requests); see also Pa. Pub. Util. Comm'n v. Butler Twp. Water Co., 1978 Pa. PUC

LEXIS 75, at *7 (1978) (finding consolidation of service complaints with a rate proceeding was appropriate because the service complaints went to the heart of the rate request).

9. Approval of the Application and Capacity Agreement involve common questions of fact related to the service to be provided over Laurel's pipeline facilities upon completion of the proposed change in direction of service: the Capacity Agreement is the instrument by which Buckeye would accomplish eastbound deliveries to the existing delivery points on the western portion of Laurel's pipeline system that are contemplated by the Application. Consolidation of these proceedings also would avoid unnecessary costs and delays related to separately evaluating these connected filings. The resources of the Commission and all parties would be used efficiently and cost-effectively, and administrative economy would be advanced, by formally consolidating these proceedings. Moreover, consolidation of these proceedings will not unduly delay resolution of either proceeding, protract a hearing or produce a disorderly and unwieldy record, or cloud the determination of the common issues. Therefore, upon balance of the aforementioned considerations, Laurel's Motion to Consolidate these proceedings should be granted.

WHEREFORE, Laurel Pipe Line Company, L.P. respectfully requests that, for all of the foregoing reasons, the Pennsylvania Public Utility Commission consolidate its consideration of the Capacity Agreement filed February 6, 2017, at the Capacity Agreement Docket, with the above-captioned Application proceeding.

Respectfully submitted,

David B. MacGregor (ID # 28804)

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Date: February 7, 2017

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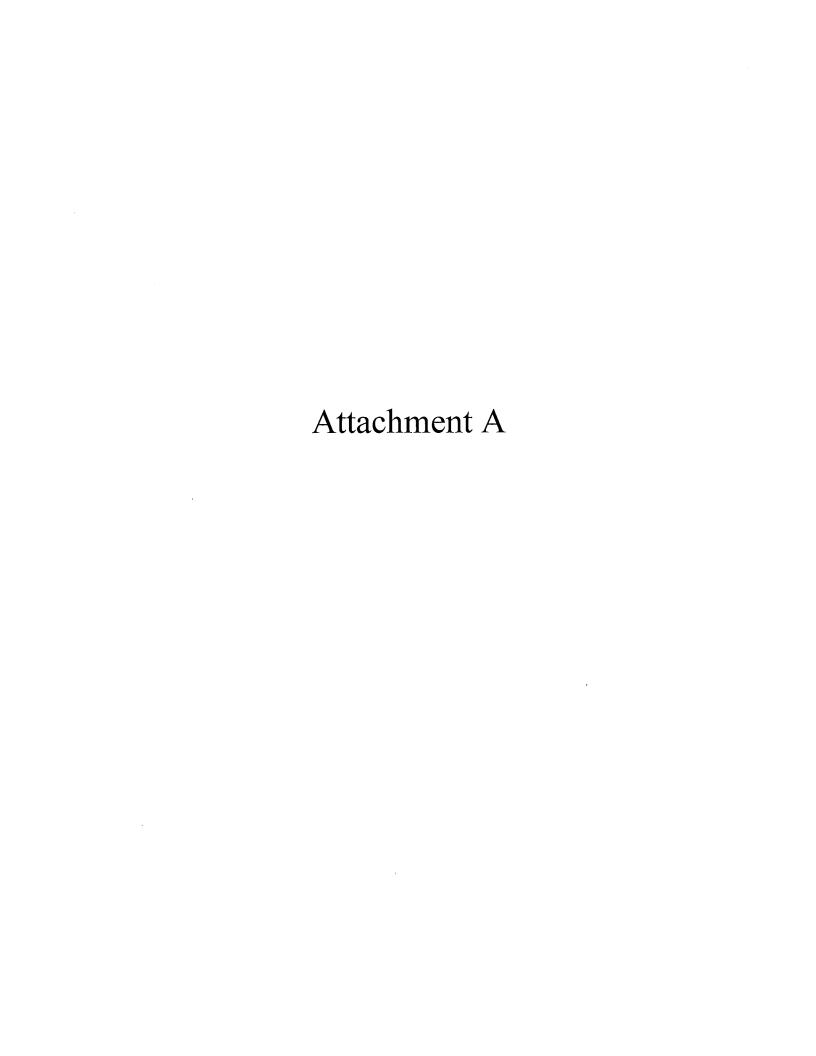
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February 6, 2017

VIA ELECTRONIC FILING

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: Pipeline Capacity Agreement Between Laurel Pipe Line Company, L.P. and Buckeye Pipe Line Company, L.P. Docket No. G-2017-

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Laurel Pipe Line Company, L.P. ("Laurel") pursuant to Chapter 21 of the Public Utility Code, 66 Pa. C.S. Chapter 21, is a proposed Pipeline Capacity Agreement ("Capacity Agreement") between Laurel and its affiliate Buckeye Pipe Line Company, L.P. ("Buckeye").

Laurel owns and operates a petroleum products pipeline between Eagle Point, New Jersey and Midland, Pennsylvania. Laurel provides intrastate petroleum products transportation service pursuant to its Pennsylvania Public Utility Commission ("Commission") Certificate of Public Convenience. Buckeye also uses Laurel's pipeline system to transport petroleum products in interstate commerce to locations throughout Pennsylvania, pursuant to Federal Energy Regulatory Commission approved tariffs and a Commission-approved pipeline capacity agreement. See Docket No. G-00940417. The enclosed Capacity Agreement is intended to supersede and replace the terms of Laurel and Buckeye's 1994 Pipeline Capacity Agreement ("1994 Agreement") and a 2015 Amendment, which extended the 1994 Agreement and changed certain pricing terms. The 1994 Agreement was approved by the Commission on or about December 15, 1994, and the 2015 Amendment was approved on or about May 4, 2015, at Docket No. G-00940417.

The enclosed Capacity Agreement supersedes and replaces the terms of the 1994 Agreement and 2015 Amendment, in order to facilitate Buckeye's use of the western portion of Laurel's pipeline

Rosemary Chiavetta, Secretary February 6, 2017 Page 2

facilities as proposed in 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, Docket No. A-2016-2575829 (filed Nov. 14, 2016) ("Application"). As noted in this Application, the change in direction of service contemplated by Laurel will require revisions to the capacity agreement between Laurel and Buckeye. The revised Capacity Agreement reflecting these changes is attached to this filing for Commission review and approval.

Under separate cover letter, Laurel has today filed a Motion to Consolidate the enclosed Capacity Agreement filing with the Application proceeding that is pending before the Commission at Docket No. A-2016-2575829. As described in the Motion to Consolidate, the Commission should exercise its discretion to consolidate consideration of this Capacity Agreement with the Application proceeding at Docket No. A-2016-2575829, because these filings involve common issues of fact and law.

Under Section 2102(b) of the Code, 66 Pa. C.S. § 2102(b), the Commission is required to complete its review of affiliated interest agreements within 30 days of the date the agreement is filed, or issue an order extending the 30-day consideration period. In lieu of this review process and as further explained in the above-referenced Motion to Consolidate, Laurel requests that the Commission consolidate this Capacity Agreement filing with the Application proceeding at Docket No. A-2016-2575829, and that the Capacity Agreement be reviewed and approved by the Commission as part of the Application proceeding.

Respectfully submitted,

Lillian S. Harris

LSH/skr Enclosure

cc: Certificate of Service

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

John R. Evans Small Business Advocate Office of Small Business Advocate 300 North Second Street, Suite 202 Harrisburg, PA 17101

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Date: February 6, 2017

Lillian S. Harris

PIPELINE CAPACITY AGREEMENT

This PIPELINE CAPACITY AGREEMENT ("Agreement") is made effective as of this __day of ______ 201_, by and between LAUREL PIPE LINE COMPANY, L.P., a Delaware limited partnership ("Laurel"), and BUCKEYE PIPE LINE COMPANY, L.P., a Delaware limited partnership ("Buckeye"). Laurel and Buckeye are referred to herein individually as a "Party" and together as the "Parties".

WHEREAS, Buckeye and Laurel entered into that certain Pipeline Capacity Agreement, made as of October 11, 1994 (the "1994 Agreement"), pursuant to which Laurel agreed to provide certain pipeline capacity to Buckeye; and

WHEREAS, Laurel and Buckeye modified the 1994 Agreement by an amendment made as of January 1, 2015 ("2015 Amendment"); and

WHEREAS, each desire to enter into this further revised Agreement that will entirely supersede and replace the terms of the 1994 Agreement, as amended by the 2015 Amendment, on the terms and conditions as set forth below; and

WHEREAS, Laurel owns and operates (a) a petroleum products pipeline between Eagle Point, New Jersey and Midland, Pennsylvania, as such pipeline is more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Pipeline"), and (b) a station at Boothwyn, Pennsylvania at which Laurel owns and operates, among other things, certain storage tanks, as such station is more particularly described on Exhibit "A" hereto (the "Booth Station") (the Pipeline and the Booth Station are hereinafter referred to collectively as the "Pipeline Assets"); and

WHEREAS, Buckeye desires to obtain from Laurel: (a) throughput capacity sufficient to transport as a common interstate carrier up to 60,000 barrels per day ("BPD") of refined petroleum products through the pipeline segment located between Eagle Point, New Jersey and Sinking Spring, Pennsylvania; and (b) throughput capacity sufficient to transport up to 45,000 BPD of refined petroleum products between Buckeye's point of connection with the Pipeline at Sinking Spring, Pennsylvania and Eldorado, Pennsylvania; (c) throughput capacity sufficient to transport up to 40,000 BPD of refined petroleum products between Eldorado, Pennsylvania and Buckeye's terminal facilities at Midland, Pennsylvania; and (d) use of the tankage at the Booth Station to facilitate Buckeye's use of such throughput capacity, subject to Laurel's operating procedures and scheduling requirements.

WHEREAS, Laurel and Buckeye desire to enter into this Agreement to provide for that use of pipeline capacity and tankage, as well as to express certain other agreements between them.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. Pipeline Capacity. Subject to the terms, conditions and provisions hereinafter set forth, Laurel hereby provides to Buckeye, and Buckeye agrees to accept from Laurel, the right to use capacity and facilities as follows: (a) up to 60,000 BPD in throughput capacity of the Pipeline between Eagle Point, New Jersey and Sinking Spring, Pennsylvania, up to 45,000 BPD in throughput capacity between Sinking Spring, Pennsylvania and Eldorado, Pennsylvania, and up to 40,000 BPD in throughput capacity between Eldorado, Pennsylvania and Midland, Pennsylvania (collectively referred to hereinafter as the "Capacity") to be used by Buckeye solely for the interstate transportation of refined petroleum products; and (b) use of such capacity of the tankage at the Booth Station as is necessary to facilitate Buckeye's use of the Capacity to transport gasolines, distillates and any other combination of grades of petroleum and petroleum products that Laurel and Buckeye mutually agree upon, from various points of origin on both Laurel and Buckeye's pipelines to various points of destination on both Laurel and Buckeye's pipelines, subject to Laurel's operating procedures and scheduling requirements.

2. Term.

- (a). <u>Initial Term</u>. The Initial Term of this Agreement shall be for a period of ten years, beginning on the first day on which Laurel begins to provide service under the terms of this Agreement in accordance with all required state and federal authorizations for the provision of the Capacity in accordance with the terms of this Agreement, and all authorizations for the construction or operation of all facilities and rights needed to provide the service to Buckeye as described in this Agreement. (the "Commencement Date").
- (b). Renewal Term(s). Following the end of the Initial Term, this Agreement, shall continue in effect on a year-to-year evergreen basis (each such year term, a "Renewal Term") until cancelled by either Party by giving written notice to the other Party of such cancellation at least thirty (30) days prior to the effective date of such cancellation.

3. <u>Capacity Use Charge for the Initial Term.</u>

- (a). The annual capacity use charge payable by Buckeye to Laurel during the first twelve month period of the Initial Term of this Agreement shall be the sum then applicable to the annual capacity use charge to Buckeye under the 2015 Amendment, on the Commencement Date.
- (b). The annual capacity use charge payable by Buckeye to Laurel during each succeeding twelve (12) month period of the Initial Term shall be the annual capacity charge for the preceding twelve (12) month period multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities.
- (c). The annual capacity use charge shall be payable in equal monthly installments on or before the last business day of each calendar month, without notice or

demand, and without any setoff, counterclaim or deduction, except as expressly authorized herein; however, in the event that the Commencement Date is not on the first day of a calendar month, the capacity use charge for the first and last month of the Initial Term will be prorated according to the number of days during which the Agreement is in effect during each such month.

4. Capacity Use Charge For Renewal Terms.

- (a). The annual capacity use charge payable by Buckeye during the first Renewal Term shall be equal to the product of the annual capacity use charge payable by Buckeye during the immediately preceding twelve (12) month period of the Initial Term and 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities.
- (b). The annual capacity use charge shall be payable in equal monthly installments on or before the last business day of each calendar month, without notice or demand, and without any setoff, counterclaim or deduction, except as expressly authorized herein; however, in the event that the Commencement Date is not on the first day of a calendar month, the capacity use charge for the first and last month of the Renewal Term will be prorated according to the number of days during which the Agreement is in effect during each such month.
- 5. Adjustments For Operating Expenses. The amounts of annual capacity use charges payable by Buckeye to Laurel pursuant to the provisions of paragraphs 3 and 4 hereof were determined based upon full use of the Capacity by Buckeye during the Initial Term and each Renewal Term of this Agreement. If Buckeye ships less than the full Capacity amount during the first twelve (12) months of the Initial Term or during any subsequent twelve (12) month period occurring within the Initial Term, or during any Renewal Term, Laurel and Buckeye agree to make the adjustments described below to reflect variable power and operating expenses.

If during the first twelve (12) months of the Initial Term, Buckeye ships less than 21,900,000 barrels (determined by multiplying 60,000 BPD x 365 days) in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Buckeye shall be entitled to a credit equal to the credit per barrel in effect during the prior twelve months pursuant to Section 5 of the 2015 Amendment multiplied by the number of barrels less than 21,900,000 shipped by Buckeye, such credit to be applied against next due installments of annual rent payable by Buckeye pursuant to paragraphs 3 or 4 above. If during any succeeding twelve (12) month period during the Initial Term, Buckeye ships less than 21,900,000 barrels in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Buckeye shall be entitled to a credit equal to the credit per barrel calculated for the prior twelve (12) month period, multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels less than 21,900,000 shipped by Buckeye,

such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships less than 21,900,000 barrels (determined by multiplying 60,000 BPD x 365 days) in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Buckeye shall be entitled to a credit equal to the credit per barrel calculated for the prior twelve (12) month period multiplied by the number of barrels less than 21,900,000 shipped by Buckeye multiplied by 1 plus the percentage change since the Initial Term, or, as applicable, the preceding Renewal Term, in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during the first twelve (12) months of the Initial Term Buckeye ships less than 16,425,000 barrels (determined by multiplying 45,000 BPD x 365 days) in the segment between Sinking Spring and Eldorado, Pennsylvania or points intermediate thereto, Buckeye shall be entitled to a credit equal to the credit per barrel in effect during the prior twelve (12) months pursuant to Section 5 of the 2015 Amendment multiplied by the number of barrels less than 16, 425,000 shipped by Buckeye, such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above. If during any succeeding twelve (12) month period during the Initial Term, Buckeye ships less than 16,425,000 barrels in the segment between Sinking Spring and Eldorado, Pennsylvania, Buckeye shall be entitled to a credit equal to the credit per barrel calculated for the prior twelve (12) month period, multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels less than 16,425,000 shipped by Buckeye, such credit to be applied against next due installments of the annual capacity charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships less than 16,425,000 barrels (determined by multiplying 45,000 BPD x 365 days) in the segment between Sinking Spring and Eldorado, Pennsylvania or points intermediate thereto, Buckeye shall be entitled to a credit equal to the credit per barrel calculated for the prior twelve (12) month period, multiplied by the number of barrels less than 16,425,000 shipped by Buckeye multiplied by 1 plus the percentage change since the beginning of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during the first twelve (12) months of the Initial Term Buckeye ships less than 14,600,000 barrels (determined by multiplying 40,000 x 365 days) in the segment between Eldorado and Midland, Pennsylvania or points intermediate thereto, Buckeye shall be entitled to a credit equal to the credit per barrel in effect during the prior twelve (12) months pursuant to Section 5 of the 2015 Amendment multiplied by the number of barrels less than 14,600,000

shipped by Buckeye, such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above. If during any succeeding twelve (12) month period during the Initial Term, Buckeye ships less than 14,600,000 barrels in the segment between Sinking Spring and Eldorado, Pennsylvania, Buckeye shall be entitled to a credit equal to the credit per barrel calculated for the prior twelve month period, multiplied by 1 plus the percentage change since the commencement of the prior 12 month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels less than 14,600,000 shipped by Buckeye, such credit to be applied against next due installments of annual rent payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships less than 14,600,000 barrels (determined by multiplying 40,000 BPD x 365 days) between Eldorado and Midland, Pennsylvania or points intermediate thereto, Buckeye shall be entitled to a credit per barrel equal to the credit per barrel calculated for the prior twelve (12) month period multiplied by the number of barrels less than 14,600,000 shipped by Buckeye multiplied by 1 plus the percentage change since the beginning of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, such credit to be applied against next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

Laurel shall, promptly after the end of each twelve (12) month period of the Initial Term, or as applicable following each Renewal Term, determine the amount, if any, of credit due Buckeye pursuant to the provisions of this paragraph 5, and then submit a statement to Buckeye containing the applicable calculation. If such calculation reveals that Buckeye is due a credit from Laurel, such credit may be offset by Buckeye against next due installments of the annual capacity use charge payable by Buckeye hereunder. If this Agreement has been terminated or has expired before any such credit has been fully utilized, Laurel shall, within thirty (30) days after the termination or expiration, pay Buckeye an amount equal to the unutilized credit. The provisions of this paragraph 5 shall survive the expiration or sooner termination of the term of this Agreement.

6. Provision of Additional Capacity. Laurel may, within its discretion and if capacity is available, provide Buckeye the right to ship more than the full Capacity amount during the first twelve (12) months of the Initial Term, or during any subsequent twelve (12) month period occurring within the Initial Term, or during any Renewal Term, and in such event Laurel and Buckeye agree that Buckeye shall pay additional capacity use charges as described below ("supplemental charge").

If during the first twelve (12) months of the Initial Term Buckeye ships more than 21,900,000 barrels (determined by multiplying 60,000 BPD x 365 days) in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Laurel shall be entitled to a payment of a supplemental charge equal to the supplemental charge per barrel in effect during the prior twelve (12) months pursuant to Section 6 of the 2015 Amendment multiplied by the number of barrels more than 21,900,000 shipped by Buckeye. If during any succeeding twelve

(12) month period during the Initial Term, Buckeye ships more than 21,900,000 barrels in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Laurel shall be entitled to payment of a supplemental charge equal to the supplemental charge per barrel calculated for the prior twelve (12) month period, multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels more than 21,900,000 shipped by Buckeye, such credit to be added to the next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships more than 21,900,000 barrels (determined by multiplying 60,000 BPD x 365 days) in the segment between Eagle Point, Chelsea Junction, or Booth and Sinking Spring, Laurel shall be entitled to the payment of a supplemental charge equal to the supplemental charge per barrel calculated for the prior twelve (12) month period multiplied by the number of barrels more than 21,900,000 shipped by Buckeye multiplied by 1 plus the percentage change since the Initial Term in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities.

If during the Initial Term Buckeye ships more than 16,425,000 barrels (determined by multiplying 45,000 BPD x 365 days) in the segment between Sinking Spring and Eldorado, Pennsylvania, Laurel shall be entitled to a payment of a supplemental charge equal to the supplemental charge per barrel in effect during the prior twelve (12) months pursuant to Section 6 of the 2015 Amendment multiplied by the number of barrels more than 16,425,000 shipped by Buckeye. If during any succeeding twelve (12) month period during the Initial Term, Buckeye ships more than 16,425,000 barrels in the segment between Sinking Spring and Eldorado, Pennsylvania, Laurel shall be entitled to payment of a supplemental charge equal to the supplemental charge per barrel calculated for the prior twelve (12) month period, multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels more than 16,425,000 shipped by Buckeye, such credit to be added to the next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships more than 16,425,000 barrels (determined by multiplying 45,000 BPD x 365 days) in the segment between Sinking Spring and Eldorado, Pennsylvania, Laurel shall be entitled to a payment of a supplemental charge equal to the supplemental charge per barrel calculated for the prior twelve (12) month period multiplied by the number of barrels less than 16,425,000 shipped by Buckeye multiplied by 1 plus the percentage change since the Initial Term in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities.

If during the first twelve (12) months of the Initial Term Buckeye ships more than 14,600,000 barrels (determined by multiplying 40,000 BPD x 365 days) in the segment between

Midland and Eldorado, Pennsylvania, Laurel shall be entitled to a payment of a supplemental charge equal to the supplemental charge per barrel in effect during the prior twelve months pursuant to Section 6 of the 2015 Amendment multiplied by the number of barrels more than 14,600,000 shipped by Buckeye. If during any succeeding twelve (12) month period during the Initial Term, Buckeye ships more than 14,600,000 barrels in the segment between Eldorado and Midland, Pennsylvania, Laurel shall be entitled to payment of a supplemental charge equal to the supplemental charge per barrel calculated for the prior twelve (12) month period, multiplied by 1 plus the percentage change since the commencement of the prior twelve (12) month period in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities, further multiplied by the number of barrels more than 14,600,000 shipped by Buckeye, such credit to be added to the next due installments of the annual capacity use charge payable by Buckeye pursuant to paragraphs 3 or 4 above.

If during any Renewal Term Buckeye ships more than 14,600,000 barrels (determined by multiplying 40,000 BPD x 365 days) in the segment between Midland and Eldorado, Pennsylvania, Laurel shall be entitled to a payment of a supplemental charge equal to the supplemental charge per barrel in effect during the prior twelve (12) months multiplied by the number of barrels less than 14,600,000 shipped by Buckeye multiplied by 1 plus the percentage change since the Initial Term in the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics for the United States Department of Labor for All United States Cities

Laurel shall, promptly after the end of twelve (12) month period of the Initial Term, or each Renewal Term, as applicable, determine the amount, if any, of payment owed by Buckeye pursuant to the provisions of this paragraph 6, and then submit a statement to Buckeye containing the applicable calculation. If such calculation reveals that Laurel is due a payment from Buckeye, such payment will be made within thirty (30) days after receipt of aforementioned calculation. The provisions of this paragraph 6 shall survive the expiration or sooner termination of the term of this Agreement.

7. Operation and Maintenance of the Pipeline Assets. During the Initial Term and all Renewal Terms of this Agreement, Laurel shall be solely responsible for the operation and maintenance of the Pipeline Assets in accordance with its normal business practices, including the Capacity, subject to the right and obligation of Buckeye to utilize the Capacity as a private or common carrier. Laurel shall be solely responsible for obtaining and keeping in force any and all permits and easements necessary to physically operate the Pipeline Assets. Laurel shall operate the Pipeline Assets utilizing operating practices and procedures in compliance with all applicable laws and regulations.

If at any time during the Initial Term or any Renewal Term of this Agreement, Buckeye believes that Laurel has not maintained the Pipeline Assets in accordance with Laurel's normal business practices, Buckeye shall give Laurel telephonic notice thereof, with reasonable detail of the inadequate circumstance.

If Laurel agrees with Buckeye, Laurel shall at its cost and expense forthwith commence to make all necessary modifications and shall diligently prosecute such modifications to completion.

If Laurel disagrees with Buckeye, Laurel shall, within fifteen (15) days after the date of Buckeye's notice, give telephonic notice thereof to Buckeye, and the parties shall thereafter negotiate in good faith to resolve the issue.

Notwithstanding the foregoing, if Buckeye is in default of any of its obligations under this Agreement, it shall not be permitted to demand that Laurel perform any modification or maintenance work pursuant to the provisions of this paragraph 7.

8. <u>Compliance with Laws</u>. Buckeye shall at its expense comply with all applicable laws and regulations relating to its use and occupancy of the Capacity.

9. <u>Indemnification Obligations</u>.

- (a). Laurel shall indemnify and hold harmless Buckeye from and against any and all losses, claims and demands for injuries to or death of persons or damages to property caused by, arising from or incidental to any negligent act or omission to act by Laurel, its agents, servants or employees, in the exercise of the rights granted or the obligations imposed hereunder.
- (b). Buckeye shall indemnify and hold harmless Laurel from and against any and all losses, claims and demands for injuries to or death of persons or damages to property (including, without limitation, the Pipeline Assets) caused by, arising from or incidental to any negligent act or omission to act by Buckeye, its agents, servants or employees in the exercise of the rights granted or the obligations imposed hereunder.
- (c). It is understood that for purposes of this paragraph 9, connecting carriers are not agents of either Buckeye or Laurel.
- 10. <u>Shipment Activity Forecasts</u>. Buckeye's use of the Capacity and the tankage at the Booth Station shall be subject to Laurel's operational procedures and scheduling requirements. Subject to such operational procedures and scheduling requirements, Buckeye shall have the right to use the Capacity on the following bases:

Buckeye shall advise Laurel in writing of Buckeye's proposed transportation activity on its Capacity for each calendar month during the Initial Term and any Renewal Term of this Agreement twenty (20) days prior to the first day of such month; provided, however, that no such notification may be made after the twenty-fifth (25th) day of the month preceding such month. Modifications to such activity may be accepted after such date to the extent Laurel can reasonably accommodate such changes. Based on Buckeye's notification(s) of proposed activity, Laurel shall issue operating schedules to Buckeye and connecting carriers. After Buckeye has received from Laurel the operating schedules, Buckeye shall use its best efforts to receive their deliveries accordingly, at the time and at the hourly flow rates specified by Laurel and under the supervision of Laurel.

Laurel and Buckeye shall at all times cooperate with each other and coordinate their respective activities in such manner as to effect the most efficient operation and utilization of the Pipeline Assets, and accommodation of Buckeye's needs and utilization of the Capacity, in accordance with Laurel's operational procedures and scheduling requirements. Buckeye shall have the right to review and approve any material change in operating procedures, practices or performance relating to the Pipeline Assets.

- 11. <u>Taxes</u>. All state and local taxes, right-of-way rentals, and assessments of charges levied on the Pipeline Assets or the Capacity shall be paid by Laurel. All taxes levied on the income arising from transportation of petroleum products through the Capacity shall be paid by Buckeye.
- 12. <u>Notices</u>. All notices and other communications which are required or permitted hereunder (except for notices and communications under paragraph 7 of this Agreement which shall be given by telephone calls) shall be given in writing and shall be sent by certified mail, return receipt requested, postage prepaid, or by telefacsimile, addressed or sent as follows:

If to Buckeye: Buckeye Pipe Line Company, L.P.

Todd J. Russo

Senior Vice President, General Counsel and Secretary

Buckeye Partners, L.P.

Five TEK Park

9999 Hamilton Boulevard Breinigsville, PA 18031 (610) 904-4505 (telephone) (610) 904-4006 (fax) TRusso@buckeye.com

If to Laurel:

Laurel Pipe Line Company, L.P.

David W. Arnold

Vice President, Domestic Pipelines

Buckeye Partners, L.P.

Five TEK Park

9999 Hamilton Boulevard Breinigsville, PA 18031 (610) 904-4505 (telephone) (610) 904-4006 (fax) DArnold@buckeye.com

or to such other address or telefacsimile number or e-mail address as a Party may from time to time designate to the other Party in writing in accordance with this paragraph 12. All notices and other communications given to any Party in accordance with the provision of this paragraph 12 shall be deemed to have been given on the date of receipt.

13. <u>Force Majeure</u>. Except for the payment of money due and payable hereunder, neither Party shall be liable to the other Party for failure to fulfill its obligations under this

Agreement when such failure is caused by reasons beyond the reasonable control of such Party, such as a strike or labor dispute, damage by the elements, storm, flood or other act of God, fire, explosion, electrical blackout, war, rebellion, insurrection, riot, breakage or accident to machinery or equipment, act, regulation or edict of any governmental authority or any other similar or dissimilar cause reasonably beyond the control of the Party affected. If the settlement of any strike or labor dispute can be made only upon such terms unacceptable to the affected Party, such strike or labor dispute shall be a cause beyond such Party's reasonable control within the meaning of this paragraph 13. If operation of the Pipeline should be suspended for ten consecutive days or longer due to any of the aforementioned force majeure causes, then the then current term of this Agreement shall be extended by the number of days that such force majeure condition continues (from and after the tenth day). Notwithstanding the foregoing, neither any term of this Agreement, nor the time by which any of the obligations of the Parties hereunder are to be performed shall be extended pursuant to the provisions of this paragraph 13 if Laurel accepts and delivers all shipments nominated by Buckeye for delivery during any month in which operation of the Pipeline is suspended or disrupted.

- 14. <u>Receipts, Deliveries and Inventories</u>. Receipts, deliveries and inventories pertaining to Buckeye's use of the Capacity shall be maintained in accordance with Laurel's existing operating procedures.
- 15. Minimum Inventories. Buckeye shall maintain its proportionate share of minimum inventory in the Pipeline for each grade of petroleum products moving on the Capacity, based on the portion of the Pipeline used to facilitate such movement. Buckeye shall maintain minimum operating linefill inventory for each line segment of the Pipeline equal to its percentage of total scheduled movements for each line segment times the total linefill required for each such line segment of the Pipeline. Buckeye shall be required to maintain tank operating inventory equal to its percentage of total scheduled pipeline movements for each product grade of petroleum products times the total required operating inventory for each such product grade. Laurel shall determine and advise Buckeye of the type and amount of inventory Buckeye is required to furnish pursuant to this paragraph 15.
- Early Termination for Failure to Ship or Other Default. If Buckeye (a) fails to ship any volume through the Pipeline for any period of twelve (12) consecutive months during the Initial Term or any Renewal Term of this Agreement, or (b) fails to pay Laurel the annual capacity use charges or other amounts in accordance with the provisions of this Agreement, or (c) otherwise fails to comply with any material provision of this Agreement, and such failure continues for a period of thirty (30) days after Laurel gives Buckeye notice of such failure, Laurel may terminate this Agreement prior to the scheduled expiration date of the then current term by giving Buckeye written notice thereof (in the case of a failure to ship by Buckeye as described in the preceding clause (a) only, such termination notice may only be given prior to a shipment by Buckeye through the Pipeline). In the case of a termination pursuant to the preceding clause (a), such termination shall be effective thirty (30) days after the date of Laurel's notice, and in the case of a termination pursuant to the preceding clause (b), such termination shall be effective on the date specified in Laurel's termination notice. If this Agreement is thus terminated, Buckeye shall pay to Laurel capacity use charges pro-rated or adjusted to the termination date.

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- 17. <u>Additional Storage Tanks</u>. During the Initial Term and any Renewal Term of this Agreement, Buckeye shall have the right to construct such additional storage tanks at the Booth Station as Buckeye may desire, provided, however, that Buckeye's construction of any such tank is subject to the following terms and conditions:
 - (a). prior to the commencement by Buckeye of any construction work, Buckeye shall obtain Laurel's written approval of the plans and specification for the proposed work; and Laurel shall approve or disapprove of such plans and specifications within forty-five (45) days after its receipt thereof (and if Laurel fails to respond within such time period the plans and specifications submitted by Buckeye to Laurel shall be deemed to have been approved by Laurel);
 - (b). all such construction work shall be performed by contractors reasonably acceptable to Laurel and under the supervision of a registered professional engineer reasonably acceptable to Laurel;
 - (c). all such construction work shall be performed in a good and workmanlike manner and in compliance with all laws, statutes, ordinances, regulations, orders and requirements of all federal, state, county, township, local and other governmental authorities having jurisdiction over such work;
 - (d). prior to commencement of such work, Buckeye shall (i) procure all necessary permits and authorizations, (ii) file appropriate waivers against mechanics' liens in form satisfactory to Laurel, and (iii) obtain workmen's compensation insurance in amounts, form and content, and with companies reasonably acceptable to Laurel; and
 - (e). after the completion of such work, Buckeye shall execute and deliver such bills of sale and other transfer documents as Laurel may reasonably require in order for Buckeye to transfer, convey, and assign to Laurel all of Buckeye's right, title and interest, if any, in and to all such storage tanks (subject to Buckeye's interest in such tanks described below), all such documents to be in form and substance reasonably acceptable to Laurel.

If Buckeye constructed any such storage tanks in accordance with the provisions of this paragraph 17, each such tank shall be the property of Laurel but shall be deemed to be part of the property provided by Laurel to Buckeye pursuant to this Agreement; and Buckeye shall have the exclusive right to utilize the capacity of each such tank (provided that Laurel shall be solely responsible for operating and maintaining each such tank) at no additional rent through and including the date that this Agreement expires or terminates.

Neither this Agreement nor any of the obligations of the Parties under this Agreement shall be subject to Buckeye's ability to construct additional storage tanks at the Booth Station pursuant to the provisions of this paragraph 17.

18. Entire Agreement. This Agreement supersedes and cancels all other agreements, if any, whether written or oral between the Parties relating to the subject matter of this Agreement. No conditions, usage of trade, course of dealing or other performance, understanding or agreement, purporting to modify, vary, explain or supplement the terms,

conditions and provisions of this Agreement shall be binding upon either of the Parties unless hereafter made in writing and signed by the Party to be bound.

- 19. <u>Severability</u>. If any of the provisions in this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid, illegal or otherwise unenforceable, the remainder of this Agreement, and the application of such provision to any person or circumstances other than those to whom or which it is held invalid, illegal or unenforceable, shall not be affected thereby, and every provision in this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 20. <u>Assignment; Successor and Assigns</u>. No interest or obligation of Buckeye under this Agreement or in or to the Capacity or the use of the capacity of the tankage at the Booth Station may be assigned, sublet or otherwise transferred by Buckeye, whether voluntarily or by operation of law, without the prior written consent of Laurel, except that Buckeye's entire interest under this Agreement may be assigned to a corporation that is wholly owned by Buckeye or its parent corporation, if such assignee gives Laurel a written assumption of all of Buckeye's obligations hereunder. No such assignment shall release Buckeye of its obligations hereunder, and Buckeye shall remain jointly and severally liable with the assignee for the performance of such obligations. Buckeye shall not mortgage, pledge or otherwise encumber its interest in this Agreement or the capacity use charges payable hereunder. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.
- 21. <u>Brokers</u>. Each party represents and warrants to the other that it has not dealt with any brokers or agents in connection with the negotiation of or the obtaining of this Agreement, and each Party agrees to indemnify and hold harmless the other Party from and against any and all cost, liability or claim for commission or other compensation by any broker or agent claiming to be employed by the indemnifying Party with respect to the Pipeline Assets or to have called the Pipeline Assets to Buckeye's attention.
- 22. <u>Captions</u>. The captions and headings of the paragraphs of this Agreement have been inserted for convenience of reference only and shall not in any way be utilized to construe or interpret the agreement of the Parties as otherwise set forth in this Agreement.
- 23. Governing Law. This Agreement and all issues arising hereunder shall be governed by the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of law principles thereof.
- 24. <u>No Joint Venture</u>. This Agreement shall create only the relationship of lessor and lessee between Laurel and Buckeye, and nothing herein is intended to be construed as creating a joint venture or partnership relationship between the Parties.
- 25. <u>Counterparts</u>. This Agreement shall be binding when any one or more counterparts hereof individually or taken together, shall bear the signatures of Laurel and Buckeye. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

LAUREL PIPE LINE COMPANY, L.P. By MainLine L.P., its sole general partner By MainLine GP LLC, its sole general partner

BY:
Name: David W. Arnold
Title: Vice President, Domestic Pipelines
BUCKEYE PIPE LINE COMPANY, L.P. By MainLine L.P., its sole general partner By MainLine GP LLC, its sole general
BY:
Name: Todd J. Russo
Title: Senior Vice President, General Counsel
and Secretary

EXHIBIT A

EXHIBIT A TO THE PIPELINE CAPACITY AGREEMENT

The capacity subject to this Agreement is in the Laurel Pipe Line System (Laurel), which is a common carrier pipeline which transports liquid petroleum and petroleum products and is located between points in southern New Jersey and western Pennsylvania, making deliveries to terminals across Pennsylvania. The system consists of mainline pipelines, pump stations, laterals and appurtenant facilities, and break out storage tankage, including tankage at Laurel's Booth station. The pipeline system west of Booth consists of a main pipeline consisting of 24-inch, 20-inch, 18-inch diameter sections, metering facilities and other terminal-related facilities, and multiple pump stations. Laurel delivers at terminals located west of Booth. In addition, the capacity subject to this Agreement in the Laurel system includes a segment between Midland and Coraopolis, Pennsylvania, consisting of main pipeline of 14- and 18-inch diameter section and pump stations, metering facilities and other terminal related facilities.