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October 3, 2025

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Monroe Energy, LLC, Lucknow-Highspire Terminals, LLC, Sheetz, Inc. and PBF Holding Company LLC v. Laurel Pipe Line Company, L.P.; Docket No. C-2025-3053018**

Dear Secretary Homsher:

Attached for filing with the Pennsylvania Public Utility Commission are the PUBLIC and HIGHLY CONFIDENTIAL Main Brief of Complainants Monroe Energy, LLC ("Monroe"), Lucknow-Highspire Terminals, LLC ("LHT"), Sheetz, Inc. ("Sheetz"), and PBF Holding Company LLC ("PBF") in the above-referenced proceeding. The HIGHLY CONFIDENTIAL version of the Main Brief is being provided under seal to the Commission via SharePoint.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a white background.

Adeolu A. Bakare  
MCNEES WALLACE & NURICK LLC

c: Administrative Law Judge Eranda Vero  
Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants, listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant) and in accordance with the Protective Order in this proceeding.

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Dated this 3<sup>rd</sup> day of October, 2025, in Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Monroe Energy, LLC, Lucknow-Highspire :  
Terminals, LLC, Sheetz, Inc. and PBF :  
Holding Company LLC, :  
: Docket No. C-2025-3053018  
Complainants, :  
: :  
v. :  
: :  
Laurel Pipe Line Company, L.P. :  
: :  
Respondent. :

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**MAIN BRIEF OF COMPLAINANTS**

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66 Pa. C.S. § 2103

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**Rules**

49 U.S.C. § 1(2)(a)

49 U.S.C. § 15301

52 Pa. Code § 53.25

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## I. STATEMENT OF THE CASE

### A. Introduction

Monroe Energy, LLC ("Monroe"), Lucknow-Highspire Terminals, LLC ("LHT"), Sheetz, Inc. ("Sheetz"), and PBF Holding Company LLC ("PBF") (collectively, the "Complainants") filed a Formal Complaint on January 21, 2025 ("Complaint") with the Pennsylvania Public Utility Commission ("PUC" or "Commission") to address several issues with a Commission-jurisdictional public utility, Laurel Pipe Line Company, L.P. ("Laurel").

Laurel currently transports petroleum products from points of origin near Philadelphia, Pennsylvania, westerly to destination points across the Commonwealth, terminating west of Pittsburgh, Pennsylvania. In addition to these intrastate shipments, Laurel assigns a portion of its pipeline capacity to an affiliate, Buckeye Pipe Line Company, L.P. ("Buckeye"), to allow Buckeye to provide interstate transportation service to certain destination points in Pennsylvania. Buckeye's interstate transportation moves both easterly and westerly.

The Complaint addresses both unreasonable service that is occurring as a result of existing bi-directional service on the pipeline owned by Laurel and leased in limited capacity to Buckeye ("Laurel Pipeline") and Laurel's decision to extend bi-directional<sup>1</sup> service on the Laurel Pipeline farther east by expanding Buckeye's interstate west-to-east service from Midland, Pennsylvania, past Eldorado (its current terminus), to Sinking Spring, Pennsylvania, using what has always been east-to-west intrastate transportation capacity on the Laurel Pipeline, without Commission review or

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<sup>1</sup> For the sake of convenience, we will use in this brief the term "bi-directional" to refer to an operation of the pipeline that is capable of moving product in one direction for a period of time, stopping, reversing the flow, and then moving product in the opposite direction. As Mr. Miesner explains: "My definition of bi-directional is something going both directions at the same time, which pipelines don't do. So, I would rather call it operating in one direction for a period of time and then reversing and going in the other direction because I think from a practical and engineering and laws of physics standpoint, that is a better way to describe what we're talking about here." *See* Hearing Transcript ("Tr.") at 245: 2-9. Complainants' witnesses periodically use the term "reversible" in place of bi-directional. "Reversible service" may be more apt to describe the service provided by Laurel and Buckeye, but we will refer only to "bi-directional service" for consistency in this Main Brief.

approval and without even seeking Commission review or approval. The intention to make the change without Commission approval is reflected in a petition for declaratory order filed at the Federal Energy Regulatory Commission ("FERC")<sup>2</sup> by Buckeye in conjunction with the third phase of Buckeye's Broadway Project ("Broadway 3"), which includes the extension of bi-directional service from its current terminus at Eldorado all the way to Sinking Spring. Neither Buckeye nor Laurel provided specific information to, or sought any input from, any of the Complainants about Buckeye's or Laurel's plans prior to Buckeye's FERC filing. Buckeye's proposed extension of bi-directional service would cause Laurel to violate multiple provisions of the Public Utility Code ("Code").

Buckeye's proposal would require a partial abandonment, by Laurel, of east-to-west petroleum products pipeline transportation service that Laurel has been providing on the segment of the Laurel Pipeline from Sinking Spring to Eldorado since 1957. The effect of Buckeye's proposal, and Laurel's accommodation of it, would be to deprive this Commission of its lawful jurisdiction over a regulated public utility and its lawful jurisdiction over proposed changes to, and a proposed abandonment of, a portion of Laurel's existing certificated Pennsylvania intrastate public utility service.

Further, Complainants Monroe, LHT, and Sheetz, among others, entered into a Settlement, approved by the Commission and by FERC in Fall 2019, that resolved then-pending appeals of Laurel's 2016 Application For a Certificate of Public Convenience and a Formal Complaint filed against Laurel in 2018 by, *inter alia*, stipulating to the Pipeline Capacity Agreement ("PCA")

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<sup>2</sup> See Buckeye Pipe Line Company, L.P. Petition for Declaratory Order ("PDO"), FERC Docket OR25-6-000, filed December 20, 2024.

through which Buckeye leases capacity on the Laurel Pipeline.<sup>3</sup> The PCA limits the capacity available for Buckeye's use of the pipeline and also requires Buckeye to preserve 120,000 barrels per day ("bpd") of physical east-to-west capacity on the L718 segment of the Laurel Pipeline until the end of 2026.<sup>4</sup> The record in this proceeding demonstrates that Buckeye has offered capacity to west-to-east shippers in excess of the capacity available for such movements under the current PCA. Additionally, a review of Laurel Pipeline operations shows that the 120,000 bpd minimum capacity obligation is not preserved on a per-cycle basis as required by the PCA or the 2019 Settlement.

The record in this proceeding also shows that Laurel already provides unreasonable and inadequate service to Complainants under Laurel's current bi-directional service. Based on the operation of Laurel's existing bi-directional service and the reality that Buckeye and Laurel will be more than doubling all aspects of the current bi-directional service, Complainants are justifiably concerned that the proposed extension of bi-directional service will further exacerbate the unreasonable service.

Complainants ask the Commission to provide two modest forms of relief. First, the Commission should address the unreasonable service that is presently occurring with the existing bi-directional service. Second, before Laurel expands easterly flows beyond Eldorado to Sinking Spring, the Commission should require Laurel to file an application for a certificate of public convenience ("CPC"), to determine whether the changes in Laurel's service and the partial abandonment of Laurel's service are consistent with the public interest.

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<sup>3</sup> See Joint Petition For Approval of Settlement, Docket No. C-2018-3003365, filed July 31, 2019. The PCA was attached as Appendix A to that Joint Petition, and is also included in the record in this proceeding at Laurel Exhibit TZ-4. The Settlement Agreement was attached as Appendix E to the Joint Stipulation ("2019 Settlement").

<sup>4</sup> PCA Section 6.(b)

## **B. Background of Complainants**

The Complainants are parties that ship products on the Laurel Pipeline, either as an entity that injects its products into the pipeline (Monroe and PBF), as a terminal owner that ships products on the Laurel Pipeline and also provides storage and rack space that allows local wholesalers and/or retailers access to product delivered by pipe line (LHT), or as a party that ships products on the Laurel Pipeline for retail sales purposes (Sheetz). All are longstanding and key market participants in the Pennsylvania markets for production, delivery, and sale of gasoline, diesel fuel, and other petroleum products.

### 1. LHT

Complainant LHT owns and operates terminals throughout Pennsylvania. It is an active participant in markets for refined petroleum products served by the Laurel Pipeline, among others. LHT relies on the east-to-west service offered by the Laurel Pipeline, as Laurel is the only pipeline connecting refineries on the East Coast with LHT's terminals in Central and Western Pennsylvania.

### 2. Sheetz

Complainant Sheetz ships refined petroleum products on the Laurel Pipeline, under both intrastate and interstate service arrangements, for delivery to its retail locations. The Laurel Pipeline is the only pipeline that flows westward to the Harrisburg, Altoona, and Pittsburgh areas from East Coast refineries and East Coast supply sources and, therefore, is the only pipeline that allows Sheetz to purchase and ship refined petroleum products that are refined in or delivered from the East Coast.

### 3. PBF

Complainant PBF Holding Company LLC, headquartered in Parsippany, New Jersey, and its subsidiaries (collectively, for the purposes of this paragraph only “PBF”) are one of the largest

independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. PBF is an active participant in markets for refined petroleum products served by both Buckeye and Laurel. PBF is a past, present, and potential future shipper of refined petroleum products on interstate pipeline segments of Buckeye from origin points at refineries it owns and operates in Delaware City, Delaware and Toledo, Ohio to markets west of Delaware City and east of Toledo. PBF ships or sells petroleum products to other shippers through the use of Laurel and Buckeye pipelines from its Delaware City refinery and on the Buckeye pipeline from its Toledo refinery, including gasoline and other products for consumption in Pennsylvania.. PBF, therefore, is directly affected by Buckeye's current provision and proposed expansion of bi-directional service and is concerned that such service will impair east-to-west interstate movements on both the Laurel and Buckeye pipelines.

4. Monroe

Complainant Monroe owns and operates a refinery in Trainer, Pennsylvania. Monroe is a wholly-owned subsidiary of Delta Air Lines, Inc. Monroe injects substantial volumes of petroleum products into the Laurel Pipeline at Chelsea Junction, Pennsylvania, as a present and potential shipper of petroleum products on the Laurel Pipeline. Monroe's Trainer Refinery produces a variety of refined petroleum products including gasoline, diesel fuel, jet fuel, and other products such as liquefied petroleum gas and residual fuel. Monroe injects a substantial portion of the annual output of its Trainer Refinery into the Laurel Pipeline, and the destination points on the Laurel Pipeline comprise one of Monroe's largest markets for diesel fuel and gasoline. The majority of the products that Monroe injects into the Laurel Pipeline are delivered to points between Sinking Spring and Eldorado. Monroe uses the Laurel Pipeline for its own sales, as well as to sell to other

shippers on the pipeline that acquire Monroe products to supply Central and Western Pennsylvania.<sup>5</sup> The Laurel Pipeline is the only pipeline that flows westward out of Philadelphia, Pennsylvania and the only pipeline that allows Monroe's products to reach these Central and Western Pennsylvania markets. The Laurel Pipeline is, therefore, the only feasible means for Monroe to move product to Central and Western Pennsylvania.<sup>6</sup>

## II. STATEMENT OF THE QUESTIONS INVOLVED

### A. Whether Extended Bi-Directional Service Will Result In A Partial Abandonment Of East-To-West Intrastate Service Or a Change In That Service, And, If So, Whether A CPC Is Required.

Yes. The Code is clear that abandoning even part of a utility service, as well as introducing a new service, requires a CPC.<sup>7</sup> Here, both of these predicates for requiring a CPC are true. Laurel proposes to abandon certain aspects of its current intrastate east-to-west service and introduce a new service, intrastate and interstate bi-directional service between Eldorado and Sinking Spring. The record shows that single-direction service and bi-directional are two very different services and that replacing one with the other requires a certificate both for abandoning single-direction service and commencing bi-directional service.

### B. Whether Extended Bi-Directional Service Requires The Exercise of Commission Jurisdiction Over Tariff And Agreement Changes.

#### 1. Whether Extended Bi-Directional Service Will Violate The Minimum Capacity Guarantee.

Yes. The 2019 Settlement that resolved Docket No. C-2018-3003365 contains a provision entitled "Preservation of Existing East-to-West Capacity" that requires:

These Settlement terms will be filed with the Pennsylvania Public Utility Commission ("PaPUC") and the Federal Energy Regulatory Commission

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<sup>5</sup> See Complainants' Exhibit KFS-1 at 3:8-11.

<sup>6</sup> See *id.* at 3:10-11.

<sup>7</sup> 66 Pa. C.S. § 1102.

("FERC") to create specific and legally-enforceable commitments in each jurisdiction assuring that the available, physical capacity of east-to-west transportation on Line 718 ("L718") will be no less than 1,200,000 barrels per cycle (which is 120,000 barrels per day times the ten days in a cycle) under bi-directional service, through the termination of the Full Reversal Moratorium (defined below), outside of force majeure circumstances impacting Laurel's ability to provide such capacity on the Laurel Pipeline, subject to the provisions of Paragraphs 11 and 12.<sup>8</sup>

This East to West Capacity Obligation requires that Laurel maintain and make available to shippers 120,000 bpd of *physical* capacity for east-to-west shipments each and every cycle.<sup>9</sup> By Laurel's own testimony, the operation of the pipeline following the proposed expansion of bi-directional service may not even flow east to west in any particular cycle. While this obligation does expire at the end of 2026, it nonetheless precludes Laurel from reversing the flow to west-to-east in a manner that does not make 120,000 bpd of physical east-to-west capacity available each and every cycle. Physical capacity does not include swaps.

## 2. Whether Extended Bi-Directional Service Will Violate The PCA.

Yes. The PCA was approved as part of the settlement in 2019 and specifies the amount of capacity available to Buckeye on the Laurel Pipeline. Also included is a requirement that Laurel provide 1,200,000 barrels per cycle of physical east-to-west capacity on the Eldorado to Coraopolis segment. This obligation lasts until December 31, 2026. Based upon the available capacity on the Eldorado-to-Coraopolis segment, it is clear that if Buckeye intends to ship product west to east from the Midwest to Sinking Spring, and Laurel intends to provide an additional 80,000 bpd of incremental west-to-east capacity to allow Buckeye's Midwestern shippers to do so, Laurel will not be able to continue to provide the required physical east-to-west capacity over the Eldorado to Coraopolis segment. The only way to deliver product against the flow of the line is

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<sup>8</sup> 2019 Settlement, at §§ 1-2. In this Main Brief, the Complainants will refer to this provision as the "East to West Capacity Obligation" or "Capacity Obligation".

<sup>9</sup> *Id.*, at § 2 ("... the available, physical east-to-west capacity of L718 for purposes of bi-directional service is 1,200,000 barrels per cycle ...").

via swaps. However, until the end of 2026 the PCA specifies physical capacity must be preserved for east to west flows, which rules out any option to use swaps. There is no way for Buckeye to provide the additional 80,000 bpd of west-to-east interstate service while preserving the required physical capacity in the opposite direction.

3. Whether Extended Bi-Directional Service Will Violate Other Provisions Of The Laurel Tariff.

Yes. Laurel will be in violation of multiple sections of its Rules and Regulations tariff if the Commission permits it to expand bi-directional service as far east as Sinking Spring. Item No. 90 in Laurel's tariff incorporates the Capacity Obligation of 120,000 barrels per day of available physical capacity established in the 2019 Settlement. In addition, limiting east-to-west cycles violates Item 10(A) of the tariff. Further, Laurel's use of swaps is not described in the tariff at all, violating Section 53.25 of the Code,<sup>10</sup> and nonetheless violates several tariff sections, including Item No. 10(B) (pumping sequences), Item No. 15 (segregated batches), and Item No. 65 (no backhauls).

**C. Whether Laurel Is Providing Unreasonable Service Under Its Existing Bi-Directional Service.**

1. Whether Laurel Is Providing Unreasonable Service As To Transit Times.

Yes. Multiple Complainant witnesses present analyses showing severely increased transit times on the Laurel Pipeline since the introduction of bi-directional service in October of 2019. The dramatic escalation of transit times, and the occasional abruptly short transit times ostensibly caused by Laurel's unannounced use of swaps, harms Complainants' ability to rely on the pipeline for timely and ratable deliveries, and transforms what was once dependable pipeline transportation service into persistently unstable operations. Laurel's witnesses concede the increase in transit

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<sup>10</sup> 52 Pa. Code § 53.25.

times, but attempt to attribute the escalated transit times solely to reduced volumes associated with the closure of a refinery. Complainants present ample evidence showing that Laurel's conclusions are oversimplified and unsupported.

2. Whether Laurel Is Providing Unreasonable Service As To Service Outages.

Yes. Complainants have testified that Laurel has undertaken a higher rate of outages on the pipeline since the introduction of bi-directional service. The situation reached a zenith in 2025 as Laurel moved forward with capital projects intended to support the proposed extension of bi-directional service to Sinking Springs throughout the year without any regulatory approvals. As a result, Complainants endured, and continue to endure, pipeline outages of unreasonable frequency and duration, constituting, in the absence of any regulatory approvals, unreasonable service.

3. Whether Laurel Provided Unreasonable Service Through Its Changes To Reid Vapor Pressure ("RVP") Scheduling.

Yes. On January 13, 2025, Buckeye abruptly announced a change to its RVP specifications, notifying the shipping community just two days before the January 15 deadline for new nominations. This scant notice caused rampant confusion among shippers and left insufficient time for shippers to arrange for the necessary tank capacity to address the unprecedented change. And this is another example of Laurel's efforts to cast blame for its own lack of coordination with the shipper community. Laurel's failure to provide commercially reasonable notice is emblematic of the severely deteriorated service conditions Complainants have experienced on the Laurel Pipeline in the years following the introduction of bi-directional service on the pipeline.

**D. Whether Laurel Will Be Providing Unreasonable Service Under Its Proposed Extended Bi-Directional Service.**

Yes. Taken as a whole, Complainants have documented highly disruptive and adverse operational conditions that have manifested following the introduction of limited bi-directional

service on the L718 pipeline segment. It has now come to light that, particularly with regard to the escalated transit times, Laurel knew even before the existing bi-directional service on L718 began that such would have such adverse operational impacts. Laurel is now on a path to more than double the pipeline length of its bi-directional operations and more than double the number of delivery points for bi-directional service. The record supports Complainants' position that the implementation of extended bi-directional service will only exacerbate the existing unreasonable service.

### III. BURDEN OF PROOF

As the party seeking affirmative relief from the Commission, the complainant in a formal complaint proceeding has the burden of proof pursuant to Section 332(a) of the Code.<sup>11,12</sup> The burden of proof is the "preponderance of the evidence" standard, and to "establish a fact or claim by a preponderance of the evidence means to offer the greater weight of the evidence, or evidence that outweighs, or is more convincing than, by even the smallest amount, the probative value of the evidence presented by the other party."<sup>13</sup> In addition, the Commission's decision must be supported by "substantial evidence," which is evidence that a reasonable mind might accept as adequate to support a conclusion.<sup>14</sup> A mere "trace of evidence or a suspicion of the existence of a fact" is insufficient.<sup>15</sup>

Upon the presentation by Complainants of evidence sufficient to initially satisfy the burden of proof, the burden of going forward with the evidence to rebut Complainants' evidence then shifts to the Respondent, in this case Laurel. If Laurel has placed into the record evidence to rebut that

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<sup>11</sup> *Schmukler v. Pennsylvania Pub. Util. Comm'n*, 302 A.3d 247 (Pa. Commw. Ct. 2023).

<sup>12</sup> 66 Pa. C.S. § 332(a).

<sup>13</sup> *Schmukler*, 302 A.3d at 253.

<sup>14</sup> *Id.* at 255.

<sup>15</sup> *Norfolk and Western Railway Co. v. Pa. Pub. Util. Comm'n*, 489 Pa. 109, 413 A.2d 1037 (1980); *Se-Ling Hosiery v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950).

of the Complainants, the burden of going forward with the evidence shifts back to the Complainants. To then satisfy its burden of proof, Complainants must rebut Laurel's evidence by a preponderance of the evidence. If the evidence presented by Laurel is of co-equal weight, Complainants have not satisfied their burden of proof and would be required to provide additional evidence to rebut the evidence of Respondent, Laurel.<sup>16</sup>

While the burden of persuasion may shift back and forth during a proceeding, the burden of proof never shifts. The burden of proof always remains on the party seeking affirmative relief from the Commission, here, Complainants.<sup>17</sup>

#### IV. SUMMARY OF ARGUMENT

Bi-directional service over a segment of the Laurel Pipeline, L718 between Coraopolis and Eldorado, began October 1, 2019. Since that time, shippers on the Laurel Pipeline have experienced unpredictable transit times, frequently much shorter or much longer than the expected transit times that are posted by Laurel,<sup>18</sup> and also frequently much shorter or much longer than the historical transit times around which petroleum product delivery infrastructure in Pennsylvania has evolved. The evidence in this case documents the substantial increases in transit times, and the occasional unanticipated and "sudden" transit times,<sup>19</sup> that shippers have experienced. Laurel concedes the problem, but attempts to explain away the problem not by accepting responsibility and better managing existing bi-directional service, but by attempting to shift blame to shippers, claiming that shippers are not scheduling enough east-to-west deliveries to enable Laurel to deliver product ratably. Laurel's efforts to explain away the problems, which presented both qualitatively

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<sup>16</sup> *Burleson v. Pa. Pub. Util. Comm'n*, 443 A.2d 1373 (Pa.Cmwlt. 1982), *aff'd*, 501 Pa. 433, 461 A.2d 1234 (1983).

<sup>17</sup> *Milkie v. Pa. Pub. Util. Comm'n*, 768 A.2d 1217 (Pa. Cmwlt. 2001).

<sup>18</sup> Tr. at 131:8-10.

<sup>19</sup> By "sudden" transit times, Complainants are referring to deliveries in 1-2 days instead of the commercially expected 8-12 days. As Complainants' witnesses have testified, these sudden transit times are commercially disruptive because terminal owners are not expecting deliveries that soon.

and quantitatively, were rebutted in the hearings. The statistical correlation between delivery times and delivery volumes that Dr. Webb endeavors to show falls flat due to methodological deficiencies. Dr. Webb's transit time analysis cannot be relied on to support a ruling in this proceeding. Additionally, actual real-world experience prevails. The Complainants' company witnesses are "in the trenches" every day, witnessing and attempting to react to Laurel's unreasonable operation of the pipeline in real-time. Three of those witnesses accurately recounted their real-world experiences over the past few years.

In addition to unpredictable transit times, the Complainants have also experienced two problems that have surfaced more recently.

First, Laurel has scheduled multiple outages this year to install equipment for new service that will unquestionably impact Laurel's existing intrastate service, before Laurel has even sought the Commission's approval. While a few of the shorter-term outages this year were focused on repairs unrelated to bi-directional service, the bulk of the outage days in 2025 were directly related to, and necessary to further, Laurel's ambitions to expand bi-directional service for the benefit of its interstate affiliate, Buckeye, and for the benefit of certain shippers in the Midwest. Complainants account for substantial volumes on the Laurel Pipeline. Complainants do not want, and do not support, any expansion of bi-directional service. Yet, Complainants, who were not consulted in advance of the outage notifications, have been unreasonably burdened by multiple outages to do just that.

Second, Laurel caused commercial confusion with the scheduling of product changes to lower RVP gasoline in late 2024 and early 2025. The record shows that Laurel acted unreasonably, with poor communication to the shipper community, and then had to back-pedal after widespread adverse reaction from shippers to the scheduling change. The Commission

should make it clear that Laurel cannot hold RVP changes over shippers' heads like a sword of Damocles.

Against this backdrop of pervasive problems with existing bi-directional service, Laurel now proposes to make the problems worse by more than doubling the number of pipeline miles and more than doubling the destination points that it will attempt to operate bi-directionally. Pennsylvania-based shippers of petroleum products did not request this extension of bi-directional service. No Pennsylvania-based refiner of petroleum products requested this extension of bi-directional service. No Pennsylvania-based terminal owner (other than, ostensibly, Laurel's affiliate Buckeye) requested this extension of bi-directional service. Laurel is rededicating a portion of its Commission-jurisdictional facilities to enable its affiliate, Buckeye, to provide additional west-to-east interstate service that Pennsylvania-based market participants do not want or need.

There will be no new west-to-east intrastate service on the Laurel Pipeline as a result of this proposed change in service. There will be no new east-to-west intrastate service on the Laurel Pipeline. To the contrary, there will be a reduction in the capacity available to provide intrastate service. There will be operational interference with east-to-west shipments in order to accommodate additional unwanted west-to-east shipments. The Commission cannot countenance Laurel's failure, indeed Laurel's refusal, to seek Commission approval for causing these adverse impacts to intrastate service, and for causing fundamental changes to and reductions in intrastate service.

The Commission must require Laurel to file an application for a CPC. In that application proceeding, the Commission can then evaluate whether Laurel carries its burden of demonstrating that Buckeye's proposed expansion of bi-directional service helps Pennsylvania,

and is consistent with the public interest. In assessing applications for a CPC, whether to abandon service or begin providing intrastate service, the Commission's focus is on the public interest and whether granting a CPC is "necessary or proper for the service, accommodation, convenience, or safety of the public."<sup>20</sup>

The Complaint, in a nutshell, requests two very modest forms of relief. First, the Commission should direct Laurel to clean up the transit time and RVP-related problems with existing bi-directional service, so that shippers no longer receive unreasonable service. Second, if Laurel wants to extend bi-directional service, the Commission must have a say, in a separate application proceeding where Laurel bears the burden of demonstrating that such an extension benefits Pennsylvania. The Complaint should be granted on both counts.

## V. ARGUMENT

### A. The Commission Has Jurisdiction To Address All Aspects Of The Complaint.

Laurel is a public utility in that it "transport[s] . . . gasoline, or petroleum products, . . . by pipeline . . . , for the public for compensation."<sup>21</sup> The Commission has jurisdiction over the many aspects of this Complaint under, *inter alia*, Sections 102, 331, 501, 502, 508, 703, 1101, 1102, 1103, 1504, 1505, 2102, 2103, and 2105 of the Code.<sup>22</sup> The fact that Laurel's affiliate, Buckeye, is currently seeking a PDO from FERC does not impact this Commission's jurisdiction. As the Commission observed in its 2018 Order in the Full Reversal Case, the Interstate Commerce Act's ("ICA") reach does not extend to transportation of products "wholly within one State and not

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<sup>20</sup> 66 Pa. C.S. § 1103(a).

<sup>21</sup> 66 Pa. C.S. § 102, "Public utility", (1)(v).

<sup>22</sup> See 66 Pa. C.S. §§ 102, 331, 501, 502, 508, 703, 1101, 1102, 1103, 1504, 1505, 2102, 2103, and 2105 (defining public utilities, Commission powers generally and Commission powers to reform contracts, complaints, acts requiring certificates, public utility obligations to provide and Commissions power to ensure reasonable service, and Commission powers as concerns affiliate relations).

shipped to or from a foreign country from or to any place in the United States."<sup>23</sup> The ICA was not intended to intrude on the power of the states to regulate intrastate commerce.<sup>24</sup> And, conversely, the Public Utility Code states clearly that its provisions do not apply to interstate service.<sup>25</sup> These federal and state statutory provisions are intended to, and do, dovetail to establish a firm basis for the Commission to address the many intrastate petroleum products delivery issues that are presented by the Complaint in this proceeding.

**B. Extended Bi-Directional Service Will Result In A Permanent Reduction Of, And a Fundamental Change To, Available Intrastate Service, Does Constitute An Abandonment Of Service, And Does Require Issuance Of A Certificate Of Public Convenience.**

1. Extended Bi-Directional Service Will Reduce Intrastate Service.

Extending bi-directional service from Eldorado to Sinking Spring will not only reduce the level of available intrastate service on the pipeline, extended bi-directional service will also profoundly change the nature of intrastate service in a material and permanent manner. No longer will intrastate shippers be able to rely upon movements of physical product on schedules that, prior to the introduction of the existing bi-directional service, were generally predictable and reliable. Moreover, it also is clear that the level of intrastate service for such activity will decline under a further extension of bi-directional service.<sup>26</sup> Indeed, Laurel's witnesses made it clear that Laurel is

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<sup>23</sup> *Application of Laurel Pipe Line Company, L.P. for Approval to Change Direction of Petroleum Products Transportation Service to Delivery Points West of Eldorado, Pennsylvania*; Docket A-2016-2575829 (Opinion and Order entered July 12, 2018) ("Reversal Case Order"), slip op. at 24; *see also* 49 U.S.C. § 1(2)(a). The ICA was revised in 1978, and sections of former Title 49 were incorporated into revised Title 49 (49 U.S.C. §§ 10101-16106). The former 49 U.S.C. § 1 relates to FERC's originally enacted jurisdiction over pipelines. The revised ICA contains language that is substantially similar to the language in former Section 1(2). *See* 49 U.S.C. § 15301.

<sup>24</sup> *See, e.g., Simpson v. Shepard*, 230 U.S. 352, 418 (1913) ("Congress carefully defined the scope of its regulation, and expressly provided that it was not to extend to purely intrastate traffic").

<sup>25</sup> 66 Pa. C.S. § 104 ("The provisions of this part, except when specifically so provided, shall not apply, or be construed to apply, to commerce with foreign nations, or among the several states, except insofar as the same may be permitted under the provisions of the Constitution of the United States and the acts of Congress.").

<sup>26</sup> *See* Complainants' Exhibit KFS-1, 4:7-6:9; Complainants Highly Confidential ("HC") Exhibit KFS-2; Complainants Exhibit SH-1, 4:8-5:23; Complainants Confidential Exhibit SH-2; Complainants HC Exhibit SH-3; Complainants Exhibit JDJ-1, 3:12-8:12; Complainants HC Exhibit JDJ-2; Complainants Exhibit JDJ-3; Complainants Exhibit JDJ-4; Complainants Exhibit JDJ-5; and, Complainants HC Exhibit JDJ-8.

under no obligation to ensure that the pipeline will flow in either direction in any given cycle, thus leaving the swapping of like volumes of like products at both ends of the pipeline as the primary means of moving product.<sup>27</sup> The new reliance on swaps in lieu of physical transportation of products across the pipeline is another substantial change – up to this point Laurel has not considered swaps as being significant enough to warrant keeping records of them. Swaps increase both the complexity of product movements and the difficulty of maintaining a predictable means of moving refined petroleum products.<sup>28</sup> Importantly, Laurel does not notify shippers when a shipper's product is being "moved" via a swap.<sup>29</sup> As discussed below, these significant changes to the manner in which service on the Laurel Pipeline is provided require a CPC – because Laurel intends to abandon intrastate east-to-west service as it is provided today on the pipeline and to replace it with a new bi-directional intrastate and interstate service on the same segments. Both of these actions require a CPC before Laurel can act.<sup>30</sup>

The introduction of bi-directional service on the relatively short segment of the pipeline between Coraopolis and Eldorado in 2019 has proven to be a detriment to west-bound shippers,<sup>31</sup> and the Complainants have proven on this record that increasing the length of pipe subject to bi-directional service will only exacerbate the increase, in both time and volatility, of transit times (the time it takes from when a shipper pumps its product into the pipeline and when that product - or a fungible substitute - is delivered to the intended destination).<sup>32</sup> Despite Laurel's best effort to demonstrate that the increase in transit times is solely a consequence of lower volumes flowing on the pipeline, it has failed to do so. The record conclusively demonstrates that the volume of

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<sup>27</sup>See Laurel St. No. 1-R, 16:1-7.

<sup>28</sup> See *id* at 23:1-8.

<sup>29</sup> Tr. at 122: 4-7.

<sup>30</sup> 66 Pa. C.S. § 1102.

<sup>31</sup> See Rejoinder Exhibits JRM-10 & 11; Tr. at 427:15-429:19.

<sup>32</sup> See Complainants' Exhibit TM-1, 12:6-13:16.

products flowing east to west on the Laurel Pipeline have been relatively stable since the Philadelphia Energy Solutions ("PES") closed in 2019, but transit times have continued to increase.<sup>33</sup>

In the Full Reversal Case, the Commission made it clear that the reversal was both an abandonment of east-to-west service on the Eldorado to Coraopolis segment and a material change in the nature of the service, clearly requiring a CPC.<sup>34</sup> In that case, the Commission focused on the loss of PUC-jurisdictional east to west service for customers along the Eldorado to Midland segment of pipeline.<sup>35</sup> In this case the focus is on the ability of shippers from the eastern Pennsylvania delivery points, to ship west of Sinking Spring on Laurel's intrastate tariff with any semblance of the service they received prior to the implementation of Broadway 2, or even the service they receive now, diminished as it is by Laurel's ongoing and failing experiment with bi-directional service on the Coraopolis to Eldorado segment of the line. The Commission addressed but did not decide the issue of whether Laurel's CPC limits the direction of flow of the pipeline in the Full Reversal Case, finding it unnecessary. Similarly, in this case, whether Laurel's certificate contains an express limitation of directionality is not necessary to conclude that a change from east-to-west service to bi-directional service is both a partial abandonment of east-to-west service and a material change in service without an express authorization for bi-directional service in Laurel's certificate.

The Code plainly requires a CPC for a "any public utility to abandon or surrender in whole or in part, any service..."<sup>36</sup> which will happen if east-to-west service is ended or diminished and bi-directional service -- which is a completely different service, with different requirements and

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<sup>33</sup> Tr. at 429:20-430:10; Complainants' Rejoinder Exhibit JRM 12.

<sup>34</sup> Reversal Case Order, slip op. at 44.

<sup>35</sup> *Id.* at, slip op. at 44-45.

<sup>36</sup> 66 Pa. C.S. § 1102(a)(2).

outcomes – begins between Eldorado and Sinking Spring. But the Code also requires a CPC for a utility to begin to offer, render, furnish or supply, within this Commonwealth *service of a different nature . . .*", which also will occur.<sup>37</sup> In this matter, as in the Full Reversal Case, both sections of the Code apply. East-to-west only intrastate service will be terminated, and bi-directional dual-jurisdictional service will commence over the same segments of the Laurel Pipeline. Not only will that change be an erosion of Commission jurisdiction, but it is also a change in the very nature of the service. Bi-directional service as envisioned by Laurel involves using swaps to satisfy much of the need for products to traverse the length of the pipeline, or at least parts of it, yet as noted above, swaps have been such an ethereal occurrence on the pipeline that Laurel cannot even produce records of when, where, or how often they occur. More critically, Laurel has suggested, without substantial evidence, that the pipeline could be operated in a single direction for multiple cycles consecutively. Laurel's position means that a batch of product without a swappable doppelganger at the other end of the pipeline could be delayed by months before it is able to move to its intended destination. Buckeye's proposed extension of bi-directional service is a major change from and abandonment of existing east-to-west intrastate service and constitutes the introduction of an entirely new service – cross-state, bi-directional, bi-jurisdictional service.

To the extent that it is not obvious, the record in this proceeding demonstrates that service over the entire pipeline has suffered since the commencement of bi-directional service from Eldorado to Coraopolis, which was authorized as part of the 2019 Settlement. Based upon their negative experience with increased outages, increasing and increasingly volatile transit times,<sup>38</sup> and the inability to move certain products over that relatively short segment of bi-directional pipeline, the Complainants have demonstrated that bi-directional service over an even longer

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<sup>37</sup> 66 Pa. C.S. § 1102(a)(1).

<sup>38</sup> Tr. at 131:2-22.

segment of the pipeline will make things even worse.<sup>39</sup> Dr. Morris' rejoinder testimony presents undeniable evidence from Laurel's own records that transit times have dramatically increased across the pipeline for west-bound shipments since bi-directional service began on the L718 segment of the pipeline in 2019.<sup>40</sup> Dr. Morris also demonstrated that Dr. Webb's analysis that purports to demonstrate a lack of correlation between transit times and the onset of bi-directional service was so flawed as to be worthless.<sup>41</sup> The evidence demonstrates a clear connection between bi-directional service and increasing transit times. The increase in transit times and the inherent lack of reliability of a shipping environment where shipments were once delivered as expected – within 8-12 days<sup>42</sup> – to a level of service where delivery within the same month is acceptable to Laurel,<sup>43</sup> leaves open the very real probability that Laurel could reverse the flow of the pipeline to a single direction for months on end if it chooses to do so.<sup>44</sup> In addition to increases in transit times, there have been numerous documented incidents of west-bound shipments being delayed in order to allow east-bound shipment to flow or for other operational reasons related to bi-directional service.<sup>45</sup> This is a fundamental change in the operation of the pipeline that will only get worse with expanding bi-directional service.

The record of this proceeding also is clear that a further extension of bi-directional service will compound the negative consequences the Complainants now suffer under bi-directional service, and the result will be a pipeline service of a materially different character and purpose than Laurel now provides or has ever provided. Such a change requires a CPC. The problems of increasing transit times and other delivery problems that have plagued the Complainants since the

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<sup>39</sup> *Id.* at 124:16-22.

<sup>40</sup> *See* Complainants' Rejoinder Exhibits JRM-10; JRM-11.

<sup>41</sup> Tr. at 429:7- 430:10.

<sup>42</sup> Tr. at 93:5-20.

<sup>43</sup> *See* Laurel St. No. 1-R, 24:19-25:2.

<sup>44</sup> *Id.* at 23:10-24:2.

<sup>45</sup> *See* Complainants' HC Exhibit KFS-2; Complainants HC Exhibit JDJ-2; and Complainants HC Exhibit JDJ-8.

2019 switch will increase not only because of the distances involved, but also due to the increased complexity of managing for changes of direction in the more populated Central and Southeast Pennsylvania regions.<sup>46</sup> The LHT terminals along this section (Eldorado to Sinking Spring) of the pipeline (at a minimum) do not have the capability of receiving product from the east and west simultaneously and so will be dependent on flow reversals to receive product from their chosen origin, one direction at a time.<sup>47</sup>

The Public Utility Code defines "service" broadly as including "any and all acts done, rendered, or performed, and any and all things furnished or supplied, and any and all facilities used, furnished, or supplied by public utilities."<sup>48</sup> The Commission has previously found that "the petroleum and petroleum products transportation Laurel provides to the [Complainants] as shippers, refiners, distributors, wholesalers, and retailers who transport products or have products transported on the Laurel Pipeline fits within this definition."<sup>49</sup> The Commission does not have different standards for public utilities, which Laurel clearly is, and common carriers, as to the need to obtain a CPC prior to abandoning service, and has previously applied an analytical framework to its decisions that is more akin to the standard for a public utility than for a common carrier. The common thread is that a CPC is required prior to Laurel abandoning or changing service.<sup>50</sup>

The analytical framework the Commission approved in the Full Reversal Case, to determine if the proposed abandonment was in the public interest, thus meriting a CPC, is based on four factors: (1) the extent of loss to the utility; (2) the prospect of the system being used in the

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<sup>46</sup> See Complainants' Exhibit TM-1, 12:6-13:6.

<sup>47</sup> Tr. at 138:5-21.

<sup>48</sup> 66 Pa. C.S. § 102.

<sup>49</sup> Reversal Case Order, slip op. at 44.

<sup>50</sup> See, e.g., *Application of Sunoco Pipeline, L.P. (Sunoco 2013 Application Order)*, Docket Nos. A-2013-2371789, P-2013-2371775 (Order entered August 29, 2013) (requiring a Certificate for Sunoco to abandon intrastate petroleum pipeline service on certain segments of its pipeline and to repurpose the affected facilities for interstate propane and ethane service).

future; (3) the loss to the utility balanced with the convenience and hardship to the public upon discontinuance of such service; and (4) the availability and adequacy of the service to be substituted.<sup>51</sup> In addition the Commission has required that as a proponent of an abandonment, the utility must demonstrate that any losses that it claims as the basis for the abandonment, cannot be cured by the granting of a reasonable rate increase.<sup>52</sup> Laurel denies that changing to the new bi-directional service it intends requires a CPC, and it has intentionally not proffered evidence aimed at proving that its proposed change of nearly half of the pipeline to bi-directional service is in the public interest. The Complainants, to the contrary, submit that Laurel must first apply for a CPC so the Commission can properly exercise its authority to determine whether such dramatic changes in the nature of the service Laurel intends to provide are in the public interest and are otherwise just and reasonable. The Complainants suggest that such expanded bi-directional service is not in the public interest, but understand that such a determination cannot be made in this proceeding. This proceeding addresses only the threshold question of whether factual circumstances exist that require Laurel to file an application for a CPC. The record in this proceeding answers that question in the affirmative.

**C. Extended Bi-Directional Service Will Violate Portions Of Laurel's PUC Tariffs And Agreements.**

1. Laurel Will Be In Violation Of The PCA By Proposing To Exceed The 40,000 bpd Limit on L718.

The PCA between Laurel and Buckeye specifies the amount of capacity that is available to Buckeye for interstate service on certain segments of the Laurel Pipeline.<sup>53</sup> The PCA specifies that Buckeye is entitled to 40,000 bpd in capacity on the Laurel Pipeline between Eldorado and

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<sup>51</sup> Reversal Case Order, slip op. at 51-52.

<sup>52</sup> *Id.*

<sup>53</sup> See Laurel Exhibit TZ-4 1.

Midland (with no direction specified),<sup>54</sup> which distance includes the L718 segment with a maximum capacity of 180,000 bpd in east-to-west service and 108,000 bpd in west-to-east service. The PCA also requires the availability of 120,000 bpd of physical capacity on the L718 segment from east to west in each cycle. For clarity, this means 160,000 bpd (120,000 bpd of known east-to-west capacity, plus 40,000 bpd of capacity that could also flow east-to-west) of east-to-west capacity between Eldorado and Coraopolis is already reserved. Expressing this capacity commitment as a percentage, 160,000 bpd/180,000 bpd, or 88.0%, of the total capacity of L718 is already reserved for east-to-west movements. The PCA also permits Laurel to "provide Buckeye the right to ship more than the full capacity amount" if "within its discretion and if capacity is available."<sup>55</sup> To the extent that Laurel permits Buckeye to ship more than the full capacity amount, and to the extent that such shipments exceed the 40,000 bpd reservation, such additional shipments could infringe upon capacity already reserved for intrastate (east-to-west) service by the Capacity Obligation in the PCA. More critically however, the language "within its discretion and if capacity is available" suggests that Laurel makes the determination but provides no further criteria, as in whether that capacity is via swap or via physical movement. In its PDO Buckeye proposes to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline.<sup>56</sup> So long as the 120,000 bpd guarantee is operable, such a commitment is clearly in violation of the PCA because the math does not work: 80,000 bpd (proposed additional) + 40,000 bpd (existing) = 120,000 bpd. The capacity of L718 in west-to-east service is not 180,000 bpd but 108,000 bpd.<sup>57</sup> If the Commission were to grant a request for the additional 80,000 bpd of capacity from west-to-east, L718, with a west-to-east capacity of 108,000 bpd would need to operate from west-

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<sup>54</sup> See PCA, at § 1.

<sup>55</sup> *Id.* at Section 6(a).

<sup>56</sup> PDO at 11.

<sup>57</sup> See Laurel Statement No. 4-R at 6:4.

to-east 80,000 bpd/108,000 bpd = 74% of the time just to accommodate the incremental throughput. This would leave L718 available to operate from east-to-west for only 26% the time, which would equate to an available east to west capacity of 180,000 bpd multiplied 26%, or just 46,800 bpd. This means the actual available intrastate east-to-west capacity would be only 6,800 bpd (46,800 bpd available after accommodating the incremental throughput, less the 40,000 bpd committed to interstate service). Providing a mere 6,800 bpd, or even a mere 46,800 bpd of capacity, for east-to-west shipments violates the Capacity Obligation and, in the longer term, will leave substantially less capacity than the average daily intrastate shipments on the pipeline.<sup>58</sup> Buckeye's proposed extension of bi-directional service will violate the PCA in several ways.

a. The Proposed Increase in West-To-East Movements Exceeds The Stated Capacity on L718.

The math does not work for Laurel's effort to allow Buckeye to use additional capacity on the pipeline. The only way to accommodate the additional 80,000 bpd that Buckeye proposes in its PDO is to cut into the east-to-west Capacity Obligation that Laurel claims it will preserve at least through the end of 2026, or to employ swaps. The pipeline capacity from west to east is not being proposed to increase. Therefore, to the extent that Laurel is successful in obtaining shipping commitments from the west at the "incremental" 80,000 bpd level (which is in addition to the existing 40,000 bpd), the total capacity needs between Midland and Eldorado will substantially exceed the 40,000 bpd allowance in the PCA. This does not even consider the 120,000 bpd east-to-west capacity already spoken for in the Capacity Obligation. When everything is added, the capacity need for the L718 segment will be 240,000 bpd (40,000 bpd in the Buckeye lease, plus 80,000 bpd in incremental shipments, plus the 120,000 bpd in the Capacity Obligation) and the

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<sup>58</sup> Laurel has offered that, if its positions are accepted, Laurel will extend its east-to-west delivery obligation of 120,000 bpd on L718 until December 31, 2028, and extend that obligation to include L720 and L724 for the same time period. Laurel Rebuttal St. No. 1-R at 62.

actual capacity is only 180,000 bpd east-to-west and even less, 108,000 bpd, west-to-east. Clearly, Laurel's proposal will not work.

Moreover, swaps are not the answer to Laurel's math problem. It is clear that Laurel's plan includes the use of swaps. The problem is that Laurel claims that it does not keep records of swaps.<sup>59</sup> That means that there is no evidence in the record that Laurel has engaged in a single swap or if it has, what percentage of movements are swaps, or how swaps affect reliability, transit times, and other service characteristics. In short, Laurel has presented no evidence to support the notion that swaps are a panacea for its shortfall of physical capacity, no evidence of how often no swap is available, and no evidence of the incremental transit times that result when a matching product is unavailable until a subsequent cycle. Accordingly, without physical capacity to move physical barrels, shippers and the Commission have no assurance that Laurel is operationally capable of fulfilling its obligation to provide intrastate east-to-west service.

b. Section 6(b) Of The Capacity Use Agreement Does Not Allow Laurel To Violate The Limit On The Stated Leased Capacity.

The PCA, at section 6(a), states that "Subject to the provisions of subsection 6(b), Laurel may, within its discretion and if capacity is available, provide Buckeye the right to ship more than the full capacity amount . . ." <sup>60</sup> This provision cannot be used by Laurel/Buckeye as a means to entirely supersede the leased capacity. Section 6(b) is the Capacity Obligation that reserves 120,000 bpd of physical east-to-west capacity on the Laurel Pipeline. Under the approved PCA, Buckeye cannot continually and unilaterally claim authority to erode that level of capacity or exceed the capacity leased on the various pipeline segments based upon a spurious claim that such capacity will never be used. In contravention with Pennsylvania law, Laurel's apparent

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<sup>59</sup> See Complainants' Exhibit C-4.

<sup>60</sup> See PCA, at § 6(a).

interpretation of the PCA would allow Buckeye to exceed the capacity limitations established by Sections 1 of the PCA: 40,000 bpd between El Dorado and Midland, and 45,000 bpd between Sinking Spring and Eldorado, and potentially the Capacity Guarantee.<sup>61</sup>

In contravention with the express terms of the PCA, Buckeye has publicly offered capacity on the Laurel Pipeline to Midwest shippers far exceeding the actual leased capacity. However, the PCA expressly states that Laurel may at times use its "discretion" to determine when capacity is unused. Read in conjunction with the leased capacity language in Section 1 of the PCA, it is clear that Section 6(a) was not intended to convey perpetual capacity rights to Buckeye. Moreover, the PCA does not contemplate the chilling market impacts that assigning additional long-term capacity to Buckeye will create.

The interpretation advanced by Laurel could provide Laurel, for example, with the authority to find in its discretion that capacity left unused over the period of a month, or a cycle, or whatever increment of time, could be assigned to Buckeye indefinitely, such that over time Laurel could essentially "claw back" and undo the Capacity Obligation. Such an approach, however, is contrary to longstanding precedent that requires that provisions in an agreement are to be interpreted so as to render all provisions operable.<sup>62</sup> Pennsylvania courts "will not interpret one provision of a contract in a manner which results in another portion being annulled."<sup>63</sup> In the context of the PCA, the provision regarding capacity being available can only be read to refer to temporary availability, lest the Capacity Obligation could be rendered inoperable.

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<sup>61</sup> *See id.* at §§ 1, 6.

<sup>62</sup> *Com. ex rel. Kane v. UPMC*, 129 A.3d 441, 463 (2015) (noting that "A contract must be interpreted to give effect to all of its provisions" and stating that the Pennsylvania Supreme Court "will not interpret one provision of a contract in a manner which results in another portion being annulled").

<sup>63</sup> *Id.* at 464.

Complainants argue that any construction of Section 6(b) that renders Sections 1 and 6 of the PCA inoperable would be unjust and unreasonable, particularly in the context of the 2019 Settlement that guarantees a specified volume (1,200,000 barrels) of physical capacity will be available each cycle (120,000 bpd x 10 days). To conclude, despite the explicit restriction to the contrary, that unused portions of that Capacity Obligation could be assigned to Buckeye for an indefinite period of time is unjust, inequitable, and unreasonable because the maintenance of that capacity was central to the Complainants agreeing to the 2019 Settlement. Such an interpretation of the PCA would allow Laurel to essentially void the Capacity Obligation and thus would deprive the Complainants the benefit of their bargain. Such an interpretation would be contrary to Pennsylvania law.<sup>64</sup>

Complainants urge the Commission to conclude that Laurel's implicit interpretation of the PCA in a manner that would allow Laurel to assign capacity rights to Buckeye in spite of the Capacity Obligation, is not in accord with longstanding rules of contract interpretation. In doing so, the Commission also could take notice that such an interpretation is contrary to the intention made clear in the 2019 Settlement, that 120,000 bpd of physical capacity must be available for east-to-west shipments. To the extent the Commission were to agree that the PCA provision is subject to such an interpretation, the Commission has remedy options. The Commission could, for example, use its authority under Section 508 of the Code, to "vary, reform, or revise, upon a fair, reasonable and equitable basis" the PCA to make it an affirmative statement that any assignment of "excess capacity" does not include any capacity subject to the Capacity Obligation. To be clear, the Commission would need to find that enforcement of Section 6(b) was unjust or

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<sup>64</sup> *Id.* at 446 (citing *LJL Transp. V. Pilor Air Freight*, 962 A.2d 639, 648 (Pa. 2009)).

unreasonable, or inequitable, but that would be a foregone conclusion. Allowing Laurel to claw back, for its affiliate's gain, a substantial piece of the 2019 Settlement would meet those criteria.

The alternative, which is more specific, and plainly would apply in the situation described, would be for the Commission to exercise its authority under Section 2105 of the Code, which provides:

Every contract with an affiliated interest, made effective or modified in violation of any provision of this part, or of any regulation or order of the commission made under this part, shall be void; and any purchase, sale, payment, lease, loan, or exchange of any service, property, money, security, right, or thing under such contract, or under any contract with an affiliated interest, the terms of which shall have been breached by the affiliated interest, shall be unlawful.<sup>65</sup>

Laurel and Buckeye are affiliated interests and the PCA is an affiliate interest agreement. If Laurel were to "interpret" Section 6(b) of the PCA to allow Laurel to assign to Buckeye capacity that is subject to the Capacity Obligation, Laurel would be contradicting the plain intent of the Commission's Order approving the 2019 Settlement, which was based in substantial part on the parties' agreement that 120,000 bpd of physical capacity on L718 was reserved for east to west shipments. A contrary assertion, that would allow Laurel to assign capacity from the 120,000 bpd of physical capacity reserved by the PCA for east-to-west shipments would be "made effective" in violation of the PCA and would thus be void, *ab initio*. Such an interpretation would be void because it would violate the plain language of a Commission Order approving the PCA as part of the 2019 Settlement.<sup>66</sup>

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<sup>65</sup> 66 Pa. C.S. § 2105.

<sup>66</sup> See *Giant Eagle, Inc., et al v. Laurel Pipeline Company, L.P.*, Docket No. C.2018-3003365 (ALJ Vero Initial Decision Dated August 8, 2019, slip op. at 25); see also *Giant Eagle, Inc., et al v. Laurel Pipeline Company, L.P.*, Docket No. C.2018-3003365 (Final Order adopting Recommended Decision Dated August 29, 2019; slip op. at 1-2).

2. Laurel Will Be In Violation Of Its Tariff Provision Requiring A 120,000 bpd East-To-West Capacity Obligation.

Item No. 90 of Laurel's tariff incorporates the Capacity Obligation established in the 2019 Settlement. Subparagraph (A) of Item 90 provides, in pertinent part:

Until December 31, 2026, outside of force majeure circumstances that impact Laurel's ability to provide such capacity, the available physical capacity of east-to-west transportation on [Laurel's] system, between Coraopolis and Duncansville, Pennsylvania (this segment also being known as "Line 718" or "L718") will be no less than 1,200,000 barrels per cycle (which is 120,000 barrels per day times ten days in a cycle), unless that obligation is terminated or modified earlier in accordance with the terms of the Settlement Agreement in PUC Docket No. C-2018-3003365 and FERC Nos. IS19-277-000, IS19-277-001, IS19-278-000, and IS19-278-001.<sup>67</sup>

If the Commission permits Laurel to expand west-to-east service on Buckeye's leased capacity, Laurel will be unable to meet this east-to-west Capacity Obligation on days when product is moving from the west across the Laurel Pipeline to Sinking Spring and will be in violation of its tariff.

Item 90 expressly requires that Laurel provide *available* physical capacity on L718 of no less than 120,000 barrels per day for each ten-day cycle. Several different refined petroleum products enter Laurel's system at Chelsea Junction, including gasoline (unleaded regular and unleaded premium), kerosene, aviation turbine fuel, fuel oil distillates, and diesel fuel.<sup>68</sup> This includes both intrastate batches from Monroe's refinery and interstate batches from interconnections with the Delaware City Pipeline (the pipeline from PBF's refinery in Delaware City, Delaware) and the Colonial Pipeline (a major common carrier petroleum products pipeline from Gulf Coast refineries to the Northeast). The number of products and lengths of cycles demonstrates that a full month would be needed to schedule cycles for each product moving from

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<sup>67</sup> Tariff at Item 90(A).

<sup>68</sup> *Id.* at Item 15 (A) Specification A (1).

east-to-west. That is not possible if Laurel is moving products from west-to-east for Buckeye shippers because the pipelines can only physically move product in one direction at a time,<sup>69</sup> particularly if the Commission permits the proposed expansion of such deliveries as far east as Sinking Spring.

For example, east-to-west shippers will be unable to physically access L718 from Duncansville to Coraopolis when Laurel is shipping products all the way to Sinking Spring, east of Duncansville. As Laurel's Witness Zeth concedes, the pipeline can only deliver volumes in one direction along one segment at one time.<sup>70</sup> Similarly, if Laurel is delivering product from west-to-east to Mechanicsburg, shippers from Chelsea Junction seeking to move products from east-to-west will not be able to physically move products past Mechanicsburg and would not be able to physically deliver to Eldorado, to the west of Mechanicsburg.<sup>71</sup> Laurel can only serve markets against the direction of flow through swaps of like product.<sup>72</sup>

The use of swaps to deliver products against the direction of flow was never contemplated and does not meet Laurel's tariff obligation to make "available physical capacity" of 120,000 barrels per day from east-to-west. Swaps are not physically delivered through the pipeline's east-to-west capacity from Chelsea Junction to Coraopolis. Mr. Zeth testified that a swap "will move a certain portion of the pipeline, but it does not move all the way from origin to destination. It will move to a certain point where it's swapped with an offsetting barrel."<sup>73</sup>

Complainants submit that Laurel's tariff obligation to provide available physical capacity from east-to-west applies 365 days a year. There is no limitation or condition in the tariff or in the

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<sup>69</sup> Tr. at 244:25-245:13.

<sup>70</sup> *Id.* at 605:4-7.

<sup>71</sup> *Id.* at 609:10-19; 610:2-7, 15-18.

<sup>72</sup> *Id.* at 616:19-617:7 and 617:9-27.

<sup>73</sup> *Id.* at 532:5-8.

2019 Settlement that permits Laurel to occasionally make east-to-west capacity available when it is convenient for Laurel or to make available less than the required physical capacity. Nor can Laurel make physical capacity available only after it executes swaps to make virtual deliveries that a scheduler believes will optimize the system.<sup>74</sup>

As Judge Vero recognized in her questioning of Witness Zeth, the real optimization is not physical, it is economic - the rates for movements from the Midwest on Buckeye to points of destination on Laurel are higher than the rates for movements from Chelsea Junction to the same destinations.<sup>75</sup> Tellingly, Mr. Zeth concludes, "we're incented to move barrels."<sup>76</sup> That may be true, but economically, Laurel and Buckeye are incented to move products from west-to-east because Buckeye charges a much higher rate for such movements than Laurel does for movements in the other direction, and, as a consequence, overall system revenues will be higher with west-to-east movements.<sup>77</sup>

Nor is Laurel expressly permitted by the tariff to limit the scheduling of cycles from Chelsea Junction moving west in order to favor or prioritize Buckeye's west-to-east movements over Laurel's system. As Item No. 10(A) of Laurel's tariff provides in pertinent part, "Commodities will be accepted for transportation at points of Origin at such times as Commodities of the same quality and specifications are currently being transported."<sup>78</sup> This is not possible under Laurel's current or proposed operations that schedule deliveries over pipeline segments in one direction at a time. As Laurel's Witness Zeth told Judge Vero in response to her questioning regarding the priority of service, "I wouldn't say there is a hierarchy. There are certain cycles or sequences that

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<sup>74</sup> *Id.* at 616:23-617:3.

<sup>75</sup> *Id.* at 619:10-620:11.

<sup>76</sup> *Id.* at 620:8-9.

<sup>77</sup> *Id.* at 619:10-620:11.

<sup>78</sup> Tariff at Item No 10(A).

each scheduler will do in terms of products to try to minimize downgrades. So, they will do a certain product sequence, meaning diesel fuel and then a regular gasoline and a premium gasoline..."<sup>79</sup> Finally, Mr. Zeth conceded that he is not aware of any "legal, tariff, or other binding obligations that at any point in time would prioritize east-to-west flows over west-to-east or vice versa."<sup>80</sup>

Yet, the tariff language in Item 90, at least with respect to Line 718, requires Laurel to provide 120,000 barrels per day of available physical capacity from east-to-west, which certainly would require Laurel to prioritize such physical movements over west-to-east movements - to make available physical capacity to move product from Duncanville to Coraopolis on Line 718, not to move product physically from west-to-east and satisfy some portion of east-to-west shipper nominations through whatever swaps Laurel's schedulers are able to cobble together. That is not consistent with Item No. 90 of the tariff. The proposed expansion of west-to-east service to Sinking Spring will only exacerbate and continue this tariff violation absent Commission action to stop the proposed expansion of bi-directional service.

### 3. Laurel's Use of Swaps Violates the Tariff.

Laurel's testimony describes how its schedulers first look for opportunities to virtually swap products to make deliveries to destination points against the physical flow of product.<sup>81</sup> Laurel's tariff includes no references to swaps, the pipeline's ability to use such swaps to schedule the system, or how any use of swaps is to be effectuated. A Rules and Regulations tariff should specify all critical operational details;<sup>82</sup> Laurel's tariff is strangely silent against the backdrop of

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<sup>79</sup> Tr. at 618:21-619:2.

<sup>80</sup> *Id.* at 624:22-625:5.

<sup>81</sup> *Id.* at 616:23-617:3.

<sup>82</sup> *See, e.g.*, 52 Pa. Code § 53.25 ("A utility shall set forth all rules and regulations which apply generally to all classes of service covered by the tariff, and definitions of technical terms and abbreviations used in the tariff, the meanings of which are not common knowledge and cannot be gathered exactly from the context in which used.")

what Laurel says is actually happening in practice. As Laurel's Witness Webb observed on cross-examination, a common carrier pipeline has an obligation to "publish tariffs with...terms that describe the services they hold themselves out to provide. All the services have to be reasonable and non-discriminatory."<sup>83</sup> The absence of any reference to swaps in Laurel's tariff omits a critical operational rule governing the public utility services Laurel performs under the tariff and creates the potential for unreasonable and unduly discriminatory services.

Many elements of Laurel's Rules and Regulations tariff are at odds with the use of swaps to make deliveries. For example, in Item No. 10(B) of the tariff, Laurel "reserves the right to establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities."<sup>84</sup> Under the fundamental interpretation doctrine of *expressio unis est exclusio alterius* (i.e., the expression of one implies the exclusion of another), the tariff can only be read to mean that changes to pumping sequences and schedules are the only means at Laurel's disposal, and the use of swaps is not in Laurel's toolbox. The Commission should require Laurel to specify in its tariff its use of swaps and how they may be used to enable the "efficient use and operation" of Laurel's jurisdictional facilities. Absent such a filing and Commission approval of such a filing, Laurel's shippers are working in the dark.

Swaps also violate the "Segregated Batches" provision in Item No 15. The tariff defines a "Segregated Batch" as "a quantity of one Commodity meeting the specifications set forth in Item 15, for which the Shipper desires separate identity and segregation so as to deliver, as nearly as reasonably practicable, the identical Commodity received."<sup>85</sup> Pursuant to Item No. 40, Laurel is

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<sup>83</sup> Tr. at 745:3-16.

<sup>84</sup> Tariff at Item No. 10(B).

<sup>85</sup> Tariff at Item No. 5.

"permitted to make reasonable substitution of Commodities having substantially the same specifications."<sup>86</sup>

Laurel testified that it does not keep records of its swaps.<sup>87</sup> Accordingly, there is no way for a shipper to confirm that Laurel has made a "reasonable substitution," particularly with respect to a segregated batch. Swaps also violate Item No. 65 of the tariff. A shipper may request diversion or reconsignment of the scheduled Destination prior to delivery from the point of Origin to the point of Destination, "except no backhaul movement will be made."<sup>88</sup> In a swap, the shipper's scheduled product is not delivered to the Destination point. Without a shipper's knowledge or consent, Laurel delivers other barrels from the opposite direction of shipper's nomination and scheduled flow, and the shipper's property is diverted to another Destination point. Under this tariff provision, only the shipper, not Laurel, has the ability to divert or re-consign product. Moreover, barrels that are swapped move in the opposite direction of the scheduled movement and therefore are backhauls that are explicitly prohibited under Item No. 65.

Laurel's Witness Emery concedes the there is nothing in the tariff that creates a legal obligation on Laurel's schedulers not to swap barrels if it would delay or back up other shippers.<sup>89</sup> Under Laurel's theory, Laurel's schedulers can engage in swaps that may benefit Buckeye or its shippers and harm the Laurel shippers or their customers. Again, Laurel does not maintain records of swaps, so there would be no way to determine if a swap causes a delay or back-up of another shipper's batch. For example, if unrecorded swaps are inconsistent with the use of segregated batches, Laurel could delay delivery of a segregated batch because a "reasonable substitution" is

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<sup>86</sup> Tariff at Item No. 40.

<sup>87</sup> Tr. at 531:13-16; *see also* Complainants' Exhibit C4.

<sup>88</sup> Tariff at Item No. 65.

<sup>89</sup> Tr. at 698:11-21.

not available to swap. These are real-world adverse consequences, none of which is authorized by the Laurel tariff.

The Commission cannot permit Laurel to engage in swaps that violate Laurel's current tariff, are not described or referenced in that tariff, and for which the pipeline keeps absolutely no records.

**D. Existing Bi-Directional Service On The Laurel Pipeline Has Resulted In Unreasonable Service Under 66 Pa. C.S. § 1501.**

Complainants in this proceeding are among the largest shippers of petroleum products and terminal owners that depend on the public utility service provided by Laurel on the Laurel Pipeline. For decades, Complainants have depended on consistent and reliable petroleum products transportation service in compliance with Section 1501 of the Code. The introduction of bi-directional service in 2019 introduced a seismic shift in Laurel's operations as neither Laurel nor its shippers had experienced bi-directional pipeline service of the scale implemented by Laurel along the L718 segment between Coraopolis and Eldorado. Unfortunately, the experience of shippers following introduction of the bi-directional service has been severe degradation of service in violation of the Code.

The Code requires all public utilities, including companies transporting petroleum products like Laurel, to provide reasonable service under its jurisdictional tariff:

**§ 1501 Character of service and facilities.**

Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission. Subject to the provisions of this part and the regulations or orders of the commission, every

public utility may have reasonable rules and regulations governing the conditions under which it shall be required to render service. Any public utility service being furnished or rendered by a municipal corporation beyond its corporate limits shall be subject to regulation and control by the commission as to service and extensions, with the same force and in like manner as if such service were rendered by a public utility. The commission shall have sole and exclusive jurisdiction to promulgate rules and regulations for the allocation of natural or artificial gas supply by a public utility.<sup>90</sup>

The Commission and Pennsylvania courts have construed the statutory definition of service broadly,<sup>91</sup> and have interpreted Section 1501 to require public utilities to provide reasonable and adequate, not perfect, service.<sup>92</sup> Complainants do not ask for, nor do they expect, perfect service. However, even though they occupy different corners of their respective industry, Complainants share a similar experience of fluctuations in expected transit times, increases in frequency and length of pipeline outages, abrupt schedule changes, and a lack of clear communication from Laurel since commencement of bi-directional service on L718 in 2019. The Commission has held that "[A] public utility is obligated to provide service that is reasonably continuous and without unreasonable disruptions or delay."<sup>93</sup> Laurel would place the responsibility for these listed grievances on the shippers because of decreasing volumes being nominated for east-to-west movements on the pipeline. However, the record indicates that Laurel's bi-directional activities caused the escalation in transit times and other operational shortcomings, to the level of constituting unreasonable service.

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<sup>90</sup> 66 Pa. C.S. § 1501.

<sup>91</sup> *Dennis Horn v. Pa. Am. Water Co.*, Docket C-2024-3046231 (April 24, 2025).

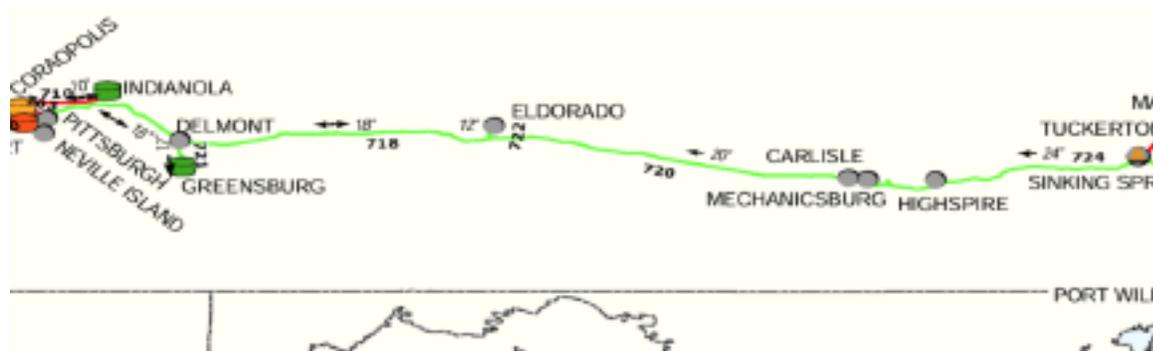
<sup>92</sup> *Pharon Bertsch v. PPL Electric Utilities Corp.*, Docket C-2011-2251784 (February 10, 2012).

<sup>93</sup> *See, Enola McGrew Duncan on behalf of A-Rize-N Management Co. LLC v. Pennsylvania American Water Co.*, Docket No. C-2009-2119162 (Final Order entered August 5, 2010).

1. Transit Times Have Increased Pervasively, To The Point Of Constituting Unreasonable Service.

Basic principles of pipeline operation establish that pipeline diameter, line fill, and flow rate all have a direct impact on transit times.<sup>94</sup> Larger diameter lines have a higher capacity and, therefore, require more line fill per mile than do smaller diameter lines.<sup>95</sup> While capacity is the volume a pipeline or line segment is capable of moving, pump rate is how much volume the pipeline actually moves per a given unit of time.<sup>96</sup> If all other factors are equal, a slower pump rate will result in lower transit times.<sup>97</sup> Because the Laurel Pipeline was originally designed to pump from the east to the west, from L724 to L720, then to L718, each successive line is smaller in diameter than the line feeding it. See Figure 1.

Figure 1: Laurel Pipeline Map



Because L724 makes deliveries before it connects to L720, Laurel's designers chose a smaller diameter pipe for L720 (20-inch versus 24-inch) because a lesser capacity is needed than for L724.<sup>98</sup> The same is true for L718 as compared to L720.<sup>99</sup> With the flow direction opposite of Laurel's original design, the aforementioned capacity differences from one line segment to the next

<sup>94</sup> See Complainants Exhibit TM-1 at 7:21-22, 9:14-15.

<sup>95</sup> *Id.* at 9:6-11.

<sup>96</sup> *Id.* at 9: 17-19.

<sup>97</sup> *Id.* at 9: 15.

<sup>98</sup> *Id.* at 10: 1-11.

<sup>99</sup> *Id.*

are similarly opposite. This physical reality creates bottlenecks in the pipeline that hinder west to east flow ability.<sup>100</sup>

Further, while Laurel and its affiliate Buckeye combine to offer both intrastate and interstate service on the pipeline, it is important to recall that the Laurel Pipeline consists of a single pipeline. In its day-to-day operations, Laurel does not distinguish between intrastate and intrastate products on the Laurel Pipeline, meaning that all products of the same or similar specifications, i.e. CBOB gasoline, are scheduled and shipped together whether they are being shipped under intrastate rates, terms, and conditions or interstate rates, terms, and conditions.<sup>101</sup> As the intrastate and interstate volumes are commingled on the pipeline, they are indistinguishable from an operational standpoint. Accordingly, analysis of the transit times for east to west interstate movements into a particular delivery point, such as Eldorado, are just as relevant as transit times for east to west intrastate movements to the same delivery point.<sup>102</sup>

Additionally, a bi-directional pipeline must finish deliveries to one destination before it can be reversed to fulfill deliveries in the opposite direction.<sup>103</sup> Bi-directional service is reliant on precise scheduling, and precise scheduling is effectuated by reliable transit times.<sup>104</sup> But, bi-directional service poses increased instances where delays, early arrivals, and other interferences to transit times could and do occur. If product does not finish delivering into its intended destination before the line is reversed, the product would need to be pushed back in the direction from which it came to avoid mixing and to preserve product quality, thereby delaying the pipeline schedule and affecting all subsequent nominations in the schedule.<sup>105</sup>

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<sup>100</sup> *Id.* at 11: 3-5.

<sup>101</sup> *See* Laurel Statement No. 1-R at 41:6-8.

<sup>102</sup> Tr. at 403:19-21.

<sup>103</sup> *See* Complainants Exhibit TM-1 at 12: 11-12.

<sup>104</sup> *Id.* at 12: 8-11.

<sup>105</sup> *Id.* at 8: 11-16.

Projected transit times are also informed by shipper nominations to the pipeline. While Laurel attempts to tie transit times almost exclusively to shipper nominations, in practice, it is Laurel that ultimately decides which nominations to accept. Accepted nominations are those that will actually flow on the pipeline and create transit time projections.<sup>106</sup> This becomes even more important in a bi-directional context, where Complainant shippers feel the effect of Laurel's decision as to which direction the pipeline will flow at a given time. Complainants have noticed increased transit times and transit time variability since commencement of bi-directional service on L718.<sup>107</sup> [BEGIN CONFIDENTIAL]. [REDACTED]

[REDACTED]

[REDACTED]

[END CONFIDENTIAL] Complainants observe that deliveries off the Laurel Pipeline should arrive approximately every ten days.<sup>109</sup> Since September 2019, deliveries between Mechanicsburg and Altoona to Coraopolis have been sporadic – sometimes twenty days or more, other times five

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<sup>106</sup> Tr. at 91:15.

<sup>107</sup> See Complainants' Exhibit JDJ-1 at 5:19-6:12; Complainants' Exhibit SH-1 at 4:10-5:12; Complainants' Exhibit KFS-1 at 4:7-6:9.

[REDACTED]

<sup>109</sup> See Complainants' Exhibit KFS-1 at 4:8-10.

days or fewer.<sup>110</sup> A T4 notice to shippers from Laurel may contain a delivery window of eight to twelve days, then those deliveries nonetheless arrive in twenty to thirty days, or just one to two days.<sup>111</sup> Barrels arriving early are just as problematic as those that arrive late.<sup>112</sup> If a delivery arrives before it is expected, the recipient may not yet have the open tankage capacity needed to store the product.<sup>113</sup> [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[END CONFIDENTIAL] In specific instances, transit time delays occurred for Complainant Monroe because Laurel was holding Complainant barrels heading from the east in the line between Mechanicsburg and Altoona waiting for barrels that are coming from the west to arrive and be delivered into Altoona.<sup>115</sup> This is a novel issue for Complainant shippers and one unique to bi-directional service. In that instance, Laurel provided no communication or scheduling

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<sup>110</sup> *Id.* at 4: 8-16.

<sup>111</sup> Tr. at 131: 7-12. T4 is a communications platform Laurel and other pipeline operators utilizes to send notices to shippers on the pipeline. *See* Laurel Statement No. 1R at 25.

<sup>112</sup> *Id.* at 131: 16-18.

<sup>113</sup> *See* Complainants' Exhibit KFS-1 at 5: 4-5.

[REDACTED]

<sup>115</sup> *Id.*

updates through the T4 notification platform.<sup>116</sup> This delay left shippers to explain to upset customers why the shippers were missing expected product at terminals, without any notification or explanation of the delay from Laurel.<sup>117</sup>

Complainant Sheetz experienced a 90% increase in the average number of transit days for westward shipments from Linden to Altoona when comparing the most recent three years (2022-2024) to years 2017, 2018, and 2019.<sup>118</sup> Sheetz also saw a 64% increase in average transit days for westward shipments from Booth to Altoona for those same years.<sup>119</sup> In what is considered a ten-day cycle to move product westward from Linden to Altoona, the maximum number of transit days was 26.7 in 2022, versus just 11 days in 2019 – an increase of 142 percent.<sup>120</sup>

Laurel attempts to combat these concerns by stating that nominated volumes are delivered within the month of intended delivery.<sup>121</sup> Complainants find such a window to be a deviation from industry standard and infeasible in practice. The infrastructure (i.e., tankage required to hold inventory for that length of time) is "not designed to withstand month-long wait times between deliveries," and customers often are accustomed to the ability to receive "just-in-time" deliveries and cannot wait that long for product delivery.<sup>122</sup> The existing infrastructure along the Laurel Pipeline was "designed to accept deliveries ratably," making transit times of three to four weeks commercially and operationally unreasonable.<sup>123"</sup>

Complainant LHT observes that bi-directional service causes an increase in smaller-quantity batches of varying product grade that require its terminals to "cut" between specifications

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<sup>116</sup> *Id.*

<sup>117</sup> *Id.* at 6: 3-9.

<sup>118</sup> *See* Complainants' Exhibit JDJ-1 at 7: 5-7. Sheetz did not include the years 2020 and 2021 in this data due to irregularities caused by the COVID-19 pandemic.

<sup>119</sup> *See* Complainants' Exhibit JDJ-1 at 7: 8-10

<sup>120</sup> *Id.* at 8: 9-10.

<sup>121</sup> Laurel Exhibit Rebuttal Testimony of Thomas R. Zeth at 25:2.

<sup>122</sup> Tr. at 85: 1-13.

<sup>123</sup> Tr. at 84: 23-85:13; 85:19-86:8; 86:12-87:8.

and octanes to ensure product quality for end-use consumption.<sup>124</sup> LHT saw eight to twelve pipeline switches per month per terminal prior to bi-directional service in 2019, as compared to fifteen to twenty-five switches per month per terminal since 2019.<sup>125</sup>

Laurel attempts the claim that because Complainants did not produce exhaustive communications or data sets concerning transit times and/or scheduling delays, such operational issues cannot have the significant impact on scheduling that Complainants claim. This is both a false conflation and an inaccurate portrayal of how the industry works. "Transit time" is not even terminology that shippers use in the course of normal business dealings with each other.<sup>126</sup> Shippers juggle multiple batches of origin batches, current flow in the line, and deliveries each day.<sup>127</sup> In the event of a scheduling push, shippers pivot – they begin rescheduling, shuffling, and finding solutions.<sup>128</sup> It is not industry practice to make a notification or record of "hey, my transit time increased."<sup>129</sup> Rather than give credence to Laurel's sleight-of-hand attempt to shift the focus to communications by shippers, the Commission should give greater weight to the actual data developed by multiple witnesses showing drastic increases in transit times since the introduction of bi-directional service on L718.

By its own admission, Laurel is the "gatekeeper of what gets moved on the pipeline."<sup>130</sup> With Laurel as the ultimate arbiter of transit times projections and standards, Complainants depend on Laurel for both transparency and efficient communication relative to transit time determinations and possible deviations. Despite this responsibility, Laurel, admittedly, "does not have a standard

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<sup>124</sup> See Complainants' Exhibit SH-1 at 5: 14-16.

<sup>125</sup> *Id.* at 5: 17-19.

<sup>126</sup> Tr. at 404: 23-405:13.

<sup>127</sup> *Id.*

<sup>128</sup> *Id.*

<sup>129</sup> *Id.*

<sup>130</sup> Tr. at 519:11.

for on-time delivery, nor is it obligated to have one as a function of its PA PUC tariff."<sup>131</sup> According to Laurel personnel, Laurel's intent is only that "product be delivered within a reasonable time frame from when it was scheduled to be delivered."<sup>132</sup> Without a standard or established range of reasonableness from Laurel, Complainants are left to perform their scheduling duties in a state of scrambled confusion at worst and looming uncertainty at best.<sup>133</sup>

The consequences of unstable transit times vary, but each require shippers to adapt their usual practices. Shippers must at once maintain additional inventory in the event of a delay, and preserve additional available capacity in terminals in the event of an early delivery.<sup>134</sup> These adaptations require additional training and staffing to manage and create cost consequences for shipper companies and their wholesale and/or retail customers.<sup>135</sup> Taken together, the increasingly unreliable transit times constitute unreasonable service pursuant to the Code.

## 2. The Increase In Transit Times Is Not Explained By Shipper Nominations.

Laurel posits a "dramatic decline in utilization" of east-to-west service on the Laurel Pipeline as the reason for increased transit times.<sup>136</sup> According to Laurel, petroleum product pipelines rely on displacement to move barrels, so when product nominations for delivery to a given market decline, the ability to displace barrels decreases, resulting in longer transit times.<sup>137</sup> Laurel would make it seem that shippers themselves are responsible for longer transit times due to a decrease in their east-to-west nominations. Such explanation is incomplete and inaccurate.

Any explanation as to decreases in nomination volumes cannot exclude the permanent closure of the PES refinery in 2019, which lead to an inevitable decline in east-to-west nominated

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<sup>131</sup> *Id.* at 521:11-13.

<sup>132</sup> *Id.* at 522: 13-15.

<sup>133</sup> *Id.* at 544: 9-16.

<sup>134</sup> *Id.* at 8: 16-18.

<sup>135</sup> *Id.* at 5: 19-20; Complainants' Exhibit JDJ-1 at 8: 18-20; Complainants' Exhibit KFS-1 at 5: 4-5.

<sup>136</sup> *See* Laurel Statement No. 1-R at 12: 7-10, 13: 13-20.

<sup>137</sup> *Id.* at 13: 13-20.

volume.<sup>138</sup> For Complainants, volumes in the last four to five years (since the PES closure) have remained consistent.<sup>139</sup> Yet, despite consistent volumes, transit times and other uncertainties have increased during those same years. Complainants struggle to find another variable to which they could attribute such increase besides the bi-directionality of the pipeline since 2019.<sup>140</sup> Laurel cannot escape the facts.

Complainants agree with Laurel that changes in supply flowing on the pipeline can be affected by shipper nominations. However, by Laurel's placing the onus for increased transit times on shippers, Laurel also attempts to show supply and demand conflict among Complainant shippers that simply does not exist. It may be true, as Laurel claims, that all shippers do not react in the same manner to supply or demand changes on the pipeline; that a supply change could be to the financial or logistical benefit to one shipper and the financial or logistical detriment of another.<sup>141</sup> Complainants are not arguing this. It is unrealistic that every action on the Laurel Pipeline will equally benefit or hinder all shippers on the pipeline. Complainants instead assert that, all factors taken together, current bi-directional service is to their detriment and the proposed extension of bi-directional service will be to their detriment, with currently increased and potential increasing transit times as just one reason.

Laurel's efforts to explain away increased transit times based on declining east-to-west volumes fall short.<sup>142</sup> In fact, the slight decline in east-west volumes is shown to be a relatively minor driver of increased transit times. Dr. Webb's analysis includes "too many control variables and it kind of hides how he did the control variables. It hides the actual differences."<sup>143</sup> Dr. Morris

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<sup>138</sup> Tr. at 83: 19.

<sup>139</sup> *Id.* at 83: 20-25.

<sup>140</sup> *Id.* at 83:19-84:1.

<sup>141</sup> *Id.* at 267: 9-25 – 268: 1-25.

<sup>142</sup> *See generally* Tr. at 427: 1 to 430: 10.

<sup>143</sup> Tr. at 429: 10-12.

corrects that error, and shows in Complainant Exhibits JRM-10 through JRM-12, in several ways, that the slight decline in east-west volumes does not explain the substantial increase in transit times that shippers have experienced since the start of bi-directional service in 2019. In fact, the decline in volumes would predict an increase of 34-35 percent, far short of the 80-110 percent increase in transit times that shippers have actually experienced.<sup>144</sup>

Laurel's own data supports Dr. Morris's conclusions. Laurel witness Zeth presents a Figure 2 showing the total volumes transported east to west on line segments L724, L720, and L718.<sup>145</sup> While the data show a decline in volumes over 2020, following the closure of the PES refinery and coincident with the COVID pandemic, peak east-to-west volumes rebound substantially in subsequent years, consistent with testimony from Complainants witness Jadlocki that volumes from the Gulf Coast to the East Coast have backfilled much of the east-to-west volumes lost from the PES closure.<sup>146</sup> While Laurel makes much of the dips in volume, the most precipitous dip in the volumes occurred from March 22 – April 2 of 2025, which coincides with an 11-day outage implemented by Laurel on the L724 and L720 line segments.<sup>147</sup> Further, the fact that volumes continue to far exceed the line fill totals required to push product through the pipeline suggest that volumes remain more than sufficient to move product and would not alone account for the severe increase to transit times.<sup>148</sup> For example, the line fill required to move product through the L718 line segment is 100,500 barrels.<sup>149</sup> Even at the low points, volumes on the L718 generally exceed 20,000 bpd, meaning Laurel receives enough volume to push product through the pipeline each cycle.

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<sup>144</sup> Tr. at 429: 23-25.

<sup>145</sup> See Laurel Statement No. 1-R at 11:7-8.

<sup>146</sup> See Complainants' Exhibit JDJ-1 at 13:10-11.

<sup>147</sup> See Laurel Statement No. 2-R at 6:8-13.

<sup>148</sup> See Laurel Statement No. 2-R at 6; see also Complainants Exhibit TM-1 at 8:8-9.

<sup>149</sup> See Complainants' Exhibit TM-1 at 6:8 (Table 1).

While shippers control nominations on a pipeline, the pipeline operator determines what shipments are accepted and ultimately flow on the pipeline. Pump rate, pipe diameter, scheduling of accepted nominations, and flow direction also impact transit times. Notably, each of these factors is partially, if not completely, in the hands of Laurel as the pipeline operator. While Laurel attempts to isolate decreased shipper nominations, this is far from the only factor that could and does impact the transit times on which shippers depend for their regular course of business.

3. Laurel Has Always Known That Bi-Directional Service Drastically Impacts Transit Times.

What Complainants argue in this proceeding is not novel to Laurel. In fact, Laurel concedes that transit times have increased since the start of its bi-directional service.<sup>150</sup> Yet, Laurel undertook no "internal action plan" or "other internal policies or procedures" to address the incremental escalation in transit times since 2019.<sup>151</sup> [BEGIN HIGHLY CONFIDENTIAL]

[REDACTED]

[REDACTED] [END HIGHLY CONFIDENTIAL] Laurel can continue its scapegoating of the PES refinery closure and/or decreases in shipper nominations from the east as the main factor driving extended transit times, but its own documents indicate the contrary.

<sup>150</sup> Tr. at 23: 19-22.

<sup>151</sup> *Id.* at 524: 3-9.

<sup>152</sup> *See* Complainants' HC Exhibit TM-4 at 26.

[REDACTED]

4. Complainants Were Not Obligated To File A Complaint With The Commission Prior to January 2025.

Having failed to argue based on the facts, Laurel wants to assign to Complainants a baseless, imaginary duty to file a customer complaint with the Commission by some seemingly unspecified time.<sup>154</sup> As such, Laurel seeks to draw negative inferences from Complainants not filing a complaint with the Commission prior to January 2025.<sup>155</sup> This is an obvious red herring that deserves no evidentiary weight. While the 2019 Settlement provided defined processes for informal communication between Laurel and those settling parties, nothing in the 2019 Settlement created an obligation on those settling parties (some of whom are now Complainants in this proceeding) to pursue such discussions in advance of filing a Formal Complaint.<sup>156</sup> The practical reality is that Complainants are not in the business of filing and litigating complaints with the Commission. The day-to-day pace of managing, scheduling, and ensuring delivery of petroleum products does not allow for it. The job is, not surprisingly, a full-time one. As Mr. Jadlocki, who wears this hat for Sheetz's operations in Pennsylvania and elsewhere, testified:

Prior to becoming part of this case earlier this year, I, myself, as well as all of my team were unaware that that was an option we could take. In addition to that, since 2019, we as an organization as well as a lot of others, have been dealing with various macroeconomic things that have happened, COVID, you have the economic downturn. You know, we - we operate in the now for the most part. When issues arise, we try to address them in the moment, work past them, and then look forward to what we have coming. So there are many reasons why, like I said, the main one, we did not - we were not aware that was an option. The people that were part of the prior settlement have moved on or otherwise left their positions.<sup>157</sup>

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<sup>154</sup> See generally Laurel Statement No. 1-R at 9:8-12; Tr: 355: 24-356:4; Tr. at 356: 20-23.

<sup>155</sup> Tr. at 359: 8-11.

<sup>156</sup> *Giant Eagle, Inc., et al v. Laurel Pipeline Company, L.P.*, Docket No. C.2018-3003365 (Joint Petition for Approval of Settlement Dated July 31, 2019)("2019 Settlement").

<sup>157</sup> Tr. at 356: 5-19.

That those working in the pipeline shipping business are not focused on, or even aware of, an avenue to address service concerns may indicate an education and accessibility issue for Commission remedies, but it certainly cannot work to exclude affected parties from those very remedies. Complainants have communicated service frustrations and customer concerns to Laurel in other acceptable forms as issues arose.<sup>158</sup> What Laurel seems reluctant to acknowledge is that the nature of the instant Complaint before the Commission is that of an accumulation of injury to shippers over a lengthy period of time. Laurel's unstable bi-directional service inflicts a death by a thousand cuts-style injury on Complainants. Laurel's December 2024 announcement to extend bi-directional service was the final blow in prompting the need to file this Formal Complaint. Complainants continue to withstand unreasonable service in all manner of operational interruption and interference.

Such unreasonable service is (1) at the hands of Laurel, (2) rectifiable only by Laurel, and (3) a clear violation of Laurel's jurisdictional requirements under the Code. Complainants seek the Commission's relief, as specified in Section VI below.

**E. The Proposed Extension of Bi-Directional Service Proposed by Laurel Will Result In Unreasonable Service Under 66 Pa. C.S. § 1501.**

1. The Expansion of Bi-Directional Service Over Lengthy Pipeline Segments, to Multiple Additional Delivery Points, And Combined With the Use Of Swaps, Increases The Complexity And Difficulty In Scheduling.

If Laurel cannot furnish reasonable bi-directional service on just one segment of the Laurel Pipeline, Complainants cannot see how reasonable service would be possible under the extended bi-directional service Laurel proposes. Laurel's first attempt at bi-directional service, over a much shorter piece of pipeline, has experienced multiple issues,<sup>159</sup> and the extension of bi-directional

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<sup>158</sup> See Complainants' Exhibit JDJ-1 at 10:15-11:11.

<sup>159</sup> See Complainants' Exhibit KFS-1 at 10: 16-21.

operations necessarily implicates increased chances for errors and failure.<sup>160</sup> Complainants anticipate further bi-directional expansion will only exacerbate the issues already explained herein, and will spread the existing problems to more delivery points across the line.<sup>161</sup> Bi-directional service results in more inventory, more cycles delivering together, more variability in delivery times, more switches, more delivery points – more complexities.<sup>162</sup> Put simply, such complexities that exist for the successful operation of a one-directional pipeline are multiplied by at least two in the context of bi-directional service.<sup>163</sup>

a. Operational Impacts Will Contribute To Unreasonable Service Under the Extended Bi-Directional Segments.

Complainants foresee increased operational issues that will drive product shortages, missed or delayed shipments, and an increase in the resources that would be necessary to adapt.<sup>164</sup> Inconsistent product delivery will, in turn, impact Complainants' ability to rely on the Laurel Pipeline to actually get products to customers.<sup>165</sup> [BEGIN HIGHLY CONFIDENTIAL]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END HIGHLY CONFIDENTIAL] Not only will this harm a Pennsylvania business, but it will also harm consumers who will lose a source of product from eastern Pennsylvania that

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<sup>160</sup> See Complainants' Exhibit TM-1 at 244: 8-21.

<sup>161</sup> See Complainants' Exhibit SH-1 at 7: 13-16.

<sup>162</sup> See Complainants' Exhibit TM-1 at 4:19-5:5; 13:8-9; 38: 10-21; 44:12-18; 49: 7-10.

<sup>163</sup> Tr. at 87:4-8.

<sup>164</sup> See Complainants' Exhibit KFS-1 at 11: 5-10.

<sup>165</sup> *Id.* at 12: 7-13.

<sup>166</sup> *Id.*

[REDACTED]

has consistently been providing the lowest cost supply of gasoline into Altoona and Sinking Spring.<sup>168</sup>

Complainants also fear greater quality control risks and necessary infrastructure upgrades when expanding bi-directional service over a larger geographic footprint, as well as increased costs to combat these risks – costs that may ultimately be passed to Pennsylvania consumers.<sup>169</sup> Laurel witnesses Emery and Webb claim that the bi-directional operation of a pipeline increases the overall capacity of that pipeline.<sup>170</sup> While delivering into one location from two different points, here east and west, may allow for delivery of more volume to that one location at any one time (assuming all other factors are equal), it does not follow that the physical capacity of an entire pipeline segment increases, as they suggest.<sup>171</sup> For Laurel to claim as much is both misleading and inaccurate. Even Laurel concedes that bi-directional flow can only occur at one delivery point at a time.<sup>172</sup> Complainants LHT own the majority of downstream delivery tankage on the Laurel system, and only one (LHT's Coraopolis terminal) is currently capable of receiving product at the same time from both eastern and western origins.<sup>173</sup> To equip other terminals for this capability would require construction of additional sets of pipes and manifolds.<sup>174</sup> This additional infrastructure would come at a cost to LHT.<sup>175</sup> Laurel has made no indications that it would absorb those costs. That the L720 and L724 segments are not equipped to accept deliveries from both directions simultaneously compels one of two outcomes. Either Laurel's claims of additional physical capacity via extended bi-directional service must be unfounded or, LHT would need to

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<sup>168</sup> Complainants' HC Rejoinder Exhibit JRM-9; *see also* Tr. at 424:9 – Tr. at 426:21; *see also* Laurel HC Exhibit MJW-11.

<sup>169</sup> *See* Complainants' Exhibit SH-1 at 7: 20-21; Complainants' Exhibit JDJ-1 at 13: 6-11.

<sup>170</sup> *See* Laurel Statement No. 4-R at 5:4-6:12; Laurel-21 Statement No. 3-R at 26:5-27:22.

<sup>171</sup> *See* Complainants' Exhibits TM-6 and TM-7; Tr. at 245: 18-25-246:1-8.

<sup>172</sup> Tr. at 610: 2-7.

<sup>173</sup> Tr. at 138: 9-12.

<sup>174</sup> *Id.* at 139: 5-14.

<sup>175</sup> *Id.*

consider substantial capital investments that, as Ms. Huzicko testified, are not commercially reasonable because LHT does not and cannot know which of its terminals will become the point at which flows from each direction converge, or for how long or in what volumes any such convergence will last.<sup>176</sup>

Laurel asserts a myriad of muddled solutions to Complainants' concerns. For example, Mr. Zeth asserts there is another viable option – the Energy Transfer Partners' Pennsylvania Access Pipeline - that shippers could utilize.<sup>177</sup> Importantly, this alternate pipeline does not deliver to the Pennsylvania-based terminal to which the Laurel Pipeline delivers, and it only flows west to east.<sup>178</sup> Mr. Zeth also claims that transit times will be reduced by extending bi-directional service.<sup>179</sup> With no specific details from Laurel as to how it plans to operate the extended bi-directional segments, Complainants find it difficult and the Commission should find it difficult to accept that claim.<sup>180</sup> Complainant's skepticism is further informed by the disclosure that Laurel knew even prior to the introduction of bi-directional service in 2019 that its bi-directional operations would have significant adverse impacts on transit times.<sup>181</sup> If the pipeline will be bi-directional only by operating in one single direction for a period of time, and the opposite for a separate period, barrels will have to wait to flow over a longer segment of the pipeline for a longer period of time, depending on the direction of flow at the time of nomination.<sup>182</sup> This would, by default, increase transit times.

Laurel "is proposing to extend bi-directional service over about 147 miles in Pennsylvania from Eldorado to Sinking Spring," yet it "has not monitored or reviewed or tracked any other bi-

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<sup>176</sup> Tr. at 139: 5-25.

<sup>177</sup> Laurel Statement No. 1-R at 10: 7-9.

<sup>178</sup> Tr. at 87: 23-88:3.

<sup>179</sup> Laurel Statement No. 1-R at 22: 7-13.

<sup>180</sup> Tr. at 84: 16-21.

<sup>181</sup> Tr. at 548:22-550:7.

<sup>182</sup> *Id.* at 84: 10-14.

directional operations in the country."<sup>183</sup> Particularly in consideration of the myriad challenges Laurel identified when exploring bi-directional service as an operational model, Complainants are challenged to comprehend how or why Laurel would embark on this further expansion of bi-directional service without surveying the landscape of in-service bi-directional pipeline projects. Coupling this with Laurel's reluctance, inability, or both, to provide any guidelines for its planned operation under the newly extended bi-directional service, leaves no basis for Complainants to expect reasonable service under any expanded bi-directional service.

b. The Use Of Swaps Is Not A Solution To Complainants' Service Concerns.

To combat the complexities of bi-directional service, Laurel claims it will utilize swaps – where virtual movements are accomplished without ever requiring a physical movement of product on the pipeline.<sup>184</sup> Laurel's view of swaps is overly simplistic and ignores the very real risk of systematically relying on swaps in lieu of physical movements. To successfully effectuate swaps, Laurel will need to line up nominations on both ends of the pipeline of identical products on a month-ahead basis to ensure that schedules run smoothly from cycle to cycle.<sup>185</sup> This will decrease flexibility for shippers. Now, shippers on Laurel can make adjustments to nominations throughout the month as needed. With an increase in the use of swaps, shippers fear such customary flexibility will not be possible if swaps are already accounted for based on month-ahead nominations.<sup>186</sup>

Swaps rely solely on the specifications and quantities of origin barrels matching the specifications and quantities of destination barrels every time barrels are nominated and throughout movement timing.<sup>187</sup> This means, "Laurel may receive a nomination but not have the

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<sup>183</sup> *Id.* at 530:5-12.

<sup>184</sup> *Id.* at 53: 5-12 .

<sup>185</sup> Tr. at 86: 22-87:8.

<sup>186</sup> *Id.*

<sup>187</sup> *See* Complainants' Exhibit KFS-1 at 7:8-8:15.

physical barrels to push it to the destination," so Laurel would be forced to wait a cycle and "combine those barrels with the volume of the next cycle to physically complete delivery."<sup>188</sup> In that scenario, the shippers of those barrels would be left scrambling to find volume and may not even have enough tank capacity in a given tank farm to accommodate the needed volume.<sup>189</sup> For refiners like PBF and Monroe, for example, if Laurel cannot or will not accept a tender of product, tanks at the refinery would fill as the refining process is ongoing, and once the tanks are full without an outlet, the refiner's only option is to shut down refinery operations. Complainants already view the swap process as a challenge on just a short section of bi-directional pipeline. If Laurel starts involving segments that contain over 150,000 barrels in a given segment or more, complexity, uncertainty, and the possibility of issues abound.<sup>190</sup> To further confound the process, Laurel does not notify shippers if a swap has occurred to satisfy their nomination.<sup>191</sup> This leaves shippers inevitably surprised if and when their shipment is undeliverable through swaps. Indeed, Complainants became aware that Laurel prioritizes swaps in Laurel's current scheduling process only because Complainants had the opportunity to propound discovery in this Complaint proceeding. And Laurel has assumed no responsibility or obligation to institute any further transparency going forward.

It follows that operational costs will decrease with the use of swaps, as no physical movements will actually occur on the pipeline. Ostensibly, shippers will still be paying the same shipping rates but without any physical barrel movement. Laurel has not indicated where those

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<sup>188</sup> *Id.* at 7:12-8:1.

<sup>189</sup> *Id.* at 8: 9-12.

<sup>190</sup> *Id.* at 8: 8-15.

<sup>191</sup> Tr. at 122: 4-7.

operational savings will go, and nothing in Laurel's filing suggests that savings will be shared with shippers.<sup>192</sup> To Complainants, it appears that cost savings will be retained by Laurel.<sup>193</sup>

2. Service Outages Related To The Proposed Extension of Bi-Directional Service Have Resulted In Unreasonable Service.

Since Laurel announced its proposal for expanded bi-directional service under Broadway 3, Complainants have experienced an unusual number of pipeline outages – some lasting one day, while others last eight to ten days.<sup>194</sup> To date, Laurel's actual and scheduled outages will have equaled 13% of the calendar days in the entire year.<sup>195</sup> If any outages occur in November or December, that percentage will further increase. With both the frequency and duration of outages increasing, Complainant shippers are forced to increase terminal inventory ahead of outages in case outages last longer than the outage windows determined by Laurel, as happened most recently during an outage in March 2025.<sup>196</sup> Outages also force shippers to secure product well before a physical ship date to account for the long distances these alternative shipments must often travel.<sup>197</sup> "These pipeline outages suggest that shippers purchase product from what is typically more expensive Western Origin Points" to move into Pittsburgh markets that reside west of Mechanicsburg.<sup>198</sup> This forces shippers to "fall back on terminal relationships that have been built over the years", with the circumstances (i.e., a ten-day outage, etc.) often straining those relationships.<sup>199</sup>

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<sup>192</sup> See Complainants' Exhibit KFS-1 at 11:19-23.

<sup>193</sup> *Id.*

<sup>194</sup> See Complainants' Exhibit JDJ-1 at 3:18-5:9.

<sup>195</sup> *Id.* at 181:21-25.

<sup>196</sup> *Id.* at 4:11-14. Contrary to Laurel's emphatic claims of lower-priced Midwest product, the record shows that the price advantage or "arb" between Midwest supply and East Coast supply tends to shift with the seasons, but favors the East Coast for much of the year. See Tr. at 512; see also Complainants' Exhibit JDJ-1 at 12:9-14; Complainants Exhibit JRM at 61:16 – 62:3.

<sup>197</sup> *Id.* at 5: 4-9.

<sup>198</sup> *Id.* at 4:11-14.

<sup>199</sup> *Id.* at 4: 14-19.

Midwest refiners are notified of an outage at the same time as all other shippers, giving those refiners an opportunity to immediately increase product costs knowing shippers in the east will be looking for product replacement outside of outage segments.<sup>200</sup> This forces "increased costs onto shippers that need to secure a safety net of product shipping from the west," while working to the economic advantage of Midwestern shippers.<sup>201</sup>

Buckeye made several public mentions at the 2025 Buckeye Shipper Conference that additional outages may occur in the upcoming year, and that such outages are related to the Broadway 3 expansion.<sup>202</sup> For example, two multi-day outages in September and October of 2025 totaled twenty-three days. While Laurel characterizes these outages as a product of a settlement agreement between Laurel and Complainants, it is important to note that only outage dates were product of such settlement. The outages in practice are unsupported by Complainants and were, thus, the subject of a Petition for Interim Emergency Relief filed by Complainants before this Commission on July 29, 2025.

Laurel has not requested nor received Commission approval, which it needs, to commence bi-directional service under the Broadway 3 project. Yet, Laurel continuously interrupts service on the pipeline through outages which occur to prepare the line for that very bi-directional service. Laurel asks shippers like Complainants to field increased pipeline outages and to time their shipments to account for increasingly unpredictable cycles in the name of bi-directional service, which has never occurred on the Pennsylvania segments of the Laurel Pipeline and still lacks any semblance of Commission approval.<sup>203</sup> These interruptions and subsequent delays on the pipeline

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<sup>200</sup> *Id.* at 4:21-5:1.

<sup>201</sup> *Id.* at 5:1-2.

<sup>202</sup> *Id.* at 5:11-15.

<sup>203</sup> *Id.* at 17-18.

functionally eliminate the historically reliable east-to-west service on the Laurel Pipeline and contribute to Complainants' unreasonable service claims.

3. Laurel Does Not Have An Explanation For How It Will Accomplish Extended Bi-Directional Service.

To date, Laurel has been unable to describe how it plans to operate the extended bi-directional segments of the pipeline, how it is going to decide which direction the barrels will flow, and whether those directional decisions will be made on a cycle-by-cycle or monthly basis.<sup>204</sup> Laurel has sole discretion over how the pipeline will flow and has yet to articulate any guarantees to Complainants that their physical barrels will be delivered within accepted time frames, or delivered at all.<sup>205</sup> Laurel's plan to utilize a swap system is complicated and has not been tested in this petroleum market. In the face of obvious uncertainty, Laurel still fails to provide a plan.<sup>206</sup>

When asked how Laurel plans to prioritize movements, Laurel obfuscates. Laurel first asserts that swaps will take priority, then concedes that there is no priority based on rates, tariffs, or any other factor.<sup>207</sup> This answer is both unsatisfying and a chaos agent for the commercial petroleum products industry in Pennsylvania.

Laurel's desired extension of bi-directional service requires infrastructure, investment, and clarity. Complainants lack insight from Laurel on all three. Meanwhile, Laurel has requested a bi-directional service commencement date of November 1, 2025.<sup>208</sup> Shippers that depend on Laurel's east-to-west flows are in the dark as to how this bi-directional operation will occur, and the claims Laurel does make relative to the proposed expansion ring hollow and inaccurate.

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<sup>204</sup> Tr. at 84: 16-12.

<sup>205</sup> See Complainants' Exhibit KFS-1 at 11:16-18.

<sup>206</sup> *Id.* at 10: 16-21.

<sup>207</sup> Tr. at 619: 9- 621: 11.

<sup>208</sup> See Answer in Opposition of Laurel Pipe Line Company, L.P. to the Complainant's Joint Motion to Modify the Procedural Schedule, Docket No. C-2025-3053018, Filed on August 20, 2025, at 2.

Laurel is the only entity situated to produce information on how this proposed bi-directional extension of service will actually operate. Shippers cannot make those calls. Nonetheless, shippers need at least a general idea of how operations will function so as to structure basic scheduling and nominations. Laurel cannot provide even that. If Laurel has a plan for execution of reasonable bi-directional service on L721 and L724, Complainants need to see it. Until then, Complainants unreasonable service concerns remain intact and valid under the Code.

**F. Laurel's Abrupt And Unanticipated Changes To The RVP Schedule Constitute Unreasonable Service.**

RVP is a measurement of the volatility of gasoline and other volatile petroleum productions, indicating how readily they evaporate.<sup>209</sup> The Environmental Protection Agency sets the RVP, and those specifications change seasonally and locationally.<sup>210</sup> Refiners, in turn, set their blending schedules to meet all changes in the vapor pressure; storage tanks at holding locations and delivery terminals need to be turned to the correct specification.<sup>211</sup> Shippers must pay attention to inventories, tank volumes, and tank bottoms, to ensure that the RVP is ready for the seasonal turns.<sup>212</sup> It is more difficult, for example, to turn for summer specifications as tanks must be "almost completely stripped of product so that higher RVP doesn't affect lower RVP."<sup>213</sup>

In January of 2025, Buckeye announced an unexpected change to its RVP specifications, notifying the shipping community on January 13<sup>th</sup> (just two days before nominations were due) even though standard industry practice is to notify the shipping community several months in advance to allow shippers to prepare their schedules for the necessary tank capacity.<sup>214</sup>

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<sup>209</sup> See Complainants' Exhibit KFS-1 at 8:17-18.

<sup>210</sup> *Id.* at 8:18-9:10.

<sup>211</sup> *Id.*

<sup>212</sup> *Id.*

<sup>213</sup> *Id.*

<sup>214</sup> *Id.* at 9: 11-18.

Complainants report this being the first time a significant change to the RVP calendar was made.<sup>215</sup> That shippers would have no reason to anticipate Laurel instituting such a change made the two-day notice wholly inadequate, especially when such a change would force refineries to rearrange schedules to blend for an earlier RVP change and make space available in holding tanks to accommodate multiple grades of product.<sup>216</sup> Complainant Monroe was forced to make tankage changes on multiple products inside and outside of the refiner and to make gasoline that was more expensive to produce before otherwise required to do so by state regulations and other pipeline companies.<sup>217</sup>

[BEGIN HIGHLY CONFIDENTIAL]

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[END HIGHLY

CONFIDENTIAL] The RVP change was surprising in substance to Complainants, but its nature is simply in keeping with Laurel's lack of communication and generally laissez-faire attitude

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<sup>215</sup> *Id.* at 9: 18.

<sup>216</sup> *Id.* at 9: 20-10:7.

<sup>217</sup> *Id.* at 10: 4-7.

<sup>218</sup> Laurel Exhibit 1-R at 52: 1-7.

<sup>219</sup> Complainant Exhibit SH-1 at 149: 11-14.

<sup>220</sup> *Id.* at 148:22-149: 18.

<sup>221</sup> *Id.* at 149: 24-150: 3.

[REDACTED]

towards a significant operational change. Such a pattern does not instill in shippers a confidence that Laurel will be communicative in future interruptions such as this and yet further substantiates Complainants' sound concern over Laurel's ability and/or desire to provide reasonable service.

**VI. CONCLUSION AND REQUESTS FOR RELIEF**

Prior to extending bi-directional service from Eldorado to Sinking Spring, Laurel must seek and be granted a CPC. The Code is clear that abandonment of existing single-direction intrastate east-to-west service and the commencement of bi-directional intrastate and interstate service over the same segments requires a CPC for the abandonment and for the commencement of a new service that is entirely different from the service provided over the impacted segments. The Coraopolis-to-Eldorado experiment with bi-directional service has proven that not only does the service east-to-west across the pipeline degrade as a consequence of the move to bi-directional service, but the very nature of the service changes. Service where shipments that once took 8-12 days could now take 2 days or 30 days (or more), and product may indeed takes months to show up depending on the direction of flow of the pipeline, a direction over which Laurel claims it has no control but over which it has absolute control. There can be no doubt that switching to bi-directional service is an abandonment of single-direction service and a commencement of bi-directional service and that a CPC reflecting the Commission's approval of such a radical change is required.

**WHEREFORE**, Complainants respectfully request the following relief:

- A. Laurel Must be Required to File, for Commission Consideration, An Application for a Certificate of Public Convenience If It Desires To Further Extend Bi-Directional Service.

Prior to extending bi-directional service from Eldorado to Sinking Spring, Laurel must seek and be granted a CPC. The Code is clear that abandonment of existing single direction intrastate

east-to-west service and the commencement of bi-directional intrastate and interstate service over the same segments requires a CPC for the abandonment and for the commencement of a new service that is entirely different from the service provided over the impacted segments. The Coraopolis-to-Eldorado experiment with bi-directional service has proven that not only does the service east-to-west across the pipeline degrade as a consequence of the move to bi-directional service, but the very nature of the service fundamentally changes and some aspects of intrastate service are simply no longer available.

B. Laurel Must Be Required to File, for Commission Consideration, Changes to Existing Tariffs If It Desires To Further Extend Bi-Directional Service.

As demonstrated in Section V.B., Laurel's Rules and Regulations tariff is currently deficient in fully describing how it provides public utility services to shippers. Laurel's inability to provide 120,000 barrels per day of available physical capacity from east-to-west on L718, as required by Item No. 90, will only be exacerbated if it is permitted to further extend west-to-east services as far as Sinking Spring. It is unclear whether that tariff violation can even be remedied by a tariff change.

Regardless of whether the Commission permits Laurel to proceed with expansion of west-to-east shipments as far east as Sinking Spring, it must require Laurel to modify its existing tariff in several respects to ensure that all terms and conditions of service are fully described in the Rules and Regulations tariff. Laurel must be required to revise the tariff to address (i) the pipeline's use of swaps to facilitate its west-to-east service without any mention or explanation in the tariff of how swaps are accomplished or affect scheduling of east-to-west shipments under settlement the capacity guarantee codified in Item No. 90, (ii) critical limitations on the use of swaps to avoid undue discrimination to east-to-west shippers or undue preference to west-to-east shippers,

(iii) proper public notice of swaps to shippers and markets, and (iv) recordkeeping requirements for swaps.

C. The Commission Should Impose Changes To Laurel's Tariff Rules And Regulations To Address Existing Unreasonable Service.

Section 1501 of the Code requires Laurel to furnish and maintain reasonable service to Complainant shippers and all those who conduct business along the Laurel Pipeline. Even if the Commission finds Laurel cannot proceed with its Broadway 3 plan without further PUC filings for approval, which it should, the Commission should still impose changes to Laurel's Tariff Rules and Regulations that would address the existing unreasonable service that Complainants described herein.

Laurel's intrastate pipeline service operates under a PUC tariff and, as such, falls under Commission jurisdiction. The Commission has the authority to impose changes on a public utility's tariff if it finds that public utility is failing to provide the reasonable service guaranteed under the Code. Complainants demonstrate that increased transit times, an increase in the duration and frequency of outages, and Laurel's general lack of communication and transparency as to its operational plans for extended bi-directional service work in concert to create unreasonable service. The Commission can and should remedy Laurel's current unreasonable operations through imposed tariff changes which would require Laurel to file tariff modifications.

The Commission should require Laurel to include stricter limits on cycle delivery times and include built-in financial consequences for failure to adhere.<sup>223</sup> Laurel's tariff should be modified to include legally enforceable maximum transit times between origin and destination points for all points in Pennsylvania. Maximum transit times for each origin/destination pair should

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<sup>223</sup> See Complainants' Exhibit SH-1 at 10:18-20.

be set to equal no more than 125% of the average transit times for calendar years 2016-2018, the period preceding bi-directional service.<sup>224</sup> Should any delivery exceed prescribed maximum transit times, Laurel should be required to apply a 10% discount to PUC-jurisdictional tariff charges for each day of delay on the applicable billing cycle.<sup>225</sup>

Laurel contends that no other pipeline tariff in the country has tariff provisions of this nature.<sup>226</sup> While such an approach may be unprecedented, there is a similar lack of precedent for a public utility operating bi-directional service on such lengthy segments and for such a multitude of destinations on a state-jurisdictional pipeline. These unique circumstances warrant a unique solution that is certainly within the Commission's power and authority. Should the Commission instead prefer to craft its own tariff modifications or other requirements, Complainants remain open to any and all such remedies.

D. The Commission Should Consider the Potential for Future Unreasonable Service In The Context of Its Consideration of Whether Laurel Should Be Required To File A CPC Application and Tariff Changes To Extend Bi-Directional Service, and, Should Address Such Potentiality In The Context Of Those Future Laurel Filings.

The unreasonable service highlighted by Complainants will become only more pervasive if Laurel is permitted to extend bi-directional service under its proposed Broadway 3 project. Complainant witnesses demonstrate the myriad ways bi-directional service works to complicate an already complex pipeline system. The Commission should bear in mind this very real possibility

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<sup>224</sup> *Id.* at 10: 20-22.

<sup>225</sup> *Id.* at 10:23-11:1.

<sup>226</sup> *See* Laurel Statement No. 1-R at 58:21-59:2.

for the future of operations along the Laurel Pipeline in its consideration of whether Laurel must file an updated tariff before commencement of its Broadway 3 project.

Respectfully submitted,



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**APPENDIX A**  
**Proposed Findings of Fact**

1. Complainants Sheetz, LHT, and Monroe entered into a Settlement, approved by the Commission, that resolved Laurel's 2016 Application and a 2018 Formal Complaint, by, inter alia, approving the terms and conditions of the Pipeline Capacity Agreement ("PCA") through which Buckeye leases capacity on the Laurel Pipeline (2019 Settlement, *infra*).
2. The PCA limits the capacity available for Buckeye's use of the pipeline and also requires Buckeye to preserve 120,000 barrels per day ("bpd") of physical east-to-west capacity on the L718 segment of the Laurel Pipeline until the end of 2026 (Laurel Exhibit TZ-4 at 1).
3. Monroe uses the Laurel Pipeline for its own sales, as well as to sell to other shippers on the pipeline that acquire Monroe products to supply Central and Western Pennsylvania (Complainants' Exhibit KFS-1 at 3:8-11).
4. The Laurel Pipeline is the only feasible means for Monroe to move product to Central and Western Pennsylvania (Complainants' Exhibit KFS-1 at 3:10-11).
5. Laurel does not notify shippers when a shipper's product is being "moved" via a swap (Tr. at 122: 4-7).
6. The volume of products flowing east to west on the Laurel Pipeline have been relatively stable since PES closed in 2019, but transit times have continued to increase (Tr. 429:20-430:10; Rejoinder Exhibit JRM 12).
7. In the Full Reversal Case, the Commission made it clear that the reversal was both an abandonment of east-to-west service on the Eldorado to Coraopolis segment and a material change in the nature of the service, clearly requiring a CPC (Reversal Case Order, slip op. at 44).

8. Dr. Morris' rejoinder testimony presents undeniable evidence from Laurel's own records that transit times have dramatically increased across the pipeline for west bound shipments since bi-directional service began on the pipeline in 2019 (Complainants' Rejoinder Exhibits JRM-10; JRM-11).
9. There have been numerous documented incidents<sup>227</sup> of westbound shipments being delayed in order to allow eastbound shipment to flow or for other operational reasons related to bi-directional service (Complainants HC Exhibit KFS-2; Complainants HC Exhibit JDJ-2; and Complainants HC Exhibit JDJ-8).
10. The Commission has previously found that "the petroleum and petroleum products transportation Laurel provides to the [Complainants] as shippers, refiners, distributors, wholesalers, and retailers who transport products or have products transported on the Laurel Pipeline fits within this definition" (Reversal Case Order, slip op. at 44).
11. The PCA between Laurel and Buckeye specifies the amount of capacity that is available to Buckeye for interstate service (Laurel Exhibit TZ-4).
12. The PCA specifies that that Buckeye is entitled to 40,000 bpd in capacity on the 718 segment that from Eldorado to Coraopolis, which has a maximum capacity of 180,000 bpd in east-to-west service (Laurel Exhibit TZ-4 at 1).
13. The PCA also requires the availability of 120,000 bpd of physical capacity on the 718 segment from east to west in each cycle (Laurel Exhibit TZ-4 at 1).
14. The PCA also permits Laurel "provide Buckeye the right to ship more than the full capacity amount" if "within its discretion and if capacity is available" (Laurel Exhibit TZ-4 at 6).

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<sup>227</sup> Complainants HC Exhibit KFS-2; Complainants HC Exhibit JDJ-2; and Complainants HC Exhibit JDJ-8.

15. In its Petition for Declaratory Order ("PDO") Buckeye proposes to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline (Petition for Declaratory Order, FERC Docket OR25-6-000, filed December 20, 2024 at 11).
16. The capacity of Line 718 in west-to-east service is not 180,000 bpd but 108,000 bpd (Laurel Statement No. 4-R at 6:4).
17. T4 is a communications platform Laurel and other pipeline operators utilizes to send notices to shippers on the pipeline. See Laurel Statement No. 1R at 25.
18. 46,000 bpd of capacity for east-to-west shipments violates the capacity obligation and, in the longer term, will leave substantially less capacity than the average daily intrastate shipments on the pipeline (Laurel Rebuttal Statement No. 1-R at 62).
19. Laurel claims that it does not keep records of swaps (Complainants' Exhibit C4).
20. Several different refined petroleum products enter Laurel's system at Chelsea Junction, including gasoline (unleaded regular and unleaded premium), kerosene, aviation turbine fuel, fuel oil distillates, and diesel fuel (Laurel Tariff at Item 15 (A)(1)).
21. Pipelines can only physically move product in one direction at a time (Tr. 244:25-245:13).
22. The Laurel Pipeline can only deliver volumes in one direction along one segment at one time (Tr. 605: 4-7).
23. If Laurel is delivering product from west-to-east to Mechanicsburg, shippers from Chelsea Junction seeking to move products from east-to-west will not be able to physically move products past Mechanicsburg and would not be able to physically deliver to Eldorado, to the west of Mechanicsburg (Tr. 609:10-19; 610:2-7, 15-18).
24. Laurel can only serve markets against the direction of flow through swaps of like product (Tr. 616:19-617:7 and 617:9-27).

25. A swap "will move a certain portion of the pipeline, but it does not move all the way from origin to destination. It will move to a certain point where it's swapped with an offsetting barrel." (Tr. 532:5-8).
26. Laurel cannot make physical capacity available only after it executes swaps to make virtual deliveries that a scheduler believes will optimize the system (Tr. 616:23-617:3).
27. The rates for movements from the Midwest on Buckeye to points of Destination on Laurel are higher than the rates for movements from Chelsea Junction to the same Destinations (Tr. 619:10-620:11).
28. At the September 12, 2025, evidentiary hearing, Mr. Zeth testified that he is not aware of any "legal, tariff, or other binding obligations that at any point in time would prioritize east-to-west flows over west-to-east or vice versa" (Tr. 624:22-625:5).
29. The tariff defines a "Segregated Batch" as "a quantity of one Commodity meeting the specifications set forth in Item 15, for which the Shipper desires separate identity and segregation so as to deliver, as nearly as reasonably practicable, the identical Commodity received" (Tariff at Item No. 5).
30. Pursuant to Item No. 40, Laurel is "permitted to make reasonable substitution of Commodities having substantially the same specifications" (Tariff at Item No. 40).
31. A shipper may request diversion or reconsignment of the scheduled Destination prior to delivery from the point of Origin to the point of Destination, "except no backhaul movement will be made" (Tariff at Item No. 65).
32. There is nothing in the tariff that creates a legal obligation on Laurel's schedulers not to swap barrels if it would delay or back up other shippers (Tr. 698:11-21).

33. Basic principles of pipeline operation establish that pipeline diameter, line fill and flow rate have a direct impact on transit times (Complainants' Exhibit TM-1 at 7:21-22, 9:14-15).
34. Larger diameter lines have a higher capacity and, therefore, more line fill per mile than do smaller diameter lines (Complainants' Exhibit TM-1 at 9:6-11).
35. While capacity is the volume a pipeline or line segment is capable of moving, pump rate is how much volume the pipeline actually moves per a given unit of time (Complainants' Exhibit TM-1 at 9: 17-19).
36. If all other factors are equal, a slower pump rate will result in lower transit times (Complainants' Exhibit TM-1 at 9:15).
37. Because L724 makes deliveries before it connects to L720, Laurel's designers chose a smaller diameter pipe for L720 (20-inch versus 24-inch) because a lesser capacity is needed than for L724 (Complainants' Exhibit TM-1 at 10:1-11).
38. The same is true for L718 as compared to L720 (Complainants' Exhibit TM-1 at 10:1-11).
39. With the west-to-east flow direction being contrary to the Laurel Pipeline original design, the aforementioned capacity differences from one line segment to the next are significant. This creates bottlenecks in the pipeline that hinder west-to-east flow ability (Complainants' Exhibit TM-1 at 11:3-5).
40. Laurel does not distinguish between intrastate and interstate products on the Pipeline, meaning that all products of the same or similar specifications, i.e. CBOB gasoline, are scheduled and shipped together (Laurel Statement No. 1-R at 41:6-8).
41. A bi-directional pipeline must finish deliveries to one destination before it can be reversed to fulfill deliveries in the opposite direction (Complainants' Exhibit TM-1 at 12:11-12).

42. Bi-directional service is reliant on precise scheduling, and precise scheduling is effectuated by reliable transit times (Complainants' Exhibit TM-1 at 12: 8-11).
43. If product does not finish delivering into its intended destination before the line is reversed, it would need to be pushed back in the direction from which it came to avoid mixing and preserve product quality, thereby delaying the pipeline schedule and affecting all subsequent nominations in the schedule (Complainants' Exhibit TM-1 at 8:11-16).
44. Only nominations accepted by Laurel will actually flow on the pipeline and impact transit times (Tr. at 91:15).
45. Complainants notice increased transit time variability since commencement of bi-directional service on Line 718 alone (Complainants' Exhibit JDJ-1 at 5:19-6:12; Complainants' Exhibit SH-1 at 4:10-5:12; Complainants' Exhibit KFS-1 at 4:7-6:9).
46. Complainants observe that deliveries off the Laurel Pipeline should arrive approximately every ten days (Complainants' Exhibit KFS-1 at 4:8-10).
47. Since September 2019, deliveries between Mechanicsburg and Altoona to Coraopolis have been sporadic – sometimes twenty days or more, other times five days or fewer (Complainants' Exhibit KFS-1 at 4:8-16).
48. A T4 notice to shippers from Laurel may contain a delivery window of eight to twelve days, then those deliveries arrive in twenty to thirty days, or just one to two days (Tr. at 131:7-12).
49. Barrels arriving excessively early to destination points on the pipeline are just as problematic for shippers and terminal operators as those that arrive excessively late (Tr. at 131: 16-18).

50. If a delivery arrives before it is expected, the recipient may not yet have the open tankage capacity needed to store the product (Complainants Exhibit KFS-1 at 5: 4-5.)
51. Transit time delays occurred for Complainant Monroe because Laurel was holding Complainant barrels heading from the east in the line between Mechanicsburg and Altoona waiting for barrels that are coming from the west (Complainants' Exhibit KFS-1 at 5: 4-5).
52. In the instance described in finding 51, Laurel provided no communication or scheduling updates through the T4 notification platform (Complainants' Exhibit KFS-1 at 5:4-5).
53. Complainant Sheetz experienced a 90% increase in the average number of transit days for westward shipments from Linden to Altoona when comparing the most recent three years (2022-2024) to years 2017, 2018, and 2019 (Complainants' Exhibit JDJ-1 at 7:5-7).
54. Sheetz saw a 64% increase in average transit days for westward shipments from Booth to Altoona for those same years (Complainants' Exhibit JDJ-1 at 7: 8-10).
55. In what is considered a ten-day cycle to move product westward from Linden to Altoona, the maximum number of transit days was 26.7 in 2022, versus eleven days in 2019 – an increase of 142 percent (Complainants' Exhibit JDJ-1 at 7: 8-10).
56. The infrastructure (i.e., tankage required to hold inventory for that length of time) is "not designed to withstand month-long wait times between deliveries," and customers oftentimes are accustomed to the ability to receive "just-in-time" deliveries and cannot wait that long for product delivery (Tr. 85: 1-13).
57. The existing infrastructure along the Laurel Pipeline was "designed to accept deliveries ratably," making transit times of three to four weeks "commercially unreasonable (Tr. 84:23-85:13).

58. Complainant LHT observes bi-directional service causes an increase in smaller-quantity batches of varying product grade that require its terminals to "cut" between specifications and octanes to ensure product quality for end-use consumption (Complainants' Exhibit SH-1 at 5:14-16).
59. LHT saw eight to twelve pipeline switches per month per terminal prior to bi-directional service in 2019, as compared to fifteen to twenty-five switches per month per terminal since (Complainants' Exhibit SH-1 at 5:17-19).
60. "Transit time" is not terminology that shippers use in the course of normal business dealings with each other (Tr. 404: 23-405:13).
61. Shippers juggle multiple batches of origin batches, current flow in the line, and deliveries each day (Tr. 404: 23-405:13).
62. Laurel does not have a standard for on-time delivery, nor is it obligated to have one as a function of its PA PUC tariff (Tr. 521:11-13).
63. Laurel's intent is only that product be delivered within a reasonable time frame from when it was scheduled to be delivered (Tr. 522: 13-15).
64. Shippers must at once maintain additional inventory in the event of a delay, and preserve additional available capacity in terminals in the event of an early delivery (Tr. at 8: 16-18).
65. These adaptations require additional training and staffing to manage and create cost consequences for shipper companies and their wholesale and/or retail customers (Tr. at 5: 19-20; Complainants Exhibit JDJ-1 at 8: 18-20; Complainants Exhibit KFS-1 at 5: 4-5).
66. Petroleum product pipelines rely on displacement to move barrels, so when product nominations for delivery to a given market decline, the ability to displace barrels decreases, resulting in longer transit times (Laurel Statement No. 1-R at 13:13-20).

67. The Philadelphia Energy Solutions ("PES") refinery permanently closed in 2019, which lead to an inevitable decline in east-to-west nominated volume (Tr. 83: 19).
68. Volumes on Laurel in the last four to five years have remained consistent (Tr. at 83:20-25).
69. While the data shows a decline in volumes over 2020, following the closure of the PES refinery, peak volumes rebounded substantially in subsequent years as volumes from the Gulf Coast backfilled much of the volumes lost from the PES closure (Complainants Exhibit JDJ-1 at 13:10-11).
70. The most precipitous dip in the east-to-west volumes presented in Table 2 of Laurel Statement 1R coincides with an 11-day outage implemented by Laurel on the L724 and L720 line segments (Laurel Statement No. 2-R at 6:8-13).
71. Transit times have increased since the start of its bi-directional service (Tr. at 523: 19-22).
72. Laurel undertook no "internal action plan" or "other internal policies or procedures" to address the incremental escalation in transit times since 2019 (Tr. at 524: 3-9).
73. Complainants have communicated service frustrations and customer concerns to Laurel in through channels other than formal complaints or written correspondence as issues arose (See Complainants' Exhibit JDJ-1 at 10:15-11:11).
74. Laurel's first attempt at bi-directional service, over a much shorter segment of pipeline, has experienced multiple issues, and the extension of bi-directional operations necessarily implicates increased chances for errors and failure (Complainants' Exhibit KFS-1 at 10:16-21; Complainants' Exhibit TM-1 at 244: 8-21).
75. Bi-directional service entails more inventory, more cycles delivering together, more variability in delivery times, more switches, more delivery points – more complexities (Complainants' Exhibit TM-1 at 4:19-5:5; 13:8-9; 38: 10-21; 44:12-18; 49: 7-10).

76. While delivering into one location from two different points, here east and west, may allow for delivery of more volume to that location at any one time (assuming all other factors are equal), it does not follow that the physical capacity of a pipeline segment increases (Complainants' Exhibits TM-6 and TM-7; Tr. at 245: 18-25-246:1-8).
77. Complainant LHT own the majority of downstream delivery tankage on the Laurel system, and only one (LHT's Coraopolis terminal) is currently capable of receiving product at the same time from both eastern and western origins (Tr. at 138: 9-12).
78. To equip other terminals for bi-directional capability on the Laurel Pipeline would require construction of additional sets of pipes and manifolds (Tr. at 139:5-14).
79. Additional infrastructure to equip other terminals for bi-directional capability on the Laurel Pipeline would come at a cost to LHT (Tr. at 139:5-14).
80. Energy Transfer Partners' Allegheny Access pipeline does not deliver petroleum products to all Pennsylvania locations that Laurel does, and it only flows west to east (Tr. at 87:23-88:3).
81. Laurel knew even prior to the introduction of bi-directional service in 2019 that its bi-directional operations would have significant adverse impacts on transit times (Tr. at 548:22-550:7).
82. If the pipeline will be bi-directional by operating in one single direction for a period of time, and the opposite for a separate period, barrels will have to wait to flow over a longer segment of the pipeline for a longer period of time, depending on the direction of flow at the time of nomination (Tr. at 84: 10-14).

83. Laurel is proposing to extend bi-directional service over about 147 miles in Pennsylvania from El Dorado to Sinking Spring, but has not monitored or reviewed or tracked any other bi-directional operations. (Tr. at 530: 5-12).
84. Laurel claims it will utilize a swap system – where virtual movements are accomplished without ever requiring a physical movement of product on the pipeline (Tr. at 53: 5-12).
85. To successfully effectuate swaps, Laurel will need to line up nominations on both ends of the pipeline on a month-ahead basis to ensure that schedules run smoothly from cycle to cycle (Tr. at 86: 22-87:8).
86. Swaps rely solely on the origin barrels matching the destination barrels every time barrels are nominated and throughout movement timing (Complainants' Exhibit KFS-1 at 7:8-8:15).
87. Laurel does not notify shippers if a swap has occurred to satisfy their nomination (Tr. at 122: 4-7).
88. Since Laurel announced its proposal for expanded bi-directional service under Broadway 3, Complainants have experienced an unusual number of lengthy pipeline outages, with many exceeding 10 days (Complainants' Exhibit JDJ-1 at 3:18-5:9; Tr. at 181: 10-183: 4).
89. To date, Laurel's actual and scheduled outages will have equaled 13% of the calendar days in the entire year (Tr. at 182: 21-25).
90. Midwest refiners are notified of an outage at the same time as all other shippers, giving those refiners an opportunity to immediately increase product costs knowing shippers in the east will be looking for product replacement outside of outage segments (Complainants' Exhibit JDJ-1 at 4:21-5:1).

91. Buckeye representatives made several public mentions at the 2025 Buckeye Shipper Conference that additional outages may occur in the upcoming year, and that such outages are related to the Broadway 3 expansion (Complainants' Exhibit JDJ-1 at 5:11-15).
92. To date, Laurel has been unable to describe how they plan to operate the extended bi-directional segments of the pipeline, how they're going to decide which direction the barrels will flow, and whether those directional decisions will be made on a cycle-by-cycle or monthly basis (Tr. at 84: 16-12).
93. Laurel has requested a bi-directional service commencement date of November 1, 2025 (Answer in Opposition of Laurel Pipe Line Company, L.P. to the Complainant's Joint Motion to Modify the Procedural Schedule, Docket No. C-2025-3053018, Filed on August 20, 2025, at 2).
94. RVP is a measurement of the volatility of gasoline and other volatile petroleum productions, indicating how readily they evaporate (Complainants' Exhibit KFS-1 at 8:17-18).
95. The Environmental Protection Agency sets the RVP specifications, and those specifications change seasonally and locationally (Complainants' Exhibit KFS-1 at 8:18-9:10).
96. Refiners set their blending schedules to meet all changes in the vapor pressure; storage tanks at holding locations and delivery terminals need to be turned to the correct specification (Complainants' Exhibit KFS-1 at 8:18-9:10).
97. Shippers must pay attention to inventories, tank volumes, and tank bottoms, to ensure that the RVP is ready for the seasonal turns (Complainants' Exhibit KFS-1 at 8:18-9:10).

98. It is more difficult, for example, to turn for summer specifications as tanks must be "almost completely stripped of product so that higher RVP doesn't affect lower RVP" (Complainants' Exhibit KFS-1 at 8:18-9:10).
99. In January of 2025, Buckeye announced a change to its RVP specifications, notifying the shipping community on January 13<sup>th</sup>, just two days before nominations were due (Complainants' Exhibit KFS-1 at 9: 11-18). This is the first time a significant change to the RVP calendar was made (Complainants' Exhibit KFS-1 at 9:18).
100. Complainant Monroe was forced to make tankage changes on multiple products inside and outside of the refiner and to make gasoline that was more expensive to produce before otherwise required to do so by state regulations and other pipeline companies (Complainants' Exhibit KFS-1 at 10:4-7).

APPENDIX B

Proposed Conclusions of Law

1. The Commission has jurisdiction over the parties and the subject matter of this proceeding.  
66 Pa. C.S. § 701.
2. As the proponent of a rule or order, the Complainants in this proceeding bear the burden of proof pursuant to Section 332(a) of the Public Utility Code (Code), 66 Pa. C.S. § 332(a).
3. A common carrier is defined as "Any and all persons or corporations holding out, offering, or undertaking, directly or indirectly, service for compensation to the public for the transportation of passengers or property, or both, or any class of passengers or property, between points within this Commonwealth by, through, over, above, or under land...."  
66 Pa. C.S. § 102.
4. A public utility is defined as "Any person or corporations ... owning or operating equipment or facilities for: ... transporting or conveying natural or artificial gas, crude oil, gasoline, or petroleum products...by pipeline or conduit, for the public for compensation."  
66 Pa. C.S. § 102.
5. Used in its broadest and most inclusive sense the definition of 'service' includes any and all acts done, rendered, or performed, and any and all things furnished or supplied, and any and all facilities used, furnished, or supplied by public utilities. 66 Pa. C.S. § 102.
6. Prior to a public utility beginning to "offer, render, furnish *or supply within this Commonwealth service of a different nature* or to a different territory than that authorized by: (i) A certificate of public convenience granted under this part or under the former provisions of the act . . . or (2) For any public utility to *abandon or surrender, in whole or*

*in part, any service*" the Public Utility shall first obtain a Certificate of Public Convenience.

66 Pa. C.S. § 1102(a).

7. The Public Utility Code requires that public utility service be:

[A]dequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission. Subject to the provisions of this part and the regulations or orders of the commission, every public utility may have reasonable rules and regulations governing the conditions under which it shall be required to render service.  
66 Pa. C.S. § 1501.

8. The factors to be considered in determining whether a utility may abandon its service are:  
(a) the extent of loss to the utility; (b) the prospects of the system being used in the future;  
(c) the balancing of the utility's loss with the hardship on the public; and, (d) the availability of alternative service. *See Commuters Comm. v. Pa. Pub. Util. Comm'n*, 88 A.2d 420 (Pa. Super. 1952). The public utility must also demonstrate that its losses could not be cured by the granting of a reasonable rate increase. *See Re: Ridgeville Water Co.*, 51 Pa. PUC 58 (1977); *Re: Valley View Water Co.*, 55 Pa. PUC 466 (1982).
9. No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease, or exchange of any property, right, or thing or for the furnishing of any service, property, right or thing other than those above enumerated, made or entered into after the effective date of this section between a public utility and any affiliated interest shall be valid or effective unless and until such contract or arrangement has received the written approval of the Commission. 66 Pa. C.S. § 2102(a).

10. The Commission shall approve a contract or arrangement with affiliated interests under 66 Pa. C.S. § 2102(a) only if it shall clearly appear and be established upon investigation that it is reasonable and consistent with the public interest. 66 Pa. C.S. § 2102(b).
11. The Interstate Commerce Act does not contain explicit preemptive language. *National Steel Corp. v. Long*, 718 F. Supp. 622, 625 (W.D. Mich. 1989) *aff'd*, *Natl. Steel Corp. v. Mich. Pub. Serv. Comm'n*, 919 F.2d 38 (6th Cir. 1990).
12. The Interstate Commerce Act does not apply to oil pipeline transportation wholly within one State and not shipped to or from a foreign country. 49 U.S.C. §1(2); *see also Simpson v. Shepard*, 230 U.S. 352, 418-19 (1913).
13. The Commerce Clause of the United States Constitution not only grants Congress the authority to regulate commerce among the States, but also directly limits the power of the states to discriminate against interstate commerce. *New Energy Co. v. Limbach*, 486 U.S. 269, 273 (1988).
14. In deciding whether a state action directly regulates or discriminates against interstate commerce, or when its effect is to favor in-state economic interests over out-of-state interests the critical question is the overall effect of the statute on both local and interstate activity. *Pike v. Bruce Church*, 397 U.S. 137, 142 (1970).
15. Provisions in an agreement are to be interpreted so as to render all provisions operable and Pennsylvania courts "will not interpret one provision of a contract in a manner which results in another portion being annulled." *Com. ex rel. Kane v. UPMC*, 129 A.3d 441, 463 (2015).

**APPENDIX C**

**Proposed Ordering Paragraphs**

THEREFORE, IT IS RECOMMENDED:

1. That the Complaint filed by Monroe Energy, LLC, Lucknow-Highspire Terminals, LLC, Sheetz, Inc. and PBF Holding Company LLC be sustained.
2. That Laurel Pipe Line Company, L.P be required to file an Application for a Certificate of Public Convenience, and obtain Commission approval of same, before commencement of the Broadway 3 Project or any other extension of bi-directional service on the Laurel Pipeline.
3. That Complainants' proposal for modifications to the Laurel Pipe Line Company, L.P. tariff be approved, and/or that the Commission adopt any other relief consistent with the circumstances described in the Main Brief of Complainants.
4. That the Secretary's Bureau mark the following docket closed: C-2025-3053018.