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October 17, 2025

VIA EMAIL

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

Re: Monroe Energy, LLC, *et al.* v. Laurel Pipe Line Company, L.P.
Docket No. C-2025-3053018

Dear Secretary Homsher:

Attached for filing on behalf of Laurel Pipe Line Company, L.P. ("Laurel" or the "Company") is the Reply Brief for the above-referenced proceeding.

Laurel notes that **HIGHLY CONFIDENTIAL** and public copies of the Reply Brief are being submitted. The **HIGHLY CONFIDENTIAL** version is being filed separately with the Commission via ShareFile and will only be provided to parties subject to the terms of a Stipulated Protective Agreement or the Protective Order entered in this proceeding.

A Word version of the Reply Brief will be provided directly to Your Honor via separate e-mail.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Garrett P. Lent

GPL/dmc
Attachments

cc: The Honorable Eranda Vero (*via email; w/attachments*)
Certificate of Service

CERTIFICATE OF SERVICE

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

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PUBLIC VERSION – HIGHLY CONFIDENTIAL MATERIAL REDACTED

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.	:	

REPLY BRIEF OF LAUREL PIPE LINE COMPANY, L.P. PUBLIC VERSION

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I. INTRODUCTION

On October 3, 2025, Laurel Pipe Line Company, L.P. ("Laurel" or the "Company"), and the "Complainants"[1] filed Main Briefs addressing the issues being litigated in this proceeding. The issues presented are: (1) whether the Pennsylvania Public Utility Commission ("Commission") has jurisdiction over the "Bi-directional Service Extension"[2]; (2) whether bi-directional operation of the Laurel pipeline system is an abandonment of service requiring Laurel to obtain a certificate of public convenience ("CPC"); (3) whether "Existing Bi-directional Service"[3] has resulted in unreasonable service; (4) whether the Bi-directional Service Extension will result in future unreasonable service after its implementation; and (5) whether Laurel has failed to adhere to or violated its Commission-approved Tariff[4] or its Tariff requires revision.

Critically, as explained here and in Laurel's Main Brief, none of the issues presented can, or should, be relied upon to stop Buckeye from initiating the new interstate service at issue. The Complainants have failed to demonstrate Laurel must obtain a CPC. With respect to the remaining issues, even if the Complainants had carried their burden of proof—and they have not—the unreasonable service and tariff claims can be resolved in this case and do not warrant injunctive relief with respect to a new, interstate service by Buckeye. The Commission and the Administrative Law Judge Eranda Vero (the "ALJ") should deny the Formal Complaint and, moreover, should reject Complainants' attempts to interfere with Buckeye's interstate service.

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[1] Collectively, Monroe Energy, LLC ("Monroe"), Lucknow Highspire Terminals, LLC ("LHT"), Sheetz, Inc. ("Sheetz"), and PBF Holding Company LLC ("PBF").

[2] The proposal by Buckeye Pipe Line Company, L.P. ("Buckeye") to initiate interstate service over the existing segments of the Laurel pipeline system located between Eldorado (near Altoona) and Sinking Spring (near Reading), in Pennsylvania, where Laurel's existing intrastate service would be maintained.

[3] The existing bi-directional service over the segment of Laurel's system located between Coraopolis (near Pittsburgh) and Eldorado (near Altoona), in Pennsylvania (i.e., "Line 718" or "L718"), which involves westbound intrastate service provided by Laurel and eastbound interstate service provided by Buckeye.

[4] Laurel Pipe Line Company, L.P. – Tariff Pa. P.U.C. No. 81 (effective Jan. 1, 2012), and Laurel Pipe Line Company, L.P. – Tariff Pa. P.U.C. No. 83 (effective July 1, 2024), collectively, the "Tariff." *See* Laurel Exhibit TZ-3.

II. COUNTER STATEMENT OF THE QUESTIONS INVOLVED

Laurel disagrees with the Complainants' Statement of the Questions Involved in their Main Brief. With respect to the questions involved in this matter, Laurel represents as follows.

1. Whether the Complainants have carried their burden of proving that the Bi-directional Service Extension, which involves the initiation of a new interstate service by Buckeye and the maintaining of existing intrastate service by Laurel, will result in a partial abandonment of existing east-to-west intrastate service, and, if so, whether a CPC is required.

   Suggested answer: *In the negative*.

2. Whether the Complainants have carried their burden of proving that the Bi-directional Service Extension requires the exercise of Commission jurisdiction over changes to Laurel's intrastate Tariff or the Capacity Use Agreement, where the Bi-directional Service Extension involves the initiation of a new interstate service by Buckeye and does not involve new rates, terms, or conditions of intrastate service by Laurel.

   Suggested answer: *In the negative*.

3. Whether the Complainants have carried their burden of proving that Laurel is providing unreasonable service under Existing Bi-directional Service.

   Suggested answer: *In the negative*.

4. Whether the Complainants have carried their burden of proving that Laurel will provide unreasonable service in the future under the Bi-directional Service Extension.

   Suggested answer: *In the negative*.

III. COUNTER STATEMENT OF LEGAL STANDARDS

While the Complainants correctly acknowledge that they bear the burden of proof with respect to all issues and requests for relief in this proceeding, the Complainants' Main Brief is devoid of any presentation of the legal standards the Commission should apply to any of their claims.[5] Indeed, the Complainants do not advance any legal standard for the ALJ or Commission to apply with respect to their claims that: (1) an abandonment of service has occurred or will occur;

[5] *See, e.g.*, Complainants MB, Section III.

(2) Laurel has failed to adhere to its Tariff and/or revisions to Laurel's Tariff are necessary and appropriate; and (3) Laurel has provided or will provide unreasonable service due to bi-directional operations on its pipeline system. On the other hand, Laurel's Main Brief provides the ALJ and the Commission with the legal standards applicable to each of these claims.[6] The ALJ and the Commission should consider and apply the legal standards set forth in Laurel's Main Brief, and determine that the Complainants have failed to meet their burden of proof with respect to all of their claims in this proceeding.

IV. SUMMARY OF ARGUMENT

None of the arguments advanced in the Complainants' Main Brief changes the fact that this case is simple and straightforward. Complainants' attempts to obfuscate the issues and the underlying evidence, and bolt new theories and requests for relief onto their case, should be rejected. Instead, the ALJ should recommend, and the Commission should deny the Formal Complaint for the reasons explained by Laurel in its Main Brief and testimony.

Complainants' utterly fail to demonstrate that an abandonment of intrastate service will occur. Bi-directional operations (both existing and the proposed extension) involve **both** (a) maintaining existing westbound intrastate petroleum products transportation service by Laurel **and** (b) maintaining existing eastbound interstate petroleum products transportation service. Complainants do not contest these facts and do not even attempt to apply Pennsylvania law to the record evidence in this case. Instead, they advance singular and alien theories of abandonment, as well as a brand-new argument that Laurel must obtain a CPC under 66 Pa.C.S. § 1102(a)(1), in a transparent attempt to delay the Bi-directional Service Extension and stymie increased competition from interstate petroleum products suppliers from the Midwest.

[6] Laurel MB, Section III.B.-D.

Likewise, the Complainants fall woefully short of carrying their burden to prove Existing Bi-directional Service caused increases in transit times and transit time variability. Complainants cite no "standard" or mandatory transit time because there is none. Complainants misconstrue Pennsylvania law, attempting to shroud the fact that they are arguing that Laurel must provide transit times that are "just right" just for them. Even if this defect was not fatal to their claim—and it is—Complainants failed to establish a statistically-valid causal nexus between Existing Bi-directional Service and transit time changes. Complainants' further attempts to muddy the waters on transit times were fully addressed and rebutted by Laurel.

Complainants also fail to carry their burden to demonstrate that changes to the RVP schedule constitute unreasonable service. Not only is this issue completely unrelated to bi-directional operations, but the only record evidence shows that a Laurel shipper requested this change, and the Complainants have indicated their disagreement with it as a part of this case.

In addition, the Complainants in no way demonstrate that the Bi-directional Service Extension will result in future unreasonable service. Their claims are based purely upon speculation about future circumstances and fail as a matter of law. Regardless, Laurel rebutted their claims and showed (a) the extension will not unreasonably increase the complexity and/or difficulty of scheduling, (b) the complained over service outages will not repeat and, in many cases, did not relate to the extension but instead related to system improvements for integrity, safety and reliability, and (c) how it intends to provide service under the extension.

Finally, Complainants advance new theories as to how Laurel is allegedly failing to adhere to its Tariff and/or its Commission-approved Capacity Use Agreement with Buckeye. The timing of these theories (which appeared neither in the Formal Complaint nor the Complainants' testimony) is suspect and improper. Moreover, tortured interpretations of the Tariff and Capacity

Use Agreement aside, none of the theories actually demonstrate a violation of the Public Utility Code, Commission regulation or order, Laurel's Tariff, or the Capacity Use Agreement.

V. ARGUMENT

A. THE COMPLAINANTS HAVE NOT SHOWN THAT THE COMMISSION HAS JURISDICTION OVER BUCKEYE'S INITIATION OF ADDITIONAL INTERSTATE SERVICE, WHERE EXISTING INTRASTATE SERVICE WILL BE MAINTAINED

Complainants' expansive reading of the Public Utility Code disregards the fundamental statutory limits on the Commission's authority. The Commission's jurisdiction extends only to intrastate public utility service within Pennsylvania; it does not reach the regulation or restraint of interstate petroleum products transportation, which Congress has placed exclusively under federal oversight through the Interstate Commerce Act ("ICA") and the Federal Energy Regulatory Commission ("FERC").[7] To the extent Complainants seek to prevent or condition Buckeye's FERC-regulated interstate service, it falls outside the Commission's jurisdiction as a matter of law.

Complainants invoke a long list of Public Utility Code provisions to claim the Commission has jurisdiction over Buckeye's initiation of interstate service.[8] Complainants' citation adds breadth, but zero substance. The sections cited outline the Commission's general powers, but none provide "clear and unmistakable" authority to regulate interstate pipeline service.[9] Pennsylvania courts have repeatedly held that the Commission, as a creature of statute, may exercise only those powers the General Assembly has expressly conferred; "a doubtful power does not exist."[10] Section 104 of the Public Utility Code codifies that principle, stating that the Code "except when

[7] *See* 42 U.S.C. §§ 7155, 7172(b); 49 U.S.C. § 60502.
[8] *See* Complainants MB at 14 (citing 66 Pa.C.S. §§ 102, 331, 501, 502, 508, 703, 1101, 1102, 1103, 1504, 1505, 2102, 2103, 2105).
[9] *Process Gas Consumers Group v. Pa. Pub. Util. Comm'n*, 511 A.2d 1315, 1319-20 (Pa. 1986) (Commission possesses only powers expressly given or necessarily implied); *see also National Fuel Gas Distrib. Co. v. Pa. PUC*, 464 A.2d 546, 564 (Pa. Cmwlth. 1983); *Young v. Pa. Bd. of Prob. & Parole*, 189 A.3d 16, 22 (Pa. Cmwlth. 2018).
[10] *See Process Gas Consumers Group v. Pa. PUC*, 511 A.2d 1315, 1319 (Pa. 1986).

specifically so provided, shall not apply, or be construed to apply, to commerce … among the several states, except insofar as the same may be permitted" under federal law.[11]

None of these sections overrides Section 104's explicit limitation or confers authority over interstate commerce. Otherwise, Section 104's restriction would be meaningless. For example, Sections 501 and 502 authorize the Commission to carry out "this part" of the Code. Because "this part" excludes interstate commerce absent express inclusion, these sections cannot be used to bootstrap jurisdiction over federally regulated service.[12] Likewise, Sections 2102-2105 do not supply an independent basis for jurisdiction over an affiliate's interstate activities.[13]

Further, Complainants' reliance on the Commission's *2018 Final Order*[14] misapprehends its holding. There, the Commission exercised jurisdiction only because the subject proposal involved a two-step process—first, Laurel's abandonment of intrastate westbound service, then Buckeye's initiation of new eastbound service—the first step of which the Commission viewed as an "abandonment" of intrastate service requiring approval under Section 1102(a)(2).[15] Here, the factual predicate is fundamentally different: Laurel continues and will continue to provide westbound intrastate service under its unchanged, Commission-approved Tariff, and Buckeye's proposed service is a one-step initiation of additional interstate movements subject to FERC-jurisdictional terms of service. As ALJ Vero expressly recognized in the 2018 proceeding, a "one-step" addition of interstate service falls outside the Commission's jurisdiction.[16] Nothing here

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[11] 66 Pa.C.S. § 104.
[12] 66 Pa.C.S. §§ 501-502.
[13] 66 Pa.C.S. §§ 2102-2105.
[14] *Application of Laurel Pipe Line Company, L.P.*, Docket Nos. A-2016-2575829 and G-2017-2587567 (Opinion and Order entered July 12, 2018) ("*2018 Final Order*")
[15] *2018 Final Order*, at pp. 20, 25, 44; *see also Application of Laurel Pipe Line Company, L.P.*, Docket Nos. A-2016-2575829 and G-2017-2587567 (Recommended Decision dated March 23, 2018) ("*2018 Recommended Decision*"), at p. 50.
[16] *2018 Recommended Decision*, at p. 50 (contrasting "one-step" initiation of interstate service with "two-step" abandonment plus new service).

suggests otherwise. Accordingly, the Commission lacks jurisdiction over Buckeye's proposed additional interstate service.[17]

B. THE BI-DIRECTIONAL SERVICE EXTENSION IS NEITHER AN ABANDONMENT OF SERVICE, NOR THE INITIATION OF A NEW INTRASTATE SERVICE THAT REQUIRES LAUREL TO OBTAIN A CPC UNDER 66 PA.C.S. §§ 1102(A)(1) OR (2)

Rather than advance a single argument that comports with the Public Utility Code and over 100 years of precedent, the Complainants instead restate that their unsupported allegations that "reduced service" and/or "diminished service quality" under Existing Bi-directional Service constitute an abandonment, and a brand new claim that the Bi-directional Service Extension contemplates a "new" service or a "change" in service requiring Laurel to obtain a CPC. Neither of these arguments have any merit and should be rejected.

The Complainants' Main Brief confirms that their primary goal is to initiate further proceedings, delay, and attempt to stymie increased competition from interstate petroleum products suppliers from the Midwest. An additional proceeding is both unwarranted and unnecessary. The Commission can, and if needed should, resolve all issues related to the Bi-directional Service Extension in this proceeding for the reasons explained in Laurel's Main Brief.[18] Failure to do otherwise would be contrary to its prior representations before FERC[19] and unlawfully interfere with the initiation of non-jurisdictional interstate service by Buckeye.

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[17] Indeed, the relief sought by Complainants would invite constitutional conflict if the Commission were to proceed. Consistent with *England v. Louisiana State Board of Medical Examiners*, 375 U.S. 411, 420 (1964), Laurel has reserved, and continues to reserve, its right to pursue its federal claims in the appropriate forum, including the claims that (1) the ICA precludes state interference with the initiation of interstate pipeline service, and (2) any contrary state decision would impermissibly burden interstate commerce under the dormant Commerce Clause.

[18] Laurel MB, Section V.B.4.

[19] *Buckeye Pipe Line Company*, FERC Docket No. OR25-6-000, PA PUC Motion (dated Feb. 12 2025).

1. A Reduction Of Service Is Not An Abandonment Of Service

a. Complainants' arguments are contrary to Pennsylvania law

Pennsylvania law is clear. An "[a]bandonment is the relinquishment or surrender of rights or property" and requires "an intention to abandon together with external acts by which the intention is carried into effect."[20] Furthermore, an abandonment occurs due to a complete and permanent cessation of service;[21] an abandonment does not occur due to the diminution, curtailment, or nonuse of a service, nor does it occur due to a change in service.[22] Yet, the Complainants only argue an abandonment will occur because (a) the Bi-directional Service Extension will "reduce the level of available intrastate service,"[23] and/or (b) the Bi-directional Service Extension will alter the schedules for delivery of products (e.g., increase transit times and the variability of the same).[24] Neither of these theories comport with Pennsylvania law.

Neither a reduction nor a diminution of service, nor a degradation of service or service quality (e.g., transit time changes) is an abandonment of service.[25] Even the nonuse of a service for a period of time and the temporary suspension of service have not been found to constitute an abandonment.[26] Pennsylvania precedent cited in Laurel's Main Brief makes it crystal clear that the Complainants' theories of abandonment are alien to Section 1102(a)(2).

b. Complainants present zero argument or evidence that Laurel intends to abandon its existing intrastate service or has taken actions to effect such an intent

The Complainants' Main Brief is also devoid of reference to or discussion of the legal test

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[20] Laurel MB at 25 (citing 66 Pa.C.S. § 1102(a)(2), *Cassell v. Crothers*, 44 A. 446 (Pa. 1899); *Commonwealth v. Koontz*, 101 A. 863, 864 (Pa. 1917); *Emerald Coal & Coke Co.*, 107 A.2d at 737).
[21] Laurel MB at 25 (citing *Pennsylvania R. Co.*, 146 A.2d at 356), 30 (citing Michael D. *Fisher Columbia Gas of Pennsylvania*, C-00924183, 1992 Pa. PUC LEXIS 163 at *19-20 (Initial Decision Dec. 4, 1992)).
[22] Laurel MB at 25-30 (citing and discussing Pennsylvania appellate precedent and Commission precedent).
[23] Complainants MB at 15-16.
[24] Complainants MB at 16-20.
[25] Laurel MB at 38-39.
[26] Laurel MB at 37-38 and 38-39.

to determine whether or not an abandonment has occurred. Similarly, the Complainants advance no evidence to satisfy either element of this test. Complainants' Main Brief only contains one conclusory statement as to the first element,[27] and contains zero discussion of "external acts" by Laurel to carry an intent to abandon into effect.[28] The Complainants are asking the ALJ and the Commission to determine that an abandonment has occurred without stating the applicable test they must satisfy or how they have satisfied this test.

Laurel's Main Brief, on the other hand, identified and applied the applicable legal test to the evidence of record in this matter.[29] As explained therein, Laurel has repeatedly and unequivocally confirmed through its words and actions that it will continue to provide east-to-west intrastate service pursuant to its Commission-approved CPC, Tariff, Capacity Use Agreement, and 2019 Settlement. Indeed, Laurel will continue to provide existing intrastate east-to-west service over its pipeline system, under the same terms and conditions that it has today, and has had for more than five years under Existing Bi-directional Service. Complainants' own witness, Dr. Morris, conceded this fact when he admitted that this matter does not involve the elimination of a service in discovery and at hearing.[30] The Complainants have utterly failed to dispute, let alone rebut, the evidence presented by Laurel.

2. The Bi-directional Service Extension Is Neither A New Intrastate Service Nor A Change In Intrastate Service That Requires a CPC

Perhaps recognizing that a reduction of service or degradation of service quality is not abandonment of service, the Complainants pivot and argue for the first time that "Buckeye's proposed extension of bi-directional service is a major change from and abandonment of existing

[27] Complainants MB at 16 (concluding, without support, that ". . . Laurel intends to abandon intrastate east-to-west service as it is provided today. . .").
[28] *See generally* Complainants MB, Section V.B.1.
[29] Laurel MB, Section V.B.2.b.
[30] Laurel Exhibit No. MJW-02; Tr. 476 (wherein Dr. Morris confirmed that no elimination of service will occur).

east-to-west intrastate service and constitutes the introduction of an entirely new service – cross-state, bi-directional, bi-jurisdictional service."[31] As explained below, Complainants' "new" service and "change" in service theories should be rejected for a number of reasons.

a. Complainants' new arguments are untimely and improper

Complainants' new argument that the Bi-directional Service Extension is a "new" service requiring a CPC under 66 Pa.C.S. § 1102(a)(1) should be rejected because the Complainants did plead this theory for relief or cause of action in the Formal Complaint, and did not address this issue in their written testimony or at hearing. As explained in Section V.G, *infra*, the Complainants' latent attempt to bolt additional theories and claims onto their Formal Complaint is improper under the Commission's regulations and Pennsylvania law. Therefore, this new argument should not be considered by the ALJ or the Commission.

b. The new service contemplated by the Bi-directional Service Extension is an interstate west-to-east service by Buckeye

The Bi-directional Service Extension involves **Buckeye**, not Laurel, commencing a new interstate service.[32] The Complainants concede this point, stating that Buckeye is introducing "an entirely new service – cross-state, bi-directional, bi-jurisdictional service."[33]

Buckeye is not subject to the Commission's jurisdiction and provides interstate petroleum products transportation service under tariffs filed with FERC pursuant to the ICA.[34] Laurel's Main Brief explained that because Laurel is not abandoning intrastate service and because Buckeye's proposed service is interstate service subject to regulation by FERC, the Commission lacks jurisdiction to enjoin, condition, or otherwise regulate Buckeye's initiation of an additional

[31] Complainants MB at 18; *see also* Complainants MB at 16 and 17 (arguing for the first time that a CPC is required under 66 Pa.C.S. § 1102(a)(1) because "service of a different nature" will also occur).
[32] Laurel MB at 32 (citing Laurel St. No. 1-R at 7).
[33] Comp. MB at 18 (emphasis added).
[34] Laurel MB at 16-17.

interstate service associated with the Bi-directional Service Extension.[35] Complainants' admission that Buckeye is the entity providing the new service at issue in this proceeding, and that the new service to be provided is interstate in nature, makes clear that the Commission lacks jurisdiction over Buckeye's proposal.[36]

c. The nature and character of service that Laurel is authorized to provide under its CPC contradicts the Complainants' claims

Complainants further attempt to characterize the Bi-directional Service Extension as being a "new" service, or "service of a different nature," which requires a CPC under 66 Pa.C.S. § 1102(a)(1).[37] However, the plain language of Laurel's CPC, the Commission's interpretation of this language, and prior determinations in this case defeat the Complainants' argument.

Laurel's CPC characterizes its service as a petroleum products transportation service in and across Pennsylvania and other states of the United States.[38] Laurel's CPC does not contain any clear restriction or limitation related to minimum or maximum amount of service or capacity; specific origin points or destination points; or minimum or maximum transit times.[39] By arguing that bi-directional operation of the system is not contemplated by Laurel's CPC, the Complainants are attempting to infer and impose a restriction that does not exist.

The Commission has also rejected the Complainants' argument about the nature and character of service Laurel is authorized to provide under its CPC in the *2018 Final Order*. As a basis for its decision that it had jurisdiction over Laurel's prior proposal to fully reverse the flow of Line 718, the Commission explained that "there are no clear directional restrictions or conditions in the 1957 Certificate or the 1957 Order" and held that the record before it does not

[35] Laurel MB, Section V.A.
[36] Laurel further notes it has reserved, and continues to reserve, its right to pursue its federal claims in the appropriate forum. Laurel MB, Section V.A.2.; Laurel RB, Section V.A.
[37] Complainants MB at 17-18.
[38] Laurel MB, Section V.B.1.; Laurel Exhibit TZ-1.
[39] Laurel MB at 23-24 (citing Laurel Exhibit TZ-1).

support inferring such a restriction.[40] The Commission also relied on prior precedent rejecting the same arguments made with respect to the CPC of the only other petroleum products pipeline in Pennsylvania.[41] Complainants offer no basis to revisit this determination, and there is none.

Relatedly, Complainants also attempt to rely upon the *2018 Final Order* to claim it is not necessary to determine the nature and character of the service Laurel is authorized to provide by its CPC in order to determine an abandonment of service or "material change in service" requiring a CPC to have occurred.[42] This position is simply wrong. Without determining the nature and character of service that Laurel is authorized to provide, and does provide, it is impossible to determine if Laurel is abandoning or changing that service or initiating a new service.[43]

Finally, the ALJ previously explained that "[t]he Complaint contains no allegations regarding the permissibility of bi-directional service in the context of Laurel's certificate of public convenience."[44] Thus, there is no dispute in this matter regarding what Laurel's CPC says about the direction of service it is authorized to provide.[45]

d. A change in service does not require a CPC as an abandonment of an existing service or the initiation of a new service

Complainants also attempt to advance several "changes" in the nature of Laurel's service that they claim are tantamount to an abandonment of service.[46] At the outset, Laurel notes that the Commission has previously confirmed that a change in a petroleum product pipeline's method of

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[40] *2018 Final Order*, at pp. 45-46.
[41] *2018 Final Order*, at p. 46 (citing *Petition of Sunoco Pipeline, L.P., et al.*, Docket No. P-2014-2411941 (Opinion and Order Entered Oct. 29, 2014) ("*Sunoco 2014 Petition Order*")).
[42] Complainants MB at 17-18.
[43] *See* Laurel MB, Section V.B.1.
[44] Monroe Order, at p. 4, n.1; LHT Order, at p. 4, n.1; Sheetz Order, at p. 4, n.1; PBF Order, at p. 4, n.1.
[45] Laurel further notes that not a single one of the Complainant witnesses actually testified regarding Laurel's CPC and/or whether bi-directional operation is permissible under the same. Thus, the only undisputed evidence of record is the language of the CPC itself, i.e., Laurel Exhibit TZ-1. If the Complainants are permitted to argue otherwise for the first time on brief, Laurel's due process rights will be violated.
[46] Complainants MB at 15-20.

operation is not an abandonment of service.[47] Moreover, there is no dispute in this case as to whether bi-directional operations are permitted by Laurel's CPC.[48] As further explained below, none of these "changes" is an abandonment of service in law or in fact.

First, Complainants try to argue that "swaps" or "virtual movements" are an abandonment of physical transportation.[49] However, the Complainants simply ignore the fact that "swaps" involve physical movements and deliveries on the Laurel pipeline.[50] Hydrocarbons are physically injected into the pipeline at an origin, and hydrocarbons of the same type and quality are physically withdrawn from the pipeline at a destination. Complainants' claims to the contrary are simply wrong and do not support a conclusion that service is being abandoned.

Second, Complainants assert "that the pipeline could be operated in a single direction for multiple cycles consecutively" as a further ground to argue that Laurel must obtain a CPC.[51] Laurel has explained, and Complainant witnesses have admitted, that the direction of flow will be dictated by the mass balance of volumes <u>nominated by shippers</u> for a given cycle.[52] It cannot be the case that an outcome ultimately dictated by Laurel's shippers requires Laurel to obtain a CPC.[53] Moreover, Complainants' argument is contrary to Pennsylvania law, which clearly recognizes that temporary changes and even suspensions or nonuse of a service are not an abandonment.[54]

Third, Complainants assert that the shift from uni- to bi-directional operations is "a major

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[47] Laurel MB at 29. Appellate courts in Pennsylvania have reached similar conclusions with respect to other common carrier utilities. Laurel MB at 28 (citing and discussing *Pennsylvania R. Co.*).
[48] Laurel MB at 23 (quoting Monroe Order, at p. 4, n.1; LHT Order, at p. 4, n.1; Sheetz Order, at p. 4, n.1; PBF Order, at p. 4, n.1, each of which explained that "[t]he Complaint contains no allegations regarding the permissibility of bi-directional service in the context of Laurel's certificate of public convenience.").
[49] Complainants MB at 15-16.
[50] Laurel MB at 36.
[51] Complainants MB at 18.
[52] Laurel MB at 35 (citing Mr. Summers' testimony on cross examination at Tr 91, 94-96), and 37 (citing Laurel and Complainant witness testimony to this fact).
[53] *See* Laurel MB at 39 (providing examples that demonstrate the absurdity of this argument).
[54] Laurel MB at 28-29, 37-38, 38-39.

change from and abandonment of existing east-to-west intrastate service."[55] As explained in Laurel's Main Brief and above, bi-directional operations inherently involve maintaining east-to-west intrastate service; if such service was no longer provided, then the pipeline would not, in fact, be operating bi-directionally.[56] Furthermore, Laurel's CPC broadly characterizes the service Laurel is authorized to provide as petroleum products transportation service in and across Pennsylvania and other states of the United States.[57] There is no directional limitation in its CPC and, therefore, Laurel need not obtain a further CPC to bi-directionally operate in Pennsylvania.[58]

Fourth, the Complainants assert that bi-directional operations have changed transit times and that this "change" in service requires a CPC.[59] Setting aside the Complainants' failure to demonstrate that bi-directional operations have caused or will cause changes in transit times, and their failure to demonstrate that bi-directional operations have resulted or will result in material harm,[60] degradation of service is simply not abandonment.[61]

Fifth, the Complainants claim that they have documented "incidents of west-bound shipments being delayed in order to allow east-bound shipments to flow or for other operational reasons related to bi-directional service," which constitute a fundamental change in service requiring a CPC.[62] However, none of the evidence cited by the Complainants actually shows that bi-directional operations caused the purported delays. **[BEGIN HIGHLY CONFIDENTIAL]**

[redacted]

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[55] Complainants MB at 18.
[56] Section V.B.1.b., *supra*; *see also* Laurel MB, Section V.B.2.b.
[57] Laurel Exhibit TZ-1; Laurel MB at 22.
[58] Laurel MB at 22-23.
[59] Complainants MB at 18-19.
[60] Laurel MB, Sections V.C. and V.D.
[61] Section V.B.1., *supra*; Laurel MB at 38-39.
[62] Complainants MB at 19.

[redacted] **[END HIGHLY CONFIDENTIAL]**

Sixth, the Complainants assert that the Bi-directional Service Extension increases the complexity of Laurel's operations, and that this change requires a CPC.[66] They cite zero precedent for this argument, and there is none. Furthermore, the Complainants' argument essentially asks the Commission to unlawfully act as a super board of directors and micromanage day-to-day operational decisions and changes on Laurel. [67]

Complainants' claims that "changes" in Laurel's operations require a CPC simply have no basis in law or fact. Therefore, the ALJ and the Commission should reject these arguments.

3. A Separate And Additional Proceeding Is Not Needed For The Bi-directional Service Extension To Commence

It has been clear from the outset of this proceeding that the Complainants' primary goal is to delay Buckeye's initiation of a new interstate service on Lines 720 and 724. The Complainants' Main Brief spotlights this objective by arguing that "Laurel must first apply for a CPC so the Commission can properly exercise its authority to determine whether such dramatic changes in the

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[63] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**
[64] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**
[65] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**
[66] Complainants MB at 19-20.
[67] *Metropolitan Edison Co. v. Pa. PUC*, 437 A.2d 76, 80 (Pa. Cmwlth. 1982) ("The Commission is not empowered to act as a super board of directors for the public utility companies of this state.") (citations omitted); *see also Harris v. Nat'l. Transit Co.*, 1976 Pa. PUC LEXIS 50 at *4-5 (Order Entered Aug. 27, 1976); *Pennsylvania R. Co.*, 146 A.2d at 358.

nature of the service Laurel intends to provide are in the public interest and are otherwise just and reasonable."[68] They further assert that a determination of whether the Bi-directional Service Extension is in the public interest "cannot be made in this proceeding" and that "[t]his proceeding addresses only the threshold question of whether factual circumstance exist that require Laurel to file an application for a CPC."[69] These claims should be rejected for three reasons.

First, as explained herein, in Laurel's Main Brief, and in its testimony, Laurel is not abandoning existing east-to-west intrastate service.[70] As no abandonment is occurring, there is no need for an additional proceeding related to the Bi-directional Service Extension. Recognizing that they have failed to carry their burden of proof in the proceeding that they initiated, the Complainants are asking for a do-over where Laurel has the burden of proof.

Second, even if Laurel was abandoning existing intrastate east-to-west service, and it is not, the record in this case is sufficiently developed for the Commission to determine that the Bi-directional Service Extension is in the public interest. Indeed, the Commission could, and if necessary should, apply the affirmative public benefits test as it has in other petroleum products pipeline proceedings to this case.[71]

As explained in Laurel's Main Brief and testimony, the benefits of bi-directional operations to <u>all shippers and the public</u> clearly outweigh the unquantified and speculative harms alleged by only two refineries and two shippers connected to the Laurel pipeline system. Bi-directional operation is: (a) beneficial for Laurel because it allows for more efficient and effective utilization

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[68] Complainants MB at 21.
[69] Complainants MB at 21.
[70] Section V.B., *supra*; Laurel MB, Section V.B.
[71] Laurel MB at 41, n. 160 (quoting *Application of Sunoco Pipeline, L.P.*, Docket Nos. A-2013-2371789, P-2013-2371775 (Order entered Aug. 29, 2013), and *Application of Buckeye Pipe Line Company, L.P.*, Docket No. A-140110F2000, at p. 3 (Order Entered March 7, 2005).

of an otherwise underutilized asset;[72] (b) beneficial for shippers as a whole because it increases supply optionality, which in turn allows shippers to (i) choose to ship product from the cheaper of Midwestern or East Coast sources to additional locations on Laurel whenever that supply is cheaper,[73] and (ii) have additional supply alternatives in the event of a supply disruption to one or more sources[74]; and (c) beneficial for Pennsylvania consumers because it increases competition amongst petroleum products suppliers in Pennsylvania and will put downward pressure on prices for those supplies.[75] These substantial benefits would not exist at locations along the Laurel pipeline but for the Existing Bi-directional Service, and will not exist at additional locations but for the Bi-directional Service Extension.

Furthermore, the Complainants' claims of harm in this proceeding are unsupported, speculative, and rebutted by their actions outside of the context of litigation.[76] If bi-directional operations were materially harming shippers, then Laurel would have been contacted by shippers about these harms prior to the filing of this Formal Complaint; however, no such contact was made by any shipper, including any of the Complainants.[77] If bi-directional operations were materially harming shippers, then a shipper could have and should have filed a complaint with the Commission alleging that they were receiving unreasonable service; however, no such complaints were filed by any shipper, including any of the Complainants.[78] If bi-directional operations did not benefit shippers, then they would not use it at all and certainly would not use it to the extent exhibited by the record evidence in this case. Mr. Zeth explained that **[BEGIN HIGHLY**

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[72] Laurel MB, Section V.C.1. (citing and discussing the testimony of Laurel witnesses Mr. Zeth, Dr. Webb, and Mr. Emery) and V.D.1.
[73] Laurel MB, Section V.C.1. (citing Laurel St. No. 3-R at 14, 64-65 and Laurel Exhibit No. MJW-11) and V.D.1.
[74] Laurel MB, Section V.C.1. (citing Laurel St. No. 4-R at 4-5) and V.D.1.; *see also* Laurel St. No. 3-R at 34-35.
[75] Laurel MB, Section V.C.1. (citing Laurel St. No. 3-R at 22-24 (including Figures 1 and 2); Laurel Exhibit Nos. MJW-06 and MJW-07) and V.D.1.; *see also* Laurel St. Nol. 3-R at 34-38.
[76] *See* Laurel MB, Sections V.C. and V.D.
[77] Laurel MB, Section V.C.1.a.
[78] Laurel MB, Section V.C.1.a.

CONFIDENTIAL] [redacted] **[END HIGHLY CONFIDENTIAL]** And, if bi-directional operations were materially harming the Complainants, there would be communication of these harms to management; however, no documentary evidence of this sort exists.[79] The shipping community's actions—and the Complainants' actions or lack thereof—outside of the context of active litigation speak louder than the words of the Complainants made only during the course of this litigation.

Third, and finally, given that the Complainants' motivation for participating in this case is clear, the Commission should not require an additional proceeding and allow the Complainants to abuse the regulatory process. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** Monroe is also using this case as an attempt to obtain a discount for shipments for intrastate refineries shipping on Laurel, which would only apply to Monroe.[81] LHT is similarly requesting unjustified and unprecedented conditions to be added to Laurel's Tariff.[82] Furthermore, the increased competition that results from bi-directional operations would be a benefit to certain Complainants. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** The

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[79] Laurel St. No. 3-R at 91-92.
[80] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**
[81] Tr. 107.
[82] Laurel MB, Section V.E.3.
[83] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**

record evidence strongly suggests that the Complainants initiated this proceeding to attempt to extract benefits and concessions from Laurel that they are not entitled to and, absent this case, would have no avenue to attempt to obtain them. These actions demonstrate that the Complainants are actively attempting to abuse the regulatory process, and requiring further proceedings would simply incentivize and provide further opportunities for such abuse.

For these reasons, and those set forth in Laurel's Main Brief, there is zero basis for the Commission to determine that a further proceeding is required to resolve the issues surrounding bi-directional operations on the Laurel pipeline system. The Commission should reject the Complainants' transparent attempts to abuse the regulatory process and stymie increased competition in the interstate petroleum products market that will ultimately benefit Laurel, the shipping community as a whole, and Pennsylvania consumers at large.

C. THE COMPLAINANTS HAVE FAILED TO DEMONSTRATE THAT CHANGES IN TRANSIT TIMES CONSTITUTE UNREASONABLE SERVICE UNDER 66 PA.C.S. § 1501

1. Complainants misconstrue the Public Utility Code

Complainants initially attempt to cite Section 1501 of the Code, and Commission orders applying Section 1501, to frame their claims regarding unreasonable service.[84] While they acknowledge that Section 1501 "require[s] public utilities to provide reasonable and adequate, not perfect service," they attempt to claim that they are not asking for and do not expect perfect service.[85] However, the record in this matter demonstrates that this is precisely what the Complainants are asking from Laurel, which is contrary to the Code and Commission precedent.

As explained in Laurel's Main Brief, delays or variance in the provision of service do not

[84] Complainants MB at 34-35.
[85] Complainants MB at 34.

violate Section 1501.[86] Yet, the primary thrust of the Complainants' unreasonable service claims is that they have experienced delays and/or variances in the provision of intrastate petroleum products transportation service since the initiation of the Existing Bi-directional Service.[87] These arguments are contrary to Commission precedent and should be rejected.

Moreover, the Complainants' claims regarding transit times range from (a) transit times are too long to (b) transit times are too short.[88] Complainants are, essentially, presenting a "Goldilocks" problem,[89] and asking for transit times that are "just right" for only the four shippers that are parties to this case. In this regard, the Complainants are, in fact, seeking "perfect" transit times, i.e., transit times where their individual shipments arrive neither too early nor too late.

Finally, it is important to remember that the Complainants are not the only shippers utilizing the Laurel pipeline. Regardless of the Complainants' size compared to other shippers, Laurel has a duty and obligation to provide reasonable and not unduly discriminatory service to **all shippers**.[90] As Complainants' own witness admitted, what may be good for one shipper may be bad for another.[91] Laurel, and not any of its shippers, has visibility into all of these factors across its system.[92] Laurel must (and does) take into account the needs of all shippers each cycle as it develops, updates, and implements a schedule for receipt and delivery of products across its

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[86] Laurel MB at 10-11 (citing *Ross E. Schell v. PPL Electric Utilities Corporation*, Docket No. C-2016-2566320, 2018 Pa. PUC LEXIS 228 (Opinion and Order entered June 14, 2018)), 47-48, 55.
[87] *See* Complainants MB at 36-47.
[88] Laurel MB at 52-55.
[89] *See* ROBERT SOUTHEY, *Goldilocks and the Three Bears* (1837). Ironically, an administrative law judge at FERC previously concluded that, where a party argues something (i.e., "the porridge") is both "too hot" and "too cold", it is actually "just right" (i.e., "reasonable"). *See Portland Natural Gas Transmission System*, Docket No. RP08-306-000, 129 FERC ¶ 63,027, at P 540 (Initial Decision issued Dec. 24, 2009), *aff'd as modified by*, Opinion No. 510, 134 FERC ¶ 61,129 (Feb. 17, 2011), *reh'g granted in part and denied in part by*, Opinion No. 510-A, 142 FERC ¶ 61,198 (Mar. 21, 2013), *reh'g denied as moot*, Opinion No. 510-B, 150 FERC ¶ 61,106 (Feb. 19, 2015).
[90] 66 Pa.C.S. §§ 1304, 1501 and 1502.
[91] Tr. 267-268 (Mr. Miesner acknowledging that shippers may react differently to changes in supply and demand and that what may benefit one shipper may not benefit another).
[92] Laurel St. No. 1-R at 41; Laurel St. No. 4-R at 12; *see* Tr. 379, 380.

system.[93] By arguing that Laurel must adhere to transit times that are "just right" for their needs, the Complainants ask the ALJ and the Commission to ignore the fact that transit times are a function of a number of factors related to the choices of **all shippers** in a given cycle.[94] Complainants are not requesting reasonable service; they are requesting unlawful and unreasonable preferential service that meets only their needs with zero regard for other shippers.

2. Complainants have failed to show that transit times have increased unreasonably due to bi-directional operations, or that Laurel's transit times are unreasonable

Complainants' arguments regarding transit times also have no basis in fact. The central claim advanced in their Main Brief revolves around the allegation that bi-directional operations on Line 718 caused increased transit times since 2019, citing three company witnesses and Dr. Morris.[95] They further specifically argue that Laurel "has always known" that bi-directional operations would impact transit times.[96] Finally, they attempt to gloss over their failure to document, communicate, or take informal or formal action to correct the alleged transit time increases prior to filing the instant Formal Complaint.[97] However, none of these arguments are sufficient to carry their burden of proof.

a. The Complainants have failed to provide a statistically-valid study providing that bi-directional service has caused, or even correlates with, transit time changes, and failed to rebut the only statistically-valid study, which was provided by Laurel

The Complainants' central claim revolves around the allegation that bi-directional operations on Line 718 caused increased transit times since 2019. At the outset, it is important to

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[93] *See* Tr. 600.
[94] Laurel St. No. 4-R at 8-11 (explaining that there are a number of factors that impact transit times including: shipper volumes, shipper changes to their nominations that may require changes to the schedule, timing and availability of supply, and the requirement to meet the needs of **all shippers** where specific circumstances surrounding one shipper may impact all other transit times); *see also* Laurel St. No. 1-R at 20-22.
[95] Complainants MB at 36-45.
[96] Complainants MB at 45.
[97] Complainants MB at 46-47.

recognize that, in order to carry their burden of proof with respect to this claim, the Complainants must show that changes in transit time are materially caused by bi-directional service would merit denial of the Formal Complaint.[98] Not only do the Complainants not carry their burden of demonstrating bi-directional operations caused increases in transit times, Complainants failed to show that Dr. Webb's analysis—the only statistically valid analysis in the record—is incorrect.

Complainants instead mischaracterize the key evidence on transit times, broadly asserting that, "[d]espite 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."[99] The Complainants do not and cannot provide a citation for this assertion because it is a strawman argument. None of Laurel's witnesses suggested that the increase in transit times is **solely** caused by decreasing volumes. Every Laurel witness states that increased transit times are caused **in part** by declining volumes. Mr. Zeth made this point explicitly.[100] Mr. Emery first stated that the Complainant witnesses had ignored the role of volume declines affecting increases in transit time[101] before he explained that there are a number of other reasons ignored by the shippers that can cause transit time to increase.[102] Complainants continue to ignore the broader range of factors, preferring instead to rely on the false claim that Laurel seeks "to demonstrate that the increase in transit times is solely a consequence of lower volumes."[103]

Rather than grapple with the number of factors that can impact transit times, Complainants rely upon Dr. Morris's rejoinder testimony and present another strawman argument: "the slight

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[98] "The preponderance burden requires a customer to prove that a service or facility is — more likely than not — the cause of the problem described in their complaint." *Povacz v. State PUC*, 280 A.3d 975, 1006 (Pa. 2022) (citing *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 n.18 (Pa. 2007)); *see also Povacz*, 280 A.3d at 1012-13.
[99] Complainants MB at 16 (emphasis added), and 42-45.
[100] Laurel St. No. 1-R at 20.
[101] *See* Laurel St. No 3-R at 8.
[102] Laurel St. No 3-R at 10-11.
[103] Complainants MB at 16.

decline in east-west volumes does not explain the substantial increase in transit times that the shippers have experienced since 2019."[104] Complainants go on to contend that "the decline in volumes would predict an increase of 34-35 percent, far short of the 80-110 precent increase in transit times that shippers have actually experienced."[105] Not only is this argument premised upon the flawed premise that Laurel has argued declining volumes **solely** caused transit time increases, Dr. Morris's analysis is fatally flawed for a number of other reasons.

Precisely because transit times are a function of many variables, a simplistic analysis such as that performed by Dr. Morris cannot establish causality. Dr. Webb provided an extensive discussion and a statistical appendix of the reasons why correlation does not equal causation – again, testimony ignored by Complainants.[106] As Dr. Webb explained, the mere fact that two events happen in a related timeframe is insufficient to conclude that one caused the other.[107] Dr. Morris's rejoinder testimony did not meaningfully address this fundamental issue, instead, as with his original analyses, he shows nothing more than correlation rather than causation. The fact that transit times to some locations increased by a greater percentage than volume declines provides no information about the degree to which bi-directional service did or did not cause transit times to increase. Complainants simply failed to demonstrate otherwise.

Dr. Morris's rejoinder analysis is filled with other flaws. First, it provides no information about the degree to which bi-directional service did or did not cause transit times to increase because the analysis has no control variables.[108] Without such control variables, Dr. Morris failed to isolate the effects of certain variables to show causation; specifically, here, Dr. Morris failed to

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[104] Complainants MB at 44.
[105] Complainants MB at 44.
[106] Laurel St. No. 3-R at 94-95, and Appendix A; HIGHLY CONFIDENTIAL Laurel Exhibit MJW-17.
[107] *See* Laurel St. No. 4-R at 94:5-6.
[108] Tr. 434-435 (discussing the filters applied by Dr. Morris in his analysis).

take any steps to isolate the effects of bi-directional service, versus other factors.[109]

Second, his rejoinder testimony and exhibits also do not provide an estimate regarding the statistical significance of his results.[110] Dr. Webb explained that, at a basic level, merely assessing correlation represents unsound statistical practice.[111] In responding to Dr. Webb's analysis, Dr. Morris asserted that Dr. Webb "puts in too many control variables . . . [and] . . . it hides the actual differences."[112] Yet, Dr. Morris failed to identify a single extraneous variable that Dr. Webb included. In contrast, Dr. Webb provided a detailed and academically-supported explanation regarding the importance of including all control variables in order to be consistent with basic statistical practice.[113] The fact that Dr. Webb's discussion is consistent with basic statistical practice is also broadly supported by reviewing undergraduate textbooks.[114] In other words, a standard econometrics text identifies precisely the issue that Dr. Webb discussed in his testimony, and to which Dr. Morris provided no effective response.

Third, despite having the opportunity in rejoinder to elaborate on which variables he believes Dr. Webb improperly includes, Dr. Morris failed to do so. In contrast, Dr. Webb selected a limited set of variables, as explained in his Statistical Appendix, again, consistent with sound statistical practice. In the Statistical Appendix, Dr. Webb provided a description of each of the nine basic variables he included in his analysis,[115] which Dr. Morris **failed to challenge on any**

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[109] *See* Laurel St. No. 3-R at 94-95.
[110] *See* Complainants Exhibits JRM-10 through 12; *see also* Laurel St. No. 3-R at 94-95.
[111] Laurel St. No. 3-R at 94-95.
[112] Tr. 429; *see also* Complainants MB at 43.
[113] Laurel St. No. 3-R, Appendix A.
[114] For example, *Introductory Econometrics* by Jeffery Wooldridge explains the risks of omitting relevant variables or "underspecifying the model" as Dr. Morris does in his rejoinder testimony. It states "[n]ow suppose that, rather than including an irrelevant variable, we omit a variable that actually belongs in the true (or population) model. This is often called the problem of excluding a relevant variable or underspecifying the model… this problem generally causes the O[rdinary] L[east] S[quares] estimators to be biased." JEFFREY M. WOOLDRIDGE, INTRODUCTORY ECONOMICS: A MODERN APPROACH 88 (5th ed. 2012) ("*Wooldridge*").
[115] Laurel St. No. 3-R, Appendix A at ¶ 22.

specific grounds as being actually extraneous. Specifically, Dr. Webb included two trend variables to isolate the "immediate marginal effect of the Broadway II operation."[116] Dr. Webb included three arrays of variables to capture information about month, origin and product.[117] Dr. Webb included a ticket type variable.[118] Next, Dr. Webb included a variable to indicate the size in barrels of each delivery ticket.[119] Finally, Dr. Webb included a set of monthly delivery volumes for each destination.[120] Dr. Webb concluded that each of these variables was appropriate to include,[121] and Dr. Morris did not actually challenge the inclusion of a single variable or demonstrate that the inclusion of any specific variable is unnecessary.

Even if Dr. Morris had demonstrated that Dr. Webb included extraneous variables or over-specified his model, Dr. Morris would not have demonstrated that the analysis was invalid. As Dr. Webb discussed in Paragraph 8 of the Statistical Appendix, "[i]n cases with a limited number of observations, adding variables to the equation can make it more difficult to generate statistically significant results."[122] Again, Dr. Webb's conclusion is consistent with standard statistical texts.[123] In other words, consistent with Dr. Webb's testimony, adding irrelevant variables will not generate inaccurate results as long as the as appropriate control variables are included. As such, Dr. Morris's suggestion that Dr. Webb's analysis contains too many variables is unsupported by statistical practice and completely unsupported by any evidence. Dr. Webb's analysis provides the only valid and reliable analysis in the record.

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[116] Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "Pre_Trend" and "Post_Trend" variables).
[117] Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "i.CalMonth_ID", "i.Orig_ID", and "i.Prod_ID" variables).
[118] Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "TicketType_ID" variable").
[119] Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "Delivery_Vol" variable).
[120] Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "Vols_*" variable).
[121] The record also supports inclusion of these variables, e.g., different products have different physical qualities affecting transportation, Tr. 377-379, and batch size affects transportation, Tr. 379-383.
[122] Laurel St. No. 3-R, Appendix A ¶ 8.
[123] For example, Wooldridge states "[I]ncluding one or more irrelevant variables in a multiple regression model, or overspecifying the model, does not affect the unbiasedness of the OLS estimators." *Wooldridge*, at p. 99.

Dr. Webb's analysis showed that "Existing Bi-directional Service caused little, if any, detectable increase in the adverse events the shipper witnesses identified."[124] As Dr. Webb summarized his findings:

> I draw several conclusions from these results. I would conclude … Existing Bi-directional Service may have caused a slight decrease in transit time or is statistically insignificant. I would conclude that one cannot determine whether the advent of bi-directional service caused any increase or decrease in transit time at several locations. At a maximum, I would conclude that the advent of bi-directional service corresponds with an approximately 32-hour increase in transit time to Coraopolis. Since the transit time to Coraopolis averaged 10.9 days, this implies a 12 percent increase in transit time. This result is directly contrary to the suggestion of the Complainant Witnesses who suggest that the advent of bi-directional service caused a large increase in transit time.[125]

To be clear, Dr. Webb analyzed both increases in transit time and variance in transit time, and the Existing Bi-directional service had little impact on either.[126] Stated differently, the only valid empirical analysis of the Complainants' allegation that bi-directional operations cause an increase in transit times and/or transit time variability actually shows that Existing Bi-directional Service caused little, if any, change to transit times and/or transit time variability.

Fourth, Dr. Morris acknowledged that he only analyzed a limited set of origins and destinations.[127] Dr. Morris described his critique of Dr. Webb as being that Dr. Webb "kind of views Laurel as an interstate pipeline."[128] Then, Dr. Morris claimed that his analysis "focused on … what would be the times for intrastate shipments from Chelsea,"[129] and stated that he focused on Chelsea because it is the primary intrastate origin subject to Commission regulation.[130]

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[124] Laurel St. No. 3-R at 99.
[125] Laurel St. No. 3-R at 98.
[126] *See* Laurel St. No. 3-R at 98 (explaining conclusions regarding transit times) and 99 (explaining conclusions regarding variability of transit times).
[127] Tr. 591.
[128] Tr. 424.
[129] Tr. 427.
[130] Tr. 591.

However, on cross-examination, Dr. Morris also acknowledged that he included volumes from Booth that include interstate volume.[131]

Relatedly, the Complainants Main Brief states:

> As the intrastate and interstate volumes are commingled on the pipeline, they are indistinguishable from an operational standpoint. According, 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.[132]

From an operational perspective, this statement is correct. As noted, however, Dr. Morris ignored this operational reality; instead, he claims to focus on a limited set of origins and destinations, purportedly, in order to limit the analysis to intrastate volumes. Yet, he even fails to achieve this goal. Neither Dr. Morris nor the Complainants can keep their story straight on this issue, which further demonstrates that Dr. Morris's analysis is neither reliable nor credible. Therefore, it cannot be relied upon as substantial evidence.

Complainants also assert that Mr. Summers', Huzicko's, and Jadlocki's data regarding transit times supports their conclusion.[133] In fact, none of this testimony remotely addresses the issue of whether Existing Bi-directional Service caused transit time increases or whether transit times became unreasonable as a result of bi-directional service. None of these witnesses attempted to address Dr. Webb's statistical analysis, and none of these witnesses purported to have conducted a statistically meaningful analysis to support a conclusion that the Existing Bi-directional Service caused any alleged increases in transit time.

Moreover, each of these witnesses' testimony regarding transit times was rebutted by Laurel's testimony, and none demonstrated that transit time or delivery time variations were

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[131] Tr. 592.
[132] Complainants MB at 37.
[133] Complainants MB at 38-40.

unreasonable.[134] Importantly, none of these witnesses identified a standard for judging delivery times in the Commission's regulations, in Laurel's tariff, or even in industry practice,[135] nor have Complainants identified a single precedent supporting their allegations that Laurel's service has been unreasonable.[136] Rather, the record shows that transit times vary among pipelines due to a number of factors,[137] and that no pipeline in the country guarantees transit times.[138]

Indeed, Monroe witness Mr. Summers gave away this issue on cross-examination, through the following exchange:

> [ATTORNEY LENT] Q. What would constitute a commercially reasonable idea?
>
> [MR. SUMMERS] A. What is currently posted and has been for years on the T4 bulletin from Laurel that says expect deliveries from 8 to 12 days on all – on all barrels. That's commercially reasonable.
>
> Q. So commercially reasonable would be an estimate of the time frame of delivery?
>
> A. Correct. Which is given and has been given for years.[139]

Laurel does, in fact, provide "estimated" ranges of transit times between destinations and origins.[140] Moreover, those estimates are regularly updated to reflect actual ranges of transit experience.[141] And, Laurel regularly communicates with its shippers regarding the schedule for a

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[134] Laurel MB at 49-50.

[135] Complainants assert baldly at one point that Laurel fails some unspecified industry standard when it relies upon its delivery every month of their nominated volumes: "Complainants find such a window to be a deviation from industry standard and infeasible in practice." Complainants MB at 40. Yet, Complainants fail to provide any citation, in law, industry standards, or industry practice, for this claim.

[136] Laurel MB at 49; *see also* Tr. 92-93, 104, 124, 274-275, 277-278.

[137] Laurel St. No. 4-R at 8-11.

[138] Tr. 104-105 (Mr. Summers admitting that he is not aware of any pipeline tariff applicable to Monroe product shipments guarantees transit times), 272-277 (Mr. Miesner admitting he is not aware of any pipeline tariff that includes legally enforceable maximum transit times)

[139] Tr. 93.

[140] Available at: https://www.buckeye.com/wp-content/uploads/2025/07/Transit-time-BIG-EAST-07-01-25.pdf. Laurel Exhibit TZ-8 provides an excerpt from the Shipper Information Notebook, updated as of July 1, 2025, that sets for the transit time estimates for points on the Laurel pipeline system.

[141] *Compare* Laurel Exhibit TZ-8 *with* Complainants Exhibit JDJ-3 at 1 (providing the same excerpt from the Shipper Information Notebook, updated as of January 1, 2025).

given cycle, based upon real-time changes in the circumstances surrounding a given cycle.[142]

b. Complainants' additional arguments are unsupported and/or fully rebutted by the record

Complainants raise a host of other arguments regarding transit times throughout Section V.D. of their Main Brief. None of these additional arguments have any merit.

First, Complainants contend that the telescoping of the Laurel system (i.e., reduced pipeline diameter in segments from east to west on the system) creates "bottlenecks" for west-to-east transportation.[143] This claim merely repeats Mr. Miesner's generic testimony, which failed to relate this claim in any way to Laurel's operation, and, as presented, is completely unrelated to the issue that Complaints sought to prove, i.e., that bi-directional transportation would create unreasonable delays in transit time.[144]

Second, Complainants cite to Mr. Miesner's contention that bi-directional service inherently prevents reliable scheduling because it results in inevitable delays.[145] This claim, like the rest of Mr. Miesner's testimony, is based on circular logic and generic assertions that are not actually specific to Laurel or its operations. Moreover, Mr. Miesner admitted he has never scheduled or supervised the scheduling of a bi-directional pipeline.[146] His testimony, therefore, stands in stark contrast to Laurel witness Mr. Emery, who has scheduled or supervised the scheduling of a bi-directional pipeline, and testified that the theoretical problems posited by Mr.

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[142] Laurel St. No. 1-R at 25; Tr. 414-416 (Sheetz witness Mr. Jadlocki explaining that schedules are updated Monday to Friday with the latest information that the pipeline has on how their operations are conducting and that these updates are communicated by "Transport4" or "T4").
[143] Complainants MB at 36-37.
[144] *See* Laurel MB at 56.
[145] Complainants MB at 37.
[146] Mr. Miesner admitted at hearing that he had never personally scheduled a bi-directional pipeline (Tr. 263), that he had never been involved in the design or operations of a bi-directional pipeline, referencing only a design role for a terminal facility (Tr. 263-263), and that he had never been involved with the maintenance of a bi-directional pipeline (Tr. 264).

Miesner are regularly addressed by pipeline schedulers with the tools available to them.[147]

Third, Complainants also suggest that although transit times "are also informed by shipper nominations," Laurel "ultimately decides which nominations to accept," and conflates that concept with Laurel's prerogative to determine when to physically change direction of flow.[148] This contention mischaracterizes the nomination process, which is governed by Laurel's Commission-Tariff and Buckeye's FERC-approved tariff. Under Laurel's Tariff, nominations are accepted when they meet the specified requirements (timeliness, use of the electronic portal, etc.) and if properly submitted will be accepted,[149] absent a lack of capacity that requires pro-rationing.[150] No shipper has submitted testimony that a **timely and properly submitted** nomination has been rejected by Laurel, and the suggestion that nominations are controlled by Laurel's discretion is unsupported by the record.[151] While Complainants suggest that one alleged "hold" left "shippers" without notification,[152] they fail to explain why one allegedly delayed shipment to one shipper caused multiple "shippers" problems. Moreover, the Complainants provided no basis for generalizing this **one** shipment, out of **hundreds** delivered to this one shipper during the Existing Bi-directional Service, can be rationally extrapolated to demonstrate a broader problem.[153]

Fourth, Complainants attempt to amplify Ms. Huzicko's testimony alleging that bi-directional service has resulted in smaller quantity batches "that require its terminals to 'cut'

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[147] Laurel MB at 55-58. *See also* Laurel St. No. 4-R at 27-30 (describing how schedulers on bi-directional pipelines have tools to effectively schedule their systems, based on his experience). Laurel has also described in detail how bi-directional service is scheduled. Laurel St. No. 1-R at 22-23; Tr. 605-606, 615-617.

[148] Complainants MB at 38.

[149] Tr. 598-600 (Mr. Zeth explaining the role of Laurel as "administrator," or "gatekeeper," to enforce tariff requirements for the protection of all shippers).

[150] *See* Laurel Exhibit TZ-3 at 17-18 (Tariff Item No. 100). Not only does Laurel's Tariff already contained procedures applicable to pro-rationing (Laurel Exhibit TZ-3 at 13-17 (Item No. 90), Complainants have not claimed that pro-rationing has occurred during the Existing Bi-Directional Service.

[151] Similarly, the contention regarding a single example of Monroe volumes allegedly "held" by Laurel (*see* Complainants MB at 39) was explained and debunked by Mr. Zeth. Laurel St. No. 1-R at 27.

[152] Complainants MB at 39-40.

[153] *See* Laurel St. No. 1-R at 29.

between specifications and octanes to ensure product quality," and that "switches" have roughly doubled since 2019.[154] However, Ms. Huzicko made no effort to tie this alleged change in switching frequency to the nature of bi-directional service, which also coincides with the closure of the PES refinery in 2019.[155] Nothing in the record supports an inference that bi-directional service has resulted in, or required, smaller batches. Moreover, Ms. Huzicko provided no account, valuation, or estimate of the alleged cost impact of those changes.[156]

Fifth, Complainants mash together the issues of delivery timing and communications by Laurel, arguing that Complainants are "left to perform their scheduling duties in a state of scrambled confusion at worst and looming uncertainty at best."[157] Laurel agrees with the need for communication and, to the extent permissible, transparency about shipments[158]; however, Laurel already provides notifications by the "Transport4" or "T4" system, as well as the availability of its scheduling team to inform and coordinate with shippers.[159] It is clearly false to imply that Laurel's shippers are in a state of confusion, given the narrow set of shippers who have complained, and given the complete absence of any written evidence in their records that they considered Laurel's service to be, in fact, a significant enough problem to bring to the attention of their own management or the management of Laurel. Moreover, this "communications" issue is far afield from the alleged unreasonableness of the service itself; nominally, the purpose of their allegations is to induce the Commission to conclude that the service is so unreasonable as to constitute an abandonment; now, in this portion of their brief, Complainants seem to contend that their dissatisfaction with communications from Laurel should support a conclusion of abandonment.

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[154] Complainants MB at 40-41; Complainants Exhibit SH-1 at 5.
[155] Laurel St. No. 1-R at 9, 58-59.
[156] Tr. 146-147.
[157] Complainants MB at 42.
[158] It is undisputed that Laurel cannot divulge information about other shippers' movements or requests for service and adjustments. Laurel St. No. 1-R at 25; Tr. 376.
[159] *See* footnotes 141-142, *supra*.

This facially irrelevant claim should be dismissed. If the Complainants had a sincere concern over the state of communications from Laurel, there are other avenues than using such claims to attempt to prevent new competitive services.

Sixth, Complainants also argue that Laurel "always" knew that bi-directional service would "drastically" impact transit times; a claim wholly unsupported by the record.[160] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**

However, Complainants neither acknowledge nor respond to any of Laurel's rebuttal testimony,[163] which demonstrated that this document has little if any relevance to the factual issues of transit time and moreover was mischaracterized by Mr. Miesner. This is a document that predates the decision to commence the Existing Bi-directional Service.[164] In particular, Mr. Zeth explained that: **[BEGIN HIGHLY CONFIDENTIAL]**

[redacted]

[END HIGHLY CONFIDENTIAL] Mr. Zeth also further clarified the limited context for pre-bi-directional operations in addressing Complainants' Cross Exhibit 20, which he noted was a pre-

[160] Complainants MB at 45.
[161] Tr. 546.
[162] Complainants MB at 45.
[163] Laurel St. No. 1-R at 35-36; Laurel Exhibit TZ-5 and HIGHLY CONFIDENTIAL Laurel Exhibit TZ-6.
[164] Laurel St. No. 1-R at 35.
[165] Laurel St. No. 1-R at 36.

operational training document which referenced a number of facilities that were installed prior to the commencement of the Existing Bi-directional Service.[166] Despite voluminous and extended discovery, Complainants cannot point to any documents from Laurel showing concern over transit delays or variability; instead, Complainants rely on expressions of pre-operational concern based on conditions later remediated by Laurel.

Seventh, and finally, Complainants seriously mischaracterize Laurel's argument about their lack of pre-complaint actions, stating that: "[h]aving 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."[167] In support, Complainants' Main Brief at page 46, footnote 154 cited, "*See generally* Laurel Statement No. 1-R at 9:8-12; Tr. at 355:24-356:4; Tr. at 356:20-23." However, the transcript references only identify cross-examination colloquy of Sheetz's witness, and the testimony cited addressed Complainants' failure to utilize the informal route for addressing concerns about the bi-directional service that was established by the 2019 Settlement for precisely this purpose; it does not mention formal complaints at this Commission or at FERC.[168] Laurel's argument is, and has been, that the Complainants' hyperbolic claims of unreasonable service and serious commercial harm lack credibility because over five years of operation of bi-directional service the Complainants did not: (1) produce internal documents showing any management presentations consistent with these claims; (2) produce documents showing that they brought these concerns to Laurel's management; (3) produce a

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[166] Tr. 601-602.

[167] Complainants MB at 46.

[168] Mr. Zeth stated: "[t]he 2019 Settlement also contained specific provisions regarding the designation of an individual that could address and respond to concerns about bi-directional service; however, neither Sheetz nor Monroe nor LHT ever utilized the 2019 Settlement process to raise concerns regarding bi- directional service prior to filing the instant Formal Complaint." Laurel St. No. 1-R at 9.

quantification of these alleged harms; (4) use the informal, non-litigation line of communication set up for this very purpose in the 2019 Settlement; and, last but not least, (5) seek relief from this Commission or FERC at any time before this Formal Complaint.[169] Coupled with the undisputed fact that certain of the Complainants regularly take advantage of bi-directional operations,[170] it is clear that the Complainants claims of harm lack credibility.

It is also notable that the specific grounds advanced by the Complainants for not seeking relief at this Commission was the press of day-to-day business:

> 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…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.[171]

However, Complainants' claim is belied by their participation in formal proceedings before FERC during the same 2019-2024 time period, and earlier. Sheetz filed a complaint against the rates charged by Colonial Pipeline Company in 2020.[172] Sheetz then actively participated in the massive *Colonial Complaints* proceedings through the first half of this decade.[173] Such actions by Sheetz

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[169] Laurel MB at 48.
[170] Laurel St. No. 1-R at 56-57.
[171] Complainants MB at 46.
[172] *Sheetz, Inc. v. Colonial Pipeline Co*., 171 FERC ¶ 61,162 (2020) (setting the complaint for hearing and consolidating it with other similar complaints) ("*Colonial Complaints*).
[173] *See, e.g.*, *Epsilon Trading, LLC, Chevron Products Company, and Valero Marketing and Supply Company v. Colonial Pipeline Company, TransMontaigne Product Services LLC v. Colonial Pipeline Company, Southwest Airlines Co. and United Aviation Fuels Corporation v. Colonial Pipeline Company, Phillips 66 Company v. Colonial Pipeline Company, American Airlines, Inc. v. Colonial Pipeline Company, Metroplex Energy, Inc. v. Colonial Pipeline Company, Gunvor USA LLC v. Colonial Pipeline Company, Pilot Travel Centers, LLC v. Colonial Pipeline Company, Sheetz, Inc. v. Colonial Pipeline Company, Apex Oil Company, Inc. and FutureFuel Chemical Company v. Colonial Pipeline Company*, Docket Nos. OR18-7-004, OR18-7-002, OR18-7-003, OR18-17-004, OR18-17-002, OR18-17-003, OR19-1-003, OR19-1-001, OR19-1-002, OR19-4-003, OR19-4-001, OR19-4-002, OR19-16-003, OR19-16-001, OR19-16-002, OR19-20-002, OR19-20-000, OR19-20-001, OR19-27-002, OR19-27-000, OR19-27-001, OR19-36-002, OR19-36-000, OR19-36-001, OR20-7-002, OR20-7-000, OR20-7-001, OR20-9-002, OR20-9-000, OR20-9-001 (consolidated).

show Mr. Jadlocki's testimony that Sheetz does not regularly participate in complaint proceedings at the state or federal level is false.[174] Similarly, PBF has been very active at FERC in various proceedings, most notably its complaint against Buckeye and Laurel in 2014,[175] as well as in other proceedings.[176] Complainants cannot credibly claim that, on the one hand, the Existing Bi-directional Service is so unreasonable as to constitute an abandonment and/or cause serious commercial harms, and on the other hand, that they could avail themselves of formal remedies.

For these reasons and those stated in Laurel's Main Brief and testimony, the Complainants have failed to carry their burden of proving that Existing Bi-directional Service is unreasonable.

D. THE COMPLAINANTS HAVE FAILED TO DEMONSTRATE THAT A CHANGE TO THE REID VAPOR PRESSURE SCHEDULE CONSTITUTES UNREASONABLE SERVICE UNDER 66 PA.C.S. § 1501

Complainants argue in Section V.F. of their Main Brief that Laurel's changes to the timing of Reid Vapor Pressure ("RVP") standards in December 2024 and January 2025 were "abrupt and unanticipated" and "constituted unreasonable service."[177] Nothing in the record supports that conclusion, and the entire issue is irrelevant to the question of whether the Existing Bi-Directional Service (or the Bi-directional Service Extension) is unreasonable under 66 Pa.C.S. § 1501.

At the outset, it should be clear that the RVP dispute, whatever its resolution, is unrelated to the issue of whether the Existing Bi-directional Service (or the Bi-directional Service Extension) is unreasonable. Complainants do not submit any testimony demonstrating that the RVP change was caused by or even relates to the Existing Bi-directional Service or the Bi-directional Service

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[174] Tr. 405-406.
[175] *See e.g.*, *Guttman Energy, Inc., PBF Holding Company, LLC v. Buckeye Pipe Line Company, L.P., Laurel Pipe Line Company, L.P.*, 164 FERC Para. 61,025 (2018).
[176] *See e.g., PBF Holding Company, LLC* and *Toledo Refining Company, LLC v. Enbridge Energy, Limited*, 140 FERC Para. 61,119 (2012) (PBF as complainant); *ExxonMobil Canada Energy et al., v. Enbridge Energy, Ltd*., 144 FERC Para. 61,036 (2013) (PBF as complainant); *Bayou Bridge Pipeline LLC, et al*., 185 F.E.R.C. P61,229 (2024) (PBF as filing a protest).
[177] Complainants MB at 56-58.

Extension.[178] Further, the RVP changes are not affecting the transit times or variability. Mr. Zeth testified, "[i]t is not anticipated that bi-directional operations will result in any changes to the RVP calendar, nor was the aforementioned change made in preparation for the Bi-directional Service Extension."[179] The Complainants' claims about the RVP changes are a free-standing complaint against a single quality/commodity specification change, the resolution of which will not affect the central decisions in this proceeding.

The record also reflects that the Complainants have not carried their burden of proof to show that the RVP change was itself unreasonable. First, the record lacks even basic details regarding the RVP changes. Mr. Summers' pre-filed testimony provided some basic background on RVP issues, but did not provide the date changes in question,[180] the notices provided by Laurel, or even the revised RVP being changed. Mr. Summers criticized the two notices provided by Laurel on December 24, 2024, and January 13, 2025, but did not discuss the information in those notices, or provide copies of them. Mr. Summers also suggested that the December notice was not effective, but that suggestion is **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** While Mr. Summers implied that the January 13 notice was too close to the January 15 nomination deadline, he did not state that any revised nominations submitted after January 15 were rejected. In addition, while Complainants cite Mr. Summers as describing the consequences as requiring refiners to "rearrange schedules" to allow for blending, and to require rearrangement of space in tanks,[182] they present no evidence that these

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[178] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL MATERIAL]**

[179] Laurel St. No. 1-R at 52.

[180] Complainants Exhibit KFS-1 at 8-9.

[181] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**

[182] Complainants MB at 57.

changes were difficult or costly, and provided no quantification or estimate of alleged cost impacts.

The record simply reflects a disagreement regarding the basis for the RVP change. **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**

Complainants conclude their argument regarding the RVP change by simply criticizing Laurel's communications with shippers.[185] However, this ignores the fact that the change was made at the request of a shipper and communicated to shippers using routine forms of communication, and shippers did not communicate that problems would result at the time the decision was made. Complainants' internal disagreements about the basis for this change do not demonstrate unreasonable service;[186] rather, they simply show that different shippers have different interests that Laurel endeavors to balance as it operates its pipeline system.

E. THE COMPLAINANTS HAVE FAILED TO DEMONSTRATE THAT THE BI-DIRECTIONAL SERVICE EXTENSION WILL RESULT IN UNREASONABLE SERVICE UNDER 66 PA.C.S. § 1501.

1. The Expansion of Bi-directional Service Will Not Unreasonably Increase the Complexity and Difficulty of Scheduling.

The Complainants' claims of unreasonable future service are entirely speculative and clearly not ripe. Laurel addressed the ripeness issue in its Main Brief and will not repeat those

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[183] Laurel St. No. 1-R at 51-52.
[184] Tr. 148-149.
[185] Complainants MB at 58.
[186] To quote the mother of modernism, "[t]here is no there there." GERTRUDE STEIN, *Everybody's Autobiography* (1937).

arguments herein.[187] Complainants concede this point in their Main Brief. Complainants state that they "cannot see how reasonable service would be possible. . . ."[188] The notion that Complainants cannot see how service will be reasonable in the future does not demonstrate that service will be unreasonable. They later state that they "anticipate further bi-directional expansion will only exacerbate the issues already explained herein…"[189] Anticipation is not a fact or a demonstration of unreasonable service. The Complainants' speculative arguments are not evidence of future unreasonable service and are not sufficient to carry their burden of proof.

The Complainants argue that Bi-directional Service Extension will add more complexities to the pipeline operations.[190] However, more complexities are not a valid basis for denying expanded interstate service. Laurel's expert witness, Mr. Emery, addressed this issue, and explained that Complainants' claims regarding operational difficulties were general statements that were unsupported by operational data from Laurel.[191] Mr. Emery further explained that there would be additional decision points, but that these are part of the scheduling process and not an operational barrier.[192] Notably, Laurel has been scheduling deliveries on its existing bi-directional pipeline for 5 years. In addition, no party, including the Complainants, filed a complaint against Laurel's Existing Bi-directional Service until Laurel decided to extend bi-directional service.[193] Complainants' claims of unreasonable service under these circumstances lack credibility.

a. Expanded Bi-directional Service Will Not Create Unreasonable Operational Impacts.

In this subsection, Complainants continue to proffer speculative claims regarding future

[187] Laurel MB at 70-72.
[188] Complainants MB at 47 (emphasis added).
[189] Complainants MB at 48 (emphasis added).
[190] Complainants MB at 48.
[191] Laurel St. No. 4-R at 28.
[192] Laurel St. No. 4-R at 28.
[193] Laurel MB at 48.

service issues with expanded bi-directional service. They claim that they "foresee" product shortages and missed or delayed shipments.[194] Monroe estimates **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** Complainants further argue that this will harm consumers who will lose a source of product from the East.

These claims of economic harm to consumers are speculative, contrary to sound economic theory and contrary to **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]** Pennsylvania consumers will not lose supply options due to the Bi-directional Service Extension, but will have more competitive supply options, which will work to reduce prices. Monroe's altruistic statements about harm to consumers are not supported by its own documents.

In addition, speculative economic harms to Monroe are not a reasonable basis to deny expanded interstate service. Laurel does not have an obligation to operate its pipeline to ensure that Monroe or any other refiner or shipper has the best economic outcome.[196] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY**

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[194] Complainants MB at 48.
[195] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**
[196] Indeed, as Mr. Miesner conceded, what may be good for one shipper may be bad for another. Tr. 267-268.
[197] **[BEGIN HIGHLY CONFIDENTIAL]** [redacted] **[END HIGHLY CONFIDENTIAL]**

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Next, the Complainants argue that LHT may need to make infrastructure upgrades to accommodate bi-directional supply.[198] This argument should not be accepted. First, it demonstrates that Laurel is not abandoning service, as the Complainants recognize that products will be coming from both east and west. Second, it is yet another argument that the shipper may need to make changes in its operations to accommodate bi-directional service. The fact that refineries or even shippers may need to modify the way that they currently do business, and even spend additional costs, is not a valid legal basis to deny the Bi-directional Service Extension.

The Complainants further attempt to challenge Laurel's assertions that expanded bi-directional service will allow for increased product movements and more efficient service.[199] They assert that products will have to wait longer to be moved in each direction. Complainants' arguments are incorrect. They fail to consider that transit times are in large part dictated by volumes.[200] With expanded bi-directional operations, Laurel and customers will have more options to meet demand.[201] Laurel witness Emery explained that:

> Bi-directional service increases the flexibility and liquidity of the Laurel pipeline system by enabling demand to be met from additional origins and allowing multiple destinations to be supplied from both east and west. The resulting benefit to the shippers and the public include: greater supply reliability through access to additional origins; increased competition for market supply to help ensure the best available price for shippers and consumers; expanded overall capacity of the pipeline system; and more optimal utilization of the pipeline asset, which enables more efficient and enhanced transportation services.[202]

Complainants also argue that Laurel has not monitored other bi-directional pipelines in the

[198] Complainants MB at 49.
[199] Complainants MB at 50.
[200] Laurel St. No. 1-R at 20.
[201] Laurel St. No. 4-R at 22.
[202] Laurel St. No. 4-R at 4-5.

United States.[203] This argument is irrelevant to the underlying legal question of whether Laurel is abandoning intrastate east to west service through the Bi-directional Service Extension; nor do Complainants explain how Laurel could even attempt to "monitor," "review," or "track" bi-directional service on other liquids pipelines when shipment information needed for that purpose is non-public under federal law.[204] In addition, Laurel is already providing bi-directional service on Line 718 and does not need to monitor other bi-directional pipelines. Furthermore, Laurel has provided the testimony of an independent consultant, Mr. Emery, who has scheduled bi-directional service for another pipeline in the United States.[205] Mr. Emery has rebutted Complainants' assertions that bi-directional service is overly complex or will cause unreasonable service. Complainants' insinuations that Laurel lacks the expertise to operate the Bi-directional Service Extension, or needs to monitor other pipelines in the United States, are not correct.

b. The Use of Swaps Expands The Utilization and Efficiency of The System.

Complainants argue that the use of swaps requires nominations to line up on both ends of the pipeline and will reduce shipper flexibility because they will not be able to adjust nominations throughout the month.[206] Complainants' arguments are again speculative and incorrect.

Complainants do not rely on any actual data from Laurel to support their historic or future claims regarding swaps. These unsupported general statements are not substantial evidence to support their claims in this proceeding and do not demonstrate that Laurel is abandoning service.

Moreover, Complainants' statements regarding swaps are overly simplistic and not accurate. Volumes do not need to match exactly at both ends of the pipeline in order for swaps to

[203] Complainants MB at 50-51.
[204] 49 U.S.C.A. App. Section 15(13) (1978).
[205] Laurel St. No. 4-R at 2.
[206] Complainants MB at 51.

occur. The Company can utilize swaps when volumes partially match.[207] Use of swaps and shifting barrels can improve transit time.[208] Laurel witness Emery further testified in response to Complainants' witness Mr. Miesner that swaps are a routine aspect of optimizing pipeline operations and have historically occurred, and continue to occur, in both single-directional and bi-directional pipelines, to the benefit of both shippers and the pipeline. [209] Laurel operates its system to accommodate the needs of all shippers in the most efficient way. The critical point that Complainants cannot dispute is that shippers receive products that they put into the system at their requested delivery points.[210]

Complainants also argue that they do not receive savings in the event that Laurel reduces operating costs due to the use of swaps.[211] This argument is irrelevant to whether the Complainants have met their burden of proof in this proceeding. Moreover, the Complainants present zero evidence (and there is none) that they have not been charged in accordance with Laurel's Tariff.

2. Laurel's Service Outages Related to the Bi-directional Service Extension Have Not Resulted In Unreasonable Service.

In this subsection, Complainants argue that Laurel has had an unusual number of service outages since it announced the Bi-directional Service Extension.[212] They argue generally that shippers are forced to increase terminal inventory ahead of outages or are forced to secure product before a physical ship date. They also "suggest" that shippers purchase more expensive products to move into Pittsburgh and western Pennsylvania markets.[213]

There are multiple flaws with Complainants' arguments. First, they do not quantify or

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[207] Laurel St. No. 4-R at 38.
[208] Laurel St. No. 4-R at 38.
[209] Laurel St. No. 4-R at 44 (footnote omitted).
[210] *See* Laurel MB at 52-53, 63-66.
[211] Complainants MB at 52-53.
[212] Complainants MB at 53.
[213] Complainants MB at 53.

even attempt to quantify their alleged harms resulting from the outages. They allege service was unreasonable, yet they provide zero specifics regarding how they were actually harmed.

Second, Complainants attempt to lump all outages together and imply that they were all related to preparation for the Bi-directional Service Extension. As explained by Laurel witness Mr. Segraves, certain outages were unrelated to the extension of bi-directional service, certain involved work that was both related to the bi-directional service extension and work that was not related, and others involved work solely related to the bi-directional service extension.[214] The work that was performed improved system integrity, safety and reliability.[215]

Third, Complainants also argue that the outages give Midwest refineries an "opportunity" to increase their product costs.[216] Yet, there is no actual evidence of this happening.[217]

Fourth, and contrary to Complainants' suggestions, Laurel notified all shippers in advance of the planned outages to minimize their impacts.[218] These notifications were provided using standard and common procedures via T4 bulletins, typically provided 30 days in advance to allow shippers adequate time to make alternate plans.[219] Furthermore, while shippers are able to make alternate plans as a normal course of business, Laurel works with shippers to accommodate them if shippers notify Laurel of extenuating circumstances or reasons why the planned outage may have unforeseen and unavoidable consequences.[220] In doing so, Laurel considers the needs of **all** shippers and the pipeline during outages, and, where possible, works to accommodate shipper requests regarding the timing and duration of outages.[221] Laurel's alteration of the timing of

[214] Laurel St. No. 2-R at 4.
[215] Laurel St. No. 2-R at 16.
[216] Complainants MB at 54.
[217] Tr. 373 (Sheetz witness Mr. Jadlocki admitting he had no actual evidence of this occurring).
[218] Laurel St. No. 1-R 47.
[219] Laurel St. No. 1-R at 47.
[220] Laurel St. No. 1-R at 48.
[221] Laurel St. No. 1-R at 48.

outages this summer and fall, due to the requests of Sheetz and LHT, is one such example.[222]

3. Laurel Has Provided An Explanation Regarding How It Will Provide Bi-Directional Service

Complainants argue that Laurel has not described how it plans to operate the Bi-directional Service Extension, how it is going to decide which direction the barrels will flow, and when those decisions will be made.[223] Complainants' efforts to bury their heads in the sand should be rejected.

Laurel witness Mr. Zeth explained how Laurel will determine the physical direction of flow in his rebuttal testimony. Simply put, the direction of flow will be dictated by which direction has greater demand for movements with the lower demand direction being via swaps, and the greater demand direction is met with a combination of swaps and physical product movements.[224] This is consistent with how the pipeline is scheduled and operated today.[225] As also explained by Mr. Zeth, the ultimate operations are dependent on how customers nominate products. Greater detail cannot be provided without examining the nominations of a specific cycle because, as explained by Mr. Zeth[226] and confirmed by Complainant witness Mr. Summers, [227] the "mass balance" of volumes in a given cycle will determine direction of flow.

Finally, the Complainants' claim that they have been supplied no information about infrastructure and investment is patently false.[228] Laurel witness Mr. Segraves specifically described the work to be completed to implement the Bi-directional Service Extension.[229] And, while not included in the record, Laurel supplied the Complainants with detailed documentation

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[222] *Monroe Energy, LLC, et al. v. Laurel Pipe Line Company, L.P.*, Docket Nos. C-2025-3053018 and P-2025-3056566, Joint Stipulation and Settlement (dated August 8, 2025).
[223] Complainants MB at 55.
[224] Laurel St. No. 1-R at 23-24.
[225] Laurel St. No. 1-R at 23-24.
[226] Laurel St. No. 1-R at 23-24; Tr. 623.
[227] Tr. 91, 94-96.
[228] Complainants MB at 55.
[229] *See generally* Laurel St. No. 2-R.

regarding the infrastructure and investments that would be undertaken for the Bi-directional Service Extension in discovery, which Complainants never addressed in testimony.[230] The Complainants' efforts to misrepresent the information they have been supplied during this proceeding should be rejected.

F. THE COMPLAINANTS HAVE FAILED TO DEMONSTRATE THAT LAUREL HAS FAILED TO ADHERE TO ITS TARIFF OR THE CAPACITY USE AGREEMENT, OR THAT CHANGES TO THE TARIFF OR CAPACITY USE AGREEMENT ARE NECESSARY AND REASONABLE

The Complainants maintain in their Main Brief that the novel Tariff revisions advanced in Ms. Huzicko's testimony should be implemented.[231] In addition to these claims, they latently attempt to bootstrap their claims by bolting on new arguments and requests for relief not previously alleged in the Formal Complaint or addressed in testimony. Beyond the fact that the lion's share of the claims advanced by the Complainants were neither (a) identified noror alleged in the Formal Complaint nor (b) addressed in testimony, none of their arguments have any merit. As explained below, the Complainants engage in a tortured analysis of the Capacity Use Agreement and Laurel's Tariff to advance a number of meritless arguments, all of which are premised upon the Complainants' speculation of what Laurel "might," "may," or "could" do after the Bi-directional Service Extension is implemented, and none of which are based on substantial evidence of record.

1. Complainants' New Theories For Relief Are Untimely And Improper

Complainants' new arguments that (1) the Bi-directional Service Extension violates the Capacity Use Agreement because the additional west-to-east interstate movements on Line 718 will exceed the stated capacity on Line 718, (2) Section 6(b) of the Capacity Use Agreement does

[230] Laurel's Responses to Complainants Set I Discovery, Nos. 90-103 contained such information and supporting documents.
[231] Complainants MB at 60-61.

not permit the Bi-directional Service Extension, (3) the Bi-directional Service Extension will violate the East-to-West Capacity Guarantee set forth in Item No. 90(A) of Laurel's Tariff, (4) the use of "swaps" or "virtual movements" violates Laurel's Tariff generally, or Item Nos. 5, 10(B), 15, and/or 40 specifically, and/or (5) relief in the form of revisions to the Capacity Use Agreement is warranted under Sections 508 and Chapter 21 should be rejected because the Complainants did plead this theory for relief or cause of action in the Formal Complaint, and did not address this issue in their written testimony or at hearing. As explained in Section V.G, *infra*, the Complainants' latent attempt to bolt additional theories and claims onto their Formal Complaint is improper under the Commission's regulations and Pennsylvania law. Therefore, this new argument should not be considered by the ALJ or the Commission.

2. Complainants Have Not Shown a Violation of the Capacity Use Agreement And East-to-West Capacity Guarantee

The Complainants advance two arguments in support of their theory that the Bi-directional Service Extension will violate Laurel's Commission-approved Capacity Use Agreement. First, they claim that the proposed increase in west-to-east interstate movements exceeds the stated capacity on Line 718.[232] Second, they argue that the Capacity Use Agreement contains a limitation on capacity that Laurel is not permitted to violate.[233] Both of these arguments should be rejected.

Regarding the first argument, the Complainants' attempt at creating a math problem is speculative. Their Main Brief assumes a situation where the capacity needed for Line 718 will be 240,000 bpd.[234] However, they cite zero record evidence of circumstances where this has, or will be the case; and, in fact, Laurel witness Dr. Webb demonstrated that even accounting for all historic east-to-west and west-to-east movements, there was substantial unused capacity on Lines

[232] Complainants MB at 23-24.
[233] Complainants MB at 24-27.
[234] Complainants MB at 23.

718, 720, and 724.[235] Even if Complainants did cite any evidence, all it would demonstrate is that nominations for movements over Line 718 would have exceeded its capacity, resulting in an "allocation" scenario, which is already addressed by Item No. 90 of its Tariff.[236]

The Complainants further misunderstand, or misrepresent, the nature of Buckeye's rights under the Capacity Use Agreement. With respect to Line 718, Section 1 of the Agreement states that Laurel will provide Buckeye with "up to 40,000 BPD in throughput Capacity between Eldorado, Pennsylvania, and Midland, Pennsylvania."[237] This means that Laurel will provide (subject to the terms and conditions of the Capacity Use Agreement) Buckeye "up to" this amount; not that Laurel must reserve this amount exclusively for Buckeye's use. Indeed, Section 5 of the Capacity Use Agreement contemplates scenarios where Buckeye ships less than 40,000 bpd.[238]

Similarly, the Complainants misunderstand or misrepresent the nature of the additional interstate service contemplated by the Bi-directional Service Extension. The Bi-directional Service Extension involves "up to 80,000 barrels per day" of incremental capacity, "[t]hat is not firm capacity."[239] Again, this means that Buckeye will provide "up to" this amount; not that Laurel must reserve this incremental amount for Buckeye's use and Buckeye's use only.

Finally, the Complainants fail to acknowledge the reasonableness of swaps as a generally accepted means of petroleum products transportation. Laurel explained in detail in its Main Brief that "swaps" are an extension of, and a result of, the fungible nature of petroleum products transported by pipeline (and fungibility is expressly recognized in Laurel's tariff).[240] Swaps are normal in the industry, and a reasonable and efficient means of one- or bi-directional pipeline

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[235] Laurel St. No. 3-R at 57-59 (discussing Figures 6, 7 and 8).
[236] Laurel Exhibit TZ-3 at 13-17 (Item No. 90).
[237] Laurel Exhibit TZ-4 at 2 (emphasis added).
[238] Laurel Exhibit TZ-4 at 3-6.
[239] Tr. 598.
[240] Laurel MB, Section V.C.2.f.

operations that benefit both shippers and the pipeline.

Regarding the Complainants' second argument, Complainants rely solely on speculation and a misinterpretation, or misrepresentation, of the Capacity Use Agreement. Mr. Zeth explained that "[t]he Capacity Use Agreement is the mechanism by which interstate movements of petroleum products are made by Buckeye on the Laurel pipeline system in Pennsylvania."[241] As explained above, Section 1 of the Capacity Use Agreement makes clear that Buckeye will be provided "up to" specific amounts on specific segments, and Section 5 recognizes that Buckeye may provide less than this amount. Similarly, Section 6(a) of the Capacity Use Agreement provides:

> 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 during the first twelve (12) months of the Initial Term, or during any subsequent twelve (12) month period occurring within the Initial Term, or during any Renewal Term, and in such event Laurel and Buckeye agree that Buckeye shall pay additional capacity use charges as described below ("supplemental charge").[242]

Section 6(b) of the Capacity Use Agreement provides:

> Until December 31 2026 and pursuant to the obligations of the Settlement Agreement in PaPUC Dkt No C2018 3003365 FERC Dkt Nos OR18 22 000 et al "Settlement Agreement" Laurel will ensure that the available physical capacity of east to west transportation on Line 718 will be no less than 1,200,000 barrels per cycle which is 120,000 barrels per day times ten days in a cycle outside of force majeure circumstances that impact Laurel's ability to provide such capacity unless that obligation is terminated or modified in accordance with the terms of the Settlement Agreement.[243]

These provisions of the Capacity Use Agreement make clear that Buckeye can ship more than 40,000 bpd on Line 718, so long as doing so does not result in Laurel being unable to provide

[241] Laurel St. No. 1-R at 60.
[242] Laurel Exhibit TZ-4 at 6.
[243] Laurel Exhibit TZ-4 at 8.

up to 120,000 bpd of east-to-west capacity in a given cycle.

The Complainants again assume situations that they have not shown by record evidence to exist. The Complainants have not identified any instance where Buckeye's shipments made under the Capacity Use Agreement have violated the East-to-West Capacity Guarantee.[244] They have not identified any instance where Laurel has had nominations for east to west movements at or in excess of the guarantee where volumes less than guaranteed were physically transported from east to west. The burden of proof in this proceeding lies with the Complainants[245] and any finding of fact necessary to support an adjudication of the Commission must be based upon substantial evidence.[246] The Complainants have not presented any evidence of a violation, let alone substantial evidence. In addition, they cannot present evidence showing that such violations have occurred under the Bi-directional Service Extension because this service is not yet provided. These claims are speculative and not yet ripe.

In addition, the Complainants' tortured interpretation of the Capacity Use Agreement is based upon their belief that the word "available" as set forth in Section 6(b) of the Capacity Use Agreement and Item No. 90(A) of the Tariff, means that 120,000 bpd of capacity on Line 718 can only be used and must only be used to provide east-to-west movements, regardless of the actual nominations of each cycle..[247] Similar to Section 6(b) of the Capacity Use Agreement, Item No. 90(A) of Laurel's Tariff provides that:

> 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 Carrier's system between Coraopolis and Duncansville, Pennsylvania (this segment

[244] Indeed, the Complainants' argument is based upon what "could" happen, not upon actual evidence. *See* Complainants MB at 22 ("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. . .") (emphasis added).
[245] 66 Pa.C.S. § 332(a).
[246] *Met-Ed Indus. Users Group v. Pa. PUC,* 960 A.2d 189, 193 n.2 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704).
[247] *See* Complainants MB at 24-27.

> 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) . . .[248]

However, "available" physical capacity does not mean that Laurel is required to leave unused capacity on its pipeline system unavailable to other shippers.[249] Rather, it means that for each cycle, Laurel must have "available" 1.2 million barrels of capacity from east-to-west for shippers' use when nominations for that cycle become due. If total east-to-west and west-to-east nominations are not at a level where (a) at least 1.2 million east-to-west barrels have been nominated or (b) 1.2 million east-to-west barrels cannot be physically transported, then Laurel can use its capacity how it wishes. If total east-to-west and west-to-east nominations are at a level where 1.2 million east-to-west barrels have been nominated and 1.2 million east-to-west barrels cannot be physically transported, Laurel must ensure those 1.2 million barrels can be physically moved—i.e., Laurel must apply Item No. 90 of its Tariff as the pipeline is in an allocation scenario.

If the parties to the 2019 Settlement, including certain of the Complainants here, had desired to have the East-to-West Capacity Guarantee to restrict Laurel from using any unused capacity on Line 718, such that 120,000 bpd of capacity was set aside and could only be used for east-to-west movements, they could have used such language. However, they did not do so and only indicated that such physical capacity must be "available." This is not, as Complainants suggest, an attempt to undo the East-to-West Capacity Guarantee or render it inoperable.[250] Rather, Laurel is doing what it is allowed to do under the Capacity Use Agreement and its Tariff: analyze the actual volumes nominated by shippers for a given cycle and determine the most

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[248] Laurel Exhibit TZ-3 at 13 (Item No. 90(A)).
[249] *Available*, Black's Law Dictionary (6th ed. 1990) (defined, *inter alia*, as "suitable; usable; accessible; obtainable"); *see also Available*, Cambridge Dictionary, https://dictionary.cambridge.org/dictionary/english/available (lasted visited October 15, 2025) (defined as "able to be bought or used.").
[250] Complainants MB at 25.

efficient means of satisfying shippers' nominations, while ensuring that 120,000 bpd can be transported from east to west if required by shipper nominations for a given cycle.

Laurel is acting in accordance with the Capacity Use Agreement as well as its existing Capacity obligations to shippers under the 2019 Settlement's East-to-West Capacity Guarantee and its Commission-approved tariff. Contrary to these new claims raised by the Complainants, there is no violation of any obligations arising from these agreements or the Tariff.

3. The Complainants Have Not Shown That Laurel Will Be In Violation Of Its Tariff

Complainants claim that the Bi-directional Service Extension will violate Item No. 90(A) of Laurel's Tariff.[251] None of the arguments advanced have any merit.

Complainants first repeat the arguments made regarding similar language in the Capacity Use Agreement and attempt to read additional restrictions into the term "available." While they try to argue that east-to-west capacity is not "available" when products are moved from west-to-east because Laurel can only move product in one direction at a time,[252] this interpretation would mean that bi-directional operations over Line 718 could never actually occur without violating Laurel's Tariff because when products are moving from west-to-east, 120,000 bpd of physical capacity from east-to-west is not available. The Complainants are arguing that the parties to the 2019 Settlement (including Monroe, Sheetz, and LHT's predecessor) agreed to, and the Commission approved, revisions to Laurel's Tariff to commence bi-directional operations that result in a violation of Laurel's Tariff.[253] This is absurd.[254]

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[251] Complainants MB at 28-31.
[252] Complainants MB at 28-31.
[253] Complainants MB at 29 (arguing "Laurel's tariff obligation to provide available physical capacity from east-to-west applies 365 days a year") and 31 (arguing that the Bi-directional Service Extension will exacerbate and continue an alleged existing violation of Item No.90(A)).
[254] *Lynch v. Pa. PUC*, 594 A.2d 816 (Pa. Commw. 1991) (finding a Commission-approved Tariff is *prima facie* reasonable and carries the force and effect of law); *Watrel v. Commonwealth Dep't of Education*, 488, A.2d 378, 381 (Pa. Cmwlth. 1985) (quoting *Gramby v. Cobb*, 282 Pa. Superior Ct. 183, 188, 422 A.2d 889, 892 (1980)). ("[A[n

Furthermore, Complainants' arguments regarding the application of Item No. 90(A) ignore the nominations process that occurs for every cycle. Specifically, every cycle **shippers** nominate specific volumes of specific products to be transported from specific origins to specific destinations.[255] The "mass balance" of volumes then determines the direction of physical flow of the pipeline.[256] Indeed, it is those shippers' volumes that determine, on a temporary basis, whether the pipeline flows east-to-west or west-to-east.

Complainants' further complaints about the use of swaps are similarly meritless.[257] Essentially, the Complainants are asking the ALJ and the Commission to hold that Complainants are entitled to, and Laurel must guarantee, that the same physical molecules injected by a shipper at Chelsea Junction are ultimately delivered to Coraopolis. This ignores the fungible nature of petroleum products and Item No. 40 of Laurel's Tariff.[258]

Complainants' further arguments about optimization and alleged prioritization of west-to-east movements also miss the mark.[259] There is no evidence that Laurel has prioritized Buckeye's west-to-east movements to the exclusion of east-to-west intrastate movements. Rather, as the Complainants admit, each cycle Laurel's schedulers take into account the specific products and volumes nominated, and establish a product sequence.[260] And, while the Complainants attempt to argue that Mr. Zeth was not aware that Item No. 90 requires the prioritization of east-to-west physical movements over west-to-east movements,[261] this argument relies upon the same flawed interpretation of the term "available" and should be rejected for the same reasons.

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agreement which violates a statutory provision, 'or which cannot be effectively performed without violating [a] statute, is illegal, unenforceable, and void ab initio.'").

[255] Laurel MB at 35.

[256] Laurel MB at 35.

[257] Complainants MB at 29

[258] Laurel MB at 63.

[259] Complainants MB at 30-31.

[260] Complainants MB at 30-31 (quoting Mr. Zeth at Tr. 618-619).

[261] Complainants MB at 31.

4. No Tariff Changes are Necessary for the Extension of Bi-directional Service

In their Main Brief, the Complainants specifically argue that the Bi-directional Service Extension requires changes be made to Laurel's Tariff to address swaps.[262] As relief, they request:

> (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.[263]

How swaps are used by Laurel was discussed at length in Laurel's Main Brief.[264] Laurel and its witnesses have presented evidence that shows swaps are widely-used on uni-directional and bi-directional pipelines, and benefit both shippers and the pipeline.

Further, the Complainants have presented no evidence showing that swaps as utilized by Laurel violated Laurel's Tariff. As noted in Laurel's Main Brief,[265] Tariff Item No. 40 provides, "Carrier is under no obligation to deliver the identical Commodities received, but may deliver Commodities of substantially the same specifications."[266] Moreover, Item No. 10(B) provides that "Carrier reserves the right to establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities."[267] Swaps are an extension of, and a result of, the fungible nature of petroleum products as transported by pipeline, and specifically involve "scheduling" to efficiently operate the pipeline.[268] Thus, swaps are authorized by the Tariff.

The Complainants also claim in their Main Brief that swaps violate the Item Nos. 15 and

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[262] Complainants MB at 31-34.
[263] Complainants MB at 59-60.
[264] Laurel MB 62-66.
[265] Laurel MB at 63.
[266] Laurel Exhibit TZ-3 at 10.
[267] Laurel Exhibit TZ-3 at 4.
[268] Laurel MB at 63-65.

65 of the Tariff.[269] With respect to Item No. 15, Complainants present zero evidence of any "segregated batch" that did not involve a "reasonable substitution." Complainants bear the burden of proof in this proceeding, and if it is their belief that the use of swaps violates Laurel's Tariff, they must present some evidence to support this claim. They have simply not done so. While the Complainants deflect by arguing that Laurel does not keep records of its swaps, this ignores the fact that Laurel does keep records of all receipts and deliveries,[270] and that all product injected into a pipeline equals the product removed.[271] If a shipper did not receive a reasonable substitution, that would be borne out by the ticketing data, but Complainants point to no such ticketing data.

Regarding Item No. 65, Complainants again disregard Item No. 40, Item No. 10(B), and the inherently fungible nature of petroleum products.[272] Indeed, even with physical transportation, a shipper does not know (and neither Laurel nor any other pipeline guarantees) that the same barrels injected into the pipeline are the ones received.

The Complainants also attempt to point to Mr. Emery's testimony that there are no tariff provisions that create a legal obligation on Laurel's schedulers not to swap barrels if it would delay or back up other shippers.[273] Complainants again present no evidence, let alone substantial evidence, that demonstrates Laurel has utilized swaps in the manner they allege; rather, Complainants offer only bald assertions and mere speculation.[274]

Finally, and outside of the argument provided in the Main Brief, the Complainants reiterate

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[269] Complainants MB at 32-33.
[270] *See, e.g.*, Laurel St. No. 3-R at 96; Laurel Exhibit MJW-17 (analyzing transit times based on receipt and delivery ticket data); Complaints Exhibits JRM-10 and JRM-11 (analyzing transit times based on receipt and delivery ticket data).
[271] Tr. 662.
[272] Complainants MB at 32-33.
[273] Complainants MB at 33.
[274] *Mid-Atlantic Power Supply Assoc. v. Pa. PUC,* 746 A.2d 1196, 1200 (Pa. Cmwlth. 2000) (citing *Bureau of Corrections v. City of Pittsburgh, Pittsburgh City Council,* 532 A.2d 12, 14 (Pa. 1987)) ("Mere bald assertions, personal opinions or perceptions do not constitute evidence.").

the Tariff revisions proposed by LHT witness Ms. Huzicko related to transit times. [275] Laurel fully addressed these proposals in its Main Brief.[276] While Complainants concede that their proposals are unprecedented, they argue that there are unique circumstances in this case justifying a unique solution.[277] However, this fails to overcome the fatal flaw in the Complainants' proposal: transit times vary inherently based upon actual nominations, and actual nominations are determined by shippers, not Laurel. It is neither just nor reasonable to impose specific obligations on Laurel that Laurel may not be able to meet due to circumstances outside of its control. Perhaps recognizing this problem, the Complainants invite the Commission to, *sua sponte*, "craft its own tariff modifications or other requirements."[278] This is improper, unlawful, and would violate Laurel's due process rights.[279]

G. COMPLAINANTS RAISE SEVERAL THEORIES FOR RELIEF AND/OR CAUSES OF ACTION FOR THE FIRST TIME ON BRIEF THAT SHOULD BE STRICKEN OR DISREGARDED BY THE ALJ AND THE COMMISSION

Under the Commission's regulations, a formal complaint must set forth, *inter alia*, "[a] clear and concise statement of the act or omission being complained of including the result of any informal complaint or informal investigation" and "[a] clear and concise statement of the relief sought."[280] The Commission's rule is based upon Pennsylvania Rule of Civil Procedure 1019, which requires a plaintiff to plead all the facts that he or she must prove in order to achieve recovery on the alleged cause of action.[281] The Supreme Court of Pennsylvania has explained that:

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[275] Complainants MB at 60-61.
[276] Laurel MB at 77-79.
[277] Complainants MB at 61.
[278] Complainants MB at 61.
[279] *See Courtney and James Parks v. Pennsylvania Electric Company*, 2024 PA. PUC LEXIS 365, Docket No. C-2018-3004227, pp. 17-18 (*Opinion and Order entered* December 19, 2024) (Finding that the Respondent's due process rights were violated when a request for relief was raised for the first time on brief).; *see also* Section V.G., *infra*.
[280] 52 Pa. Code § 5.22(a)(5) and (6).
[281] *See, e.g.*, *Shasta-Patric Brown v. Philadelphia Gas Works*, Docket No. C-2024-3050761, 2025 PA. PUC LEXIS 302, at *13 (Order entered Sept. 11, 2025).

> The pleadings determine the issues in any given case. Proof must conform to the facts alleged. A [complainant] cannot allege one set of facts and recover upon another. . . . Neither allegations without proof nor proof without allegations nor allegations and proof which do not substantially correspond will entitle a [complainant] to recover unless such defect be remedied by amendment.[282]

The Supreme Court of Pennsylvania has also further explained that "[t]he reason why the *probata* is required by law to concur with the *allegata* is that otherwise the [respondent] in a lawsuit would not know what [the respondent] might be confronted with at the trial and [the respondent] thus could not properly prepare for it."[283] Fatal variances between the allegations in a complaint and the evidence and arguments presented at hearing have been found where: (a) a party sets attempts to recover under a different legal theory or cause of action than what had been pled; (b) a different burden is being imposed upon the defendant/respondent; or (c) there is prejudice, such as when a party is surprised in the preparation and presentation of its case.[284]

Complainants' Main Brief advances the following theories for relief/causes of action, which were not identified or pleaded in the Formal Complaint:

- "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."[285]
- Bi-directional Service Extension violates the Capacity Use Agreement because the additional west-to-east interstate movements on Line 718 will exceed the stated capacity on Line 718,[286]
- Section 6(b) of the Capacity Use Agreement does not permit the Bi-directional Service

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[282] *Anflick v. Gruhler*, 46 A.2d 161, 162 (Pa. 1946).
[283] *Freer v. Parker*, 192 A.2d 348, 349 (Pa. 1963).
[284] *See Young v. Lippl*, 251 A.3d 405. 418-19 (Pa. Super. 2021) (quoting *Higgins Lumber Co. v. Marucca*, 48 A.2d 48, 49-50 (Pa. Super. 1946)); *see also William Penn Sch. Dist. v. Pa. Dep't of Educ.*, 2021 Pa. Commw. Unpub LEXIS 698, at *14 (Pa. Cmwlth. 2021)
[285] Complainants MB at 18; *see also* Complainants MB at 16 (arguing for the first time that "extended bi-directional service will also profoundly change the nature of intrastate service in a material and permanent manner."), and 17 (arguing for the first time that a CPC is required under 66 Pa.C.S. § 1102(a)(1) because "service of a different nature" will also occur).
[286] Complainants MB at 23-24.

Extension.[287]

- Bi-directional Service Extension will violate the East-to-West Capacity Guarantee set forth in Item No. 90(A) of Laurel's Tariff.[288]
- The use of "swaps" violates several provisions of Laurel's existing Tariff.[289]
- Revisions to Laurel's Tariff related to the use of swaps, limitations on the use of swaps, notice of swaps to shippers and markets, and recordkeeping requirements.[290]

Similarly, these theories/causes of action were not identified or discussed in the Complainants' written direct testimony, nor raised at any time during the evidentiary hearings held on September 10, 11, and 12, 2025. At no time prior to filing their Main Brief did Complainants raise these new theories or requests for relief. Thus, Laurel had no opportunity to test those theories on the record.

Acceptance of the Complainants' arguments raised for the first time during briefing risks violating Laurel's due process rights. The Commonwealth Court has explained:

> The Commission, as an administrative body, is bound by the due process provisions of constitutional law and by the principles of common fairness….Among the requirements of due process are notice and an opportunity to be heard on the issues, to be apprised of the evidence submitted, to cross-examine witnesses, to inspect documents, and to offer evidence in explanation or rebuttal.[291]

Accordingly, in order to protect litigants' due process rights, the Commission has consistently held that parties cannot raise new arguments or new requests for relief for the first time on brief.[292]

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[287] Complainants MB at 24-27.
[288] Complainants MB at 28-31.
[289] Complainants MB at 31-34.
[290] Complainants MB at 59-60.
[291] *Hess v. Pa. PUC*, 107 A.3d 246, 266 (Pa. Cmwlth. 2014) (citations omitted).
[292] *Courtney and James Parks v. Pennsylvania Electric Company*, 2024 PA. PUC LEXIS 365, *18 (Order entered December 19, 2024 (refusing to consider new requests for relief on exceptions because doing so would violate the utility's right to due process); *Third Avenue Realty Limited Partners v. Pennsylvania-American Water Company*, 2010 Pa. PUC LEXIS 1615 at *13 (Order entered October 4, 2010) (striking new arguments and evidence raised after the record closed); *Pa. PUC v. Pa. Power and Light Co.*, 57 Pa.P.U.C. 559, 596-97 (Order entered Aug. 19, 1983) ("Merits aside, it is highly inappropriate for a party to propose a completely new adjustment for the first time in its brief."); *Enron Capital & Trade Res. Corp. v. Peoples Natural Gas Co.*, 1997 Pa. PUC LEXIS 178, at *10-11 (Recommended Decision dated Nov. 13, 1997) ("Enron cannot be permitted to introduce an argument at the briefing stage which it did not introduce in the evidentiary phase of this proceeding . . . Imposing [the alternative proposal] without the other parties having notice and an opportunity to be heard would violate their due process rights."), affirmed, 1998 Pa. PUC LEXIS 199 (Order entered Aug. 24, 1998).

Applied here, Complainants' conduct squarely offends these principles. Their Main Brief introduces entirely new theories and demands for relief, as listed above. These theories and requests for relief were never pleaded in the Formal Complaint, addressed in Complainants' written testimony, or raised during the evidentiary hearing. Similarly, at no point did Complainants seek to amend the Formal Complaint to introduce these new theories, as permitted by the Commission's regulations.[293] None of these issues were preserved in the record. By raising them only after the close of evidence, Complainants seek to transform this proceeding into litigation over unalleged causes of action, depriving Laurel of the opportunity to test those theories through cross-examination or rebuttal.[294] The Commission and Pennsylvania appellate courts have made clear that such post-record ambushes cannot be countenanced.[295] Allowing new claims or relief requests to surface in briefing would not only subvert the function of the pleadings—to define the case and frame the proof—but would also violate Laurel's constitutional right to notice and opportunity to be heard. The Commission must decline to entertain any issue that was not pleaded, developed, or litigated on the record, and to which Laurel was deprived of "notice and an opportunity to be heard on the issues, to be apprised of the evidence submitted, to cross-examine witnesses, to inspect documents, and to offer evidence in explanation or rebuttal."[296]

Even temporarily setting aside their procedural impropriety, Complainants' new claims

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[293] *See* 52 Pa. Code §§ 5.91-5.92. Laurel expects that the Complainants may argue that their Prehearing Memorandum tentatively identified issues for this matter, and that they reserved the right to update the list of issues provided upon review of discovery and testimony. *See Monroe Energy, LLC, et al. v. Laurel Pipe Line Company,*, L.P., Docket No. C-202-3053018, Complainants Prehearing Memorandum at ¶ 7 (dated May 8, 2025). However, the Complainants neither updated this list after the submission of testimony, nor did they address all identified issues in testimony, nor did they seek to amend the Formal Complaint to specifically include these issues and/or their further requests for relief.

[294] *See Anflick*, 46 A.2d at 162; *Freer*, 192 A.2d at 349; *Young*, 251 A.3d, 418-19; *William Penn Sch. Dist.*, 2021 Pa. Commw. Unpub. LEXIS 698, at *14.

[295] See *Hess*, 107 A.3d at 266; *Courtney & James Parks*, 2024 Pa. PUC LEXIS 365, *18; *Third Avenue Realty Ltd. Partners*, 2010 Pa. PUC LEXIS 1615, *13-14; *Pa. Power & Light Co.*, 57 Pa. P.U.C. at 596-97; *Enron Capital & Trade Res. Corp.*, 1997 Pa. PUC LEXIS 178, *10-11.

[296] *Hess*, 107 A.3d at 266 (citations omitted).

also fail as a matter of evidentiary law. Complainants introduced no record evidence framing their late-raised theories. Their new arguments claiming that the Bi-directional Service Extension is an entirely new service, violates the Capacity Use Agreement by exceeding the Line 718 capacity, and is prohibited by section 6(b) of the Capacity Use Agreement are bereft of record citation.[297] Similarly, their arguments of purported Tariff violations and proposed revisions are supported only by a self-serving characterization of testimony untethered to the evidentiary record.[298] Proof must conform to the facts alleged and be supported on the record; arguments made for the first time in briefing cannot sustain the Complainants' burden of proof.[299] Accepting Complainants' eleventh-hour, extra-record arguments not only would prejudice Laurel's right to procedural due process, but it also would invert the statutory allocation of the burden of proof by allowing Complainants to prevail on untested arguments rather than evidence.

The proper remedy is to strike Complainants' improper arguments and requests for relief, or, at a minimum, disregard them in rendering a decision. Consistent with *Third Avenue Realty Limited Partners*,[300] where the Commission struck sections of a brief that introduced new evidence and theories after hearing, the same outcome is warranted here. Therefore, Complainants' new contentions, identified at pages 16, 18, 23-34, and 59-60 of their Main Brief, exceed the scope of the pleadings and the evidentiary record should be stricken, or, at a minimum, disregarded.

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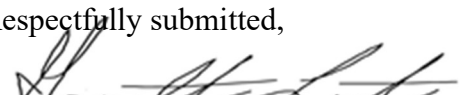
[297] *See* Complainants MB at 23-28.
[298] Complainants MB at 28-34, 59-60.
[299] 66 Pa.C.S. § 332(a).
[300] *Third Avenue Realty Ltd. Partners*, 2010 Pa. PUC LEXIS 1615, *13-14.

VI. CONCLUSION

For all the foregoing reasons, Laurel Pipe Line Company, L.P., respectfully requests that Administrative Law Judge Eranda Vero and the Pennsylvania Public Utility Commission deny the above-captioned Formal Complaint.

Respectfully submitted,



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