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February 13, 2017

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Application of Laurel Pipeline Company, L.P.
Docket No. A-2016-2575829

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Conference Memorandum of Husky Marketing and Supply Company with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Karen O. Moury
KOM/lww
Enclosure

cc: Hon. Eranda Vero w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Husky Marketing and Supply Company's Prehearing Conference Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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Dated: February 13, 2017



Karen O. Moury, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laurel Pipeline 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 :

**PREHEARING CONFERENCE MEMORANDUM
OF HUSKY MARKETING AND SUPPLY COMPANY**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

Husky Marketing and Supply Company (“HMSC”) hereby submits this Prehearing Conference Memorandum in accordance with 52 Pa. Code § 5.222 of the regulations of the Pennsylvania Public Utility Commission (“Commission”) and the Prehearing Conference Order of the Administrative Law Judge (“ALJ”) dated February 7, 2017.

I. INTRODUCTION AND BACKGROUND

On November 14, 2016, Laurel Pipeline Company, L.P. (“Laurel” or “Applicant”) filed an 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 (“Application”). Under its existing Certificate of Public Convenience, Laurel is authorized to transport, store and distribute petroleum products by means of pipeline and appurtenances for the public in and across Pennsylvania. Pursuant to that authority and under currently effective tariffs, Laurel currently transports petroleum products from east to west - from points of origin near Philadelphia to destination points across the Commonwealth, terminating west of Pittsburgh. Additionally, Laurel assigns a portion of its capacity to Buckeye Pipe Line

Company, L.P., which is used to provide interstate transportation service from origin points in New Jersey and Delaware to destinations in Pennsylvania.

As noted by the Application, 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. Through its proposal 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 destination point known as “Eldorado,” the additional eastbound pipeline capacity will provide consumers in Western and Central Pennsylvania increased access to generally lower-priced Midwestern gasoline and petroleum products. Importantly, the change in direction of service will also provide an additional Midwest source of petroleum products in the event of a disruption of East Coast supplies.

By its Application, Laurel requests that the Commission either determine 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. 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 reconfiguration, Laurel further requests that the Commission confirm that Laurel possesses the authority to reinstate the current direction of service in the future.

Pursuant to a Notice published in the *Pennsylvania Bulletin* on December 17, 2016, 46 Pa.B. 7921, petitions to intervene are due on or before February 1, 2017. HMSC filed a Petition to Intervene on January 31, 2017 in support of the Application.

In the Petition to Intervene, HMSC noted that it was founded in 2007 and is the ultimate subsidiary of Husky Energy, Inc. (“Husky”). Husky is one of Canada’s largest integrated energy companies and is headquartered in Calgary, Alberta. Husky operates in Canada, the United States

and the Asia Pacific Region with Upstream and Downstream business segments. Husky's retail distribution network includes the wholesale, commercial and retail marketing of refined petroleum products. Husky has the largest refining capacity in the state of Ohio. Based in Columbus, Ohio, HMSC sells refined products from Husky's refinery in Lima, Ohio and its joint venture refinery in Toledo, Ohio, including gasoline, diesel and jet fuel.

HMSC has entered into various transportation services agreements (some with minimum committed volumes) to move products from its refineries into various markets, including markets in Pennsylvania. To this extent, HMSC has entered into a transportation services agreement ("TSA") with Applicant to move refined products on the segment of pipeline that is the subject of the Application. HMSC is a committed customer under the TSA, and as such, is committed to shipping a certain number of barrels of refined products under this segment of the pipeline.

On February 6, 2017, Laurel filed a Capacity Agreement at Docket No. G-2017-2587567. On February 7, 2017, Laurel filed a Motion to Consolidate the Commission's consideration of the Capacity Agreement with the above-captioned Application proceedings.

By the ALJ's Prehearing Conference Order, prehearing conference memoranda from full service list participants are due by February 13, 2017. Under the Prehearing Conference Order, full service lists participants are required to include an answer to Laurel's Motion to Consolidate in their prehearing conference memoranda.

II. SERVICE OF DOCUMENTS

HMSC requests that all documents be served on:

Karen O. Moury
Carl R. Shultz
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Floor
Harrisburg, PA 17101
717.237.6036

HMSC agrees to receive electronic service of documents in this proceeding and does not require hard copies to follow. If materials are disseminated electronically, it is requested that copies be sent to kmoury@eckertseamans.com and cshultz@eckertseamans.com.

III. DISCOVERY

HMSC proposes no modifications to the discovery rules that are set forth in the Commission's regulations.

IV. PROPOSED SCHEDULE

HMSC supports the schedule proposed by Applicant.

V. WITNESSES

At this early point in the proceeding, HMSC has not identified any witnesses. However, HMSC reserves the right to call witnesses to address any issues that have been or are later raised during the course of the proceeding and will identify such additional witnesses within a reasonable period of time prior to the commencement of hearings.

VI. ISSUES

HMSC's interest in this proceeding is due to its role as a shipper that made a binding commitment for the reversal of a portion of the Laurel pipeline to facilitate the transportation of refined petroleum products from Pittsburgh to Central Pennsylvania, in response to the open season hosted by Buckeye Partners, L.P. in October 2016. Specifically, HMSC is committed under the TSA to shipping a certain number of barrels of refined products under the segment of the pipeline that is the subject of the Application.

The reversal of this portion of the Laurel pipeline would enable the movement of competitively-priced refined products (including low RVP gasoline) from Husky refineries to consumers in Western and Central Pennsylvania. Through Laurel's project, HMSC would be able to compete in this market that stands to benefit from a situation where refiners in the Midwest have

gained access to lower-priced crude petroleum supplies, which have allowed for expansion of the petroleum products market and decreased the relative price of Midwestern products.

If granted intervention in this proceeding, HMSC will present its own unique perspectives associated with the expanded transportation service of refined petroleum products from the Midwest to destination points in Western and Central Pennsylvania. Specifically, HMSC will offer the perspectives of a refiner and marketer, which will complement and supplement the views advanced by the Applicant - a pipeline company. HMSC will advocate for approval of the Application so that it is able to meet the market demand for the movement of competitively-priced Midwestern-sourced petroleum to points east of Pittsburgh.

HMSC will further support regulatory approval for the reversal of a portion of the pipeline in order to be responsive to evolving market conditions and demand across the region. To this extent, its views are consistent with the Commission's efforts in both the transportation industry and the retail energy industry to facilitate competition for the benefit of consumers. *See Final Rulemaking Amending 52 Pa. Code Chapters 1, 3, 4, 23 and 29 to Reduce Barriers to Entry for Passenger Motor Carriers*, Docket No. L-2015-2507592 (Order entered October 27, 2016); *Natural Gas Retail Markets Investigation*, Docket No. I-2013-2381742 (Order entered December 18, 2014); *Electric Retail Markets Investigation*, Docket No. I-2011-2237952 (Order entered February 15, 2013).

VII. MOTION TO CONSOLIDATE

HMSC does not object to Laurel's Motion to Consolidate.

VIII. PROTECTION OF CONFIDENTIAL INFORMATION

To the extent confidential HMSC information is requested, HMSC will provide it on a restricted basis in accordance with an appropriate Protective Order that is issued in this proceeding.

IX. SETTLEMENT

HMSC is willing to engage in settlement discussions with the parties, with the objective of achieving a mutually acceptable resolution of this matter, subject to the Commission's approval.

Respectfully submitted,



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Dated: February 13, 2017

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