

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Monroe Energy, LLC,	:	
Lucknow-Highspire Terminals, LLC,	:	
Sheetz, Inc. and PBF Holding Company LLC	:	
	:	
v.	:	C-2025-3053018
	:	
Laurel Pipe Line Company, L.P.	:	

**INITIAL DECISION**

**NON-PROPRIETARY VERSION**

Before  
Eranda Vero  
Administrative Law Judge

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## I. INTRODUCTION

This Decision denies the Formal Complaint of Monroe Energy, LLC, Lucknow-Highspire Terminals, LLC, Sheetz, Inc. and PBF Holding Company LLC against Laurel Pipe Line Company, L.P. because they failed to carry their burden of proving that: 1) the Bi-directional Service Extension is either a partial abandonment of service or the initiation of a new intrastate service that requires Laurel Pipe Line Company to obtain a certificate of public convenience under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102(a)(1) or (2); 2) the Bi-directional Service Extension will violate portions of Laurel's PUC Tariffs and Agreements; 3) the Existing Bi-directional Service on the Laurel pipeline has resulted in unreasonable service; 4) the proposed Bi-directional Service Extension will result in unreasonable service; and 5) the changes to the Reid Vapor Pressure schedule constitute unreasonable service. This Decision also denies Complainants' Motion to Strike portions of Laurel's Reply Brief.

## II. HISTORY OF THE PROCEEDING

On January 21, 2025, Monroe Energy, LLC (Monroe), Lucknow Highspire Terminals, LLC (LHT), Sheetz, Inc. (Sheetz), and PBF Holding Company LLC (PBF) (collectively Complainants) filed a Formal Complaint (Complaint) against Laurel Pipe Line Company, L.P. (Laurel or Respondent) before the Pennsylvania Public Utility Commission (Commission) alleging that Laurel is: 1) providing the Complainants with unreasonable service in violation of Section 1501 of the Public Utility Code (the Code), 66 Pa.C.S. § 1501, and its Commission-approved tariff; and 2) circumventing Commission jurisdiction in violation of Sections 1102 and 1302 of the Code, 66 Pa.C.S. §§ 1102 and 1302.

As relief, the Complainants request that the Commission find that Laurel's proposed bi-directional service on the 720 pipeline segment violates: (i) Laurel's existing Certificate of Public Convenience (CPC) and 66 Pa.C.S. § 1501, which requires jurisdictional public utilities like Laurel to provide service that is reasonably continuous and without unreasonable interruptions or delay; (ii) 66 Pa.C.S. §§ 1302 and 1303, which require public utilities like Laurel to maintain, file and adhere to tariffs that reflect service offerings and rules associated with service and are modified pursuant to the tariff review process when service is changed; and (iii) Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 101 *et seq.* because Laurel must make the appropriate filings with and obtain the approval of this Commission to implement bi-directional transportation on the 720 pipeline segment because such proposal constitutes a partial abandonment of Laurel's existing east-to-west tariffed intrastate petroleum products transportation service between Sinking Spring and Eldorado, Pennsylvania.

On February 11, 2025, Laurel filed an Answer and New Matter to the Complaint as well as Preliminary Objections thereto. In its New Matter, Laurel stated that all Complainants' claims concerning the existing bidirectional operations are barred by the doctrine of laches because Complainants failed to follow the process set in place in *Giant Eagle, Inc. v. Laurel Pipe Line Co., L.P.*, Docket No. C-2018-3003365 (Order entered Aug. 29, 2019), for addressing bi-directional service issues on Laurel. New Matter ¶¶ 1-19. In addition, Laurel stated that the claims set forth in the Complaint regarding any alleged impacts to east-to-west intrastate service on Laurel's pipeline due to the Bidirectional Service Extension are not ripe. New Matter ¶¶ 20-35. Consequently, Laurel requested that the Complaint be denied. New Matter ¶ 36.

In its Preliminary Objections, Laurel sought to dismiss the Complaint because the Commission lacks jurisdiction to grant the relief requested, and because the Complainants fail to state a claim against Laurel. More specifically, Laurel's Preliminary Objections argued that: 1) the Commission lacks certificate and tariff jurisdiction over the

initiation of interstate service that does not involve the abandonment of intrastate service; 2) the Complaint fails to state a claim against Laurel regarding the bidirectional service extension; 3) the Complainants have failed to state a claim that any diminution or alteration of westbound intrastate petroleum products transportation service due to the bidirectional service extension is an abandonment of service under 66 Pa.C.S. § 1102(a)(2) and, 4) the Complainants have failed to state a claim that the bidirectional service extension is inconsistent with Laurel's existing intrastate tariff.

On February 21, 2025, Complainants filed their Response to the Preliminary Objections.

On March 3, 2025, Complainants filed their Answer to New Matter denying the material allegations of the New Matter and the conclusions of law.

By Motion Judge Assignment Notice dated March 12, 2025, the matter was assigned to me.

By Interim Order dated April 21, 2025, I overruled Laurel's Preliminary Objections and set the Complaint for a hearing.

An Initial Call-in Telephonic Hearing Notice dated April 23, 2025, notified the parties that an initial call-in telephone hearing was scheduled on June 12, 2025, at 10:00 a.m.

On May 1, 2025, I circulated an e-mail proposing a Prehearing Conference on May 9, 2025, at 10:00 a.m.

On May 2, 2025, Complainants filed a letter with the Commission arguing that the hearing scheduled for June 12, 2025, was premature, considering the breadth of

the facts at issue in this Complaint, and seeking to propose a litigation schedule with a different hearing date(s).

On May 5, 2025, a Telephonic Prehearing Conference Notice was issued scheduling the prehearing conference for May 9, 2025, at 10:00 a.m. Also on May 5, 2025, Laurel filed a letter opposing the Complainants' attempt to extend the procedural schedule, noting that the Complainants had not yet propounded any discovery request(s).

On May 8, 2025, the parties submitted prehearing memoranda.

The Prehearing Conference proceeded as scheduled on May 9, 2025. The parties were directed to attempt to resolve disputes regarding the procedural schedule.

By email dated May 14, 2025, counsel for the parties informed me that they were unable to reach a consensus over the procedural schedule and proposed submitting separate schedules. Their request was granted and by Order dated May 21, 2025, I established a litigation schedule in this matter based on the parties' proposals. Pursuant to the established schedule, Complainants' Direct Testimony was due on July 15, 2025, Laurel's Rebuttal Testimony was due on August 29, 2025, Evidentiary Hearings were scheduled for September 9-12, 2025, Main Briefs were due on October 3, 2025, and Reply Briefs on October 17, 2025.

Beginning on May 5, 2025, the parties engaged in extensive formal discovery and filed several motions to compel.

On August 5, 2025, Complainants filed a Motion to Modify the Procedural Schedule. The same day, Complainants informed me that this motion was submitted in error. On August 6, 2025, Complainants filed a Petition to Withdraw the Motion to Modify the Procedural Schedule.

On August 15, 2025, Complainants filed the Motion to Modify the Procedural Schedule again, requesting that the hearing be set for no earlier than October 7, 2025. On August 20, 2025, Laurel filed its Answer opposing the Motion to Modify the Procedural Schedule.

On August 25, 2025, I held a telephonic conference to address the Motion to Modify the Procedural Schedule with the Parties. Following the conference, I modified the discovery rules to allow discovery on Laurel's rebuttal testimony, canceled the September 9, 2025, hearing date, and added an additional hearing date of September 15, 2025.

On August 26, 2025, Complainants filed a Petition for Expedited Interlocutory Commission Review and Answer to a Material Question. On September 3, 2025, Laurel filed a Brief in opposition to the Petition for Expedited Interlocutory Commission Review, while Complainants filed a Brief in support of the same.

From September 10 to 12, 2025, in-person evidentiary hearings were held in Philadelphia. The evidentiary hearing previously scheduled for September 15 was canceled at the conclusion of the September 12 hearing.

On September 11, 2025, the Commission issued an Order declining to Answer the Material Question and returning the matter to the Office of the Administrative Law Judge.

The parties filed timely Main and Reply Briefs.

The record closed on October 17, 2025, upon receipt of my copy of the hearing transcript.

On October 31, 2025, Complainants filed a Motion to Strike Portions of Laurel's Reply Brief. On November 17, 2025, Laurel filed its Answer to Complainants' Motion to Strike.

### III. FINDINGS OF FACT

#### The Parties

1. Complainants ship products on the Laurel Pipeline, either as an entity that injects its products into the pipeline (Monroe and PBF), as a terminal owner that ships products on the Laurel Pipeline and also provides storage and rack space that allows local wholesalers and/or retailers access to product delivered by pipe line (LHT), or as a party that ships products on the Laurel Pipeline for retail sales purposes (Sheetz).

2. Complainant LHT owns and operates terminals throughout Pennsylvania. Complainants Exhibit SH-1 at 2.

3. LHT is an active participant in markets for refined petroleum products served by the Laurel Pipeline, among others. LHT relies on the east-to-west service offered by the Laurel Pipeline, as Laurel is the only pipeline connecting refineries on the East Coast with LHT's terminals in Central and Western Pennsylvania. Complainants Exhibit SH-1 at 2.

4. Complainant Sheetz currently operates 770 stores located throughout Pennsylvania, West Virginia, Maryland, Ohio, Virginia, North Carolina, and Michigan. Complainants Exhibit JDJ-1 at 2.

5. Sheetz ships refined petroleum products on interstate and intrastate segments of the Laurel Pipeline to its retail locations. Complainants Exhibit JDJ-1 at 2.

6. Complainant PBF Holding Company LLC, headquartered in Parsippany, New Jersey, is one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States.

7. PBF is an active participant in markets for refined petroleum products served by both Buckeye and Laurel.

8. Complainant Monroe is a wholly-owned subsidiary of Delta Air Lines, Inc. Complainants Exhibit KFS-1 at 2-3.

9. Monroe's Trainer Refinery produces a variety of refined petroleum products including gasoline, diesel fuel, jet fuel and other products such as liquefied petroleum gas and residual fuel, a substantial portion of which is injected into the Laurel Pipeline. Complainants Exhibit KFS-1 at 2-3.

10. The majority of the products that Monroe injects into the Laurel Pipeline are delivered to points between Sinking Spring, and Eldorado. Complainants Exhibit KFS-1 at 2-3.

11. The Laurel Pipeline is the only pipeline that flows westward out of Philadelphia, Pennsylvania and the only pipeline that allows Complainants' products to reach these central and western Pennsylvania markets. Complainants Exhibit KFS-1 at 3.

12. Laurel Pipe Line Company, L.P. is a certificated common carrier pipeline and public utility whose intrastate service is subject to the jurisdiction of the Commission. Laurel St. No. 1-R at 5; Laurel Exhibit TZ-1.

13. Laurel currently owns and operates pipelines in Pennsylvania and New Jersey that form a single pipeline system extending from Eagle Point, New Jersey, to Midland, Pennsylvania. Laurel St. No. 1-R at 5-6; Laurel Exhibit TZ-2.

14. Laurel's current Pennsylvania operations consist of owning and operating approximately 350 miles of 12-inch to 24-inch pipeline and related facilities for the transportation of petroleum products. Laurel St. No. 1-R at 6.

15. Laurel provides intrastate petroleum products transportation service within Pennsylvania pursuant to Commission-approved tariffs. Laurel St. No. 1-R at 5-7.

16. Buckeye Pipe Line Company, L.P. (Buckeye) is an affiliate of Laurel which provides interstate common carrier service to its shippers under its own tariffs filed at the Federal Energy Regulatory Commission (FERC). Laurel St. No. 1-R at 6.

17. Buckeye, which is not subject to the Commission's jurisdiction, provides interstate petroleum products transportation service under tariffs filed with the FERC pursuant to the Interstate Commerce Act (ICA). Laurel St. No. 1-R at 6; *see also* 42 U.S.C. §§ 7155, 7172(b); 49 U.S.C. § 60502.

#### Prior Cases

18. In 2016, Laurel filed an application with the Commission seeking to fully reverse the flow of service from westward to eastward. *Application of Laurel Pipe Line Company, L.P.*, Docket Nos. A-2016-2575829 and G-2017-2587567.

19. The Final Order in that proceeding found that this full reversal did abandon service in one direction in favor of the commencement of service in another

direction. *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, or Full Reversal Case*).

20. A separate Complaint filed by several parties regarding the reversal, resulted in a settlement agreement (2019 Settlement) which provided the Pipeline Capacity Agreement (PCA) and provided for Buckeye's appointment of an escalation manager to address scheduling issues. *Giant Eagle, Inc. v. Laurel Pipe Line Co., L.P.*, Docket No. C-2018-3003365 (Commission Order, issued Aug. 29, 2019).

21. LHT, Monroe, and Sheetz were signatories of the 2019 Settlement. *Giant Eagle, Inc. v. Laurel Pipe Line Co., L.P.*, Docket No. C-2018-3003365 (Commission Order, issued Aug. 29, 2019).

22. The PCA provides that,

[u]ntil 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 also being known as 'Line 718' or 'L718') will be no less than 1,200,000 barrels per cycle (which is 120,000 barrels per day times ten days in a cycle), unless that obligation is terminated or modified earlier in accordance with the terms of the Settlement Agreement in PUC Docket No. C-2018-3003365 and FERC Nos. IS19-277-000, IS19-277-001, IS19-278-000 and IS19-278-001.

Laurel TZ-3 at 13 (Item No. 90(A)).

23. The PCA between Laurel and Buckeye specifies the amount of capacity that is available to Buckeye for interstate service. Laurel Exhibit TZ-4.

24. The PCA specifies that that Buckeye is entitled to 40,000 bpd in capacity on the L718 segment that runs from Eldorado to Coraopolis, which has a maximum capacity of 180,000 bpd in east-to-west service. Laurel Exhibit TZ-4 at 1.

25. The PCA also requires the availability of 120,000 bpd of physical capacity on the L718 segment from east to west in each cycle. Laurel Exhibit TZ-4 at 1.

26. The PCA also permits Laurel to "provide Buckeye the right to ship more than the full capacity amount" if it is "within its discretion and if capacity is available." Laurel Exhibit TZ-4 at 6.

27. Pursuant to the 2019 Settlement, the Laurel pipeline system is currently used to provide bi-directional service over the segment of its system located between Coraopolis (near Pittsburgh) and Eldorado (near Altoona), in Pennsylvania (i.e., L718). *Giant Eagle, Inc. v. Laurel Pipe Line Co., L.P.*, Docket No. C-2018-3003365 (Commission Order, issued Aug. 29, 2019).

28. Laurel provides intrastate common carrier service to shippers pursuant to its Commission-approved tariff, and interstate service pursuant to the existing, approved Capacity Use Agreement to its affiliate, Buckeye, which in turn provides interstate common carrier service to its shippers under its own tariffs filed at the FERC.

29. Prior to January 2025, neither Sheetz, Monroe, nor LHT contacted the escalation contact per the 2019 Settlement regarding scheduling issues they experienced. Laurel St. No. 1-R at 9.

30. On December 20, 2024, Buckeye filed a Petition for a Declaratory Order (2024 PDO) regarding Phase 3 of its Michigan/Ohio Pipeline Expansion Project before the FERC at Docket No. OR25-6-000.

31. In the 2024 PDO, Buckeye proposed to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline. Petition for Declaratory Order, FERC Docket OR25-6-000, filed December 20, 2024, at 11.

32. The proposed Bi-directional Service Extension proposes 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. Laurel St. No. 1-R at 7.

33. On January 21, 2025, Monroe, LHT, Sheetz, and PBF, filed the present Formal Complaint with the Commission.

#### Transit Times

34. Laurel's certificate of public convenience (CPC) authorizes it to commence "transporting, storing and distributing petroleum and petroleum products by means of pipelines and appurtenances, for the public . . . as more fully described in said application . . . ." Laurel Exhibit TZ-1 (Laurel's CPC); *2018 Final Order* at 10 (quoting Laurel's CPC).

35. Laurel's Tariff reserves Laurel's "right to establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities." Laurel Exhibit TZ-3 at 9 (Item No. 10(B)).

36. The Capacity Use Agreement specifies the terms and conditions upon which Laurel permits its affiliate, Buckeye, to utilize Laurel's facilities to provide interstate service. Laurel St. No. 1-R at 6, 60-61; Laurel Exhibit TZ-4.

37. The CPC does not limit Laurel to east-to-west service and contains no directional limitation. Laurel Exhibit TZ-1 at 1.

38. Laurel's CPC also does not contain clear restrictions or limitations related to: minimum or maximum amount of service or capacity; specific origin points or destination points; or minimum or maximum transit times. Laurel Exhibit TZ-1.

39. Similar to its CPC, Laurel's Tariff does not contain a clear restriction or limitation on direction in which Laurel may provide service. Laurel Exhibit TZ-3.

40. Laurel's Tariff sets forth the specific origins and destinations at which Laurel provides service. Laurel Exhibit TZ-3 at 2-3.

41. Neither the Capacity Use Agreement nor the 2019 Settlement contain clear restrictions or limitations on (1) the minimum or maximum capacity Laurel must hold out (except for the East to West Capacity Guarantee), (2) the specific origins or destination points Laurel must hold out, and/or (3) the minimum or maximum transit times Laurel must maintain. Laurel Exhibit TZ-4; Laurel Exhibit TZ-3 at 13 (Item No. 90(A)); 2019 Settlement.

42. Neither Laurel's CPC, Commission-approved Tariff, Commission-approved Capacity Use Agreement, nor the 2019 Settlement contains any minimum or maximum standards for the transit time applicable to the transportation of refined petroleum products. Tr. 521.

43. The Buckeye Shipper Information Notebook provides only “estimated” ranges of transit times between destinations and origins. Laurel Exhibit TZ-8.

44. “Transport4” or T4 is a communications platform Laurel and other pipeline operators utilizes to send notices to shippers on the pipeline. See Laurel St. No. 1-R at 25.

45. There is no guarantee for transit time length or variability, and the estimates are regularly updated to reflect actual ranges of transit experience. Laurel Exhibit TZ-8; Complainants Exhibit JDJ-3 at 1.

46. Transit time varies due to a wide range of factors beyond the control of the carrier, including the fact that transit times are a function of volumes actually nominated by shippers, and that these transit time factors are common among different pipelines. Laurel St. No. 4-R at 8-11.

47. Transit times on Laurel have always varied, whether before and after commencement of the Existing Bi-Directional Service. Laurel St. No. 1-R at 20-21.

48. There is no regulatory or industry standard regarding transit times or variability. Tr. 92-93, 104, 124, 274-275, 277-278.

49. The closure of the Philadelphia Energy Solutions (PES) refinery in 2019, and subsequent loss of a significant amount of intrastate volumes, aligns with changes in transit times since 2019. Laurel St. No. 1-R at 9, 58-59.

50. To move product westward from Linden to Altoona, the maximum number of transit days was 26.7 in 2022, versus eleven days in 2019 – an increase of 142 percent. Complainants Exhibit JDJ-1 at 7.

51. Laurel's aim is that product be delivered within a reasonable time frame from when it was scheduled to be delivered. Tr. 522.

### Pipeline Operations Generally

52. Basic principles of pipeline operation establish that pipeline diameter, line fill and flow rate have a direct impact on transit times. Complainants Exhibit TM-1 at 7, 9.

53. Larger diameter lines have a higher capacity and, therefore, more line fill per mile than do smaller diameter lines. Complainants Exhibit TM-1 at 9.

54. Laurel's segment L724 from Booth thru Sinking Spring to Mechanicsburg has a capacity of 300,000 barrels per day (bpd). Laurel St. No. 4-R at 4.

55. Laurel's segment L720 from Mechanicsburg to Eldorado has a capacity of 264,000 bpd.

56. Laurel's L718 segment from Eldorado to Coraopolis has a capacity of 180,000 bpd in the westward direction. Laurel St. No. 4-R at 4-5.

57. The capacity of Laurel's L718 from Coraopolis to Eldorado is 108,000 bpd in the eastward direction. Laurel St. No. 4-R at 6.

58. While capacity is the volume a pipeline or line segment is capable of moving, pump rate is how much volume the pipeline actually moves per a given unit of time. Complainants Exhibit TM-1 at 9.

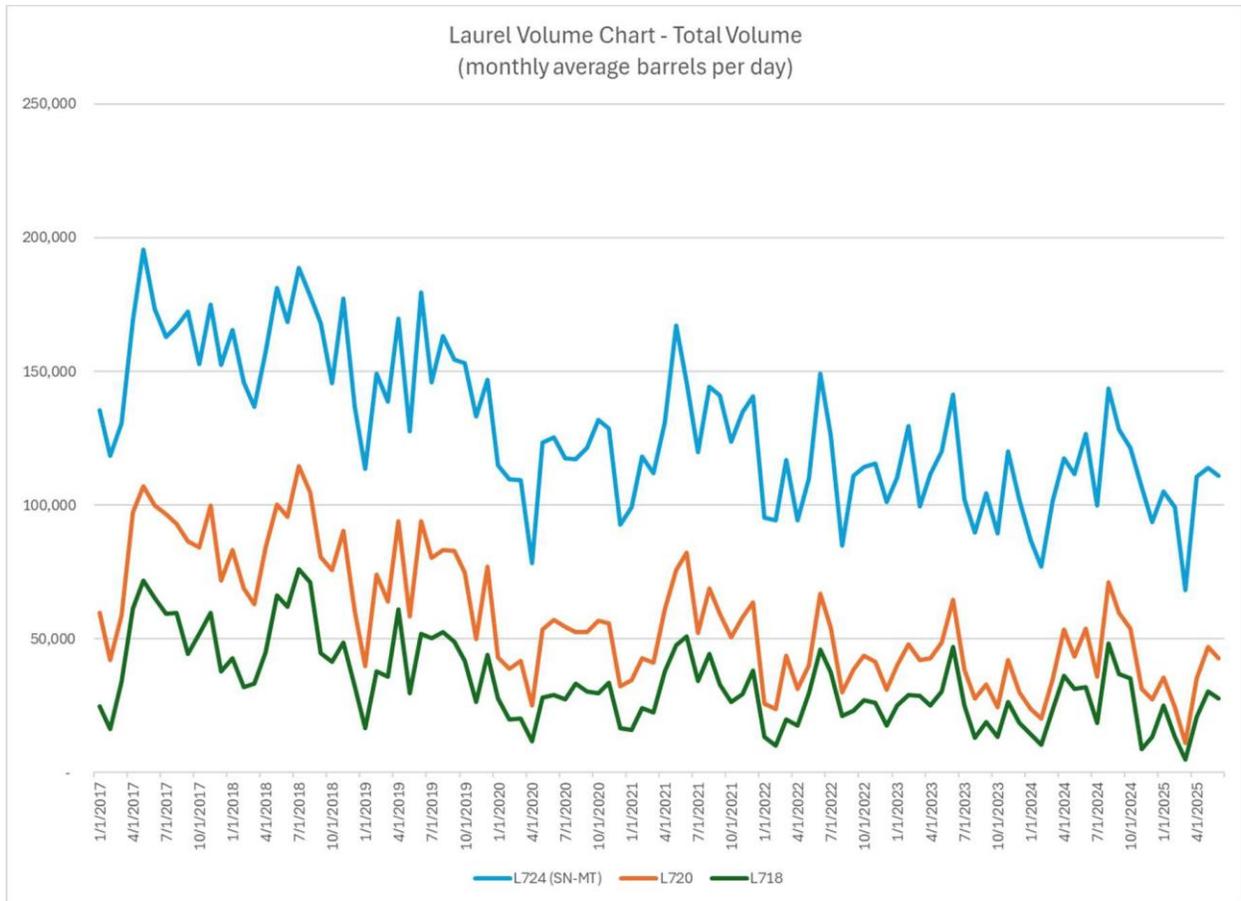
59. If all other factors are equal, a slower pump rate will result in higher transit times. Complainants Exhibit TM-1 at 9.

60. The direction of physical flows on a pipeline is ultimately determined by the mass balance of volumes nominated by shippers for a given cycle. Tr. 91, 94-96.

61. Line 718 has experienced a steady decline in its role of supplying both the Pittsburgh and Altoona markets over the period from 2017 (before bi-directional service commenced) through May 2025 (Laurel St. No. 1-R at 10-11, Figures 1 and 2), including a steep drop in intrastate, Commission-jurisdictional volumes. Laurel St. No. 1-R at 12, Figure 3.

62. Lower volumes on Line 718 resulted in higher transit times even before the advent of bi-directional operations. Laurel St. No. 1-R at 13.

63. The total historical volumes (transported from east-to-west for each segment of the Laurel pipeline that is or would be the subject of bi-directional service (i.e., L724 Sinking Spring to Mechanicsburg, L720 Mechanicsburg to Eldorado, and L718 Eldorado to Coraopolis) from January 2017 to June 2025 have been as follows:



Laurel St. No. 1-R at 11, Figure 2.

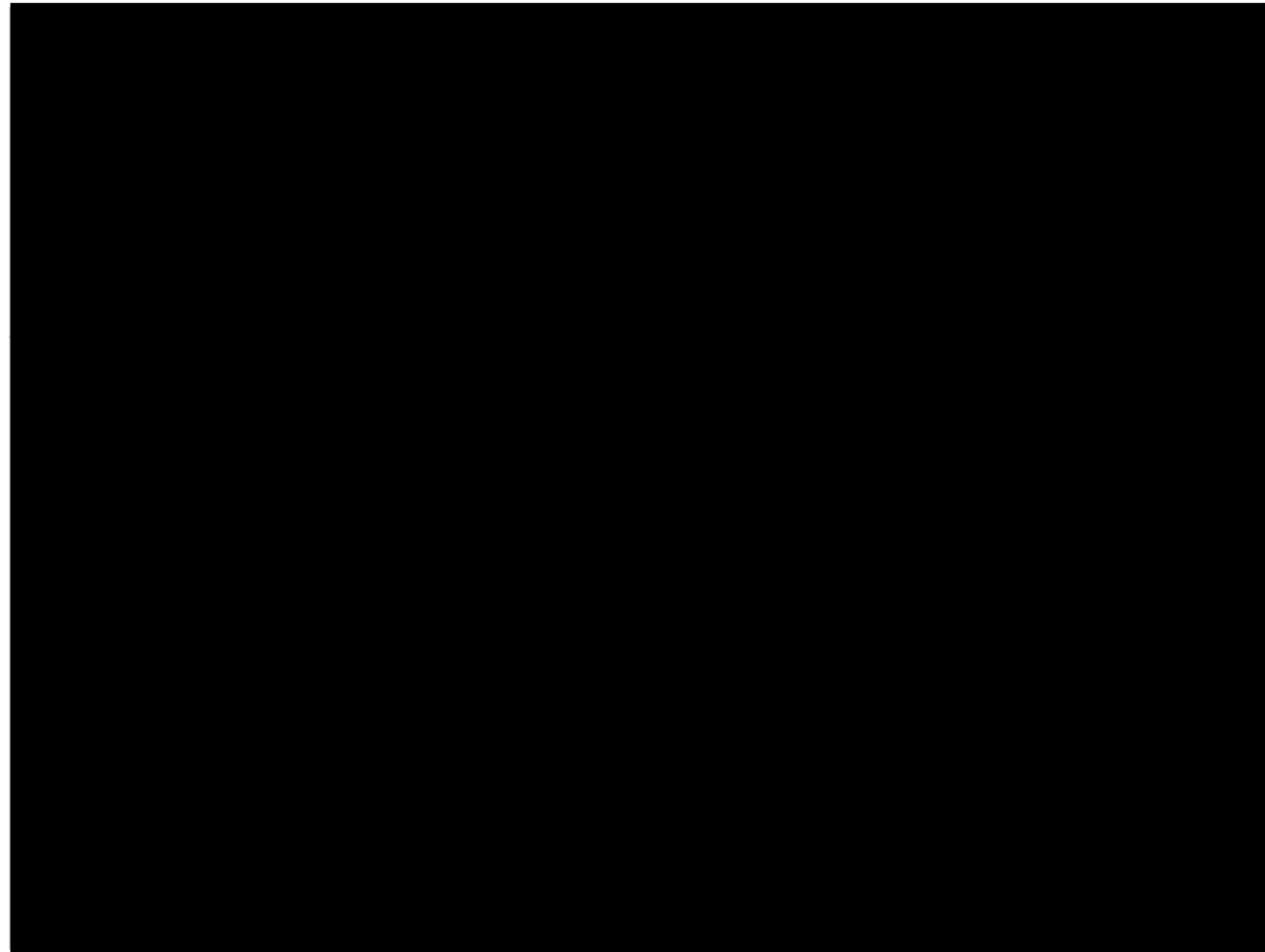
64. [Begin Proprietary] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



**[End Proprietary]**. Laurel St. No. 1-R at 12, Figure 3.

Bi-directional Operations

65. Bi-directional operations are a change in method of operation under the existing rights in Laurel’s Tariff to establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities. Laurel Exhibit TZ-3 at 9 (Item No. 10(B)).

66. Existing Bi-directional Service on Line 718 “involves Laurel continuing to provide east-to-west intrastate pipeline transportation service on Line 718,

while Buckeye has added its new interstate west-to-east service over this segment of the line.” Laurel St. No. 1-R at 54; Laurel Exhibit TZ-3; Laurel Exhibit TZ-4.

67. Existing bi-directional operations did not result in any origin or delivery points being removed. Laurel St. No. 1-R at 55.

68. The Bi-directional Service Extension will involve Laurel continuing to provide east-to-west intrastate pipeline transportation service on Lines 720 and 724, while Buckeye will add its new interstate west-to-east service over this segment of the line. Laurel St. No. 1-R at 54.

69. The Bi-directional Service Extension does not contemplate and does not require removal of any origin or delivery points. Laurel St. No. 1-R at 55.

70. The Bi-directional Service Extension involves the addition of a new interstate service and does not involve the removal of an existing intrastate service. Laurel St. No. 3-R at 8.

71. 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. Laurel St. No. 4-R at 4; Laurel St. No. 3-R at 14.

72. Laurel does not intend to abandon its existing east-to-west intrastate service as a part of bi-directional operations. Laurel St. No. 1-R at 7.

73. Laurel is willing to extend the East to West Capacity Guarantee until December 31, 2028, and apply this guarantee to all segments affected by Existing Bi-

directional Service or the Bi-directional Service Extension (i.e., Lines 718, 720, and 724). Laurel St. No. 1-R at 61-63.

74. Existing Bi-directional Service improved pipeline utilization and efficiency and prevented the higher transit times that would have accompanied the even lower throughput volumes had service remained solely east-to-west in direction. Laurel St. No. 1-R at 16; Laurel St. No. 3-R at 57-60; *see also id.* at 60, Figure 8.

“Swaps” or “Virtual Movements”

75. The Laurel Pipeline can only deliver volumes in one direction along one segment at one time. Tr. 605.

76. Laurel can only serve markets against the direction of flow through swaps of like product. Tr. 616, 617.

77. A “virtual movement” or “swap” is based upon the well-recognized principle that petroleum products are “fungible” and, therefore, shippers are not receiving the same barrel (i.e., molecules) that they inject into the pipeline. Laurel St. No. 1-R at 41-42; Laurel St. No. 4-R at 44-45; Tr. 642-644.

78. “Swaps,” “virtual barrels” or “virtual volumes” are used as a standard practice by Laurel and Buckeye, as well as other pipelines. Tr. 643-644.

79. Swaps are a result of the fungible nature of petroleum products as transported by pipeline. Tr. 643-644.

80. Swaps are not unique to bi-directional operations. Tr. 643-64; Tr. 677.

81. In the absence of matching nominations, a pipeline will physically move the volumes to affect a delivery. Tr. 688- 689.

82. There is no hierarchy in determining what volumes are set for swaps; this determination is based on actual volumes in a given cycle to optimize operations for that cycle. Tr. 618-619.

83. Greater use of virtual movements can reduce transit times and reduce costs through improved optimization of the system. Laurel St. No. 4-R at 44; Tr. 679.

84. Laurel does not notify shippers when a shipper's product is being "moved" via a swap. Tr. at 122.

85. There are no instances in the record of alleged use of virtual movements to delay east-to-west transportation during the nearly six years of bi-directional operation. Tr. 687-688.

#### Service Outages

86. The number of outages taken in 2025 was higher than normal. Laurel St. No. 1-R at 46.

87. In 2025, the outages on Laurel stemmed from either necessary integrity work on Laurel or a combination of necessary integrity work and work preparatory to the Extended Bi-Directional Service. Laurel St. No. 2-R at 4-15.

88. It is Laurel's practice to assist customers before and during planned outages, including detailed notices 30 days in advance as to timing and affected grades of

product, generally allowing shippers to schedule and work around the outages. Laurel St. No. 1-R at 47-48.

89. Laurel also considers shipper feedback regarding specific concerns or harms and may revise its work plans if it can do so without impacting other shippers or pipeline integrity needs. Laurel St. No. 1-R at 48.

90. Shippers generally work around outages by scheduling, changing origins and/or destinations, or supply alternatives. Laurel St. No. 1-R at 48.

91. The impact of bi-directional service on transit times for shipments to Eldorado was both “negative” (i.e., a small decrease in transit times was observed) and “statistically significant” (i.e., there is a likelihood that bi-directional operations impacted transit times). Laurel St. No. 3-R at 97-98.

92. The impact of bi-directional operations on transit times for shipments to Coraopolis was minimally “positive” (i.e., a *de minimis* increase in transit times observed) and “statistically significant.” Laurel St. No. 3-R at 97-98.

93. Data demonstrates that, at most, bi-directional operations may have caused a *de minimis* 12%, or approximately 32-hour, increase in transit times for deliveries to Coraopolis. Laurel St. No. 3-R at 97-98.

#### Reid Vapor Pressure (RVP)

94. RVP is a measurement of the volatility of gasoline and other volatile petroleum productions, indicating how readily they evaporate. Complainants Exhibit KFS-1 at 8.

95. The Environmental Protection Agency sets the RVP specifications, and those specifications change seasonally and locationally. Complainants Exhibit KFS-1 at 8-9.

96. Refiners set their blending schedules to meet all changes in the vapor pressure; storage tanks at holding locations and delivery terminals need to be turned to the correct specification. Complainants Exhibit KFS-1 at 8-9.

97. Shippers must pay attention to inventories, tank volumes, and tank bottoms, to ensure that the RVP is ready for the seasonal turns. Complainants Exhibit KFS-1 at 8-9.

98. In January of 2025, Buckeye announced for the first time a change to its RVP specifications, notifying the shipping community on January 13th, just two days before nominations were due. Complainants Exhibit KFS-1 at 9.

#### IV. DISCUSSION

##### A. Legal Standards

##### 1. Burden of Proof

As the party seeking affirmative relief from the Commission, a complainant has the burden of proof by a preponderance of the evidence.<sup>1</sup> A preponderance of the evidence is evidence that is more convincing, by even the smallest amount, than that presented by the opposing party.<sup>2</sup> As a matter of law, a complainant must show that the

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<sup>1</sup> 66 Pa.C.S. § 332(a); *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Pa. Cmwlth. 1990).

<sup>2</sup> *Se-Ling Hosiery, Inc. v. Margulies*, 70 A.2d 854 (Pa. 1950).

named utility is responsible or accountable for the problem described in the Complaint in order to prevail, and that the offense is a violation of the Code, the Commission's regulations, or order.<sup>3</sup> The burden of proof is comprised of two distinct burdens: 1) the burden of production; and 2) the burden of persuasion.<sup>4</sup> The burden of production, also called the burden of going forward with the evidence, determines which party must come forward with evidence to support a particular claim or defense.<sup>5</sup> The burden of production goes to the legal sufficiency of a party's claim or affirmative defense.<sup>6</sup> The burden of production may shift between the parties during a hearing. A complainant may establish a prima facie case with circumstantial evidence.<sup>7</sup> If a complainant introduces sufficient evidence to establish legal sufficiency of the claim, also called a prima facie case, the burden of production shifts to the utility to rebut the complainant's evidence.<sup>8</sup>

If the utility introduces evidence sufficient to balance the evidence introduced by the complainant, that is, evidence of co-equal value or weight, the complainant's burden of proof has not been satisfied and the burden of going forward with the evidence shifts back to the complainant, who must provide some additional evidence favorable to the complainant's claim.<sup>9</sup>

Having produced sufficient evidence to establish legal sufficiency of a claim, the party with the burden of proof must also carry the burden of persuasion to be

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<sup>3</sup> 66 Pa.C.S. § 701; *Patterson v. Bell Tel. Co. of Pa.*, 72 Pa.P.U.C. 196 (1990).

<sup>4</sup> *Hurley v. Hurley*, 754 A.2d 1283 (Pa. Super. 2000).

<sup>5</sup> *Moore v. Nat'l Fuel Gas Distrib.*, Docket. No. C-2014-2458555 (Final Order entered Aug. 25, 2015) (*Moore*).

<sup>6</sup> *Id.*

<sup>7</sup> *See Milkie v. Pa. Pub. Util. Comm'n*, 768 A.2d 1217 (Pa. Cmwlt. 2001) (*Milkie*).

<sup>8</sup> *See Moore*.

<sup>9</sup> *See Milkie* at 1220; *see also, Burleson v. Pa. Pub. Util. Comm'n*, 443 A.2d 1373 (Pa. Cmwlt. 1982), *aff'd*, 461 A.2d 1234 (Pa. 1983) (*Burleson*).

entitled to a favorable ruling.<sup>10</sup> While the burden of production may shift back and forth during a proceeding, the burden of persuasion never shifts; it always remains on a complainant as the party seeking affirmative relief from the Commission.<sup>11</sup> It is entirely possible for a party to carry the burden of production but not be entitled to a favorable ruling because the party did not carry the burden of persuasion.<sup>12</sup> In determining whether a complainant has met the burden of persuasion, the fact-finder may engage in determinations of credibility, may accept or reject testimony of any witness in whole or in part, and may accept or reject inferences from the evidence.<sup>13</sup>

Additionally, any decision of the Commission must be supported by substantial evidence in the record; more is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established.<sup>14</sup>

2. Acts requiring a certificate of public convenience – 66 Pa.C.S. § 1102

Section 1102(a)(1)-(2) of the Public Utility Code states that,

**(a) General rule.**--Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful:

(1) For any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a

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<sup>10</sup> See *Moore*.

<sup>11</sup> See *Milkie* at 1220; see also, *Riedel v. Cnty. of Allegheny*, 633 A.2d 1325 (Pa. Cmwlth. 1993); *Burleson* at 1375.

<sup>12</sup> See *Moore*.

<sup>13</sup> See *Moore* (citing *Suber v. Pa. Comm'n on Crime & Delinquency*, 885 A.2d 678 (Pa. Cmwlth. 2005)).

<sup>14</sup> 2 Pa.C.S. § 704; *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980).

different nature or to a different territory than that authorized by:

(i) A certificate of public convenience granted under this part or under the former provisions of the act of July 26, 1913 (P.L. 1374, No. 854),<sup>1</sup> known as “The Public Service Company Law,” or the act of May 28, 1937 (P.L. 1053, No. 286),<sup>2</sup> known as the “Public Utility Law.”

(ii) An unregistered right, power or privilege preserved by section 103 (relating to prior rights preserved).

(2) For any public utility to abandon or surrender, in whole or in part, any service, except that this provision is not applicable to discontinuance of service to a patron for nonpayment of a bill, or upon request of a patron.<sup>[15]</sup>

“Abandonment is the relinquishment or surrender of rights or property by one person to another.”<sup>16</sup> “To constitute an abandonment there must be an intention to abandon together with external acts by which the intention is carried into effect.”<sup>17</sup>

### 3. Tariff Revisions – 66 Pa.C.S. §§ 1301-1303

A public utility’s rates, including its rules, regulations, and practices related to service,<sup>18</sup> “shall be just and reasonable, and in conformity with regulations or orders of

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<sup>15</sup> 66 Pa.C.S. § 1102(a)(1)-(2) (emphasis added).

<sup>16</sup> *Cassell v. Crothers*, 44 A. 446 (Pa. 1899) (per curiam) (affirming the judgment of the trial court and quoting 1 Am. & Eng. Ency. of Law (2d ed.), 1, and notes); *see also Commonwealth v. Koontz*, 101 A. 863, 864 (Pa. 1917) (“An abandonment is the relinquishment of a right, the giving up of something. . .”).

<sup>17</sup> *Byerly v. Pa. Pub. Util. Comm’n*, 270 A.2d 186, 189 (Pa. 1970); *Emerald Coal & Coke Co. v. Equitable Gas Co.*, 107 A.2d 734, 737 (Pa. 1954) (“Abandonment necessarily implies the voluntary or intentional act of the party having the facility, right or power to relinquish it.”); *W.D. Rubright Co. v. Pa. Pub. Util. Comm’n*, 117 A.2d 119, 123 (Pa. Super. 1968) (“*W.D. Rubright*”) (citing prior Commission decisions under the Public Utility Law of 1937); *Michael D. Fisher v. Columbia Gas of Pa.*, C-00924183, 1992 Pa. PUC LEXIS 163 (Initial Decision Dec. 4, 1992), *adopted without further action*, 78 Pa. P.U.C. 432 (Order entered Feb. 19, 1993) (“*Fisher*”); *see also Cassell*.

<sup>18</sup> *See* 66 Pa.C.S. § 102.

the commission.”<sup>19</sup> Section 1302 of the Public Utility Code further requires a public utility to file with the Commission and maintain “tariffs showing all rates established by it and collected or enforced, or to be collected or enforced, within the jurisdiction of the commission.”<sup>20</sup> Relatedly, “[t]he tariffs of any public utility also subject to the jurisdiction of a Federal regulatory body shall correspond, so far as practicable, to the form of those prescribed by such Federal regulatory body.”<sup>21</sup>

Tariffs that have been approved by the Commission have the force and effect of law.<sup>22</sup> Pennsylvania courts have also made clear that tariff provisions approved by the Commission are *prima facie* reasonable.<sup>23</sup> Therefore, a complainant seeking to evade the effect of existing tariff provisions carries a very heavy burden to prove that the facts and circumstances have changed so drastically as to render the application of the tariff provisions unreasonable.<sup>24</sup>

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<sup>19</sup> 66 Pa.C.S. § 1301(a).

<sup>20</sup> 66 Pa.C.S. § 1302.

<sup>21</sup> *Id.*

<sup>22</sup> See 66 Pa.C.S. § 1303 (“No public utility shall, directly or indirectly . . . demand or receive . . . a greater or less rate for any service rendered or to be rendered by such public utility than that specified in the tariffs of such public utility applicable thereto.”); see also *PPL Elec. Utils. Corp. v. Pa. Pub. Util. Comm’n*, 912 A.2d 386, 402 (Pa. Cmwlth. 2006); *Di Santo v. Dauphin Consol. Water Supply Co.*, 436 A.2d 197, 201 (Pa. Super. 1981).

<sup>23</sup> *Kossmann v. Pa. Pub. Util. Comm’n*, 694 A.2d 1147, 1151 (Pa. Cmwlth. 1997); *Shenango Twp. Bd. of Supervisors v. Pa. Pub. Util. Comm’n*, 686 A.2d 910, 914 (Pa. Cmwlth. 1996); *Zucker v. Pa. Pub. Util. Comm’n*, 401 A.2d 1377 (Pa. Cmwlth. 1979).

<sup>24</sup> *Kossmann v. Pa. Pub. Util. Comm’n*, 694 A.2d 1147, 1151 (Pa. Cmwlth. 1997); *Shenango Twp. Bd. of Supervisors v. Pa. Pub. Util. Comm’n*, 686 A.2d 910, 914 (Pa. Cmwlth. 1996); *Zucker v. Pa. Pub. Util. Comm’n*, 401 A.2d 1377 (Pa. Cmwlth. 1979); *Brockway Glass Co. v. Pa. Pub. Util. Comm’n*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

4. Unreasonable Service – 66 Pa.C.S. § 1501

The statute at 66 Pa.C.S. § 1501 governs any allegations of unreasonable or inadequate service. Pursuant to 66 Pa.C.S. § 1501, the Commission has original jurisdiction over the reasonableness and adequacy of public utility service.<sup>25</sup> Section 1501 of the Public Utility Code materially states:

Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make . . . changes, alterations, substitutions, . . . and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission. Subject to the provisions of this part and the regulations or orders of the commission, every public utility may have reasonable rules and regulations governing the conditions under which it shall be required to render service. . . .<sup>[26]</sup>

As a general proposition, neither the Public Utility Code nor the Commission's regulations require public utilities to provide constantly flawless service. The Public Utility Code does not require perfect service or the best possible service, only reasonable and adequate service.<sup>27</sup> "The term "service" is [u]sed in its broadest and most inclusive sense, [and] includes any and all acts done, rendered or performed and any and all things furnished or supplied, and any and all facilities used, furnished or supplied...in

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<sup>25</sup> *Elkin v. Bell Tel. Co. of Pa.*, 372 A.2d 1203 (Pa. Super. 1977), *aff'd* 420 A.2d 371 (Pa. 1977); *Behrend v. Bell Tel. Co. of Pa.*, 243 A.2d 346 (Pa. 968).

<sup>26</sup> 66 Pa.C.S. § 1501 (emphasis added).

<sup>27</sup> *Analytical Lab. Servs., Inc. v. Metro. Edison Co.*, Docket No. C-2006608 (Order entered Dec. 21, 2007); *Emerald Art Glass v. Duquesne Light Co.*, Docket No. C-00015494 (Order entered June 14, 2002); *Re: Metro. Edison Co.*, 80 Pa. P.U.C. 662 (1993).

the performances of their duties...."<sup>28</sup> The statutory definition of "service" is to be broadly construed.<sup>29</sup>

B. Preliminary Matters

1. Complainants' Motion to Strike

On October 3, 2025, Laurel and the Complainants filed Main Briefs addressing the issues being litigated in this proceeding. On October 17, 2025, the parties filed Reply Briefs. On October 31, 2025, Complainants filed a Motion to Strike all references to *Jeffrey M. Wooldridge, Introductory Economics: A Modern Approach* (5<sup>th</sup> ed. 2012) ("Wooldridge") from Laurel's Reply Brief. The references in question are the following:

**Laurel Reply Brief at 24:**

"The fact that Dr. Webb's discussion is consistent with basic statistical practice is also broadly supported by reviewing undergraduate textbooks. 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."

**Laurel Reply Brief at FN 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[r]dinary L[east] S[quares] estimators to be biased."

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<sup>28</sup> 66 Pa.C.S. § 102.

<sup>29</sup> *Country Place Waste Treatment Co., Inc. v. Pa. Pub. Util. Comm'n*, 654 A.2d 72 (Pa. Cmwlth. 1995).

JEFFREY M. WOOLDRIDGE, INTRODUCTORY  
ECONOMICS: A MODERN APPROACH 88 (5th ed. 2012)  
("Wooldridge")."

**Laurel Reply Brief at 25:**

"Again, Dr. Webb's conclusion is consistent with standard statistical texts. In other words, consistent with Dr. Webb's testimony, adding irrelevant variables will not generate inaccurate results as long as the 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."

**Laurel Reply Brief at FN 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."

**Laurel Reply Brief, Table of Authorities, page ix:**

"JEFFREY M. WOOLDRIDGE, INTRODUCTORY  
ECONOMICS: A MODERN APPROACH (5th ed. 2012)  
("Wooldridge")<sup>[30]</sup>

Complainants see these instances as Laurel's attempt, for the first time in its Reply Brief, to add new evidence to the record, without presenting Dr. Wooldridge for cross-examination, without any witness sponsor of the content from the Wooldridge textbook, without giving Complainant witnesses an opportunity to address the Wooldridge content, and without giving Complainants an opportunity to address the untimely introduction of this content in Complainants' Reply Brief.<sup>31</sup> Complainants request that these portions of Laurel's Reply Brief be stricken, or in the alternative, that an Affidavit of Witness Dr. Morris responding to Laurel's arguments regarding Wooldridge be added to the record.

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<sup>30</sup> Motion to Strike at 5-6.

<sup>31</sup> Motion to Strike ¶ 10.

On November 17, 2025, Laurel filed its Answer to the Motion to Strike arguing, *inter alia*, that the references to Wooldridge do not introduce new evidence to the record, but merely use a secondary authority to explain a general, widely-accepted statistical principle.<sup>32</sup> According to Laurel, such citation is analogous to citations to other secondary materials on brief, such as citations to dictionaries regarding generally-accepted definitions, governmental reports, or governmental websites.<sup>33</sup> Laurel argues that such citations by the parties do not constitute evidence, but are instead argument based upon secondary authorities.

### Disposition

Pennsylvania courts have long held that secondary authorities, such as medical and financial treatises or textbooks, cannot be admitted as substantive evidence at trial to prove the truth of matters asserted—they're inadmissible hearsay<sup>34</sup>. However, this evidentiary prohibition does not exclude these materials from being used in briefs and memoranda to support legal arguments, explain technical concepts, or interpret statutory language.<sup>35</sup> Courts have recognized that parties may utilize various authoritative sources including treatises and reference materials in their legal briefing, and statements in briefs are not themselves evidence that courts must consider.<sup>36</sup> The treatises serve as persuasive authority to help explain specialized concepts relevant to the legal arguments presented.<sup>37</sup> The Wooldridge textbook is used in this very manner in

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<sup>32</sup> Answer ¶ 8.

<sup>33</sup> *Id.*

<sup>34</sup> *Aldridge v. Edmunds*, 561 Pa. 323, 750 A.2d 292 (2000).

<sup>35</sup> *Com. v. Potts*, 314 Pa. Super. 256, 460 A.2d 1127 (1983).

<sup>36</sup> *Lin v. Bd. of Revision of Taxes of City of Phila.*, 137 A.3d 637 (Pa. Cmwlth. 2016); *Pysher v. Clinton Township Volunteer Fire Company*, 209 A.3d 1116 (Pa. Cmwlth. 2019).

<sup>37</sup> For example, a financial textbook might explain industry standards or valuation methodologies that inform the parties' interpretation of a statute or legal theory,

Laurel's Reply Brief – to assist Laurel's explanation of a specialized concept involved in the analysis performed by Laurel's witness Dr. Webb. Laurel's references to it are not part of the evidentiary record in this matter. Consequently, Complainants' request to strike all reference to the Wooldridge textbook from the Brief will be denied. Because I find that Laurel's references to the Wooldridge textbook are proper and find no procedural impropriety that needs to be corrected, I shall also deny Complainants' request to add Dr. Morris Affidavit to the record. I note that Paragraphs 5 and 6 of Dr. Morris Affidavit contain additional details in response to Dr. Webb's analysis which were not included in Dr. Morris' written testimony or in his oral testimony on cross-examination. These details, if allowed, would indeed be improperly introducing new evidence that goes to the truth of the matter asserted after the evidentiary record in this matter has been closed.

In view of the above, Complainants' Motion to Strike is denied in its entirety.

2. Theories for Relief and/or Causes of Actions Raised For the First Time in Complainants' Main Brief

In its Reply Brief, Laurel avers that Complainants raised several theories for relief and/or causes of action for the first time in their Main Brief.<sup>38</sup> Laurel identifies 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

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while a medical treatise might clarify technical terminology relevant to damages calculations or statutory interpretation.

<sup>38</sup> See Laurel R.B., Section V.G.

constitutes the introduction of an entirely new service – cross-state, bi-directional, bi-jurisdictional service.”<sup>39</sup>

- 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,<sup>40</sup>
- Section 6(b) of the Capacity Use Agreement does not permit the Bi-directional Service Extension.<sup>41</sup>
- Bi-directional Service Extension will violate the East-to-West Capacity Guarantee set forth in Item No. 90(A) of Laurel’s Tariff.<sup>42</sup>
- The use of “swaps” violates several provisions of Laurel’s existing Tariff.<sup>43</sup>
- 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.<sup>44</sup>

Similarly, Laurel claims that 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. These new theories or requests for relief appear for the first time in Complainants’ Main Brief. Laurel argues that accepting Complainants’ eleventh-hour, extra-record arguments would not only prejudice Laurel’s right to procedural due process but would also invert the statutory allocation of the burden of proof by allowing Complainants to prevail on untested arguments rather than evidence. Because Complainants’ new contentions,

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<sup>39</sup> Complainants M.B. at 18; *see also* Complainants M.B. 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).

<sup>40</sup> Complainants M.B. at 23-24.

<sup>41</sup> Complainants M.B. at 24-27.

<sup>42</sup> Complainants M.B. at 28-31.

<sup>43</sup> Complainants M.B. at 31-34.

<sup>44</sup> Complainants M.B. at 59-60.

identified at pages 16, 18, 23-34, and 59-60 of their Main Brief, exceed the scope of the pleadings and the evidentiary record, Laurel argues that they should be stricken, or, at a minimum, disregarded.<sup>45</sup>

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.”<sup>46</sup> 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.<sup>47</sup> The Supreme Court of Pennsylvania has explained that:

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.<sup>[48]</sup>

The Supreme Court of Pennsylvania has 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.”<sup>49</sup> Fatal variances between the allegations in a complaint and the evidence and arguments presented at hearing have been found where: (a) a party attempts to recover under a

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<sup>45</sup> Laurel R.B. at 59.

<sup>46</sup> 52 Pa. Code § 5.22(a)(5) and (6).

<sup>47</sup> *See, e.g., Shasta-Patric Brown v. Phila. Gas Works*, Docket No. C-2024-3050761, 2025 PA. PUC LEXIS 302, at \*13 (Order entered Sept. 11, 2025).

<sup>48</sup> *Anflick v. Gruhler*, 46 A.2d 161, 162 (Pa. 1946).

<sup>49</sup> *Freer v. Parker*, 192 A.2d 348, 349 (Pa. 1963).

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.<sup>50</sup>

In its Main Brief, Complainants claim that “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.”<sup>51</sup> While Complainants framed their claim as “an abandonment of existing east-to-west intrastate service claim” early on in this proceeding,<sup>52</sup> the Main Brief was the first time where they formulated their claim that the proposed extension of bi-directional service is also “a major change from ... the existing east-to-west intrastate service [as to constitute] an entirely new service – cross-state, bi-directional, bi-jurisdictional service.” This second claim regarding the initiation of a new service that falls under the Commission’s jurisdiction does not appear anywhere in the Complaint or Complainants’ written or oral testimony. In fact, while the Complaint claims violation of Chapter 11 of the Public Utility Code and the need to obtain Commission approval in the form of a Certificate of Public Convenience, it only refers to 66 Pa.C.S. § 1102(a)(2) regarding abandonment of service.<sup>53</sup> There is nowhere any mention or reference to 66 Pa.C.S. § 1102 (a)(1) concerning the initiation of new service. At no time prior to filing their Main Brief did Complainants raise this new theory or

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<sup>50</sup> 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).

<sup>51</sup> Complainants M.B. at 18; see also Complainants M.B. 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).

<sup>52</sup> See Present Complaint, Count II, ¶ 32.

<sup>53</sup> Complainant ¶ 31.

request for relief or preserve it in the record. Similarly, at no point did Complainants seek to amend the Formal Complaint to introduce this new theory, as permitted by the Commission’s regulations.<sup>54</sup> Thus, Laurel was deprived of the opportunity to test the theory on the record through cross-examination or rebuttal.<sup>55</sup>

Because this is a new legal claim and cause of action first introduced in a post-hearing brief it was poorly developed in Complainants’ Main Brief, unsupported by the record, and a “surprise” for Laurel and the undersigned. The Commission and Pennsylvania appellate courts have made clear that such post-record ambushes cannot be countenanced.<sup>56</sup> 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. As such Complainants’ claim that the proposed extension of bi-directional service is also “a major change from ... the existing east-to-west intrastate service [as to constitute] an entirely new service – cross-state, bi-directional, bi-jurisdictional service” should be stricken from their Main Brief and disregarded. This outcome is consistent with the

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<sup>54</sup> See 52 Pa. Code §§ 5.91-5.92. Laurel expects that 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.

<sup>55</sup> 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.

<sup>56</sup> 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.

outcome in *Third Avenue Realty Limited Partners*,<sup>57</sup> where the Commission struck sections of a brief that introduced new evidence and theories after hearing.<sup>58</sup>

Next, Complainants argue that “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.”<sup>59</sup> Contrary to what Laurel claims, this is neither a new theory for relief or a new cause of action. Instead, this is a new legal argument that draws on record evidence to support the legal theory that Extended Bi-Directional Service will violate portions of Laurel's PUC Tariff.<sup>60</sup> Notably, the terms of the Capacity Use Agreement that Complainants claim Bi-directional Service Extension violates are included in Laurel’s PUC Tariff, Item No. 90(A). Similarly, Complainants’ arguments that “Section 6(b) of the Capacity Use Agreement does not permit the Bi-directional Service Extension”<sup>61</sup> and that “Bi-directional Service Extension will violate the East-to-West Capacity Guarantee set forth in Item No. 90(A) of Laurel’s Tariff” represents a new legal argument in support of the same legal theory.

In addition, Laurel argues that Complainants’ argument that the use of “swaps” violates several provisions of Laurel’s existing Tariff<sup>62</sup> represents a new theory for relief and/or cause of action introduced for the first time in Complainants’ Main Brief. I disagree. In its Main Brief Laurel discusses “swaps” as part of its defense that the use of “swaps” does not constitute unreasonable service.<sup>63</sup> Laurel relies on the language of its Tariff Item No. 40 to argue that swaps are allowed under its PUC Tariff,

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<sup>57</sup> *Third Avenue Realty Ltd. Partners*, 2010 Pa. PUC LEXIS 1615, \*13-14.

<sup>58</sup> *See also Hess*, 107 A.3d at 266 (citations omitted).

<sup>59</sup> Complainants M.B. at 23-24.

<sup>60</sup> *See* Complaint ¶ 4.

<sup>61</sup> Complainants M.B. at 24-27.

<sup>62</sup> Complainants M.B. at 31-34.

<sup>63</sup> Laurel M.B. at 62, Section C.2.f.

The nature of a “swap” is simply an extension of, and a result of, the fungible nature of petroleum products as transported by pipeline, under one- or bi-directional operation. Shippers on Laurel (or other liquids pipelines) do not have a right or expectation that they will tender into Laurel the same barrels that they receive from Laurel. Laurel’s Tariff, Item No. 40, states that, “Carrier is under no obligation to deliver the identical Commodities received, but may deliver Commodities of substantially the same specifications.”<sup>64</sup> Thus, the baseline expectation of each shipper is not that they will receive the molecules that they put into the pipeline, only that they will receive molecules of “substantially the same specifications.”<sup>[65]</sup>

In view of Laurel’s argument and defense of swaps, I cannot find that Complainants’ argument that swaps violate Laurel’s PUC Tariff constitutes an “ambush” to Laurel or a violation of its due process rights. I note that violations of tariff often result in unreasonable service and a claim of the former often implicates the latter, and vice versa.

Lastly, Laurel argues that Complainants have introduced a new theory for relief in their Main Brief by requesting “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.”<sup>66</sup> In their Complaint, Complainants object to the use of swaps<sup>67</sup> and seek the following relief:

findings and an order from this Commission that Laurel's proposed bi-directional service on the 720 pipeline segment violates ...(ii) Code Sections 1302 and 1303, which require public utilities like Laurel to maintain, file and adhere to tariffs that reflect service offerings and rules associated with service

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<sup>64</sup> Laurel Exhibit TZ-3 at 10.

<sup>65</sup> Laurel M.B. at 63 (emphasis added).

<sup>66</sup> Complainants M.B. at 59-60.

<sup>67</sup> Complaint ¶ 24.

and are modified pursuant to the tariff review process when service is changed.<sup>[68]</sup>

In their Main Brief, Complainants request the following,

[The Commission] must require Laurel to modify its existing tariff in several respects to ensure that all terms and conditions of service are fully described in the Rules and Regulations tariff. Laurel must be required to revise the tariff to address (i) the pipeline's use of swaps to facilitate its west-to-east service without any mention or explanation in the tariff of how swaps are accomplished or affect scheduling of east-to-west shipments under settlement the capacity guarantee codified in Item No. 90, (ii) critical limitations on the use of swaps to avoid undue discrimination to east-to-west shippers or undue preference to west-to-east shippers, (iii) proper public notice of swaps to shippers and markets, and (iv) recordkeeping requirements for swaps.<sup>[69]</sup>

This requested relief, i.e., that Laurel be ordered to revise its Tariff to certain specifications, is a step further from the original relief requested in the Complaint which was for the Commission to find that Laurel violated Section 1302 of the Code (failing to file a tariff “showing all rates established by it and collected or enforced, or to be collected or enforced.”)<sup>70</sup> The record in this matter is not sufficiently developed for such a ruling. In fact, the lone “evidence” of any tariff revisions advanced by the Complainants is by LHT witness Ms. Huzicko who requested stricter limits on cycle delivery times and built-in financial consequences to Laurel for failing to meet those limits.<sup>71</sup> Consequently, this late request for relief will be disregarded.

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<sup>68</sup> Complaint ¶ 4.

<sup>69</sup> Complainant M.B. at 61.

<sup>70</sup> 66 Pa.C.S. § 1302.

<sup>71</sup> Complainants Exhibit SH-1 at 10-11.

C. Analysis

1. The Bi-directional Service Extension as an Abandonment of Service or the Initiation of a New Intrastate Service that Requires Laurel to Obtain a CPC under 66 Pa.C.S. §§ 1102(a)(1) or (2).

In their Main Brief, Complainants maintain that extending bi-directional service from Eldorado to Sinking Spring will not only reduce the level of available intrastate service on the pipeline but will also change the nature of intrastate service in a material and permanent manner. Interpreting these changes as evidence of Laurel's intention to abandon the current intrastate east-to-west service and replace it with a new bi-directional intrastate and interstate service on the same segments, Complainants argue Laurel must file an application for a CPC before it can proceed any further with its plans to extend bi-directional service.<sup>72</sup>

- a. Abandonment of the East-to-West One-Direction Service

COMPLAINANTS' POSITION

According to the Complainants, the introduction of bi-directional service on the relatively short segment of the pipeline between Coraopolis and Eldorado in 2019 has been detrimental to west-bound shippers, as delivery time for their products has increased in comparison to the time prior to 2019.<sup>73</sup> They argue that increasing the length of pipe subject to bi-directional service will only exacerbate the increase, in both time and volatility, of transit times (the time it takes from when a shipper pumps its product into the pipeline and when that product - or a fungible substitute - is delivered to the intended

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<sup>72</sup> Complainants M.B. at 15-16, citing 66 Pa.C.S. § 1102.

<sup>73</sup> Complainants M.B. at 17, citing Tr. at 427 and Complainants Rejoinder Exhibits JRM-10 & 11.

destination).<sup>74</sup> They further assert that the volume of products flowing east to west on the Laurel Pipeline have been relatively stable since the Philadelphia Energy Solutions (PES) closed in 2019, but transit times have continued to increase.<sup>75</sup>

Next, Complainants refer to the Full Reversal Case, in which the Commission ruled that the reversal was both an abandonment of east-to-west service on the Eldorado to Coraopolis segment and a material change in the nature of the service, clearly requiring a CPC.<sup>76</sup> They note that in the Full Reversal Case, the Commission addressed but did not decide the issue of whether Laurel's CPC limits the direction of flow of the pipeline, finding it unnecessary. Complainants argue that the same holds true in the present case. According to them, finding an express limitation of directionality in Laurel's certificate is not a necessary precursor to concluding that a change from east-to-west service to bi-directional service is both a partial abandonment of east-to-west service and a material change in service.<sup>77</sup>

The Code requires a CPC for a "any public utility to abandon or surrender in whole or in part, any service...",<sup>78</sup> and Complainants argue that this very scenario will happen if east-to-west service is ended or diminished.

To support their arguments, Complainants assert that service over the entire pipeline has suffered since the commencement of bi-directional service from Eldorado to Coraopolis, which was authorized as part of the 2019 Settlement. Based upon their negative experience with increased outages, increasing and increasingly volatile transit

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<sup>74</sup> Complainants M.B. at 17, citing Complainants Exhibit TM-1, 12-13.

<sup>75</sup> Complainants M.B. at 17, citing Tr. at 429-430; Complainants Rejoinder Exhibit JRM-12.

<sup>76</sup> Full Reversal Case Order, slip op. at 44.

<sup>77</sup> Complainants M.B. at 18.

<sup>78</sup> Complainants M.B. at 18, citing 66 Pa.C.S. § 1102(a)(2).

times,<sup>79</sup> and the inability to move certain products over that relatively short segment of bi-directional pipeline, the Complainants expect that bi-directional service over an even longer segment of the pipeline will make things even worse.<sup>80</sup> They point to the rejoinder testimony of Dr. Morris' as supporting not only their position that transit times have dramatically increased across the pipeline for west-bound shipments since bi-directional service began on the L718 segment of the pipeline in 2019, but also as evidence of a causal connection between bi-directional service and increasing transit times.<sup>81</sup> They further argue that the increase in delivery times from 8-12 days<sup>82</sup> – to a month<sup>83</sup>, exposes the Complainants to the probability that Laurel could reverse the flow of the pipeline to a single direction for months on end if it chooses to do so.<sup>84</sup> In addition to increases in transit times, Complainants aver that there have been numerous documented incidents of west-bound shipments being delayed in order to allow east-bound shipment to flow or for other operational reasons related to bi-directional service.<sup>85</sup> Complainants see this change in the shipping environment as a fundamental change in the operation of the pipeline that will only get worse with expanding bi-directional service.<sup>86</sup>

Lastly, Complainants aver that the increasing transit times and other delivery problems they have experienced since the 2019 switch will increase not only because of the distances involved, but also due to the increased complexity of managing for changes of direction in the more populated Central and Southeast Pennsylvania

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<sup>79</sup> Complainants M.B. at 19; Tr. at 131.

<sup>80</sup> Complainants M.B. at 19; Tr. at 124.

<sup>81</sup> Complainants M.B. at 19-20; *see also* Complainants' Rejoinder Exhibits JRM-10; JRM-11.

<sup>82</sup> Tr. at 93.

<sup>83</sup> *See* Laurel St. No. 1-R, 24:19-25.

<sup>84</sup> Complainants' M.B. at 20; Laurel St. No. 1-R at 23:10-24:2.

<sup>85</sup> *See* Complainants' HC Exhibit KFS-2; Complainants HC Exhibit JDJ-2; and Complainants HC Exhibit JDJ-8.

<sup>86</sup> Complainants M.B. at 20.

regions.<sup>87</sup> They argue that the LHT terminals along this section (Eldorado to Sinking Spring) of the pipeline (at a minimum) do not have the capability of receiving product from the east and west simultaneously and so will be dependent on flow reversals to receive product from their chosen origin, one direction at a time.<sup>88</sup>

### Laurel's Position

In its Main Brief, Laurel rejects Complainants' contention that the Bi-directional Service Extension is either an abandonment of existing service or the initiation of a new intrastate service that requires Laurel to obtain a CPC under 66 Pa.C.S. §§ 1102(a)(1) or (2). In doing so, Laurel first provides a legal analysis of 100 years of Pennsylvania case law clarifying and defining what constitutes "abandonment of service." Laurel avers that the plain language of Section 1102(a)(2) is in accord with Pennsylvania common law that holds an abandonment is "the relinquishment or surrender of rights or property."<sup>89</sup> It notes that "abandonment has been previously viewed as a complete cessation of service, and the provisions of [the predecessor to Section 1102(a)(2)] have been applied only in that type of situation."<sup>90</sup> This principle is consistently articulated through more than a century of Pennsylvania case law.<sup>91</sup>

Laurel highlights the case of *Byerly v. Pennsylvania Public Utility Commission*, in which the protestant argued that the CPC of one common carrier truck

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<sup>87</sup> Complainants M.B. at 20; *see also* Complainants Exhibit TM-1, 12:6-13:6.

<sup>88</sup> Complainants M.B. at 20-21; Tr. at 138.

<sup>89</sup> *Cassell; Koontz*, 101 A. at 864; *Emerald Coal & Coke Co.*, 107 A.2d at 737 ("Abandonment necessarily implies the voluntary or intentional act of the party having the facility, right or power to relinquish it.").

<sup>90</sup> *Pennsylvania R. Co.*, 146 A.2d at 356. While *Pennsylvania R. Co.* was vacated on other grounds, it has been regularly cited and relied upon by the Commission for the legal principles it espouses. *See also Fisher*, at \*19-20.

<sup>91</sup> *See, e.g., Cassell; Koontz*, 101 A. at 864; *United Natural Gas Co. v. James Bros. Lumber Co.*, 191 A. 12, 14 (Pa. 1937) ("Mere non-user does not constitute

company could not be transferred to another because, among other things, the current holder of the CPC had “abandoned” service.<sup>92</sup> The Supreme Court of Pennsylvania explained the Commission’s decision below as follows:

The commission found against Byerly in both actions on the theory that Byerly had not sustained its burden of proving that Forney had abandoned its rights. Its opinion states: "This is not a situation where a transferor has abandoned service and sold his equipment. In this case the transferor always had equipment available to provide service and at no time did he put himself into a position whereby he could not render any service requested of him by the public. . . . Forney paid annual

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abandonment; there must be an intention to abandon, together with ‘external’ acts by which such intention is carried into effect. . . .); *Emerald Coal & Coke Co.*, 107 A.2d at 737; *Feather v. Pa. Pub. Util. Comm’n*, 399 A.2d 829, 830 (Pa. Cmwlth. 1979) (“ . . . absence of use alone cannot establish abandonment. To establish abandonment requires an affirmative showing of intent to abandon.”); *W.D. Rubright*, 177 A.2d at 123; *Byerly*, 270 A.2d at 188-189; *Yellow Cab. Co. v. Pa. Pub. Util. Comm’n*, 431 A.2d 1106, 1107-08 (Pa. Cmwlth. 1981); *Quarry Office Park Assoc. v. Phila. Elec. Co.*, 576 A.2d 358, 363 (Pa. Super. 1990) (holding “failure to operate trains on the line and maintain the line are not indicative of an intent to abandon.”); *Buffalo Twp. v. Jones*, 813 A.2d 659, 669-70 (Pa. 2002); *In re County of Lancaster*, 909 A.2d 913, 916 (Pa. Cmwlth. 2006); *Susquehanna Area Reg’l Airport Auth. v. Pa. Pub. Util. Comm’n*, 911 A.2d 612, 622 (Pa. Cmwlth. 2006) (“*Susquehanna*”). See also, e.g., *Re Edgar v. Einhorn v. Phila. Elec. Co.*, Docket P.6, 1965 Pa. PUC LEXIS 3, at \*12-13 (Opinion and Order dated March 8, 1965); *Application of Norman M. Earhart, T/D/B/A/ Earhart Trucking*, 48 Pa. P.U.C. 607, 1975 Pa. PUC LEXIS 104, at \*22-24 (Opinion and Order dated Feb. 18, 1975); *Harris v. Nat’l Transit Co. (Harris)*, 1976 Pa. PUC Lexis 50, at \*3-4; *Re Werner Bus Lines, Inc.*, 53 Pa. PUC 646, 1979 Pa. PUC LEXIS 3, at \*15 (Opinion and Order dated Dec. 14, 1979); *Fisher*, at \*19-20; *Application of L. Joseph Williams, t/d/b/a Executive Limousine Service*, Docket No. A-00109812, 1992 Pa. PUC LEXIS 168, at \*32-33 (Initial Decision dated Jan. 8, 1993); *Application of Dafix Enterprises, Inc.*, Docket No. A-00122357, 2006 Pa. PUC LEXIS 301, at \*25-26 (Initial Decision dated Dec. 13, 2006), *aff’d*, Opinion and Order, at pp. 6-8 (entered Mar. 6, 2007); *Application of Safe Harbor Water Power Corporation Pursuant to Section 1102(a)(2) of the Pennsylvania Public Utility Code Authorizing Safe Harbor Water Power Corporation to Abandon Public Service Authorized by a Certificate of Public Convenience*, Docket No. A-2008-2078319, 2010 Pa. PUC LEXIS 2133, at \*48 (Initial Decision entered Feb. 5, 2010), *adopted as final action without modification*, (Order entered June 22, 2010).

<sup>92</sup> *Byerly*, 270 A.2d at 187-88.

assessments against him as a public utility and continued to maintain insurance, annual reports, and tariffs on file with this Commission. At no time did he orally or in writing evidence any intention to abandon the rights. All of these circumstances negate any intent on his part to abandon his certificated rights."<sup>[93]</sup>

The Supreme Court affirmed the decision of the Commission and the principle that “[t]o constitute an abandonment there must be an intention to abandon together with external acts by which the intention is carried into effect.”<sup>94</sup>

Next, Laurel notes that among the cases cited in *Byerly* was the Superior Court of Pennsylvania’s decision in *W.D. Rubright*.<sup>95</sup> Citing a collection of Commission decisions, the Superior Court distinguished between cases where an abandonment had occurred and cases where it had not. It explained:

The cases in which the commission has found an abandonment are distinguishable from the present case by reason of the fact that the evidence of abandonment in those cases was clear and convincing: *Application of Elizabeth Evans*, 18 Pa. P.U.C. 353 (1938) (where a fixed route bus service had been suspended for more than three years); *Application of Donald E. Bicker*, 32 Pa.P.U.C. 601 (1954) (where no operations had been conducted for seven years and all equipment had been leased to another carrier); *Application of Jesse A. Kroninger*, 34 Pa. P.U.C. 492 (1956) (where the carrier had conducted no authorized transportation for three or four years and had sold his equipment); and *Rule Issued Against John H. Peters, t-d-b-a Peters Trucking Company*, 35 Pa. P.U.C. 689 (1958) (where there was testimony that no authorized service had been rendered for four or five years).

The present case comes under the decisions in which the Pennsylvania Public Utility Commission has concluded that no

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<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 189.

<sup>95</sup> *Id.* at 188 (citing *W.D. Rubright*, 177 A.2d 119).

abandonment was shown: *Application of Jones Motor Company, Inc.*, 26 Pa.P.U.C. 132 (1946) (where the transferor, whose operations were curtailed by wartime conditions, always maintained a truck capable of rendering service, never put himself in a position where he could not render service upon request, and rendered some service during the year of transfer and preceding years) and *Application of Frank J. Cutler, Jr.*, 26 Pa. P.U.C. 146 (1946) (where wartime conditions caused a suspension of the transferor's operation for a year or two, but he retained and continuously licensed one vehicle, kept his insurance in force and tariffs on file, and continued to submit assessments and annual reports).<sup>[96]</sup>

Laurel observes that prior to *W.D. Rubright*, the Superior Court also held that abandonment under the predecessor to Section 1102(a)(2) has only been applied to “a complete cessation of service.”<sup>97</sup> More specifically, in *Pennsylvania R. Co.*, the Superior Court reviewed a rule adopted by the Commission that “[a]n application shall be filed with and approved by the Commission prior to the removal, elimination, or substantial change in the schedule of any passenger train. . . .”<sup>98</sup> The Superior Court overturned the rule and held that a common carrier railroad “has the initial right to adjust its train operations and time schedules as a matter of managerial discretion, subject to corrective action by the Commission after investigation and hearing.”<sup>99</sup>

Laurel further remarks that following these decisions, Pennsylvania appellate courts consistently held that curtailment, diminution, or even non-use of the service does not constitute an abandonment. In *Yellow Cab Co. v. Pa. Pub. Util. Comm’n*, the Commonwealth Court reviewed a Commission order approving a transfer of a common carrier CPC, which was opposed on the grounds that the right to render service

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<sup>96</sup> *W.D. Rubright*, 177 A.2d at 123 (emphasis added).

<sup>97</sup> *Pennsylvania R. Co.*, 146 A.2d at 356.

<sup>98</sup> *Pennsylvania R. Co.*, 146 A.2d at 353.

<sup>99</sup> *Pennsylvania R. Co.*, 146 A.2d at 358.

had been abandoned.<sup>100</sup> The Commonwealth Court reaffirmed the principles in *Byerly* and *W.D. Rubright*, and explained that even where “it is conceded that the transferor markedly curtailed its service, such curtailment or even nonuse, especially when compelled by events and circumstances beyond the carrier’s control, does not constitute abandonment.”<sup>101</sup>

Relatedly, in *Susquehanna*, the Commonwealth Court recognized that “a common carrier’s ability to provide service successfully is largely a function of the marketplace”<sup>102</sup> and reaffirmed that “curtailment [of service] or even nonuse of a certificate of public convenience does not constitute abandonment.”<sup>103</sup> It further reasoned that:

the *involuntary* loss of market share is not an abandonment; and such an event does not trigger an application requirement by any party, common carrier or customer. Market share is neither guaranteed nor regulated by the PUC. Stated otherwise, a common carrier's loss of market share, for any reason, is not an event that can be shoehorned into the PUC’s regulation of voluntary abandonment.

The PUC’s argument that it may regulate and prevent a “partial forced abandonment” of a service area simply lacks support in the Public Utility Code.<sup>[104]</sup>

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<sup>100</sup> *Yellow Cab. Co. v. Pa. Pub. Util. Comm’n*, 431 A.2d 1106, 1107 (Pa. Cmwlth. 1981).

<sup>101</sup> *Yellow Cab. Co.*, 431 A.2d at 1107-08.

<sup>102</sup> *Id.* at 619. While the court noted that a reduction in service may require Commission approval if it is the design of the common carrier, it also cited *Yellow Cab Co.* and recognized consistent with prior precedent that reduction or non-use in response to market conditions did not constitute an abandonment.

<sup>103</sup> *Susquehanna*, 911 A.2d at 613, 622.

<sup>104</sup> *Id.* at 619 (emphasis added).

Pennsylvania courts clearly do not consider the change, reduction, curtailment, or diminution of service in response to market conditions to constitute even a “partial” abandonment of service.

Finally, Laurel reviewed Commission Orders and found them to adhere to the principles mentioned above. More specifically, in *Harris*, a petroleum products transportation pipeline that provided common carrier service converted its service from a pipeline and trucking transportation service to a total trucking transportation service.<sup>105</sup> The Commission held that “[t]he decision to change the method of operation from a pipeline trucking operation to a total trucking operation is a management decision which must be affirmed by this Commission unless the record supports a finding of a clear abuse of discretion by respondent.”<sup>106</sup> Thus, *Harris* makes clear that even the complete and total curtailment (i.e., cessation) of petroleum products transportation service by pipeline in favor of trucking does not constitute an abandonment of service, partial or otherwise.

In *Fisher*, the Commission reviewed a complaint against a natural gas utility that alleged the utility had abandoned service because it had discontinued service due to safety concerns.<sup>107</sup> Importantly, the utility maintained that gas service would be available and restored in the future.<sup>108</sup> The Commission acknowledged that “[w]hile the service interruption may be for an indefinite period and perhaps as short as 12 to 18 months, it appears to be temporary in the sense that Columbia does not intend to surrender or abandon permanently gas service to these customers.”<sup>109</sup> The Commission

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<sup>105</sup> *Harris v. Nat'l Transit Co. (Harris)*, 1976 Pa. PUC Lexis 50, at \*3-4.

<sup>106</sup> *Id.*, at \*4-5 (emphasis added).

<sup>107</sup> *Fisher*, 1992 Pa. PUC LEXIS 163, at \*1.

<sup>108</sup> *Id.*, at \*18-19.

<sup>109</sup> *Id.*, at \*19-20 (emphasis added).

went on to hold that “the certificate requirements of Section 1102(a)(2) . . . apply only to the permanent abandonment or surrender of service rights, in whole or in part.”<sup>110</sup>

According to Laurel, the Commission addressed the issue of what constitutes abandonment of service in the *2018 Final Order*. In its Order, the Commission focused on the “elimination of service availability” and the total restriction of service for “eastward operations” on Line 718 that would cease access to certain points for east-to-west intrastate shippers.<sup>111</sup> The Commission accepted the factual distinction drawn by the Administrative Law Judge (ALJ) in the *2018 Recommended Decision*<sup>112</sup> and found that a permanent reversal of flow constitutes an abandonment of service. It held that “Laurel’s proposed reversal was, in fact, the abandonment of service in one direction and the commencement of new service in the other direction.”<sup>113</sup>

In its Main Brief, Laurel asserts that it has repeatedly and unequivocally confirmed that Existing Bi-directional Service and the Bi-directional Service Extension are intended to maintain, and will maintain, Laurel’s east-to-west intrastate service.<sup>114</sup> According to Laurel, its words and actions evidence its commitment to continuing to provide east-to-west intrastate service pursuant to its Commission-approved CPC, Tariff, Capacity Use Agreement and 2019 Settlement.<sup>115</sup> Specifically, Laurel points to the testimony of its witness Mr. Zeth,<sup>116</sup> who described Laurel’s intentions as follows:

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<sup>110</sup> *Id.*, at \*20 (citation omitted) (emphasis added).

<sup>111</sup> *2018 Final Order*, at pp. 44-45 (emphasis added).

<sup>112</sup> *2018 Recommended Decision* at 50.

<sup>113</sup> *2018 Final Order* at 44.

<sup>114</sup> Laurel’s M.B. at 25, 31.

<sup>115</sup> Laurel’s M.B. at 31.

<sup>116</sup> Mr. Zeth is the Vice President of Commercial Operations for Buckeye Partners, L.P. Laurel St. No. 1-R at 1. In this role, he is responsible for commercial and customer service activities on the Laurel pipeline system, and also has oversight functions over commercial operations, as well as the pipeline and terminal scheduling groups.

the initiation of interstate service by Buckeye over Line 720 and Line 724 is the initiation of an additional service. It does not involve or contemplate Laurel ceasing to provide east-to-west intrastate service pursuant to the terms of its Tariff, and does not involve or contemplate a complete reversal of any pipeline segment.<sup>[117]</sup>

With respect to Existing Bi-directional Service on Line 718, Mr. Zeth explained that this service “involves Laurel continuing to provide east-to-west intrastate pipeline transportation service on Line 718, while Buckeye has added its new interstate west-to-east service over this segment of the line.”<sup>118</sup>

As for the Bi-directional Service Extension on Lines 720 and 724, Laurel witness Mr. Zeth testified that “the Bi-directional Service extension would involve Laurel continuing to provide east-to-west intrastate pipeline transportation service on Lines 720 and 724, while Buckeye will add its new interstate west-to-east service over this segment of the line.”<sup>119</sup> He then further explained that “[e]xisting bi-directional operations did not result in any origin or delivery points being removed” and that the “Bi-directional Service Extension does not contemplate and does not require removal of any origin or delivery points.”<sup>120</sup>

In his testimony, Mr. Zeth confirmed that shippers “will continue to have the option to conduct intrastate movements from every origin and to every delivery point on the pipeline.”<sup>121</sup> Importantly, he also noted that no Complainant witness testified that Laurel is removing access to any point on its pipeline system.<sup>122</sup>

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<sup>117</sup> Laurel M.B. at 31-32; Laurel St. No. 1-R at 7.

<sup>118</sup> Laurel St. No. 1-R at 54 (emphasis added).

<sup>119</sup> Laurel St. No. 1-R at 54 (emphasis added).

<sup>120</sup> Laurel St. No. 1-R at 55.

<sup>121</sup> Laurel St. No. 1-R at 55.

<sup>122</sup> Laurel St. No. 1-R at 55.

As it was determined in *W.D. Rubright, Pennsylvania R. Co., Susquehanna, Harris, and Fisher*, bi-directional operations clearly neither intend nor evidence an intent to permanently eliminate or otherwise restrict east-to-west intrastate shippers' access to any point on the Laurel pipeline system.<sup>123</sup> Rather, Laurel argues that bi-directional operations are just a change in method of operation under the existing rights in Laurel's Tariff to "establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities."<sup>124</sup>

Laurel's intent and actions were further confirmed by its expert witnesses: Dr. Webb<sup>125</sup> who explained:

the Bi-directional Service Extension involves the addition of a new interstate service and does not involve the removal of an existing intrastate service. Adding a service is the opposite of abandoning a service and treating the addition of a service as an abandonment makes no logical or regulatory sense. At most, the addition of the new interstate service **could** result in the degradation of existing intrastate service, which **could** be considered unreasonable service, but a possible degradation of service that possibly amounts to unreasonable service is not an abandonment of service.<sup>[126]</sup>

Finally, in order to remove any doubts regarding its intent or actions, Laurel also has indicated it is willing to extend the East to West Capacity Guarantee until December 31, 2028, and apply this guarantee to all segments affected by Existing Bi-

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<sup>123</sup> See *W.D. Rubright*, 177 A.2d at 123; *Pennsylvania R. Co.*, 146 A.2d at 358, *Susquehanna*, 911 A.2d at 619; *Harris*, at \*19-20; *Fisher*, at \*4-5.

<sup>124</sup> Laurel Exhibit TZ-3 at 9 (Item No. 10(B)); see *Pennsylvania R. Co.*, 146 A.2d at 358; *Fisher*, at \*4-5.

<sup>125</sup> Dr. Webb is a Vice President of Regulatory Economics, Group LLC. Laurel St. No. 3-R at 1. He is an economist, with extensive experience related to the economics and regulation of petroleum products pipelines. Laurel St. No. 3-R at 1-2; Laurel Exhibit No. MJW-01.

<sup>126</sup> Laurel St. No. 3-R at 8 (emphasis in original).

directional Service or the Bi-directional Service Extension (i.e., Lines 718, 720, and 724).<sup>127</sup> According to Laurel, not only does this commitment remove any doubt as to its intent in this proceeding, but more importantly it constitutes an affirmative act evidencing Laurel’s intent to maintain, not abandon, existing intrastate service.

## Disposition

### Intention and external actions

Pennsylvania law has established that 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.”<sup>128</sup> Complainants infer Laurel’s intention to abandon the intrastate service from Laurel’s historical actions<sup>129</sup> – from Laurel filing an Application with the Commission in 2016, seeking approval to reverse the direction of petroleum products transportation service on the Laurel Pipeline between Midland, Pennsylvania (west of Pittsburgh) and Eldorado (Altoona) to accommodate Midwest shippers intent on entering markets further east than Pittsburgh,<sup>130</sup> to Laurel and Buckeye filing a Petition for Declaratory Order with the FERC at Docket No. OR18-22-000 (2018 PDO) on April 30, 2018, seeking to establish bi-directional service, on the Coraopolis-Duncansville segment (“L718”) to using leased capacity for the west-to-east service and Pennsylvania intrastate capacity for the east-to-west direction,<sup>131</sup> to the Buckeye Pipe Line Company, L.P. Petition for Declaratory

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<sup>127</sup> Laurel St. No. 1-R at 61-63.

<sup>128</sup> Laurel M.B. 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).

<sup>129</sup> See Complainants M.B. at 2, 7, 22; Complainants R.B. at 11-12; *see also* Formal Complaint at ¶¶ 1, 21.

<sup>130</sup> *The Full Reversal Case*.

<sup>131</sup> See *Giant Eagle, Inc. v. Laurel Pipe Line Company, LP*, Docket No. C-2018-3003365 (Order Entered August 29, 2019).

Order, FERC Docket OR25-6-000, filed December 20, 2024 (2024 PDO) seeking to extend bi-directional service between Eldorado and Sinking Spring (L720 and L724).

For its part, Laurel argues that neither its acts nor its intention has been to abandon the westbound intrastate service. First, Laurel points out that there is no bi-directional service without the intrastate westbound service -- the eastbound interstate service is intended to be additional to the intrastate service. Second, just as Existing Bi-directional Service did not result in any origin or delivery points being removed, the Bi-directional Service Extension does not contemplate and does not require removal of any origin or delivery points.<sup>132</sup> The shippers “will continue to have the option to conduct intrastate movements from every origin and to every delivery point on the pipeline.”<sup>133</sup> Lastly, to remove any doubts as to its intent in this proceeding, Laurel is willing to extend the East to West Capacity Guarantee until December 31, 2028, and apply this guarantee to all segments affected by Existing Bi-directional Service or the Bi-directional Service Extension (i.e., Lines 718, 720, and 724).<sup>134</sup>

Upon consideration, I agree with Laurel. The intention behind the 2018 PDO and the 2024 PDO is fundamentally different from Laurel’s intention in the Full Reversal Case. While the two PDOs sought to establish and extend bi-directional service on portions of Laurel, the Full Reversal Case sought to abandon intrastate service over the westmost portion of Laurel and initiate exclusive interstate service there. So far, the Existing Bi-directional Service has matched the expressed intention of Laurel and Buckeye as stated in the 2018 PDO, the 2019 Settlement and the Capacity Agreement. Without addressing Complainants’ claims of the level and quality of the intrastate service provided over the Existing Bi-directional segment at this time <sup>135</sup>, the fact remains that

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<sup>132</sup> Laurel St. No. 1-R at 55.

<sup>133</sup> Laurel St. No. 1-R at 55.

<sup>134</sup> Laurel St. No. 1-R at 61-63.

<sup>135</sup> See Section C.3 below.

Laurel has provided both eastward interstate and westward intrastate petroleum transportation service over its Coraopolis-Duncansville segment (“L718”) from 2019 on.<sup>136</sup>

Cross-state, Bi-directional, Bi-jurisdictional Service as Abandonment of One-Direction Interstate Service

Recognizing that bi-directional service includes the eastbound interstate service, Complainants argue that the bi-directional bi-jurisdictional service, as a bundle, will replace the one-direction intrastate service as it exists now.<sup>137</sup> Because as explained *supra* the bi-directional bi-jurisdictional service is made up of two jurisdictionally distinct services, the eastbound interstate service and the westbound intrastate service, Complainants’ argument boils down to the notion that the one-direction intrastate service is being “replaced” with the interstate service and itself. Or stated differently, the interstate service will be additional to the intrastate service which will be maintained. However, the Complainants argue that, as part of the bi-directional service, the future one-direction intrastate service will be so “materially changed” as to constitute an abandonment of the present Commission-jurisdictional service, for which a CPC is required under the provisions of Section 1102(a)(2) of the Code.<sup>138</sup> As legal grounds for this conclusion, Complainants cite to the Commission Order in the *Full Reversal Case, Application of Sunoco Pipeline, L.P. (Sunoco 2013 Application)*, Docket Nos. A-2013-2371789, P-2013-2371775 (Order entered Aug. 29, 2013), and *Phila. v. Pa. Pub. Util. Comm’n*, 185 Pa. Super. 598, 138 A.2d 698 (1958).<sup>139</sup>

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<sup>136</sup> See FOF # 64.

<sup>137</sup> Complainants R.B. at 12-13.

<sup>138</sup> Complainants R.B. at 13.

<sup>139</sup> Complainants R.B. at 13, *Full Reversal Case Order* at 44-45; *Phila. v. Pa. Pub. Util. Comm’n*, 185 Pa. Super. 598, 138 A.2d 698 (1958) (ceasing trolley service and commencing bus service over the same route required two certificates of public convenience, one to abandon the trolley service and one to commence the bus service).

However, the three cases cited are distinguishable from the present one. The *Full Reversal Case* addressed Laurel’s application to reverse the flow of product in the westmost portion of the pipeline. In that case, the “material change in service” that the Commission found to constitute an abandonment of service was Laurel’s “eliminating the service availability and pricing in its tariff to destination points west of Eldorado along the Laurel pipeline from eastern Pennsylvania origins, including Philadelphia.”<sup>140</sup>

The *Sunoco 2013 Application* was a clearly stated application to abandon intrastate petroleum pipeline service on certain segments of its pipeline and to repurpose the affected facilities for interstate propane and ethane service. In its Order entered August 29, 2013, the Commission granted Sunoco’s application to abandon intrastate petroleum pipeline service on portions of the pipeline, ordered that a CPC be issued authoring the abandonment; and ordered Sunoco to file a tariff supplement reflecting the abandonment.<sup>141</sup> The case is more similar to the *Full Reversal Case* than the present one. Sunoco’s intrastate service availability on the indicated portions of the pipeline was eliminated with no measure of it continuing or being maintained by Sunoco.

Lastly, the *City of Philadelphia v. Pa. Pub. Util. Comm’n*, 138 A.2d 698 (Pa. Super. 1958) addressed an appeal to a Commission Order (at Docket Nos. 83937 and 59145, Folder 111) approving a transportation company's application to abandon a portion of street railway and its application to substitute bus service. This case is easily distinguishable from the present one. Street railway (trolley) service is a different type of service than bus service. The former falls under the provisions of Chapter 33 of the Commission’s regulation, 52 Pa. Code §§ 33.1 – 33.129 (Railway Transportation), whereas the later is regulated under the provisions of Chapter 29, 52 Pa. Code §§ 29.1 –

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<sup>140</sup> Full Reversal Case Order at 44. (emphasis added).

<sup>141</sup> Sunoco 2013 Application Order entered Aug. 29, 2013, at 7-8.

29.509 (Motor Carrier of Passengers). Street railway service was completely eliminated in that portion of the line and did not survive in any measure or form of it.

Of the three cases, two involve the cessation of intrastate service for the initiation of interstate service (*Full Reversal Case, and Sunoco 2013 Application*) and one involves the cessation of one type of service and the initiation of another type (*Phila. v. Pa. Pub. Util. Comm'n*). Complainants have failed to cite to a single court case or Commission Order where service was determined to have been abandoned when the availability and the type of the jurisdictional service was preserved.

In the present case, as explained above, the bi-directional service on Laurel will maintain the intrastate service jurisdictional to the Commission, as well as the same type of service - “transport[ation of] . . . gasoline, or petroleum products, . . . by pipeline . . . , for the public for compensation.”<sup>142</sup> In their Briefs, Complainants try to argue that a “material” change in service, short of the cessation of availability or type of the jurisdictional service, can constitute an abandonment of service. They rely heavily on the Commission Order in the *Full Reversal Case* where the term “material change in service” was used in the context of abandonment of service, but they ignore that while an abandonment of service, as in the *Full Reversal Case*, is always a material change in service, the reverse does not necessarily always hold true. In their Briefs, the Complainants neither define nor try to qualify how extensive the change must be to be considered abandonment. Instead, they simply list changes that they perceive to have occurred or will occur with the bi-directional service. These changes include: 1) a decline in the level of intrastate service,<sup>143</sup> 2) a lack of obligation *on the part of Laurel to ensure that the pipeline will flow in either direction in any given cycle*,<sup>144</sup> 3) a new

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<sup>142</sup> 66 Pa.C.S. § 102 (Definition of “Public Utility”).

<sup>143</sup> Complainants M.B. at 15.

<sup>144</sup> Complainants M.B. at 15-16.

reliance on swaps in lieu of physical transportation of products across the pipeline,<sup>145</sup> 4) an increase in both the complexity of product movements and the difficulty of maintaining a predictable means of moving refined petroleum products due to the implementation of swaps,<sup>146</sup> and 5) an increase in both time and volatility of transit times (the time it takes from when a shipper pumps its products into the pipeline and when that product – or fungible substitute – is delivered to the intended destination)<sup>147</sup>.

In turn, Laurel has successfully rebutted these claims. First, Laurel explained that the balance of volumes from either direction is ultimately dictated by shippers' accepted nominations.<sup>148</sup> Second, and relatedly Laurel has shown that direction of physical flows on a pipeline is ultimately determined by the mass balance of volumes nominated by shippers for a given cycle.<sup>149</sup> Outside of an allocation scenario and in a scenario where all nominations are accepted, the mass balance of volumes nominated by shippers determines the direction of pipeline flows.<sup>150</sup> Furthermore, Laurel is permitted under its Tariff to determine the operating sequences, pumping sequences, and schedules for transportation on its pipeline, which is based upon what shippers nominate.<sup>151</sup> Third, Laurel has shown that Complainants' arguments on swaps ignore fundamental aspects of petroleum product transportation. It is well recognized that refined petroleum products are fungible (or interchangeable) and that there is no guarantee or expectation that a shipper will receive the same hydrocarbons at a delivery point that were injected at an origin point.<sup>152</sup> Relatedly, all transportation on the Laurel pipeline system involves the

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<sup>145</sup> *Id.* at 16.

<sup>146</sup> *Id.* at 16.

<sup>147</sup> Complainants M.B. at 16, citing Complainants Exhibit TM-1, at 12-13.

<sup>148</sup> Laurel St. No. 1-R at 22-23, 41-42; Laurel St. No. 4-R at 40-41; Tr. 91, 94-96 (Complainant witness Mr. Summers admitting the same).

<sup>149</sup> Tr. 91, 94-96.

<sup>150</sup> Laurel M.B. at 35; *see also* Tr. 95.

<sup>151</sup> Laurel M.B. at 35; *see also* Tr. 95-96.

<sup>152</sup> Laurel M.B. at 36; *see also* Laurel St. No. 1-R at 41-42; Laurel St. No. 4-R at 44-45; Tr. 642-644.

physical movement of petroleum products (i.e., all transportation involves displacement). Even “swaps” or “virtual movements,” which are cited as a “concern” by the Complainant involve physical movements and deliveries on the system.<sup>153</sup> Laurel’s witness, Mr. Zeth explained the process as follows:

[ATTORNEY BAKARE] Q. Can you explain how Buckeye executes swaps?

[MR. ZETH] A. Yes. So it’s mentioned in the testimony how the line is scheduled. So what the scheduler -the pipeline scheduler does is they get the mass of nominations, looks at those, and looks for offsetting movements. They will then optimize those movements with what are called swaps. So they’ll more efficiently transfer those volumes and then they will physically move what volumes are not swapped that were nominated. So the barrels are still [receipted] in. A swap is still [receipted] into the pipeline. It will still utilize pipeline facilities. It will move a certain portion of the pipeline, but it does not move all the way from origin to destination. It will move to a certain point where it’s swapped with an offsetting barrel.<sup>[154]</sup>

Fourth, Laurel has rebutted Complainants’ argument that Bi-directional Service Extension will add more complexities to the pipeline operations.<sup>155</sup> Addressing this issue, Laurel’s expert witness, Mr. Emery, explained that Complainants’ claims regarding operational difficulties are general statements that are unsupported by operational data from Laurel.<sup>156</sup> Mr. Emery further explained that there would be additional decision points, but that these are part of the scheduling process and not an

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<sup>153</sup> Laurel M.B. at 36; Tr. 639, 642-644, 659, 677.

<sup>154</sup> Laurel M.B. at 36-37, citing Tr. 531-532 (emphasis added).

<sup>155</sup> Complainants M.B. at 48.

<sup>156</sup> Laurel R.B. at 38; Laurel St. No. 4-R at 28.

operational barrier.<sup>157</sup> Notably, Laurel has a five-year history of successfully scheduling deliveries on its existing bi-directional pipeline.<sup>158</sup>

Fifth, Laurel argued that transit times on Laurel have always varied, whether before and after the commencement of the Existing Bi-Directional Service.<sup>159</sup> Laurel's witness testified that transit time varies due to a wide range of factors beyond the control of the carrier. These transit time factors are common among different pipelines and include the fact that transit times are a function of volumes actually nominated by shippers.<sup>160</sup> Laurel's witness pointed out that the Complainants' witnesses failed to consider that the closure of the PES refinery in 2019, and subsequent loss of a significant amount of intrastate volumes, aligns with changes in transit times since 2019.<sup>161</sup>

The Complainants failed to produce additional evidence of co-equal value to rebut the utility's case. Without more, Complainants failed to carry their burden of proving by a preponderance of the evidence that the changes in Laurel's operation of the pipeline post 2019 have been so "material" in nature or size as to constitute an abandonment in service.

Based on my review and legal analysis of the court cases and Commission Orders cited by the parties in their respective Briefs,<sup>162</sup> I find that an abandonment occurs due to a complete and permanent cessation of a type of jurisdictional service that is

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<sup>157</sup> Laurel R.B. at 38; Laurel St. No. 4-R at 28.

<sup>158</sup> Laurel M.B. at 48, Laurel R.B. at 28.

<sup>159</sup> Laurel M.B. at 50; Laurel St. No. 1-R at 20-21.

<sup>160</sup> Laurel M.B. at 49; Laurel St. No. 4-R at 8-11.

<sup>161</sup> Laurel M.B. at 50; Laurel St. No. 1-R at 9, 58-59.

<sup>162</sup> Laurel M.B. at 25 (citing *Pennsylvania R. Co.*, 146 A.2d at 356) (citing Michael D. Fisher *Columbia Gas of Pa.*, C-00924183, 1992 Pa. PUC LEXIS 163 at \*19-20 (Initial Decision Dec. 4, 1992)).

intentionally effectuated through external acts. As such, I agree with Laurel’s conclusion that 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.<sup>163</sup> Upon consideration of the evidence submitted on the record by the parties, I also find that the “material change in service” that the Complainants claim has occurred on the Existing Bi-directional segment of Laurel or will occur upon the initiation of Bi-directional Extension does not amount to the intentional complete and permanent elimination or cessation of the westbound interstate service on L718, L720, and L724 of Laurel. Consequently, Laurel is not required to file an application for abandonment of service on L718, L720 or 724.

b. Cross-state, Bi-directional, Bi-jurisdictional Service as New Intrastate Service

Complainants’ Position

In their Main Brief, Complainants claim for the first time that “Buckeye’s proposed extension of bi-directional service ... constitutes the introduction of an entirely new service – cross-state, bi-directional, bi-jurisdictional service.”<sup>164</sup> They further aver that “[t]he Code requires a CPC ... for the commencement of a new service that is entirely different from the service provided over the impacted segments”<sup>165</sup> and cite for the first time to the provisions of 66 Pa.C.S § 1102(a)(1). Complainants go on to claim that a new service will be entirely different from the service provided over the impacted segments. They maintain that “The Coraopolis-to-Eldorado experiment with bi-directional service has proven that not only does the service east-to-west across the pipeline degrade as a consequence of the move to bi-directional service, but the very

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<sup>163</sup> Laurel M.B. at 25-30 (citing and discussing Pennsylvania appellate precedent and Commission precedent).

<sup>164</sup> Complainants M.B. at 19.

<sup>165</sup> Complainants M.B. at 59.

nature of the service changes.”<sup>166</sup> They, however, rely on their description of “material change in service” discussed above to explain the nature of the new service and the its differences from the existing intrastate service. The same averments are restated in Complainants’ Reply Brief, but no further elaboration of their claim is provided.<sup>167</sup>

### Laurel’s Position

In its Reply Brief, Laurel notes that the Complainants introduced the new argument that the Bi-directional Service Extension is a “new service” requiring a CPC under 66 Pa.C.S. § 1102(a)(1) for the first time in their Main Brief, without first pleading this theory for relief or cause of action in the Formal Complaint, or addressing this issue in their written testimony or at hearing.<sup>168</sup> According to Laurel, Complainants’ latent attempt to bolt additional theories and claims onto their Formal Complaint is untimely and improper under the Commission’s regulations and Pennsylvania law and should not be considered by the Commission.<sup>169</sup> Despite this, Laurel reiterates that the only “new service” contemplated by the Bi-directional Service Extension is an interstate west-to-east service initiated by Buckeye, over which the Commission does not have jurisdiction.

Laurel further argues that Complainants’ claims of “new service” are contradicted by the nature and character of service that Laurel is authorized to provide under its CPC. Laurel argues that its CPC characterizes its service as a petroleum products transportation service in and across Pennsylvania and other states of the United States.<sup>170</sup> In addition, Laurel’s CPC does not contain any clear restriction or limitation

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

<sup>167</sup> *See* Complainants R.B. at 25-29.

<sup>168</sup> Complainants M.B. at 18; *see also* Complainants M.B. 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”).

<sup>169</sup> *See* Laurel R.B. Section V.G.

<sup>170</sup> Laurel M.B., Section V.B.1.; Laurel Exhibit TZ-1.

related to minimum or maximum amount of service or capacity; specific origin points or destination points; or minimum or maximum transit times.<sup>171</sup>

Next, Laurel explains that the very arguments that the Complainants are propounding in this proceedings about the nature and character of service Laurel is authorized to provide under its CPC have been rejected by the Commission in the *2018 Final Order*, wherein 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 did not support inferring such a restriction.<sup>172</sup> 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.<sup>173</sup> Laurel argues that Complainants offer no basis to revisit this determination in the present case.

Finally, Laurel argues that the changes in service identified by the Complainants as having occurred or will occur with the bi-directional service do not constitute the initiation of a new service that requires a CPC.<sup>174</sup>

### Disposition

In Section B(2) supra, I granted Laurel’s request to Complainants’ claim that the proposed extension of bi-directional service is also “a major change from ... the existing east-to-west intrastate service [as to constitute] an entirely new service – cross-

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<sup>171</sup> Laurel M.B. at 23-24, citing Laurel Exhibit TZ-1.

<sup>172</sup> *2018 Final Order*, at 45-46.

<sup>173</sup> *2018 Final Order*, at 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*”)).

<sup>174</sup> Complainants M.B. at 15-16; Laurel R.B. at 12-15.

state, bi-directional, bi-jurisdictional service” as procedurally improper and a violation of Laurel’s due process rights.

Even setting aside temporarily the procedural impropriety, Complainants claim of “new service” fails as a matter of evidentiary law. As determined above, the only “new service” contemplated by the Bi-directional Service Extension is an interstate west-to-east service initiated by Buckeye, over which the Commission does not have jurisdiction. In addition, its CPC authorizes Laurel to provide petroleum products transportation service in and across Pennsylvania. Laurel’s CPS reads in pertinent part as follows:

[A]pproval of the beginning of the exercise of the right, power or privilege of transporting, storing and distributing petroleum and petroleum products by means of pipelines and appurtenances, for the public, such facilities extending generally westwardly from a point near the city of Philadelphia to a point in the vicinity of the City of Pittsburgh thence in a northwestwardly direction to the Pennsylvania-Ohio boundary line.<sup>[175]</sup>

As seen above, Laurel’s CPC does not contain any clear restrictions or limitations related to minimum or maximum amount of service or capacity; specific origin points or destination points; minimum or maximum transit times; or direction. Consequently, all the “changes in service” identified by the Complainant are well within and do not deviate from the service described in Laurel’s 1957 CPC. As a result, Complainant’s argument for a new CPC per the provisions of 66 Pa.C.S. § 1102(a)(1) is unsuccessful.<sup>176</sup>

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<sup>175</sup> Laurel Exhibit TZ-1.

<sup>176</sup> I note that the Commission’s Order *Giant Eagle, Inc. v. Laurel Pipeline Company, L.P.*, Docket No. C-2018-3003365 (2018 Complaint) (Final Order entered Aug. 29, 2019) (approving and adopting the terms and conditions of the Joint Petition for Approval of Settlement regarding the initiation of the bi-directional service over the L718 segment of the Laurel pipeline) did not request that an application for a new CPC be filed

2. Whether Extended Bi-directional Service Will Violate Portions of Laurel's PUC Tariffs and Agreements
  - a. Laurel Will Be In Violation Of The PCA By Proposing To Exceed The 40,000 bpd Limit on L718

### Complainants' Position

In their Main Brief, Complainants explain that the Pipeline Capacity Agreement (PCA) between Laurel and Buckeye specifies the amount of capacity that is available to Buckeye for interstate service on certain segments of the Laurel Pipeline.<sup>177</sup> The PCA specifies that Buckeye is entitled to 40,000 bpd in capacity on the Laurel Pipeline between Eldorado and Midland (with no direction specified),<sup>178</sup> which distance includes the L718 segment with a maximum capacity of 180,000 bpd in east-to-west service and 108,000 bpd in west-to-east service. The PCA also requires the availability of 120,000 bpd of physical capacity on the L718 segment from east to west in each cycle.<sup>179</sup> Complainants reason that 160,000 bpd (120,000 bpd of known east-to-west capacity, plus 40,000 bpd of capacity that could also flow east-to-west) of east-to-west capacity between Eldorado and Coraopolis is already reserved. Expressing this capacity commitment as a percentage, they calculate that 160,000 bpd/180,000 bpd, or 88.0%, of the total capacity of L718 is already reserved for east-to-west movements.<sup>180</sup>

Complainants note that the PCA also permits Laurel to "provide Buckeye the right to ship more than the full capacity amount" if "within its discretion and if

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by Laurel, but did request that a new tariff supplement be filed reflecting the terms of the Settlement.

<sup>177</sup> See Laurel Exhibit TZ-4.

<sup>178</sup> See PCA at § 1.

<sup>179</sup> Complainants M.B. at 21-22.

<sup>180</sup> *Id* at 22.

capacity is available."<sup>181</sup> To the extent that Laurel permits Buckeye to ship more than the full capacity amount, and to the extent that such shipments exceed the 40,000 bpd reservation, Complainants argue that such additional shipments could infringe upon capacity already reserved for intrastate (east-to-west) service by the Capacity Obligation in the PCA.<sup>182</sup> Importantly, the language "within its discretion and if capacity is available" suggests to the Complainants that Laurel makes the determination but provides no further criteria, as in whether that capacity is via swap or via physical movement.

In its 2024 PDO, Buckeye proposes to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline.<sup>183</sup> Complainants argue that, so long as the 120,000 bpd guarantee is operable, such a commitment is clearly in violation of the PCA because the math does not work: 80,000 bpd (proposed additional) + 40,000 bpd (existing) = 120,000 bpd. They note that the capacity of L718 in west-to-east service is not 180,000 bpd but 108,000 bpd.<sup>184</sup> If the Commission were to grant a request for the additional 80,000 bpd of capacity from west-to-east, L718, with a west-to-east capacity of 108,000 bpd would need to operate from west-to-east 80,000 bpd/108,000 bpd = 74% of the time just to accommodate the incremental throughput. This would leave L718 available to operate from east-to-west for only 26% the time, which would equate to an available east to west capacity of 180,000 bpd multiplied 26%, or just 46,800 bpd.<sup>185</sup> According to Complainants' calculations, this means the actual available intrastate east-to-west capacity would be only 6,800 bpd (46,800 bpd available after accommodating the incremental throughput, less the 40,000 bpd committed to interstate service). Complainants claim that providing a mere 6,800 bpd, or even a mere 46,800 bpd of capacity, for east-to-west shipments violates the Capacity Obligation and,

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<sup>181</sup> Complainant M.B. at 22, citing Laurel Exhibit TZ-4 at Section 6(a).

<sup>182</sup> Complainants M.B. at 22.

<sup>183</sup> 2024 PDO at 11.

<sup>184</sup> Complainants M.B. at 22, referencing Laurel Statement No. 4-R at 6.

<sup>185</sup> Complainant M.B. at 22-23.

in the longer term, will leave substantially less capacity than the average daily intrastate shipments on the pipeline.<sup>186</sup> Based on these figures, Complainants conclude that Buckeye's proposed extension of bi-directional service will violate the PCA in several ways.<sup>187</sup>

i. Whether the Proposed Increase In West-To-East Movements Exceeds the Stated Capacity on L718.

First, the Complainants argue that the math does not work for Laurel's effort to allow Buckeye to use additional capacity on the pipeline. The only way they see for Laurel to accommodate the additional 80,000 bpd that Buckeye proposes in its PDO is to cut into the east-to-west Capacity Obligation that Laurel claims it will preserve at least through the end of 2026, or to employ swaps, since the pipeline capacity from west to east is not being proposed to increase. Therefore, to the extent that Laurel is successful in obtaining shipping commitments from the west at the "incremental" 80,000 bpd level (which is in addition to the existing 40,000 bpd), the Complainants maintain that the total capacity needs between Midland and Eldorado will substantially exceed the 40,000 bpd allowance in the PCA. This does not even consider the 120,000 bpd east-to-west capacity already spoken for in the Capacity Obligation. When everything is added, they calculate the capacity need for the L718 segment to be 240,000 bpd (40,000 bpd in the Buckeye lease, plus 80,000 bpd in incremental shipments, plus the 120,000 bpd in the Capacity Obligation) while the actual capacity is only 180,000 bpd east-to-west and even

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<sup>186</sup> Laurel has offered that, if its positions are accepted, Laurel will extend its east-to-west delivery obligation of 120,000 bpd on L718 until December 31, 2028, and extend that obligation to include L720 and L724 for the same time period. Laurel Rebuttal St. No. 1-R at 62.

<sup>187</sup> Complainants M.B. at 23.

less, 108,000 bpd, west-to-east. To the Complainants, this confirms that Laurel's proposal will not work.<sup>188</sup>

Second, Complainants reject swaps as the answer to Laurel's math problem.<sup>189</sup> They aver that, because Laurel does not keep records of swaps,<sup>190</sup> there is no evidence in the record that Laurel has engaged in a single swap or if it has, what percentage of movements are swaps, or how swaps affect reliability, transit times, and other service characteristics.<sup>191</sup> To the Complainants, this means that Laurel has presented no evidence to support the notion that swaps are a solution for its shortfall of physical capacity, no evidence of how often no swap is available, and no evidence of the incremental transit times that result when a matching product is unavailable until a subsequent cycle. Accordingly, the Complainants conclude that without physical capacity to move physical barrels, shippers and the Commission have no assurance that Laurel is operationally capable of fulfilling its obligation to provide intrastate east-to-west service.<sup>192</sup>

### Laurel's Position

In its Reply Brief, Laurel rejects Complainants' attempt at creating a math problem as speculative. First, Laurel points out that Complainants assume a situation where the capacity needed for Line 718 will be 240,000 bpd<sup>193</sup> without citing any record evidence of circumstances where this has or will be the case. On the contrary, Laurel maintains that its witness demonstrated that even accounting for all historic east-to-west and west-to-east movements, there was substantial unused capacity on Lines 718, 720,

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<sup>188</sup> Complainants M.B. at 23-24.

<sup>189</sup> Complainant M.B. 24.

<sup>190</sup> See Complainants' Exhibit C-4.

<sup>191</sup> Complainants M.B. at 24.

<sup>192</sup> *Id.*

<sup>193</sup> See Complainants M.B. at 23.

and 724.<sup>194</sup> Laurel further argues that, 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.<sup>195</sup>

Second, Laurel claims that Complainants misunderstand, or misrepresent, the nature of Buckeye’s rights under the PCA. With respect to Line 718, Section 1 of the PCA states that Laurel will provide Buckeye with “up to 40,000 BPD in throughput Capacity between Eldorado, Pennsylvania, and Midland, Pennsylvania.”<sup>196</sup> According to Laurel, 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.<sup>197</sup> Laurel points to Section 5 of the Capacity Use Agreement which contemplates scenarios where Buckeye ships less than 40,000 bpd.<sup>198</sup>

Similarly, Laurel maintains that Complainants misunderstand or misrepresent the nature of the additional interstate service contemplated by the Bi-directional Service Extension. At the hearing, Laurel witnesses explained that the Bi-directional Service Extension involves “up to 80,000 barrels per day” of incremental capacity, “[t]hat is not firm capacity.”<sup>199</sup> Again, Laurel interprets this to mean 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.<sup>200</sup>

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<sup>194</sup> Laurel R.B. at 46.

<sup>195</sup> Laurel R.B. at 47, referring to Laurel Exhibit TZ-3 at 13-17 (Item No. 90).

<sup>196</sup> Laurel Exhibit TZ-4 at 2 (emphasis added).

<sup>197</sup> Laurel R.B. at 47.

<sup>198</sup> Laurel R.B. at 47, referring to Laurel Exhibit TZ-4 at 3-6.

<sup>199</sup> Tr. 598.

<sup>200</sup> Laurel R.B. at 47.

Finally, Laurel disagrees with Complainants' position on swaps as a means of petroleum product transportation. In its Main Brief, Laurel explained in detail 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).<sup>201</sup> Laurel maintains that swaps are normal in the industry, and a reasonable and efficient means of one- or bi-directional pipeline operations that benefit both shippers and the pipeline.<sup>202</sup>

### Disposition

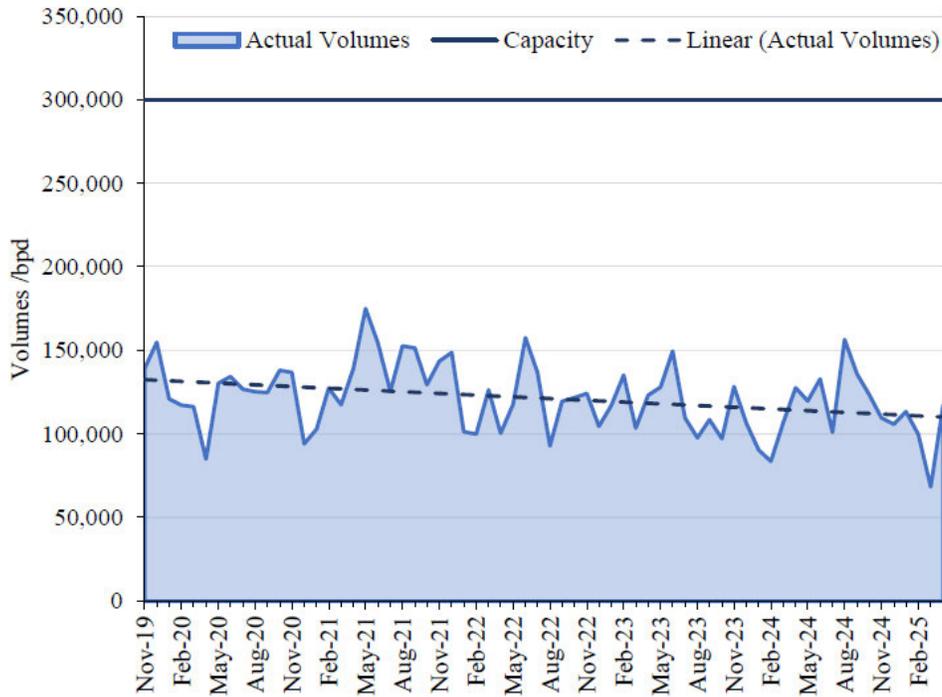
First, I agree with Laurel that Complainants' math problems regarding capacity are quite different from the reality of usage and volumes transported on the pipeline. In fact, Laurel has shown that the pipeline has been historically underutilized. In particular, Laurel witness Dr. Webb provided the following charts to illustrate the unused capacity on the three segments of the pipeline that are the subject of the Bi-directional Service Extension.

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<sup>201</sup> Laurel M.B., Section V.C.2.f.

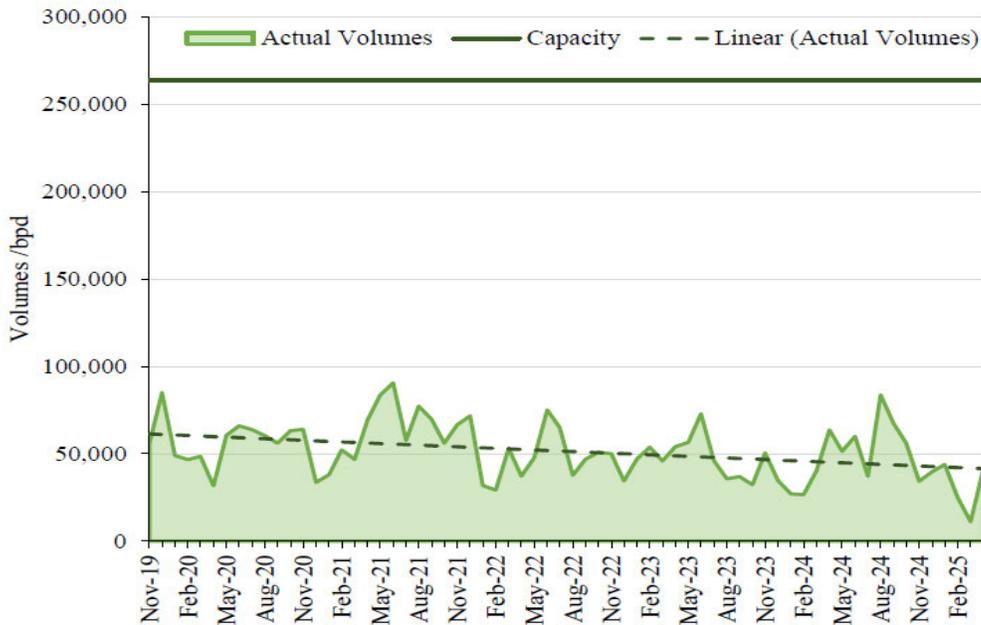
<sup>202</sup> Laurel R.B. at 47.

**Figure 6: Line 724 Volumes and Capacity**



Laurel St. No. 3-R at 57-59.<sup>203</sup>

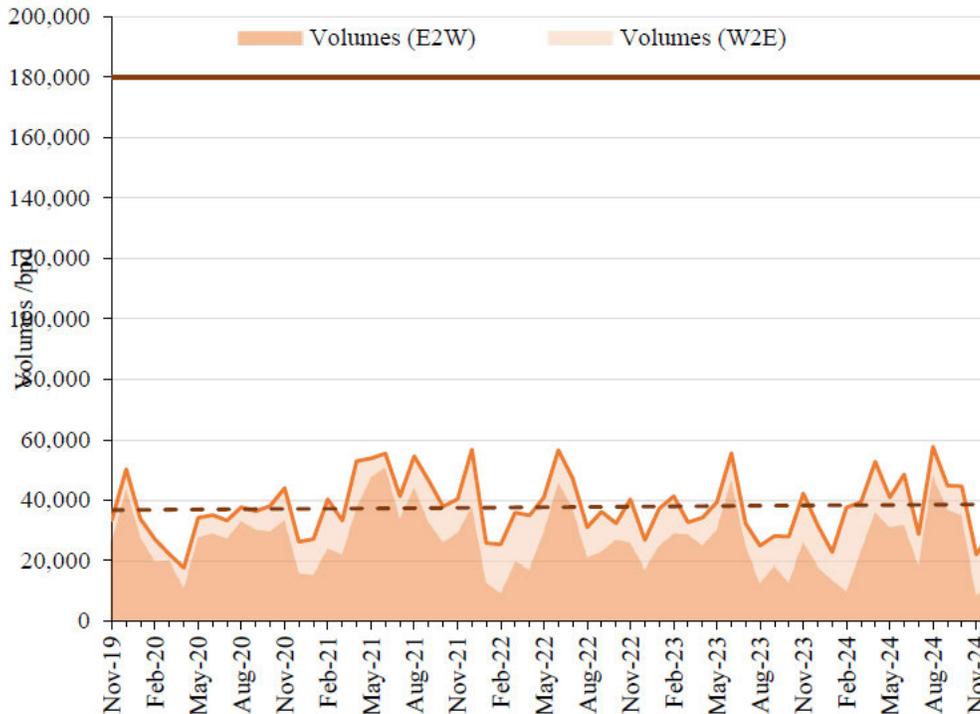
**Figure 7: Line 720 Volumes and Capacity**



<sup>203</sup> Line segment 724 serves the area between Sinking Spring and Mechanicsburg and has a capacity of 300,000 bpd.

Laurel St. No. 3-R at 57-59.<sup>204</sup>

**Figure 8: Line 718 Volumes and Capacity**



Laurel St. No. 3-R at 57-59.<sup>205</sup>

These charts show that between November of 2019 to November 2024, each pipeline segment has been running at only about 1/3 of its available capacity. Even in the peak periods, the pipeline is running at about half of its available capacity. Furthermore, throughput on L724 and L720 has continued to decline. The unused capacity is currently being wasted and if demand for pipeline service increased there would be plenty of space to do so. With regard to L718 which has been operating bi-directionally since the second half of 2019, the chart shows that the volumes transported

<sup>204</sup> Line segment 720 serves the area between Mechanicsburg and Eldorado and has a capacity of 264,000 bpd.

<sup>205</sup> Line segment 718 serves the area between Eldorado and Coraopolis and has a capacity of 180,000 bpd.

in each direction were well below the capacity made available to each direction (up to 40,000 bpd made available to Buckeye – west-to-east direction; and up to 120,000 bpd made available to shippers on the east-to- west direction) under the 2019 Capacity Use Agreement. Neither Buckeye nor the east-to-west shippers ever came close to using the capacity guarantee stated in the Agreement. Under these circumstances, the historical throughputs of each segment are a better indicator of the operational success of the Bi-directional Service Extension than the hypothetical additions or subtractions of pipeline capacity. Importantly, in the improbable yet possible event that the east-to-west and west-to-east movements of the future exceed a section’s capacity, Laurel can simply revert to the “allocation” scenario under the provisions of Item No. 90 of its Tariff.<sup>206</sup>

I also agree with Laurel’s interpretation of the terms of the Capacity Use Agreement. I note that Section 5 of the Agreement contemplates scenarios where Buckeye ships less than 40,000 bpd, and Section 6 of the Agreement contemplates scenarios where it ships more than 40,000 bpd on L718.<sup>207</sup> Reading Section 1 of the Agreement in conjunction with Sections 5 and 6 indicates that the Agreement establishes a capacity availability guarantee but allows for flexibility in shipments below or above that 40,000 bpd limit. Because Laurel is not required to reserve the capacity for 40,000 bpd exclusively for Buckeye’s use,<sup>208</sup> it retains the freedom to make any unused Buckeye capacity available to other shippers. This same interpretation applies to the Agreement’s provisions concerning the east-to-west transportation over the L718<sup>209</sup> as well as the additional interstate service contemplated by the Bi-directional Service Extension.

Finally, I note that while the Complainants challenge many aspects of “swaps,” e.g. their legality under Laurel’s Tariff and Laurel’s reliance on them to

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<sup>206</sup> Laurel Exhibit TZ-3 at 13-17 (Item No. 90).

<sup>207</sup> Laurel R.B. at 47, referring to Laurel Exhibit TZ-4 at 3-6.

<sup>208</sup> Laurel R.B. at 47.

<sup>209</sup> See Laurel Exhibits TZ-3 (Section 6(b)) and TZ-4 (Item 90).

increase pipeline efficiency and capacity, the Complainants do not challenge Laurel's statement that it has made use of swaps in its operation of bi-directional service on L718. If Complainants concede to the historical use of swaps by Laurel on L718, and they fails to identify any intended shipment that was not received, then they concede that swaps are a valid means of transportation in Laurel's hands. I note that Laurel never claimed that the entire bi-directional service is or will be conducted through the use of swaps, and it is hard to deny that as a means of transportation swaps can have a positive effect on capacity constriction scenarios.

In view of the above, I do not find that the Complainants have successfully proven that the proposed increase in the west-to east movements exceeds the stated capacity of L718.

- ii. Whether Section 6(b) Of The Capacity Use Agreement Prevents Laurel From Violating The Limit On The Stated Leased Capacity

### Complainants' Position

The PCA, at section 6(a), states that "Subject to the provisions of subsection 6(b), Laurel may, within its discretion and if capacity is available, provide Buckeye the right to ship more than the full capacity amount . . ." <sup>210</sup> Complainants argue that this provision cannot be used by Laurel/Buckeye as a means to entirely supersede the leased capacity. Section 6(b) is the Capacity Obligation that reserves 120,000 bpd of physical east-to-west capacity on the Laurel Pipeline.<sup>211</sup> They reason that under the approved PCA, Buckeye cannot continually and unilaterally claim authority to erode that level of capacity or exceed the capacity leased on the various pipeline segments based

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<sup>210</sup> See PCA at § 6(a).

<sup>211</sup> Complainants M.B. at 24.

upon a spurious claim that such capacity will never be used.<sup>212</sup> They challenge Laurel's interpretation of the PCA which allows Buckeye to exceed the capacity limitations established by Sections 1 of the PCA: 40,000 bpd between El Dorado and Midland, and 45,000 bpd between Sinking Spring and Eldorado, and potentially the Capacity Guarantee.<sup>213</sup>

Complainants take issue with Laurel's interpretation of its authority to exercise discretion under section 6(a) of the PCA.<sup>214</sup> According to them, Laurel's erroneous interpretation of the terms of Section 6(a) could lead Laurel to decide that capacity left unused over the period of a month, or a cycle, or whatever increment of time, could be assigned to Buckeye indefinitely, such that over time Laurel could essentially "claw back" and undo the Capacity Obligation. According to Complainants, such an approach is contrary to longstanding precedent that requires that provisions in an agreement are to be interpreted so as to render all provisions operable.<sup>215</sup> They insist that, in the context of the PCA, the provision regarding capacity being available can only be read to refer to temporary availability, lest the Capacity Obligation could be rendered inoperable.

Per Complainants, to conclude, despite the explicit restriction to the contrary, that unused portions of that Capacity Obligation could be assigned to Buckeye for an indefinite period of time is unjust, inequitable, and unreasonable because the maintenance of that capacity was central to the Complainants agreeing to the 2019

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

<sup>213</sup> Complainants M.B. at 25.

<sup>214</sup> *Id.* at 26.

<sup>215</sup> *Id.* at 26, citing *Com. ex rel. Kane v. UPMC*, 129 A.3d 441, 463 (Pa. 2015) (noting that "A contract must be interpreted to give effect to all of its provisions" and stating that the Pennsylvania Supreme Court "will not interpret one provision of a contract in a manner which results in another portion being annulled").

Settlement. Such an interpretation of the PCA would be contrary to Pennsylvania law<sup>216</sup> and would allow Laurel to essentially void the Capacity Obligation thus depriving the Complainants the benefit of their bargain.

After urging the Commission to reject Laurel's interpretation of the PCA, Complainants point to alternative solutions that the Commission can implement if it agrees with Laurel. First, Complainants advise the Commission to use its authority under Section 508 of the Code, to "vary, reform, or revise, upon a fair, reasonable and equitable basis" the PCA to make it an affirmative statement that any assignment of "excess capacity" does not include any capacity subject to the Capacity Obligation. Second, Complainants suggest that the Commission exercise its authority under Section 2105 of the Code<sup>217</sup> to void Laurel's interpretation of Section 6(b) of PCA to allow Laurel to assign to Buckeye capacity that is subject to the Capacity Obligation.<sup>218</sup>

### Laurel's Position

According to Laurel, Complainants rely solely on speculation and a misinterpretation, or misrepresentation, of the Capacity Use Agreement.<sup>219</sup> Section 1 of

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<sup>216</sup> Complainants M.B. at 26, citing *Com. ex rel. Kane v. UPMC*, at 446 (citing *LJL Transp. V. Pilor Air Freight*, 962 A.2d 639, 648 (Pa. 2009)).

<sup>217</sup> Laurel and Buckeye are affiliated interests and the PCA is an affiliate interest agreement. Section 2105 of the Code which provides:

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

66 Pa.C.S. § 2105.

<sup>218</sup> Complainants M.B. at 25-27.

<sup>219</sup> Laurel R.B. at 48.

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”).<sup>[220]</sup>

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.<sup>[221]</sup>

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

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<sup>220</sup> Laurel Exhibit TZ-4 at 6.

<sup>221</sup> Laurel Exhibit TZ-4 at 8.

Laurel rejects Complainants' claims as based on assumed situations they have not shown by record evidence to exist<sup>222</sup>. Laurel explains that Complainants have not identified any instance where Buckeye's shipments made under the Capacity Use Agreement have violated the East-to-West Capacity Guarantee.<sup>223</sup> 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. Although they carry the burden of proof in this proceeding, 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. According to Laurel, these claims are speculative and not yet ripe.<sup>224</sup>

In addition, Laurel reiterates that Complainants' 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.<sup>225</sup> 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

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<sup>222</sup> Laurel R.B. at 49.

<sup>223</sup> Indeed, the Complainants' argument is based upon what "could" happen, not upon actual evidence. *See* Complainants M.B. 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).

<sup>224</sup> Laurel R.B. at 49.

<sup>225</sup> Laurel R.B. at 49; *see also* Complainants M.B. at 24-27.

transportation on Carrier’s system between Coraopolis and Duncansville, Pennsylvania (this segment also being known as ‘Line 718’ or ‘L718’) will be no less than 1,200,000 barrels per cycle (which is 120,000 barrels per day times ten days in a cycle) . . .<sup>[226]</sup>

However, Laurel repeats that “available” physical capacity does not mean that Laurel is required to leave unused capacity on its pipeline system unavailable to other shippers.<sup>227</sup> 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.<sup>228</sup> 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.<sup>229</sup>

Importantly, Laurel argues that, 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

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<sup>226</sup> Laurel Exhibit TZ-3 at 13 (Item No. 90(A)).

<sup>227</sup> *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 Oct. 15, 2025) (defined as “able to be bought or used.”).

<sup>228</sup> Laurel R.B. at 50.

<sup>229</sup> Laurel R.B. at 50.

indicated that such physical capacity must be “available.”<sup>230</sup> Laurel also denies Complainants’ suggestion that the Bi-directional Service Extension is an attempt to undo the East-to-West Capacity Guarantee or render it inoperable.<sup>231</sup> Rather, Laurel argues that it 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 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.<sup>232</sup>

### Disposition

As explained in the prior section, I agree with Laurel’s interpretation of the Capacity Use Agreement, Sections 1, 5 and 6, and Item 90 of Laurel’s Tariff. The capacity guarantees of the Agreement make the stated capacity available to Buckeye and east-to-west shippers (40,000 bpd and 120,000 bpd, respectively) but does not delegate it exclusively to their respective use. The capacity obligations delineated in the Agreement do not require Laurel to let unused capacity on its pipeline system go to waste when nominations in a cycle are below the high of 40,000 bpd for Buckeye and 120,000 bpd for the east-to-west shippers. “Available” physical capacity for the east-to-west movements means that for each ten-day cycle, Laurel must have “available” 1.2 million barrels of capacity for east-to-west shippers’ use when nominations for that cycle become due. If the total east-to-west nominations are not at a level where 1.2 million east-to-west barrels have been nominated, Laurel can use the unused capacity at its discretion. If, however, the total east-to-west nominations are at a level where more than 1.2 million east-to-west barrels have been nominated but cannot be physically transported, Laurel must still ensure those 1.2 million barrels can be physically moved—i.e., Laurel must apply Item

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<sup>230</sup>

*Id.*

<sup>231</sup> Complainants M.B. at 25.

<sup>232</sup> Laurel R.B. at 50-51.

No. 90 of its Tariff as the pipeline is in an allocation scenario.<sup>233</sup> Thus, the discretion that Complainants seem to fear only pertains to the unused capacity made available to the shippers, and any discretionary assignment by Laurel of unused capacity is temporary and cannot outlive the end of the nomination cycle.

In view of the above, I find that the Complainants have failed to carry their burden of proving that the proposed Bi-directional Service Extension will violate the Capacity Use Agreement, Laurel's Capacity obligations to shippers under the 2019 Settlement's East-to-West Capacity Guarantee or Laurel's Commission-approved Tariff.

- b. Whether the Bi-directional Service Extension will Violate Laurel's Tariff Provision Requiring A 120,000 bpd East-To-West Capacity Guarantee

### Complainants' Position

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

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

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<sup>233</sup> Laurel R.B. at 50.

and FERC Nos. IS19-277-000, IS19-277-001, IS19-278-000,  
and IS19-278-001.<sup>[234]</sup>

Complainants maintain that if the Commission permits Laurel to expand west-to-east service on Buckeye's leased capacity, Laurel will be unable to meet this east-to-west Capacity Obligation on days when product is moving from the west across the Laurel Pipeline to Sinking Spring and will be in violation of its tariff.<sup>235</sup>

Noting that Item No. 90 expressly requires that Laurel provide *available* physical capacity on L718 of no less than 120,000 barrels per day for each ten-day cycle, Complainants explain that several different refined petroleum products enter Laurel's system at Chelsea Junction, including gasoline (unleaded regular and unleaded premium), kerosene, aviation turbine fuel, fuel oil distillates, and diesel fuel.<sup>236</sup> This includes both intrastate batches from Monroe's refinery and interstate batches from interconnections with the Delaware City Pipeline (the pipeline from PBF's refinery in Delaware City, Delaware) and the Colonial Pipeline (a major common carrier petroleum products pipeline from Gulf Coast refineries to the Northeast).<sup>237</sup> Complainants further observe that the number of products and lengths of cycles demonstrates that a full month would be needed to schedule cycles for each product moving from east-to-west. However, they consider this to be unfeasible if Laurel is moving products from west-to-east for Buckeye shippers because the pipelines can only physically move product in one direction at a time.<sup>238</sup> Complainants aver that Laurel can only serve markets against the direction of flow through swaps of like product.<sup>239</sup>

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<sup>234</sup> Laurel Exhibit TZ-3 (Tariff Item No. 90(A)).

<sup>235</sup> Complainants M.B. at 28.

<sup>236</sup> Laurel Exhibit TZ-3 (Tariff Item 15 (A) Specification A (1)).

<sup>237</sup> Complainants M.B. at 28.

<sup>238</sup> *Id.* at 28-29; *see also* Tr. at 244-45.

<sup>239</sup> Complainants M.B. at 29, referring to Tr. at 616-17.

Next, Complainants claim that the use of swaps to deliver products against the direction of flow was never contemplated and does not meet Laurel's tariff obligation to make "available physical capacity" of 120,000 barrels per day from east-to-west. They repeat their argument that swaps are not physically delivered through the pipeline's east-to-west capacity from Chelsea Junction to Coraopolis.<sup>240</sup> Further, Complainants submit that there is no limitation or condition in the tariff or in the 2019 Settlement that permits Laurel to occasionally make east-to-west capacity available when it is convenient for Laurel or to make available less than the required physical capacity. Nor can Laurel make physical capacity available only after it executes swaps to make virtual deliveries that a scheduler believes will optimize the system.<sup>241</sup> Complainants note that, from an economic standpoint, Laurel and Buckeye are incented to move products from west-to-east because Buckeye charges a much higher rate for such movements than Laurel does for movements in the other direction, and, as a consequence, overall system revenues will be higher with west-to-east movements.<sup>242</sup>

Finally, Complainants point to the testimony of Mr. Zeth wherein he admitted that he is not aware of any "legal, tariff, or other binding obligations that at any point in time would prioritize east-to-west flows over west-to-east or vice versa."<sup>243</sup> Yet, they reason that the tariff language in Item 90, at least with respect to Line 718, requires Laurel to provide 120,000 barrels per day of available physical capacity from east-to-west, which certainly would require Laurel to prioritize such physical movements over west-to-east movements - to make available physical capacity to move product from Duncanville to Coraopolis on Line 718, not to move product physically from west-to-east

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<sup>240</sup> Complainants M.B. at 29. Complainants point to Mr. Zeth's testimony that a swap "will move a certain portion of the pipeline, but it does not move all the way from origin to destination. It will move to a certain point where it's swapped with an offsetting barrel." Tr. at 532.

<sup>241</sup> Complainants M.B. at 29-30; *see also* Tr. at 616-17.

<sup>242</sup> *Id.* at 619-620.

<sup>243</sup> Complainants M.B. at 31; *see also* Tr. at 624-25.

and satisfy some portion of east-to-west shipper nominations through whatever swaps Laurel's schedulers are able to cobble together. That, according to the Complainants, is inconsistent with Item No. 90 of the tariff and the proposed expansion of west-to-east service to Sinking Spring will only exacerbate and continue this tariff violation absent Commission action to stop the proposed expansion of bi-directional service.<sup>244</sup>

### Laurel's Position

Laurel believes that the arguments advanced by Complainants have no merit and rejects them as another 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,<sup>245</sup> Laurel points out that 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. 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.<sup>246</sup> According to Laurel, this is absurd argument.<sup>247</sup>

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<sup>244</sup> Complainants M.B. at 31.

<sup>245</sup> Complainants M.B. at 28-31.

<sup>246</sup> Complainants M.B. 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 Tariff Item No.90(A)).

<sup>247</sup> Laurel R.B. at 51, citing *Lynch v. Pa. Pub. Util. Comm'n*, 594 A.2d 816 (Pa. Cmwlth. 1991) (finding a Commission-approved Tariff is *prima facie* reasonable and carries the force and effect of law); *Watrell v. Pa. Dep't of Educ.*, 488 A.2d 378, 381 (Pa. Cmwlth. 1985) (quoting *Gramby v. Cobb*, 422 A.2d 889, 892 (Pa. Super. 1980)). ("[A]n

Furthermore, Laurel avers that 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.<sup>248</sup> The “mass balance” of volumes then determines the direction of physical flow of the pipeline.<sup>249</sup> Indeed, it is those shippers’ volumes that determine, on a temporary basis, whether the pipeline flows east-to-west or west-to-east.<sup>250</sup>

In addition, Laurel spurns Complainants’ further complaints about the use of swaps as meritless<sup>251</sup> because they ignore the fungible nature of petroleum products and Item No. 40 of Laurel’s Tariff.<sup>252</sup>

Laurel also rejects Complainants’ arguments about optimization and alleged prioritization of west-to-east movements.<sup>253</sup> Laurel points to the lack of evidence that it has prioritized Buckeye’s west-to-east movements to the exclusion of east-to-west intrastate movements and explains that each cycle Laurel’s schedulers take into account the specific products and volumes nominated, and establish a product sequence.<sup>254</sup> 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

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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.’” ).

<sup>248</sup> Laurel M.B. at 35.

<sup>249</sup> Laurel M.B. at 35.

<sup>250</sup> Laurel R.B. at 52.

<sup>251</sup> Complainants M.B. at 29

<sup>252</sup> Laurel R.B. at 52; *see also* Laurel M.B. at 63.

<sup>253</sup> Laurel R.B. at 52, referring to Complainants M.B. at 30-31.

<sup>254</sup> Laurel R.B. at 52, referring to Complainants M.B. at 30-31 (quoting Mr. Zeth at Tr. 618-619).

movements, Laurel avers that this argument relies upon the same flawed interpretation of the term “available” and should be rejected for the same reasons.<sup>255</sup>

### Disposition

As explained in the two previous sections, I agree with Laurel’s interpretation of the Capacity Use Agreement and Item 90 of Laurel’s Tariff. Laurel’s commitment that “available physical capacity of east-to-west transportation on...[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)” in Item 90(A) does not mean that the quoted capacity is reserved for east-to-west shippers irrespective of their actual nominations in the cycle. It only means that if those shippers do nominate 1,200,000 barrels per cycle, Laurel is obligated to move that volume on L718. However, since the second half of 2019, the east-to-west nominations have consistently been substantially below that mark. If the trend continues, the Bi-directional Service Extension, and Buckeye’s proposal to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline<sup>256</sup> will still not interfere with the east-to-west transportation on L718. In the event that the east-to-west nominations increase in the future due to market demands, Laurel as a business entity will have to respond to those demands. As explained by Laurel and acknowledged by the Complainants, the direction of the pipeline is ultimately determined by the shippers’ nominations.

As for Complainants’ argument that the Bi-directional Service Extension and Buckeye’s proposal to make an additional 80,000 bpd of capacity available for west-to-east shipments on the pipeline will result in a violation of the terms of Item 90(A) because the pipeline can only move products one direction at a time, I find it as invalid as

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<sup>255</sup> Laurel R.B. at 52; *see also* Complainants M.B. at 31.

<sup>256</sup> See 2024 PDO at 11.

Laurel does. According to the Complainants, any bi-directional service on Laurel, including the current one which has been operating on L718 since 2019, violates the terms of Item 90(A) because every time the pipeline moves products eastwardly it is interfering with Laurel's obligation to have available physical capacity to move 1.2 million barrels per cycle westwardly. Complainants are essentially stating that bi-directional service in and of itself, without consideration of pipeline capacity and nominated volumes, violates the terms of Item 90(A), which was proposed by some of the present Complainants who participated in the *2018 Complaint* and were signatories of the *2019 Settlement*, and which was reviewed and approved by the Commission for the sole purpose of establishing bi-directional service on the L718 segment of Laurel pipeline. For obvious reasons, Complainants' argument is invalid as it fails to take under consideration the reality of Laurel's operations in terms of historical volumes, capacity availability, and transportation times. Consequently, I find that Complainants have failed to carry their burden of proving by a preponderance of the evidence that the proposed Bi-directional Service Extension will violate Laurel's Commission-approved Tariff.

c. Whether Laurel's Use of Swaps Violates the Tariff

Complainants' Position

Laurel's testimony describes how its schedulers first look for opportunities to virtually swap products to make deliveries to destination points against the physical flow of product.<sup>257</sup> Complainants claim that Laurel's tariff includes no references to swaps, the pipeline's ability to use such swaps to schedule the system, or how any use of swaps is to be effectuated. They add that a Rules and Regulations tariff should specify all critical operational details<sup>258</sup> but that Laurel's tariff is strangely silent against the

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<sup>257</sup> Tr. at 616-17.

<sup>258</sup> See, e.g., 52 Pa. Code § 53.25 ("A utility shall set forth all rules and regulations which apply generally to all classes of service covered by the tariff, and

backdrop of what Laurel says is actually happening in practice.<sup>259</sup> Citing to Laurel's Witness Webb's testimony at the hearing, Complainants reason that the absence of any reference to swaps in Laurel's tariff omits a critical operational rule governing the public utility services Laurel performs under the tariff and creates the potential for unreasonable and unduly discriminatory services.<sup>260</sup>

Complainants find many elements of Laurel's Rules and Regulations tariff to be at odds with the use of swaps to make deliveries. For example, in Item No. 10(B) of the tariff, Laurel "reserves the right to establish and alter pumping sequences and schedules to facilitate the efficient use and operation of its facilities."<sup>261</sup> Complainants read this to mean that changes to pumping sequences and schedules are the only means at Laurel's disposal, and the use of swaps is not in Laurel's toolbox. As relief, they request the Commission require Laurel to specify in its tariff its use of swaps and how they may be used to enable the "efficient use and operation" of Laurel's jurisdictional facilities. They argue that absent such a filing and Commission approval of such a filing, Laurel's shippers are working in the dark.<sup>262</sup>

Next, Complainants claim that swaps also violate the "Segregated Batches" provision in Item No 15. The tariff defines a "Segregated Batch" as "a quantity of one Commodity meeting the specifications set forth in Item 15, for which the Shipper desires separate identity and segregation so as to deliver, as nearly as reasonably practicable, the identical Commodity received."<sup>263</sup> Pursuant to Item No. 40, Laurel is "permitted to make

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definitions of technical terms and abbreviations used in the tariff, the meanings of which are not common knowledge and cannot be gathered exactly from the context in which used.")

<sup>259</sup> Complainants M.B. at 31-32.

<sup>260</sup> *Id.* at 32.

<sup>261</sup> Laurel Exhibit TZ-3 (Tariff Item No. 10(B)).

<sup>262</sup> Complainants M.B. at 32.

<sup>263</sup> Complainants M.B. at 32; citing Tariff Item No. 15.

reasonable substitution of Commodities having substantially the same specifications."<sup>264</sup> However, Laurel testified that it does not keep records of its swaps.<sup>265</sup> Accordingly, Complainants reason that there is no way for a shipper to confirm that Laurel has made a "reasonable substitution," particularly with respect to a segregated batch.<sup>266</sup>

Complainants also argue that swaps violate Item No. 65 of the tariff. A shipper may request diversion or reconsignment of the scheduled Destination prior to delivery from the point of Origin to the point of Destination, "except no backhaul movement will be made."<sup>267</sup> In a swap, the shipper's scheduled product is not delivered to the Destination point. Without a shipper's knowledge or consent, Laurel delivers other barrels from the opposite direction of shipper's nomination and scheduled flow, and the shipper's property is diverted to another Destination point. Complainants argue that under this tariff provision, only the shipper, not Laurel, has the ability to divert or re-assign product. Moreover, barrels that are swapped move in the opposite direction of the scheduled movement and therefore are backhauls that are explicitly prohibited under Item No. 65.<sup>268</sup>

Laurel's Witness Emery concedes that there is nothing in the tariff that creates a legal obligation on Laurel's schedulers not to swap barrels if it would delay or back up other shippers.<sup>269</sup> Under Laurel's theory, Laurel's schedulers can engage in swaps that may benefit Buckeye or its shippers and harm the Laurel shippers or their customers. Again, Laurel does not maintain records of swaps, so there would be no way to determine if a swap causes a delay or back-up of another shipper's batch. For example, if unrecorded swaps are inconsistent with the use of segregated batches, Laurel could delay

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<sup>264</sup> Laurel Exhibit TZ-3 (Tariff Item No. 40).

<sup>265</sup> Tr. at 531:13-16; *see also* Complainants' Exhibit C4.

<sup>266</sup> Complainants M.B. at 32-33.

<sup>267</sup> Laurel Exhibit TZ-3 (Tariff Item No. 65).

<sup>268</sup> Complainants M.B. at 33.

<sup>269</sup> Tr. at 698.

delivery of a segregated batch because a "reasonable substitution" is not available to swap. These are real-world adverse consequences, none of which is authorized by the Laurel tariff.

In Complainants' view, the Commission cannot permit Laurel to engage in swaps that violate Laurel's current tariff, are not described or referenced in that tariff, and for which the pipeline keeps absolutely no records.<sup>270</sup>

### Laurel's Position

In response, Laurel argues that swaps are widely-used on uni-directional and bi-directional pipelines, and benefit both shippers and the pipeline.<sup>271</sup> Laurel avers that Complainants have presented no evidence showing that swaps as utilized by Laurel violated Laurel's Tariff. As noted in Laurel's Main Brief,<sup>272</sup> 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."<sup>273</sup> 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."<sup>274</sup> Laurel argues that 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.<sup>275</sup> Thus, swaps are authorized by the Tariff.

With respect to Complainants' claim that swaps violate Item No. 15 of the Tariff, Laurel avers that Complainants present zero evidence of any "segregated batch"

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<sup>270</sup> Complainants M.B. at 34.

<sup>271</sup> Laurel R.B. at 53.

<sup>272</sup> Laurel M.B. at 63.

<sup>273</sup> Laurel R.B. at 53, citing Laurel Exhibit TZ-3 at 10.

<sup>274</sup> Laurel R.B. at 53, citing Laurel Exhibit TZ-3 at 4.

<sup>275</sup> Laurel R.B. at 53; *see also* Laurel M.B. at 63-65.

that did not involve a “reasonable substitution.”<sup>276</sup> It notes that 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. According to Laurel, Complainants have simply not done so.<sup>277</sup> Laurel avers that Complainants attempt to deflect their burden by arguing that Laurel does not keep records of its swaps. However, this ignores the fact that Laurel does keep records of all receipts and deliveries,<sup>278</sup> and that all product injected into a pipeline equals the product removed.<sup>279</sup> 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.<sup>280</sup>

Regarding Item No. 65, Complainants again disregard Item No. 40, Item No. 10(B), and the inherently fungible nature of petroleum products.<sup>281</sup> 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.

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.<sup>282</sup> Laurel responds that Complainants again present no evidence, let alone substantial evidence, that demonstrates Laurel has

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<sup>276</sup> Laurel R.B. at 53-54.

<sup>277</sup> Laurel R.B. at 54.

<sup>278</sup> *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).

<sup>279</sup> Tr. at 662.

<sup>280</sup> Laurel R.B. at 54.

<sup>281</sup> Complainants M.B. at 32-33.

<sup>282</sup> Complainants M.B. at 33.

utilized swaps in the manner they allege; rather, Complainants offer only bald assertions and mere speculation.<sup>283</sup>

### Disposition

Laurel Hearing Exhibit 1 provides the following simplified example of swaps, also known as “virtual barrels,” or “virtual volumes”:

Virtual moves are where the physical movements of volumes in the pipeline system to satisfy nominations are different from the origin and destination pair associated to such nominations. The use of virtual moves can still involve the physical movement of volumes through the pipeline system to satisfy nominations, however they provide the ability to optimize such physical movements. An example would be if Shipper A nominates 10,000 bbls of CBOB from Booth to Coraopolis and Shipper B nominates 10,000 bbls of CBOB from Toledo to Eldorado. Laurel and Buckeye can optimize system flows by physically moving the 10,000 bbls of CBOB tendered by Shipper A to Eldorado where it is ticketed to Shipper B’s account in satisfaction of their nomination and physically move the 10,000 bbls of CBOB tendered by Shipper B to Coraopolis where it is ticketed to Shipper A’s account in satisfaction of their nomination.<sup>284</sup>

As noted above, Laurel claims that swaps are used as a standard practice by Laurel and Buckeye, as well as other pipelines, and they occur regardless of the use or absence of bi-directional service as a means of optimizing pipeline operation. While Complainants challenge their legality and success in facilitation of bi-directional service, they do not challenge Laurel’s claim that it has made use of swaps in its operation of the

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<sup>283</sup> Laurel R.B. at 54, citing *Mid-Atlantic Power Supply Assoc. v. Pa. Pub. Util. Comm’n*, 746 A.2d 1196, 1200 (Pa. Cmwlth. 2000) (citing *Bureau of Corrections v. City of Pittsburgh*, 532 A.2d 12, 14 (Pa. 1987)) (“Mere bald assertions, personal opinions or perceptions do not constitute evidence.”).

<sup>284</sup> Laurel Hearing Exhibit 1.

pipeline system. Laurel justifies its use of swaps by reasoning that the nature of a “swap” is simply an extension of, and a result of, the fungible nature of petroleum products as transported by pipeline, under one- or bi-directional operation.<sup>285</sup>

Contrary to Complainants’ claim that swaps are not referenced in Laurel’s Tariff, I find that the provisions of Laurel’s Tariff Item No. 40 accurately describe the use of swaps by the pipeline without using that term. Item No. 40 provides, “Carrier is under no obligation to deliver the identical Commodities received, but may deliver Commodities of substantially the same specifications.”<sup>286</sup> Consequently, shippers on Laurel (or other liquids pipelines) do not have a right or expectation that they will tender into Laurel the same barrels that they receive from Laurel. The baseline expectation of each shipper is not that they will receive the molecules that they put into the pipeline, only that they will receive molecules of “substantially the same specifications.”<sup>287</sup>

Next, I find that Complainants have failed to carry their burden of proving that swaps violate the provisions of Item No. 15 regarding “segregated batches.” The Complainants have provided no evidence whatsoever to support this claim. More specifically, they failed to point to a single instance where ticketing data indicates that a shipper did not receive a reasonable substitution in violation of Item No. 15 of the Tariff. Without a scintilla of evidence, Complainants’ claim is nothing more than an incorrect assumption and speculation.

Similarly, Complainants have failed to carry their burden of proving that swaps violate the provisions of Item No. 65 of the Tariff which prohibits shippers from requesting on the “backhaul movements” on the pipeline. I find this claim to ignore the difference in physics between a swap and a backhaul movement. The former utilizes the

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<sup>285</sup> Laurel M.B. at 62-66.

<sup>286</sup> Laurel R.B. at 53, citing Laurel Exhibit TZ-3 at 10 (emphasis added).

<sup>287</sup> See Laurel M.B. at 63.

flow of product to satisfy as many deliveries as possible, whereas the latter requires additional actions by the pipeline to essentially counter the flow of product.

I also find that Complainants failed to prove that the use of swaps violates Laurel's Tariff because they can lead to a delay in delivery of a segregated batch until a reasonable substitution is available. Not only did they fail to put on the record a single instance where that delay has occurred, but in their speculation, they ignore the fact that swaps are only one of the means by which the pipeline transports, the main one being the mass balance of volumes nominated by shippers for a given cycle.

In conclusion I find that Complainants have failed to prove that the use of swaps violate Laurel's Tariff.

3. Whether Existing Bi-Directional Service Has Resulted In Unreasonable Service

Complainants' Position

a. Transit Times Increases

In their Main Brief, Complainants explain that basic principles of pipeline operation establish that pipeline diameter, line fill, and flow rate all have a direct impact on transit times.<sup>288</sup> Larger diameter lines have a higher capacity and, therefore, require more line fill per mile than do smaller diameter lines.<sup>289</sup> While capacity is the volume a pipeline or line segment is capable of moving, pump rate is how much volume the

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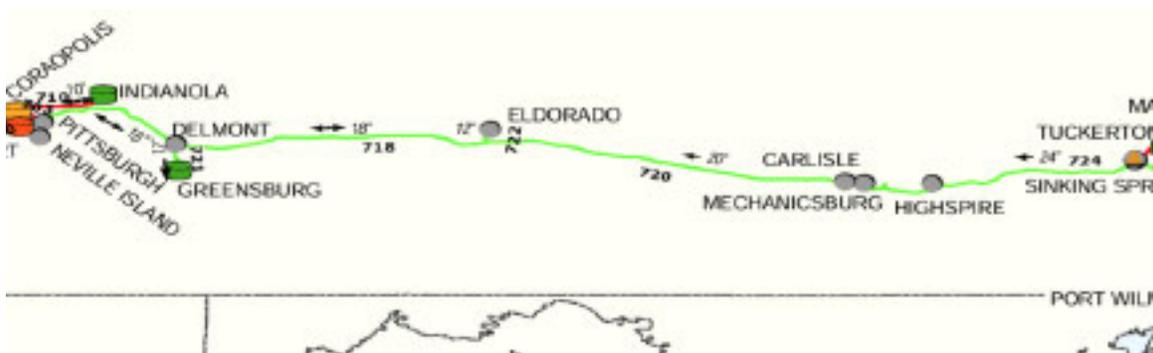
<sup>288</sup> Complainants M.B. at 36; Complainants Exhibit TM-1 at 7, 9.

<sup>289</sup> Complainants M.B. at 36; Complainants Exhibit TM-1 at 9.

pipeline actually moves per a given unit of time.<sup>290</sup> If all other factors are equal, a slower pump rate will result in longer transit times.<sup>291</sup>

Complainants further clarify that each successive segment of Laurel is smaller in diameter than the line feeding it because the pipeline was originally designed to pump from the east to the west, from L724 to L720, then to L718. See Figure 1.

Figure 1: Laurel Pipeline Map



Because L724 makes deliveries before it connects to L720, Complainants explain that Laurel's designers chose a smaller diameter pipe for L720 (20-inch versus 24-inch) because a lesser capacity is needed than for L724.<sup>292</sup> The same is true for L718 as compared to L720.<sup>293</sup> Because the west-to-east direction is opposite Laurel's original design, Complainants argue that the capacity differences from one line segment to the next are similarly opposite. According to them, this physical reality creates bottlenecks in the pipeline that hinder west-to-east flow ability.<sup>294</sup>

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290 Complainants M.B. at 36; Complainants Exhibit TM-1 at 9.  
291 Complainants M.B. at 36; Complainants Exhibit TM-1 at 9.  
292 Complainants M.B. at 36; Complainants Exhibit TM-1 at 10.  
293 Complainants M.B. at 36; Complainants Exhibit TM-1 at 10.  
294 Complainants M.B. at 36; Complainants Exhibit TM-1 at 11.

Complainants note that a bi-directional pipeline must finish deliveries to one destination before it can be reversed to fulfill deliveries in the opposite direction.<sup>295</sup> They argue that bi-directional service is reliant on precise scheduling, and precise scheduling is effectuated by reliable transit times.<sup>296</sup> However, bi-directional service poses increased instances where delays, early arrivals, and other interferences to transit times could and do occur. Complainants observe that if product does not finish delivering into its intended destination before the line is reversed, the product would need to be pushed back in the direction from which it came to avoid mixing and to preserve product quality, thereby delaying the pipeline schedule and affecting all subsequent nominations in the schedule.<sup>297</sup>

Next, Complainant acknowledge that projected transit times are impacted by shipper nominations to the pipeline, but reject Laurel's argument that shipper nominations are the only determinative factor. They claim that in practice, it is Laurel that ultimately decides which nominations to accept and incorporate in transit time projections.<sup>298</sup> This becomes even more important in a bi-directional context, where Laurel's decision to accept nominations impacts the direction the pipeline will flow at a given time. Complainants claim to have noticed increased transit times and transit time variability since commencement of bi-directional service on L718.<sup>299</sup> **[Begin Proprietary].** ██████████

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<sup>295</sup> Complainants M.B. at 37; Complainants Exhibit TM-1 at 12.

<sup>296</sup> Complainants M.B. at 37; Complainants Exhibit TM-1 at 12.

<sup>297</sup> Complainants M.B. at 37; Complainants Exhibit TM-1 at 8.

<sup>298</sup> Complainants M.B. at 38; Tr. at 91.

<sup>299</sup> Complainants M.B. at 38; see Complainants Exhibit JDJ-1 at 5:19-6:12; Complainants Exhibit SH-1 at 4:10-5:12; Complainants Exhibit KFS-1 at 4:7-6:9.

[REDACTED]

[End Proprietary] Complainants observe that deliveries off the Laurel Pipeline should arrive approximately every ten days.<sup>301</sup> However, since September 2019, deliveries between Mechanicsburg and Altoona to Coraopolis have been sporadic – sometimes twenty days or more, other times five days or fewer.<sup>302</sup> They note that T4 notice to shippers from Laurel may contain a delivery window of eight to twelve days, then those deliveries nonetheless arrive in twenty to thirty days, or just one to two days.<sup>303</sup> Complainants clarify that barrels arriving early can be just as problematic as those that

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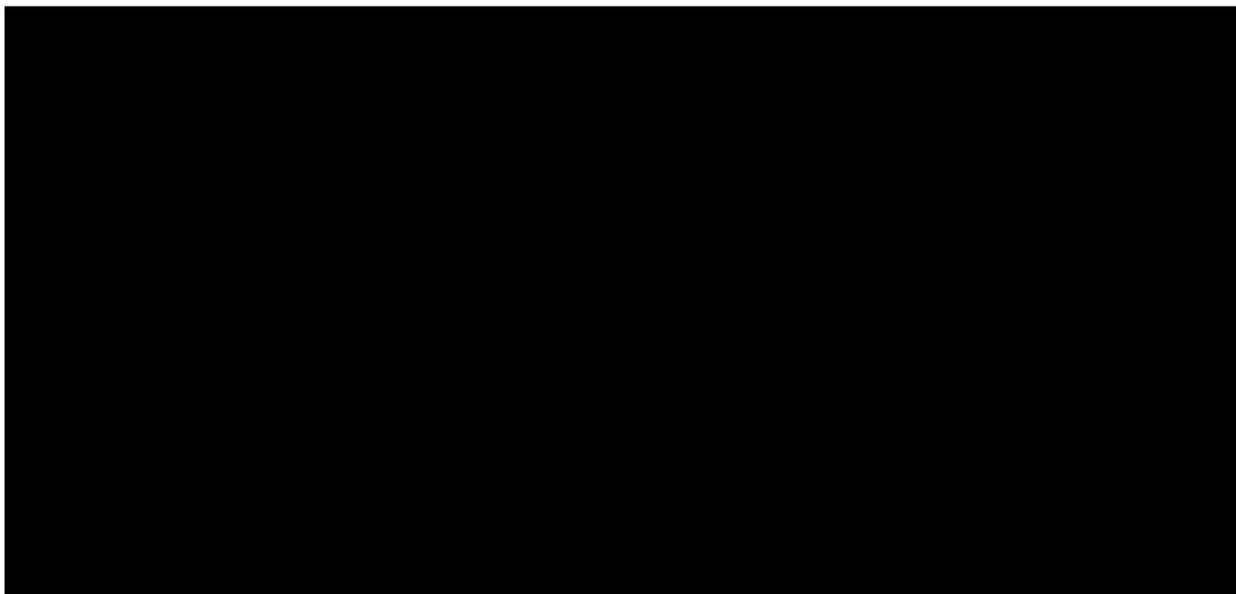
<sup>300</sup> Complainants M.B. at 38; *see also* Complainants' Confidential Exhibit SH-2 at 4. (Complainants explain that Laurel does not distinguish between intrastate and interstate products on the Laurel Pipeline, meaning that all products of the same or similar specifications, i.e. CBOB gasoline, are scheduled and shipped together whether they are being shipped under intrastate rates, terms, and conditions or interstate rates, terms, and conditions. Accordingly, Complainants' analysis of the transit times for east to west interstate movements into a particular delivery point, such as Eldorado, incorporates transit times for east to west intrastate movements to the same delivery point).

<sup>301</sup> Complainants M.B. at 38-39; *see also* Complainants Exhibit KFS-1 at 4.

<sup>302</sup> Complainants M.B. at 39; *see also* Complainants Exhibit KFS-1 at 4.

<sup>303</sup> Complainants M.B. at 39; Tr. at 131. T4 is a communications platform Laurel and other pipeline operators utilizes to send notices to shippers on the pipeline. *See* Laurel St. No. 1R at 25.

arrive late.<sup>304</sup> If a delivery arrives before it is expected, the recipient may not yet have the open tankage capacity needed to store the product.<sup>305</sup> **[Begin Proprietary]** [REDACTED]



**[End Proprietary]** In specific instances, transit time delays occurred for Complainant Monroe because Laurel was holding Complainant barrels heading from the east in the line between Mechanicsburg and Altoona waiting for barrels that are coming from the west to arrive and be delivered into Altoona.<sup>307</sup> Complainants note that this is a new issue for them and one unique to bi-directional service. They add that in that instance, Laurel provided no communication or scheduling updates through the T4 notification platform.<sup>308</sup> This delay left shippers to explain to upset customers why the shippers were missing expected product at terminals, without any notification or explanation of the delay from Laurel.<sup>309</sup>

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<sup>304</sup> Complainants M.B. at 39; Tr. at 131.

<sup>305</sup> Complainants M.B. at 39; *see also* Complainants Exhibit KFS-1 at 5.

<sup>306</sup> Complainants M.B. at 39; *see also* Complainants' Confidential Exhibit SH-2 at 7.

<sup>307</sup> Complainants M.B. at 39; *see also* Complainants Exhibit KFS-1 at 5.

<sup>308</sup> Complainants M.B. at 39-40; *see also* Complainants Exhibit KFS-1 at 5.

<sup>309</sup> Complainants M.B. at 40; *see also* Complainants Exhibit KFS-1 at 6.

Similarly, Complainant Sheetz experienced a 90% increase in the average number of transit days for westward shipments from Linden to Altoona when comparing the most recent three years (2022-2024) to years 2017, 2018, and 2019.<sup>310</sup> Sheetz also saw a 64% increase in average transit days for westward shipments from Booth to Altoona for those same years.<sup>311</sup> In what is considered a ten-day cycle to move product westward from Linden to Altoona, the maximum number of transit days was 26.7 in 2022, versus just 11 days in 2019 – an increase of 142 percent.<sup>312</sup>

In their Main Brief, Complainants reject Laurel's attempts to minimize these concerns by stating that nominated volumes are delivered within the month of intended delivery.<sup>313</sup> Complainants find such a window to be a deviation from industry standard and infeasible in practice. They note that the infrastructure (i.e., tankage required to hold inventory for that length of time) is "not designed to withstand month-long wait times between deliveries," and customers often are accustomed to the ability to receive "just-in-time" deliveries and cannot wait that long for product delivery.<sup>314</sup>

Additionally, Complainant LHT observes that bi-directional service causes an increase in smaller-quantity batches of varying product grade that require its terminals to "cut" between specifications and octanes to ensure product quality for end-use consumption.<sup>315</sup> In particular, LHT saw eight to twelve pipeline switches per month per

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<sup>310</sup> Complainants M.B. at 40; *see also* Complainants Exhibit JDJ-1 at 7. Sheetz did not include the years 2020 and 2021 in this data due to irregularities caused by the COVID-19 pandemic.

<sup>311</sup> Complainants M.B. at 40; *see also* Complainants Exhibit JDJ-1 at 7.

<sup>312</sup> Complainants Exhibit JDJ-1 at 8.

<sup>313</sup> Complainants M.B. at 40; Laurel Exhibit Rebuttal Testimony of Thomas R. Zeth at 25.

<sup>314</sup> Complainants M.B. at 41; Tr. at 84-86.

<sup>315</sup> Complainants M.B. at 40-41; *see also* Complainants Exhibit SH-1 at 5.

terminal prior to bi-directional service in 2019, as compared to fifteen to twenty-five switches per month per terminal since 2019.<sup>316</sup>

Complainants also address Laurel's observation that Complainants did not produce exhaustive communications or data sets concerning transit times and/or scheduling delays or its inference that such operational issues cannot have the significant impact on scheduling that Complainants claim. According to Complainants, this is not an inaccurate conclusion and portrayal of how the industry works. They claim that "transit time" is not part of the terminology that shippers use in the course of normal business dealings with each other.<sup>317</sup> In the event of a scheduling push, shippers pivot – they begin rescheduling, shuffling, and finding solutions.<sup>318</sup> Per Complainants, it is not industry practice to make a notification or record of "hey, my transit time increased."<sup>319</sup>

Complainants note that Laurel has acknowledged its role as the "gatekeeper of what gets moved on the pipeline."<sup>320</sup> With Laurel as the ultimate arbiter of transit times projections and standards, Complainants aver that they depend on Laurel for both transparency and efficient communication relative to transit time determinations and possible deviations. Despite this responsibility, Complainants note that Laurel has admitted to not having "a standard for on-time delivery, nor is it obligated to have one as a function of its PA PUC tariff."<sup>321</sup> Without a standard or established range of reasonableness from Laurel, Complainants argue that they are left to perform their scheduling duties in a state of scrambled confusion at worst and looming uncertainty at best.<sup>322</sup>

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<sup>316</sup> Complainants M.B. at 41; *see also* Complainants Exhibit SH-1 at 5.

<sup>317</sup> Complainants M.B. at 41; Tr. at 404-405.

<sup>318</sup> Complainants M.B. at 41; Tr. at 404-405.

<sup>319</sup> Complainants M.B. at 41; Tr. at 404-405.

<sup>320</sup> Complainants M.B. at 41; Tr. at 519.

<sup>321</sup> Complainants M.B. at 41-42; Tr. at 521.

<sup>322</sup> Complainants M.B. at 42; Tr. at 544.

The consequences of unstable transit times vary, but Complainants explain that they require shippers to adapt their usual practices. Shippers must at once maintain additional inventory in the event of a delay, and preserve additional available capacity in terminals in the event of an early delivery.<sup>323</sup> These adaptations require additional training and staffing to manage and create cost consequences for shipper companies and their wholesale and/or retail customers.<sup>324</sup> According to Complainants, the increasingly unreliable transit times constitute unreasonable service pursuant to the Code.

b. Whether the Increase In Transit Times Is Explained By Shipper Nominations

Next, Complainants address Laurel's claim that a "dramatic decline in utilization" of east-to-west service on the Laurel Pipeline is the reason for increased transit times.<sup>325</sup> Complainants acknowledge that the permanent closure of the PES refinery in 2019 led to an inevitable decline in east-to-west nominated volume.<sup>326</sup> However, they note that for Complainants, volumes since the PES closure have remained consistent, while transit times and other uncertainties have increased during those same years.<sup>327</sup> Complainants claim that they struggle to find another variable to which they could attribute such increase besides the bi-directionality of the pipeline since 2019.<sup>328</sup>

Complainants disagree with what they see as Laurel's efforts to explain away increased transit times based on declining east-to-west volumes.<sup>329</sup> They argue that the slight decline in east-to-west volumes is shown to be a relatively minor driver of

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<sup>323</sup> Complainants M.B. at 42.

<sup>324</sup> Complainants M.B. at 42; Complainants Exhibit JDJ-1 at 8; Complainants Exhibit KFS-1 at 5.

<sup>325</sup> *See* Laurel St. No. 1-R at 12, 13.

<sup>326</sup> Complainants M.B. at 42-43; Tr. at 83.

<sup>327</sup> Complainants M.B. at 43; Tr. at 83.

<sup>328</sup> Complainants M.B. at 43; Tr. at 83-84.

<sup>329</sup> *See generally* Tr. at 427-430.

increased transit times. According to them, the analysis conducted by Laurel witness Dr. Webb includes "too many control variables and ... hides the actual differences."<sup>330</sup> According to the Complainants, their witness Dr. Morris corrects Laurel's error, and shows in Complainant Exhibits JRM-10 through JRM-12, that the slight decline in east-west volumes does not explain the substantial increase in transit times that shippers have experienced since the start of bi-directional service in 2019. In fact, Dr. Morris' analysis shows that the decline in volumes would predict an increase of 34-35 percent, far short of the 80-110 percent increase in transit times that shippers have actually experienced.<sup>331</sup>

Complainants argue that Laurel's own analysis supports their position. They point to the data reflected in Figure 2 of Laurel's witness Zeth's testimony which show the total volumes transported east to west on line segments L724, L720, and L718.<sup>332</sup> Complainants aver that, while the data show a decline in volumes over 2020, following the closure of the PES refinery and coincident with the COVID pandemic, peak east-to-west volumes rebound substantially in subsequent years, consistent with testimony from Complainants' witness Jadlocki that volumes from the Gulf Coast to the East Coast have backfilled much of the east-to-west volumes lost from the PES closure.<sup>333</sup> They note that the most precipitous dip in the volumes occurred from March 22 – April 2 of 2025, which coincides with an 11-day outage implemented by Laurel on the L724 and L720 line segments.<sup>334</sup> Further, the fact that volumes continue to exceed the line fill totals required to push product through the pipeline suggest that volumes remain more than sufficient to move product and would not alone account for the severe increase to transit times.<sup>335</sup> For example, the line fill required to move product through

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<sup>330</sup> Complainant M.B. at 43; Tr. at 429.

<sup>331</sup> Complainant M.B. at 44; Tr. at 429.

<sup>332</sup> *See* Laurel St. No. 1-R at 11.

<sup>333</sup> Complainants M.B. at 44; Complainants Exhibit JDJ-1 at 13.

<sup>334</sup> Complainants M.B. at 44; *see also* Laurel St. No. 2-R at 6.

<sup>335</sup> Complainants M.B. at 44; *see also* Laurel St. No. 2-R at 6; *see also*

Complainants Exhibit TM-1 at 8.

the L718 line segment is 100,500 barrels.<sup>336</sup> Even at the low points, Complainants note that volumes on the L718 generally exceed 20,000 bpd, meaning Laurel receives enough volume to push product through the pipeline each cycle.

Ultimately, Complainants disagree with Laurel's attempts to isolate decreased shipper nominations as the only factor that could and does impact the transit times on which shippers depend for their regular course of business. They maintain that pump rate, pipe diameter, scheduling of accepted nominations, and flow direction also impact transit times, and each of them is partially, if not completely, in the hands of Laurel as the pipeline operator.

c. Laurel's Knowledge Of the Impact Of Bi-directional Service On Transit Times

Complainants' next argument is that Laurel has always known that Bi-direction service drastically impacts transit times, yet has undertaken no "internal action plan" or "other internal policies or procedures" to address the incremental escalation in transit times since 2019.<sup>337</sup> They point to **[Begin Proprietary]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **[End Proprietary]**

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336 Complainants M.B. at 45; *see also* Complainants Exhibit TM-1 at 6 (Table 1).

337 Tr. at 524.

338 Complainants M.B. at 45; Complainants' HC Exhibit TM-4 at 26.

339 *See generally*, Tr. at 546-550.

d. Complainants' Obligation to File a Complaint Prior to January 2025

Complainant also argue that contrary to Laurel's averments, they were not obligated to file a complaint with the Commission prior to January 2025. They further explain that, while the 2019 Settlement provided defined processes for informal communication between Laurel and those settling parties, nothing in the 2019 Settlement created an obligation on those settling parties (some of whom are now Complainants in this proceeding) to pursue such discussions in advance of filing a Formal Complaint.<sup>340</sup> Complainants further maintain that they 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. According to them, the fact that those working in the pipeline shipping business are not focused on, or even aware of, an avenue to address service concerns may indicate an education and accessibility issue for Commission remedies, but it certainly cannot work to exclude affected parties from those very remedies. Complainants explain that they have communicated service frustrations and customer concerns to Laurel in other acceptable forms as issues arose<sup>341</sup> and aver that the instant Complaint is the result of an accumulation of injury to shippers over a lengthy period of time. Laurel's unstable bi-directional service inflicts a death by a thousand cuts-style injury on Complainants. Laurel's December 2024 announcement to extend bi-directional service was the final blow in prompting the need to file this Formal Complaint. Complainants continue to withstand unreasonable service in all manner of operational interruption and interference.

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<sup>340</sup> Complainants M.B. at 46; *Giant Eagle, Inc. v. Laurel Pipe Line Company, L.P.*, Docket No. C.2018-3003365 (Joint Petition for Approval of Settlement Dated July 31, 2019)("2019 Settlement").

<sup>341</sup> See Complainants Exhibit JDJ-1 at 10-11.

## Laurel's Position

### a. Transit Times Increases

Laurel responds that neither Laurel's CPC, Commission-approved Tariff, Commission-approved Capacity Use Agreement, nor the 2019 Settlement contains any minimum or maximum standards for the transit time applicable to the transportation of refined petroleum products.<sup>342</sup> It points to the Buckeye Shipper Information Notebook as the only document applicable to Laurel's operations that speaks to transit times which provides only "estimated" ranges of transit times between destinations and origins.<sup>343</sup> Laurel maintains that there is no guarantee for transit time length or variability, and the estimates are regularly updated to reflect actual ranges of transit experience.<sup>344</sup> It further notes that none of the Complainants' witnesses could identify a regulatory or industry standard regarding transit times or variability.<sup>345</sup> Similarly, none of the Complainants' witnesses could point to any other precedent identifying a standard for transit times or variability of deliveries.

According to Laurel, Complainants have also failed to show that (a) transit times have increased significantly, (b) any increases in transit times are caused by Existing Bi-Directional Service, or (c) transit time changes have had significant impacts on shippers or consumers. Laurel rejected the testimony of Complainants' witnesses as anecdotal accounts of late deliveries which they contended resulted from existing bi-

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<sup>342</sup> Laurel M.B. at 48-49.

<sup>343</sup> 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.

<sup>344</sup> Laurel M.B. at 49, *comparing* Laurel Exhibit TZ-8 *with* Complainants Exhibit JDJ-3 at 1 (providing the same excerpt from the Shipper Information Notebook, updated as of Jan. 1, 2025).

<sup>345</sup> Laurel M.B. at 49; *see also* Tr. 92-93, 104, 124, 274-275, 277-278.

directional operations. Per Laurel, none of these witnesses proffered any meaningful quantification of (i) the percentage of such alleged delays to their overall shipments, or (ii) the alleged harm from the alleged delays to their businesses.<sup>346</sup> Moreover, Laurel notes that transit times on Laurel have always varied,<sup>347</sup> and the closure of the PES refinery in 2019, and subsequent loss of a significant amount of intrastate volumes, aligns with changes in transit times since 2019.<sup>348</sup>

Laurel argues that its witness Mr. Emery explained the impacts of operational factors such as declining volumes, nomination changes by shippers, the timing and availability of supply from connecting sources, and the periodic need to change schedules to meet customer requests on transit times. He confirmed that these factors do occur on Laurel and do cause transit time increases.<sup>349</sup> Mr. Emery also showed that bi-directional operations could also reduce transit times, depending on the balance of demand at either end of the line.<sup>350</sup>

Laurel then rejects as flawed Complainants' witness Dr. Morris' analysis of transit time changes on Laurel since 2019 because he did not conduct an independent verification of this claim and ignored standard methodological measures.<sup>351</sup> Per Laurel, Dr. Morris's analysis assumes bi-directional operations caused transit time increases, without any verification that bi-directional operations caused such increases.<sup>352</sup>

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<sup>346</sup> Laurel M.B. at 49-50; *see also* Laurel St. No. 4-R at 25-27.

<sup>347</sup> Laurel M.B. at 50; Laurel St. No. 1-R at 20-21.

<sup>348</sup> Laurel M.B. at 50; Laurel St. No. 1-R at 9, 58-59.

<sup>349</sup> Laurel M.B. at 50; Laurel St. No. 4-R at 8-11.

<sup>350</sup> Laurel M.B. at 50; Laurel St. No. 4-R at 11-12.

<sup>351</sup> Laurel M.B. at 50; Laurel St. No. 3-R at 76.

<sup>352</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 94-95.

On the other hand, Laurel maintains that its witness Dr. Webb, undertook a rigorous regression analysis that controlled for relevant variables<sup>353</sup> using data regarding individual shipments from January 1, 2014, through June 30, 2025, using regression analyses that controlled for relevant factors to determine whether the commencement of bi-directional service caused increased transit times to Coraopolis, Eldorado, Mechanicsburg, and Sinking Spring.<sup>354</sup> The analysis showed that the impact of bi-directional service on transit times for shipments to Eldorado was both “negative” (i.e., a small decrease in transit times was observed) and “statistically significant” (i.e., there is a likelihood that bi-directional operations impacted transit times);<sup>355</sup> thus, actual data demonstrates that bi-directional service did not cause an increase in transit times for deliveries to Eldorado.<sup>356</sup> His analysis also showed that the impact of bi-directional operations on transit times for shipments to Coraopolis was minimally “positive” (i.e., a *de minimis* increase in transit times observed) and “statistically significant”;<sup>357</sup> thus, actual data demonstrates that, at most, bi-directional operations may have caused a *de minimis* 32-hour or 12% increase in transit times for deliveries to Coraopolis.<sup>358</sup>

Next, Laurel addresses the testimony of the three internal witnesses for the Complainants and argues that they provided no support for a finding of unreasonable service due to transit time increases or variability. First, Mr. Summers, appearing for Monroe, claimed that transit time changes have resulted in sporadic deliveries, and deliveries arriving “too late” or “too early.”<sup>359</sup> Laurel’s witness Mr. Zeth showed that Mr.

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<sup>353</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 95.

<sup>354</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 96. Dr. Webb explained his methodology in detail in the Technical Appendix to his rebuttal testimony. Laurel St. No. 3-R, Appendix A. The results of this analysis are set out in Laurel Exhibit No. MJW-17 and summarized at Table 2 of his rebuttal testimony.

<sup>355</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 97.

<sup>356</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 98.

<sup>357</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 97.

<sup>358</sup> Laurel M.B. at 51; Laurel St. No. 3-R at 98.

<sup>359</sup> Laurel M.B. at 52; Complainants Exhibit KFS-1 at 5.

Summers' claims of "sporadic" deliveries west of Mechanicsburg ignored the inherent variability of transit times, and also explained that Monroe consistently received the nominations it had made in the month of intended delivery.<sup>360</sup> Mr. Zeth also explained that Mr. Summers' claim that the pipeline "held" barrels in its segments during cycles due to Existing Bi-directional Service ignored both the basic operation of the pipeline and thus overlooked other grounds for deferred deliveries,<sup>361</sup> and the fact that updated shipper notices would communicate such delays.<sup>362</sup> Mr. Zeth explained that the issue of "early" barrels completely overlooked the wide range of transit times provided in Laurel's Shipper Information Notebook,<sup>363</sup> and explained that one specific "delayed" batch cited by Mr. Summers was due to declining volumes.<sup>364</sup> As for Mr. Summers' claims of specific batches delivered "late," Mr. Zeth explained the identified set of "late" batches is a "small subset" of Monroe's volumes over that time period.<sup>365</sup> Laurel also notes that despite his asserted concerns that the pipeline might abuse its authority to operate the pipeline by deciding which way to transport, Mr. Summers ultimately admitted that the "mass balance" of volumes in a cycle (i.e., commodity market forces) dictates the direction of flow, and that the shippers' nominations dictate direction of flow.<sup>366</sup> Monroe also failed to produce a single internal document regarding key aspects of Mr. Summers' claims.<sup>367</sup>

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<sup>360</sup> Laurel M.B. at 52; Laurel Exhibit 1-R at 24-25.

<sup>361</sup> Laurel M.B. at 52; *see also* Laurel St. No. 1-R at 22-23; Tr. 605-606, 615-617 (description of how the Existing Bi-directional Service is scheduled); Tr. 665-666; Laurel St. No. 4-R at 5-6 (the pipeline can operate even on Line 718 in both directions).

<sup>362</sup> Laurel M.B. at 53; Laurel St. No. 1-R at 25.

<sup>363</sup> Laurel M.B. at 53; Laurel St. No. 1-R at 26; Laurel Exhibit TZ-8 and Complainants Exhibit JDJ-3 at 1.

<sup>364</sup> Laurel M.B. at 53; Laurel St. No. 1-R at 27.

<sup>365</sup> Laurel M.B. at 53; Laurel St. No. 1-R at 29.

<sup>366</sup> Laurel M.B. at 53; Tr. 94-96.

<sup>367</sup> Laurel M.B. at 53; Laurel Cross Exhibit Nos. 1 and 2; Tr. 103-104.

Second, Laurel addresses Ms. Huzicko's claims on behalf of LHT of doubled transit times to western Pennsylvania, as well as allegations of poor communications. Disagreeing with them, Laurel notes that Ms. Huzicko's claims are only with respect to Heating Oil and Diesel, and include both intrastate (westbound) and interstate (westbound and eastbound) deliveries.<sup>368</sup> According to Laurel, Ms. Huzicko failed to address or consider the numerous, specific other factors influencing transit times,<sup>369</sup> and that her testimony regarding communications ignored the uniform use of scheduling updates for all shippers provided by the T4 systems.<sup>370</sup> Like Mr. Summers, Ms. Huzicko also could not identify any documents relating to management-level presentations regarding the alleged transit time problems on Laurel, undercutting her claims that these operational issues have posed serious problems for LHT.<sup>371</sup>

The third witness was Mr. Jadlocki, who testified on behalf of Sheetz.<sup>372</sup> Laurel notes that Mr. Jadlocki showed the transit time to Eldorado from the only origin with shipments subject to this Commission's jurisdiction (Chelsea) to be nine days, which is far lower than the higher interstate average times.<sup>373</sup> In addition, Mr. Jadlocki's data had numerous unaccounted-for variables undermining its reliability, including shipments that traveled in part on non-Laurel facilities,<sup>374</sup> and failed to consider differences in batch sizes,<sup>375</sup> the mix of products that might influence transit time,<sup>376</sup> whether transit time was influenced over time by changes in its pattern of splitting batches,<sup>377</sup> and the exclusion of

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<sup>368</sup> Laurel M.B. at 53; *see also* Complainants Exhibit SH-2 at 2-7 (note explaining data only includes Heating Oil and Diesel and not distinguishing between intrastate and interstate transit times).

<sup>369</sup> Laurel M.B. at 54; Laurel St. No. 1-R at 30-31.

<sup>370</sup> Laurel M.B. at 54.

<sup>371</sup> Laurel M.B. at 50; Tr. 145.

<sup>372</sup> Laurel M.B. at 54; Complainants Exhibit JDJ-1 at 6-8.

<sup>373</sup> Laurel M.B. at 54; Tr. 397-398.

<sup>374</sup> Laurel M.B. at 54; Tr. 375-376.

<sup>375</sup> Laurel M.B. at 54; Tr. 379-380.

<sup>376</sup> Laurel M.B. at 54; Tr. 377-379.

<sup>377</sup> Laurel M.B. at 54; Tr. 381-383.

transit time associated with all shipments of three days or less (having the effect of increasing apparent transit times).<sup>378</sup> Furthermore, Laurel observes that Mr. Jadlocki could not recall at hearing whether the number of days exhibiting a maximum transit time of 29 days, which suggests the number of such instances over the past five years was ultimately *de minimis*.<sup>379</sup> Mr. Jadlocki was also unable to identify any other pipelines that offer guaranteed transit or delivery times.<sup>380</sup> Moreover, Laurel notes that Sheetz presented no communications from Sheetz to persons responsible for operating Laurel regarding Sheetz's alleged concerns,<sup>381</sup> and presented no documents in which the allegedly severe operational problems were mentioned in a presentation to management.<sup>382</sup>

Laurel argues that neither Mr. Summers', nor Ms. Huzicko's, nor Mr. Jadlocki's testimony 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.<sup>383</sup>

Moreover, Laurel maintains that 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,<sup>384</sup> nor have Complainants identified a single precedent

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<sup>378</sup> Laurel M.B. at 55; Tr. 383-386.

<sup>379</sup> Laurel M.B. at 55-56; Tr. 386-387.

<sup>380</sup> Laurel M.B. at 55; Tr. 359-364.

<sup>381</sup> Laurel M.B. at 55; *see also* Laurel Cross Examination Exhibit 75 at 94 (and accompanying documents, none of which are pre-Complaint communications on this subject to Laurel).

<sup>382</sup> Laurel M.B. at 55; Tr. 357-364.

<sup>383</sup> Laurer R.B. at 27.

<sup>384</sup> Laurel M.B. at 49-50.

supporting their allegations that Laurel’s service has been unreasonable.<sup>385</sup> According to Laurel, the record shows that transit times vary among pipelines due to a number of factors,<sup>386</sup> and that no pipeline in the country guarantees transit times.<sup>387</sup>

Instead of guarantees, Laurel does provide “estimated” ranges of transit times between destinations and origins.<sup>388</sup> Those estimates are regularly updated to reflect actual ranges of transit experience.<sup>389</sup> And, Laurel regularly communicates with its shippers regarding the schedule for a given cycle, based upon real-time changes in the circumstances surrounding a given cycle.<sup>390</sup>

Because Complainants failed to demonstrate that they alleged any quantified, material harm to the shippers or to the consumers of Pennsylvania, Laurel concludes that Complainants are seeking “perfect” transit times, i.e., transit times with no variability where their individual shipments arrive neither too early nor too late.

In addition, Laurel addresses Complainants’ other arguments regarding transit times and finds them meritless. First, Laurel argues that Complainants’ contention that the telescoping of the Laurel system (i.e., reduced pipeline diameter in segments

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<sup>385</sup> Laurel M.B. at 49; *see also* Tr. 92-93, 104, 124, 274-275, 277-278.

<sup>386</sup> Laurel R.B. at 28; Laurel St. No. 4-R at 8-11.

<sup>387</sup> 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)

<sup>388</sup> 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.

<sup>389</sup> Laurel R.B. at 28; *Compare* Laurel Exhibit TZ-8 with Complainants Exhibit JDJ-3 at 1 (providing the same excerpt from the Shipper Information Notebook, updated as of Jan. 1, 2025).

<sup>390</sup> Laurel R.B. at 28-29; Laurel St. No. 1-R at 25; Tr. 414-416

from east to west on the system) creates “bottlenecks” for west-to-east transportation<sup>391</sup> to be generic and unrelated to the issue that Complaints seek to prove, i.e., that bi-directional transportation would create unreasonable delays in transit time.<sup>392</sup>

Second, Laurel takes issue with Mr. Miesner’s contention that bi-directional service inherently prevents reliable scheduling because it results in inevitable delays.<sup>393</sup> Laurel rejects this logic as circular and based on generic assertions that are not specific to Laurel. Moreover, Laurel notes that Mr. Miesner admitted he has never scheduled or supervised the scheduling of a bi-directional pipeline.<sup>394</sup> To rebut his testimony, Laurel brought forth its witness Mr. Emery, who has scheduled or supervised the scheduling of a bi-directional pipeline, and testified that the theoretical problems posited by Mr. Miesner are regularly addressed by pipeline schedulers with the tools available to them.<sup>395</sup>

Third, Laurel challenges Complainants’ suggestion 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.<sup>396</sup> Laurel argues that 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,<sup>397</sup> absent a lack of capacity that

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<sup>391</sup> Laurel R.B. at 29.

<sup>392</sup> *Id.*

<sup>393</sup> Complainants M.B. at 37.

<sup>394</sup> Laurel R.B. at 29; *see also* Tr. at 263, 264.

<sup>395</sup> Laurel R.B. at 29; *see also* Laurel St. No. 4-R at 27-30; Laurel St. No. 1-R at 22-23; Tr. at 605-606, 615-617.

<sup>396</sup> Complainants M.B. at 38.

<sup>397</sup> Tr. at 598-600.

requires pro-rationing.<sup>398</sup> Laurel observes that no shipper submitted testimony that a timely and properly submitted nomination was ever rejected by Laurel, and argues that Complainants' suggestion that nominations are controlled by Laurel's discretion is unsupported by the record.<sup>399</sup> While Complainants suggest that one alleged "hold" left "shippers" without notification,<sup>400</sup> Laurel remarks that they fail to explain why one allegedly delayed shipment to one shipper caused multiple "shippers" problems. Moreover, Laurel argues that 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.<sup>401</sup>

Fourth, Laurel rejects what it sees as 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' between specifications and octanes to ensure product quality," and that "switches" have roughly doubled since 2019.<sup>402</sup> Laurel maintains Ms. Huzicko failed 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.<sup>403</sup> According to Laurel, 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.<sup>404</sup>

Fifth, Laurel claims that Complainants mash together the issues of delivery timing and communications by Laurel, arguing that Complainants are "left to perform

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<sup>398</sup> Laurel R.B. at 30; *see* Laurel Exhibit TZ-3 at 17-18 (Tariff Item No. 100) and (Laurel Exhibit TZ-3 at 13-17 (Item No. 90).

<sup>399</sup> Laurel R.B. at 30; Laurel St. No. 1-R at 27.

<sup>400</sup> Complainants M.B. at 39-40.

<sup>401</sup> Laurel R.B. at 30; *see also* Laurel St. No. 1-R at 29.

<sup>402</sup> Complainants M.B. at 40-41; Complainants Exhibit SH-1 at 5.

<sup>403</sup> Laurel R.B. at 31; Laurel St. No. 1-R at 9, 58-59.

<sup>404</sup> Laurel R.B. at 31; *see also* Tr. 146-147.

their scheduling duties in a state of scrambled confusion at worst and looming uncertainty at best.”<sup>405</sup> Laurel agrees with the need for communication and, to the extent permissible, transparency about shipments;<sup>406</sup> however, Laurel insists that it already provides notifications by the “Transport4” or “T4” system, as well as the availability of its scheduling team to inform and coordinate with shippers.<sup>407</sup> It rejects as false Complainants’ contention 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.<sup>408</sup> Moreover, Laurel states that if Complainants had a sincere concern over the state of communications from Laurel, they could have explored other avenues than using such claims to prevent new competitive services.<sup>409</sup>

b. Laurel’s Knowledge Of the Impact Of Bi-directional Service On Transit Times

Next, Laurel tackles Complainants’ claim that Laurel “always” knew that bi-directional service would “drastically” impact transit times. According Laurel, this claim is not supported by the record.<sup>410</sup> **[Begin Proprietary]** [REDACTED]

[REDACTED]

[REDACTED]

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<sup>405</sup> Complainants M.B. at 42.

<sup>406</sup> 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.

<sup>407</sup> Laurel R.B. at 31.

<sup>408</sup> *Id.*

<sup>409</sup> *Id.*

<sup>410</sup> *Id.* at 32.

<sup>411</sup> Tr. 546.

[REDACTED]

[REDACTED]

[REDACTED]

[End Proprietary] 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-operational training document which referenced a number of facilities that were installed prior to the commencement of the Existing Bi-directional Service.<sup>415</sup> Laurel explains that 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.<sup>416</sup>

c. Complainants' Obligation to File a Complaint Prior to January 2015

Laurel argues that Complainants mischaracterize Laurel's argument about their lack of pre-complaint actions.<sup>417</sup> Instead, Laurel argues that the Complainants' claims of unreasonable service and serious commercial harm lack credibility because

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<sup>412</sup> Complainants M.B. at 45.

<sup>413</sup> Laurel R.B. at 32; Laurel St. No. 1-R at 35.

<sup>414</sup> Laurel R.B. at 32; Laurel St. No. 1-R at 36 (emphasis added).

<sup>415</sup> Laurel R.B. at 33; Tr. 601-602.

<sup>416</sup> Laurel R.B. at 33.

<sup>417</sup> Laurel R.B. at 33.

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 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.<sup>418</sup> According Laurel, these failures, coupled with the undisputed fact that certain of the Complainants regularly take advantage of bi-directional operations, lead Laurel to conclude that Complainants’ claims of harm lack credibility.<sup>419</sup>

Laurel also rejects the specific ground advanced by the Complainants for not seeking relief at this Commission was the press of day-to-day business.<sup>420</sup> In Laurel’s view Complainants’ participation in formal proceedings before FERC during the same 2019-2024 time period, and earlier, belies their claim. Sheetz filed a complaint against the rates charged by Colonial Pipeline Company in 2020.<sup>421</sup> Sheetz then actively participated in the massive *Colonial Complaints* proceedings through the first half of this decade.<sup>422</sup> According to Laurel, such actions by Sheetz show Mr. Jadlocki’s testimony

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<sup>418</sup> Laurel M.B. at 48.

<sup>419</sup> Laurel R.B. at 33; Laurel St. No. 1-R at 56-57.

<sup>420</sup> Laurel R.B. at 34.

<sup>421</sup> *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*”).

<sup>422</sup> *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-

that Sheetz does not regularly participate in complaint proceedings at the state or federal level is false.<sup>423</sup> Similarly, Laurel notes that PBF has been very active at FERC in various proceedings, most notably its complaint against Buckeye and Laurel in 2014,<sup>424</sup> as well as in other proceedings.<sup>425</sup> In Laurel’s view, 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 not avail themselves of formal remedies.<sup>426</sup>

### Disposition

At the onset of this discussion, it is important to note that Complainants are not simply claiming that Laurel has provided them with unreasonable service in violation of the provisions of Section 1501. Complainants are specifically claiming that “Existing Bi-directional Service on the Laurel Pipeline has resulted in unreasonable service under 66 Pa. C.S. § 1501.”<sup>427</sup> This claim is slightly different than the former in that the Complainants must prove by a preponderance of the evidence not only that they have received unreasonable service from Laurel but also that the unreasonable service was

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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).

<sup>423</sup> Tr. 405-406.

<sup>424</sup> 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).

<sup>425</sup> 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).

<sup>426</sup> Laurel R.B. at 34.

<sup>427</sup> Complainants M.B. at 34.

caused the bi-directional service established in 2019 on L718 (from Coraopolis, near Pittsburgh to Eldorado, near Altoona).

Complainants claim that the service they have received from Laurel has been unreasonable because, beginning with the establishment of the bi-directional service in the last part of 2019, transit times have increased substantially for deliveries originating from Mechanicsburg and Altoona to Coraopolis. Complainants claim that the increase in transit times is so massive (at times more than double the pre-2019 transit times) that it cannot be explained by the impact of the permanent closure of PES in 2019 and the resulting decrease in east-to-west nominated volumes alone. This leads the Complainants to conclude that, at least in part, the increase in transit times was caused by the bi-directional operation of Laurel, which started soon after the permanent closure of PES.

In trying to rebut Complainants' evidence, Laurel witness Dr. Webb performed a statistical analysis attempting to isolate the effect of the bi-directional service on transit times post-2019. Instead of generally comparing the total decrease in volume from the closure of PES to the increase in average transit times, Laurel submits a regression analysis that included nine variables: two trend variables to isolate the "immediate marginal effect of the Broadway II operation",<sup>428</sup> three arrays of variables to capture information about month, origin and product,<sup>429</sup> a ticket type variable,<sup>430</sup> a variable to indicate the size in barrels of each delivery ticket,<sup>431</sup> and finally a set of

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<sup>428</sup> Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "Pre\_Trend" and "Post\_Trend" variables).

<sup>429</sup> Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "i.CalMonth\_ID", "i.Orig\_ID", and "i.Prod\_ID" variables).

<sup>430</sup> Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "TicketType\_ID" variable).

<sup>431</sup> Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the "Delivery\_Vol" variable).

monthly delivery volumes for each destination.<sup>432</sup> According to Laurel, the isolated effect of the Existing Bi-directional Service was a slight decrease in transit times to Altoona and a slight increase in transit times to Coraopolis. The slight increase was calculated to be about 12% or a 32-hour delay<sup>433</sup> caused by the bi-directional operation of Laurel on its L718 segment between Coraopolis and Eldorado. In turn, Complainants failed to rebut Laurel’s analysis. Complainants’ witness Dr. Morris criticized Dr. Webb’s analysis as involving too many controlling variables<sup>434</sup> but fell short of pointing out which variables were improperly included in the analysis.<sup>435</sup>

Both parties agree that neither Laurel’s CPC, Commission-approved Tariff, Commission-approved Capacity Use Agreement, nor the 2019 Settlement contains any minimum or maximum standards for the transit time applicable to the transportation of refined petroleum products.<sup>436</sup> In addition, Complainants failed to point to any industry practice that assists in judging the reasonableness of delivery times. In their own words, Complainants describe “transit time” as such a fluid and variable concept that it is not even a term that shippers use in the course of normal business dealings with each other.<sup>437</sup> Per Complainants, it is not industry practice to make a notification or record of “hey, my transit time increased.”<sup>438</sup> Instead, Laurel points to the Buckeye Shipper Information Notebook as the only document applicable to Laurel’s operations that speaks to transit times which provides only “estimated” ranges of transit times between destinations and origins. Complainants seem to agree. Indeed, on cross-examination Monroe witness Mr. Summers explained what would constitute commercially reasonable transit time to the Complainants:

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432 Laurel St. No. 3-R, Appendix A at ¶ 22 (discussing the “Vols\_\*” variable).  
433 Laurel St. No. 3-R at 98.  
434 Tr. at 429.  
435 Laurel R.B. at 24-25.  
436 Complainants M.B. 41-42; Laurel M.B. at 48-49.  
437 Complainants M.B. at 41; Tr. at 404-405.  
438 Complainants M.B. at 41; Tr. at 404-405.

[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.<sup>[439]</sup>

However, the T4 bulletin provides “estimated” ranges of transit times between destinations and origins, not guaranteed times. And the record indicates that those estimates are regularly updated by Laurel to reflect actual ranges of transit experience.<sup>440</sup> The increase in transit time that Complainants complain of exceeds these estimated times, not any guaranteed or maximum times.

Laurel provides pipeline transportation service as an intrastate common carrier regulated by this Commission. While my research has not revealed any administrative or court rulings addressing claims of unreasonable service due to increased transit times by a pipeline operator, this Commission’s rulings on cases involving other types of common carriers can provide guidance on what constitutes unreasonable service in terms of transportation delays. For example, *Bureau of Transportation & Safety of the Pennsylvania Public Utility Commission*,<sup>441</sup> involved a formal complaint which alleged that Harrisburg Taxicab & Baggage Company, trading as Yellow Cab, violated 66 Pa.C.S. § 1501 by failing to provide safe, adequate, efficient and reasonable service, in that

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<sup>439</sup> Tr. at 93.

<sup>440</sup> Compare Laurel Exhibit TZ-8 with Complainants Exhibit JDJ-3 at 1 (providing the same excerpt from the Shipper Information Notebook, updated as of Jan. 1, 2025).

<sup>441</sup> *Bureau of Transportation and Safety of the Pa. Pub. Util. Comm’n v. Harrisburg Taxicab & Baggage Co., t/a Yellow Cab & Baggage*, Docket No. A-00079143C0102, 2001 WL 36179926 (Nov. 21, 2001)

Yellow Cab failed to respond to a customer's request for a taxi for more than one (1) hour and fifty (50) minutes after the original request for service. The Commission stated,

Section 1501 “does not mandate . . . a public utility provide the best possible service. Most certainly, a public utility is not a guarantor of either perfect service or the best possible service.” However, service provided almost two hours after a request and without further explanation is to our way of thinking an unreasonable delay raising to a violation of Section 1501. <sup>[442]</sup>

In that case, the customer was originally provided with an estimated wait time of 10 minutes and subsequently was provided with incorrect or no updates at all.

In a similar case involving another taxicab company which had provided the customer with a 20 to 30 minutes estimated wait time, the Commission explained that,

A wait time of an hour does not *per se* constitute unreasonable service. However, the dispatcher in this case informed the Commission's Enforcement Officer that “they do not call back to a mall and [they] assumed that the complainant might have gotten another cab.” The dispatcher also stated that “[they] did not want to run a driver from center city out to the mall, unless [they] were sure that the fare would still be there.” We note that the potential fare in this case, Ms. Chiffy, had called the Petitioner three times for a cab.... The attitude of the Petitioner's dispatcher would risk the stranding of less assertive passengers.<sup>[443]</sup>

In both cases, the time of service far exceeded the estimated wait time, yet in both instances it was the combination of delayed service with poor common carrier's

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<sup>442</sup> Citations omitted.

<sup>443</sup> *Pa. Pub. Util. Comm'n v. Salgals, Inc., t/a Villa Limo & American Taxi*, Docket No. A-00110608C0601, 2007 WL 2491884, at \*2 (Sept. 4, 2007).

communication with the customer that led the Commission to find that the provisions of Section 1501 were violated, and the customers were provided with unreasonable service.

The present case deals with a pipeline common carrier instead of common carriers by motor vehicle, transit time instead of wait time, and commercial customers instead of individual ones. Yet, the principles of what constitutes unreasonable service in terms of delays should apply across the board. Recognizing that wait time is affected by factors outside of the taxicab company's control, the Commission held that a wait time twice as long as the estimate provided to the customer did not constitute unreasonable service in and of itself. A review and consideration of the carrier's communications with the customer was necessary to assess the quality of service provided by the common carrier. In the present case, the increase in transit time post 2019 is undisputed but so is also the fact that Laurel communicates regularly with its shippers regarding the schedule for a given cycle, based upon real-time changes in the circumstances surrounding a given cycle.<sup>444</sup>

Because they claim that the increase in transit time is caused by Laurel accommodating the west-to-east interstate service on L718, Complainants put little stock on Laurel's regular transit times updates through T4. They paint a picture of eastern products waiting in line, causing backup and storage shortage issues, while Laurel determines that the pipeline should transport western products. Yet, the record in this case is devoid of evidence of any timely and properly submitted nominations having been rejected by Laurel, or of pro-rationing ever occurring during the Existing Bi-Directional Service due to capacity shortages on Laurel. On the contrary, Laurel capacity has been historically underutilized with each of the three segments (L718, L720, and L724) running at only about 1/3 of available capacity between November of 2019 to November 2024. There is also no evidence in the record of Complainants seeking to ship more

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<sup>444</sup> Laurel St. No. 1-R at 25; Laurel Exhibit TZ-8; Tr. 414-416.

barrels of product on Laurel but being prevented from doing so by Laurel’s operation of bi-directional service.<sup>445</sup> In this environment, Laurel’s description of transit times being impacted by 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<sup>446</sup> is more credible than Complainants’ contention that Laurel is purposefully and substantially delaying the delivery of westbound products to accommodate the shipment of eastbound products.

The credibility of Complainants’ claim of unreasonable service caused by Laurel’s Existing Bi-directional Service is further undermined by the timing of the present Complaint in January of 2025, soon after Buckeye’s filing of the PDO with the FERC in December of 2024 seeking to expand bi-directional service on Laurel. Although Complainants were not obligated to file a complaint with the Commission prior to January 2025, or ever for that matter, some of them (LHT, Monroe and Sheetz) committed to engage in an informal collaborative process with Laurel and Buckeye “to discuss and implement changes necessary to address issues that have arisen in the first two six-month periods” following the commercial operation of the bi-directional service on L718.<sup>447</sup> This commitment was part of the terms of the 2019 Settlement which was intended as a global resolution of all the issues associated with: (1) the Complaint at Docket No. C-2018-3003365; (2) the Petition for Declaratory Order proceeding before the FERC at FERC Docket No. OR18-22-000; (3) the proceeding involving FERC tariff filings by Laurel and Buckeye at FERC Docket Nos. IS19- 277-000, IS19-277-001, IS19-278-000 and IS9-278-001; and (4) the consolidated appeal and cross appeal before the Commonwealth Court of Pennsylvania at Docket Nos. 1113 C.D. 2018 and 1168 C.D.

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<sup>445</sup> Laurel St. No. 3-R at 89.

<sup>446</sup> Laurel St. No. 4-R at 8-11; *see also* Laurel St. No. 1-R at 20-22.

<sup>447</sup> 2019 Settlement ¶ 35.

2018, which were related with the prior Application proceeding before the Commissions at Docket No. A-2106-2575829. Paragraph 35 of the 2019 Settlement states,

All interested Complainants and/or other Shippers will meet with Laurel and Buckeye no later than 30 days after the first six months of commercial operation of bi-directional service, and again no later than 30 days after the first 12 months of commercial operation of bidirectional service, in a collaborative process to discuss and implement changes necessary to address issues that have arisen in the first two six-month periods. Complainants retain the right to file complaints, at the PUC or the FERC or both, if issues are not satisfactorily or timely addressed during these two review processes. Such complaints may challenge specific practices or policies as to bi-directional service that violate the Settlement or that any Complainant reasonably believes violates federal and/or state law. At least five (5) business days prior to filing any complaint regarding bi-directional service, except in an emergency, the Complainant shall notify Laurel and Buckeye of its intention to file the complaint. Within 48 hours of receiving such notice, Laurel and Buckeye shall in writing notify the Complainant whether Laurel and Buckeye choose to address the complaint informally, and, if so, how. If Laurel and Buckeye choose to pursue remediation in response to the notice of filing of a complaint, then Laurel, Buckeye and the potential complainant shall engage in good faith negotiations for a period not to exceed fifteen (15) days, unless that period is extended by mutual agreement of Laurel, Buckeye and the potential complainant. If the negotiation period is not extended, the Complainant may file an action in any appropriate forum to seek redress for the issue. In addition and without prejudice to any other remedies set forth in this Agreement, any Party to the Settlement may request that the PUC make an ALJ available to assist with resolving any Party's non-compliance with the terms of this Settlement.<sup>[448]</sup>

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448 *Id.*

At least three of the present Complainants committed to notifying Laurel and Buckeye of issues with the bi-directional service and to allowing them a chance to attempt remedial measures before filing a formal complaint with the Commission or FERC. Instead of pointing to instances where they have done so, LHT, Sheetz and Monroe claim that they are not obligated to honor the terms of the 2019 Settlement before filing the present Complaint – terms which were part of the negotiated agreement and which were reviewed and approved by the Commission as being in the public interest. Apart from lack of obligation, Complainants also claim ignorance of all the venues of legal recourse available to them. Laurel successfully rebutted this statement, pointing out all the legal cases the Complainants have been engaged in since 2019. And, even if Complainants' statements regarding their failure to engage in informal processes with Laurel and Buckeye prior to filing the Formal Complaint were true, they suggest that the cost associated with allegedly adverse events such as increases in transit time that have occurred since the advent of bi-directional service were relatively minor compared to the effort of educating themselves and informing Laurel and Buckeye of issues as they arose.

Section 1501 does not require perfect service and not every inconvenience constitutes unreasonable service. Complainants' actions indicate that they would not have complained of unreasonable service had Laurel and Buckeye not filed the 2024 PDO with the FERC. In view of the above, I find that Complainants have failed to carry their burden of proving that Existing Bi-directional Service on the Laurel Pipeline has resulted in unreasonable service under 66 Pa. C.S. § 1501. They have failed to prove that the Existing Bi-directional Service had anything more than a minimal impact over transit times over the L718, or that the impact it did have constitutes unreasonable service.

4. Whether The Proposed Extension of Bi-Directional Service Will Result In Unreasonable Service

Complainants' Position

a. Whether the Expansion of Bi-Directional Service and the Use of Swaps Increases the Complexity and Difficulty of Scheduling

If Laurel cannot furnish reasonable bi-directional service on just one segment of the Laurel Pipeline, Complainants state that they cannot see how reasonable service would be possible under the extended bi-directional service Laurel proposes. They aver that Laurel's first attempt at bi-directional service, over a much shorter piece of pipeline, has experienced multiple issues,<sup>449</sup> and the extension of bi-directional operations necessarily implicates increased chances for errors and failure.<sup>450</sup> Complainants anticipate further bi-directional expansion will only exacerbate the issues already explained herein, and will spread the existing problems to more delivery points across the line.<sup>451</sup>

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

Complainants claim that they foresee increased operational issues that will drive product shortages, missed or delayed shipments, and an increase in the resources that would be necessary to adapt.<sup>452</sup> Inconsistent product delivery will, in turn, impact Complainants' ability to rely on the Laurel Pipeline to actually get products to customers.<sup>453</sup> **[Begin Proprietary]** [REDACTED]

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<sup>449</sup> Complainants M.B. at 47, referring to Complainants Exhibit KFS-1 at 10.

<sup>450</sup> See Complainants Exhibit TM-1 at 244.

<sup>451</sup> Complainants M.B. at 47-48; see also Complainants Exhibit SH-1 at 7.

<sup>452</sup> See Complainants Exhibit KFS-1 at 11.

<sup>453</sup> Complainants M.B. at 48.

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] **[End Proprietary]** According to Complainants, this will not only harm a Pennsylvania business, but it will also harm consumers who will lose a source of product from eastern Pennsylvania that has consistently been providing the lowest cost supply of gasoline into Altoona and Sinking Spring.<sup>456</sup>

Complainants also fear greater quality control risks and necessary infrastructure upgrades when expanding bi-directional service over a larger geographic footprint, as well as increased costs to combat these risks – costs that may ultimately be passed to Pennsylvania consumers.<sup>457</sup> They note that while delivering into one location from two different points may allow for delivery of more volume to that one location at any one time, it does not follow that the physical capacity of an entire pipeline segment increases, as Laurel suggests.<sup>458</sup> Complainant LHT own the majority of downstream delivery tankage on the Laurel system, and only one (LHT's Coraopolis terminal) is currently capable of receiving product at the same time from both eastern and western origins.<sup>459</sup> To equip other terminals for this capability would require construction of additional sets of pipes and manifolds.<sup>460</sup> This additional infrastructure would come at a cost to LHT.<sup>461</sup> Complainants note that Laurel has made no indications that it would

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<sup>454</sup> Complainants M.B. at 48.

<sup>455</sup> *Id.*

<sup>456</sup> Complainants M.B. at 48-49; *see also* Complainants' HC Rejoinder Exhibit JRM-9; Tr. at 424-26; *see also* Laurel HC Exhibit MJW-11.

<sup>457</sup> *See* Complainants M.B. at 49; Complainants Exhibit SH-1 at 7; Complainants Exhibit JDJ-1 at 13.

<sup>458</sup> Complainants M.B. at 49.

<sup>459</sup> Complainants M.B. at 49; Tr. at 138.

<sup>460</sup> Complainants M.B. at 49; Tr. at 139.

<sup>461</sup> Complainants M.B. at 49; Tr. at 139.

absorb those costs. According to Complainants, the fact that the L720 and L724 segments are not equipped to accept deliveries from both directions simultaneously compels one of two outcomes. Either Laurel's claims of additional physical capacity via extended bi-directional service must be unfounded, or LHT would need to consider substantial capital investments that, as Ms. Huzicko testified, are not commercially reasonable because LHT does not and cannot know which of its terminals will become the point at which flows from each direction converge, or for how long or in what volumes any such convergence will last.<sup>462</sup>

Next, Complainants take issue with Laurel's proposal "to extend bi-directional service over about 147 miles in Pennsylvania from Eldorado to Sinking Spring," without first monitoring, reviewing or tracking any other bi-directional operations in the country."<sup>463</sup> Coupling this with Laurel's reluctance, inability, or both, to provide any guidelines for its planned operation under the newly extended bi-directional service, Complainants claim they are left with no reason to expect reasonable service under any expanded bi-directional service.

ii. Whether The Use of Swaps Is Not a Solution To Complainants' Service Concerns

Complainants state that Laurel's view of swaps as a tool for fighting the complexities and bi-directional service is overly simplistic and ignores the risk of systematically relying on swaps in lieu of physical movements. They reason that in order to successfully effectuate swaps, Laurel will need to line up nominations on both ends of the pipeline of identical products on a month-ahead basis to ensure that schedules run smoothly from cycle to cycle.<sup>464</sup> This will decrease flexibility for shippers.<sup>465</sup> Now,

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<sup>462</sup> Complainants M.B. at 49-50; Tr. at 139.

<sup>463</sup> Complainants M.B. at 50; Tr. at 530.

<sup>464</sup> Tr. at 86-87.

<sup>465</sup> Complainants M.B. at 51.

shippers on Laurel can make adjustments to nominations throughout the month as needed. However, according to Complainants, an increase in the use of swaps will leave shippers fearing the loss of such customary flexibility, especially if swaps are already accounted for based on month-ahead nominations.<sup>466</sup>

Complainants aver that swaps rely solely on the specifications and quantities of origin barrels matching the specifications and quantities of destination barrels every time barrels are nominated and throughout movement timing.<sup>467</sup> To Complainants this means that "Laurel may receive a nomination but not have the physical barrels to push it to the destination," so Laurel would be forced to wait a cycle and "combine those barrels with the volume of the next cycle to physically complete delivery."<sup>468</sup> In that scenario, Complainants fear that the shippers of those barrels would be left scrambling to find volume and may not even have enough tank capacity in a given tank farm to accommodate the needed volume.<sup>469</sup> For refiners like PBF and Monroe, for example, once the tanks are full without an outlet, the refiner's only option is to shut down refinery operations. Complainants already view the swap process as a challenge on just a short section of bi-directional pipeline. If Laurel starts involving segments that contain over 150,000 barrels in a given segment or more, they fear that complexity, uncertainty, and the possibility of issues will increase.<sup>470</sup> What makes the swap process more confusing for Complainants is Laurel's failure to notify shippers that a swap has occurred to satisfy their nomination,<sup>471</sup> as well as Laurel's failure to assume any responsibility or obligation to institute any further transparency going forward. Lastly, Complainants note that the use of swaps lowers operation costs for Laurel but leaves

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<sup>466</sup> *Id.*

<sup>467</sup> Complainants M.B. at 51; *see also* Complainants Exhibit KFS-1 at 7-8.

<sup>468</sup> Complainants M.B. at 51-52; Complainants Exhibit KFS-1 at 7-8.

<sup>469</sup> Complainants M.B. at 52; Complainants Exhibit KFS-1 at 8.

<sup>470</sup> Complainants M.B. at 51-52; Complainants Exhibit KFS-1 at 7-8.

<sup>471</sup> Complainants M.B. at 52; Tr. at 122.

shippers paying the same shipping rates which do not reflect savings for swaps performed.<sup>472</sup>

b. Whether Service Outages Have Resulted In Unreasonable Service

Since Laurel announced its proposal for expanded bi-directional service under Broadway 3, Complainants claim to have experienced an unusual number of pipeline outages – some lasting one day, while others last eight to ten days.<sup>473</sup> As of October 3, 2025, Laurel's actual and scheduled outages equaled 13% of the calendar days in the entire year.<sup>474</sup> With both the frequency and duration of outages increasing, Complainant state that shippers are forced to increase terminal inventory ahead of outages or secure product well before a physical ship date to account for the long distances these alternative shipments must often travel.<sup>475</sup> According to Complainants, this forces shippers to "fall back on terminal relationships that have been built over the years", with the circumstances (i.e., a ten-day outage, etc.) often straining those relationships.<sup>476</sup> Alternatively, these shippers may purchase product from what is typically more expensive Western Origin Points" to move into Pittsburgh markets that reside west of Mechanicsburg.<sup>477</sup>

Next, Complainants highlight several public mentions made by Buckeye at the 2025 Buckeye Shipper Conference regarding additional outages that could occur in the upcoming year, and were related to the Broadway 3 expansion.<sup>478</sup> While Laurel characterizes these outages as a product of a settlement agreement between Laurel and Complainants, Complainants note that only outage dates were product of such

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<sup>472</sup> Complainants M.B. at 52-53; *see also* Complainants Exhibit KFS-1 at 11.

<sup>473</sup> Complainants M.B. at 53; Complainants Exhibit JDJ-1 at 3-5.

<sup>474</sup> Tr. at 181.

<sup>475</sup> Complainants M.B. at 53.

<sup>476</sup> *Id.*

<sup>477</sup> *Id.*

<sup>478</sup> *Id.* at 5:11-15.

settlement.<sup>479</sup> The outages in practice are unsupported by Complainants and were, thus, the subject of a Petition for Interim Emergency Relief filed by Complainants before this Commission on July 29, 2025. Complainants further note that Laurel has not requested nor received Commission approval to commence bi-directional service under the Broadway 3 project.<sup>480</sup> Yet, Laurel continuously interrupts service on the pipeline through outages which occur to prepare the line for that very bi-directional service. These interruptions and subsequent delays on the pipeline, in Complainants' view, eliminate the historically reliable east-to-west service on the Laurel Pipeline and contribute to Complainants' unreasonable service claims.<sup>481</sup>

c. Whether Laurel Has A Plan for Accomplishing Extended Bi-directional Service

Complainants also claim that Laurel's plan to utilize a swap system is complicated and has not been tested in this petroleum market.<sup>482</sup> They take issue with what they see as Laurel's failure to describe how it plans to operate the extended bi-directional segments of the pipeline, how it is going to decide which direction the barrels will flow, and whether those directional decisions will be made on a cycle-by-cycle or monthly basis.<sup>483</sup> They claim that Laurel has sole discretion over how the pipeline will flow and has provided no guarantees to Complainants that their physical barrels will be delivered within accepted time frames, or delivered at all.<sup>484</sup> Complainants note that Laurel's desired extension of bi-directional service requires infrastructure, investment, and clarity. Complainants maintain that Laurel has provided no information on all three

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479 Complainants M.B. at 54.

480 *Id.*

481 *Id.* at 54-55.

482 Complainants M.B. at 55.

483 Complainants M.B. at 55; Tr. at 84.

484 *See* Complainants Exhibit KFS-1 at 11.

and that the claims Laurel does make relative to the proposed expansion ring hollow and inaccurate.

### Laurel's Position

a. Whether Bi-directional Service Extension Will Result in Unreasonable Service

Laurel argues that Complainants' claims of unreasonable future service are speculative and not ripe.<sup>485</sup> To Laurel, Complainants' statement that they "cannot see how reasonable service would be possible. . .,"<sup>486</sup> is a notion which does not demonstrate that service will be unreasonable. Similarly, Complainants state that they "anticipate further bi-directional expansion will only exacerbate the issues already explained herein...."<sup>487</sup> Laurel, again, points out that anticipation is not a fact or a demonstration of unreasonable service. It further argues that Complainants' speculative arguments are not evidence of future unreasonable service and are not sufficient to carry their burden of proof.<sup>488</sup>

Next, Laurel rejects Complainants' claim that Bi-directional Service Extension will add more complexities to the pipeline operations,<sup>489</sup> arguing that more complexities are not a valid basis for denying expanded interstate service.<sup>490</sup> 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.<sup>491</sup> Mr. Emery further explained that there would be

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485 Laurel R.B. at 37-38.

486 Complainants M.B. at 47 (emphasis added).

487 Complainants M.B. at 48 (emphasis added).

488 Laurel R.B. at 38.

489 Complainants M.B. at 48.

490 Laurel R.B. at 38.

491 Laurel St. No. 4-R at 28.

additional decision points, but that these are part of the scheduling process and not an operational barrier.<sup>492</sup> Laurel observes that it has been scheduling deliveries on its existing bi-directional pipeline for five years, during which time no customers filed a complaint against Laurel’s Existing Bi-directional Service until Laurel decided to extend bi-directional service.<sup>493</sup>

Complainants claim that they “foresee” product shortages and missed or delayed shipments.<sup>494</sup> Monroe estimates **[Begin Proprietary]** [REDACTED]  
[REDACTED]  
[REDACTED] **[End Proprietary]** Complainants further argue that this will harm consumers who will lose a source of product from the East.<sup>495</sup>

Laurel responds that these claims of economic harm to consumers are speculative, contrary to sound economic theory and contrary to **[Begin Proprietary]**  
[REDACTED]  
[REDACTED]  
[REDACTED] **[End Proprietary]** According to Laurel, 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.

In addition, Laurel argues that speculative economic harms to Monroe are not a reasonable basis to deny expanded interstate service. Laurel points out that it does not have an obligation to operate its pipeline to ensure that Monroe or any other refiner or

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<sup>492</sup> Laurel St. No. 4-R at 28.

<sup>493</sup> Laurel R.B. at 38.

<sup>494</sup> Complainants M.B. at 48.

<sup>495</sup> Laurel R.B. at 38-39.

<sup>496</sup> Laurel R.B. at 39; *see also* **[Begin Proprietary]** [REDACTED]

**[End Proprietary]**

shipper has the best economic outcome.<sup>497</sup> [Begin Proprietary] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] [End Proprietary]

Next, the Complainants argue that LHT may need to make infrastructure upgrades to accommodate bi-directional supply.<sup>499</sup> Laurel disagrees with this argument. According to Laurel, 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.<sup>500</sup>

Laurel further reiterates that with expanded bi-directional operations, Laurel and customers will have more options to meet demand.<sup>501</sup> 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.<sup>[502]</sup>

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<sup>497</sup> Laurel R.B. at 39; *see also* Tr. 267-268.

<sup>498</sup> [Begin Proprietary] [REDACTED]  
[REDACTED] [End Proprietary]

<sup>499</sup> Complainants M.B. at 49.

<sup>500</sup> Laurel R.B. at 40.

<sup>501</sup> Laurel St. No. 4-R at 22.

<sup>502</sup> Laurel St. No. 4-R at 4-5.

Next, Laurel challenges Complainants' conclusion that Laurel lacks the expertise to operate the Bi-directional Service Extension or needs to monitor other pipelines in the United States.<sup>503</sup> Laurel points out that Complainants fail to explain how Laurel could even attempt to "monitor," "review," or "track" bi-directional service on other liquid pipelines when shipment information needed for that purpose is non-public under federal law.<sup>504</sup> Laurel also emphasizes that it 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<sup>505</sup> and has rebutted Complainants' assertions that bi-directional service is overly complex or will cause unreasonable service.<sup>506</sup>

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.<sup>507</sup> Laurel deems these arguments to be speculative and incorrect as Complainants do not rely on any actual data from Laurel to support their historic or future claims regarding swaps.<sup>508</sup> Moreover, Laurel considers Complainants' statements regarding swaps as overly simplistic and not accurate. It notes that volumes do not need to match exactly at both ends of the pipeline in order for swaps to occur. The Company can utilize swaps when volumes partially match.<sup>509</sup> Laurel

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<sup>503</sup> Complainants M.B. at 50-51.

<sup>504</sup> Laurel R.B. at 41; 49 U.S.C.A. App. Section 15(13) (1978).

<sup>505</sup> Laurel St. No. 4-R at 2.

<sup>506</sup> Laurel R.B. at 41.

<sup>507</sup> Complainants M.B. at 51.

<sup>508</sup> Laurel R.B. at 41.

<sup>509</sup> Laurel R.B. at 42; Laurel St. No. 4-R at 38.

reiterates that the use of swaps and shifting barrels can improve transit time.<sup>510</sup> They are a routine aspect of optimizing pipeline operations that have historically occurred in both single-directional and bi-directional pipelines, to the benefit of both shippers and the pipeline.<sup>511</sup> Laurel explains that it operates its system to accommodate the needs of all shippers in the most efficient way and notes that it is undisputed that shippers receive products that they put into the system at their requested delivery points.<sup>512</sup>

Complainants also argue that they do not receive savings in the event that Laurel reduces operating costs due to the use of swaps.<sup>513</sup> Laurel rejects this argument as irrelevant to whether the Complainants have met their burden of proof in this proceeding. Moreover, Laurel remarks that the Complainants have presented no evidence (and there is none) that they have not been charged in accordance with Laurel's Tariff.<sup>514</sup>

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

Laurel finds multiple flaws with Complainants' arguments concerning service outages since Laurel announced the Bi-directional Service Extension. First, Laurel notes that they fail to quantify their alleged harms resulting from the outages. Although Complainants allege service was unreasonable, they provide zero specifics regarding how they were actually harmed.<sup>515</sup>

Second, Laurel rejects Complainants' lumping all outages together to imply that they were all related to preparation for the Bi-directional Service Extension. As

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<sup>510</sup> Laurel R.B. at 42; Laurel St. No. 4-R at 38.

<sup>511</sup> Laurel R.B. at 42; Laurel St. No. 4-R at 44 (footnote omitted).

<sup>512</sup> Laurel R.B. at 42; *see also* Laurel M.B. at 52-53, 63-66.

<sup>513</sup> Complainants M.B. at 52-53.

<sup>514</sup> Laurel R.B. at 42.

<sup>515</sup> Laurel R.B. at 42-43.

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.<sup>516</sup> According to Laurel all work performed improved system integrity, safety and reliability.<sup>517</sup>

Third, Laurel also rejects Complainants' arguments that the outages give Midwest refineries an "opportunity" to increase their product costs<sup>518</sup> noting that there is no actual evidence of this happening.<sup>519</sup>

Fourth, and contrary to Complainants' suggestions, Laurel states that it notified all shippers in advance of the planned outages to minimize their impacts.<sup>520</sup> 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.<sup>521</sup> 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.<sup>522</sup> 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.<sup>523</sup> Laurel's alteration of

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<sup>516</sup> Laurel R.B. at 43; Laurel St. No. 2-R at 4.

<sup>517</sup> Laurel R.B. at 43; Laurel St. No. 2-R at 16.

<sup>518</sup> Complainants M.B. at 54.

<sup>519</sup> Laurel R.B. at 43; Tr. at 373.

<sup>520</sup> Laurel R.B. at 43; Laurel St. No. 1-R 47.

<sup>521</sup> Laurel St. No. 1-R at 47.

<sup>522</sup> Laurel R.B. at 43; Laurel St. No. 1-R at 48.

<sup>523</sup> Laurel R.B. at 43; Laurel St. No. 1-R at 48.

the timing of outages in the summer and fall of 2025, due to the requests of Sheetz and LHT, is one such example.<sup>524</sup>

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

Next, Laurel disagrees with Complainants' argument 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.<sup>525</sup> In response, Laurel points out that its witness Mr. Zeth explained how Laurel will determine the physical direction of flow in his rebuttal testimony: 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 being met with a combination of swaps and physical product movements.<sup>526</sup> Laurel notes that this description is consistent with how the pipeline is scheduled and operated today.<sup>527</sup> 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<sup>528</sup> and confirmed by Complainant witness Mr. Summers,<sup>529</sup> the "mass balance" of volumes in a given cycle will determine direction of flow.

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<sup>524</sup> Laurel R.B. at 43; see *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 Aug. 8, 2025).

<sup>525</sup> Complainants M.B. at 55.

<sup>526</sup> Laurel R.B. at 44; Laurel St. No. 1-R at 23-24.

<sup>527</sup> Laurel R.B. at 44; Laurel St. No. 1-R at 23-24.

<sup>528</sup> Laurel R.B. at 44; Laurel St. No. 1-R at 23-24; Tr. 623.

<sup>529</sup> Laurel R.B. at 44; Tr. at 91, 94-96.

Finally, Laurel decries Complainants' claim that they have been supplied no information about infrastructure and investment as false.<sup>530</sup> Laurel notes that its witness Mr. Segraves specifically described the work to be completed to implement the Bi-directional Service Extension.<sup>531</sup> And, while not included in the record, Laurel supplied the Complainants with detailed documentation regarding the infrastructure and investments that would be undertaken for the Bi-directional Service Extension in discovery, which Complainants never addressed in testimony.<sup>532</sup> Laurel requests that Complainants' efforts to misrepresent the information they have been supplied during this proceeding be rejected.

## Disposition

### Laurel's Position on Ripeness

In its Main Brief, Laurel argues that Complainants fail to demonstrate that the Bi-directional Service Extension will cause unreasonable service to be provided to them in the future, and that such claims are also unripe and speculative.<sup>533</sup> Complainants make several arguments regarding alleged harms of the Bi-directional Service Extension, including potential economic harms, increased transit times, and operational concerns.<sup>534</sup> In addition to their substantive flaws which are addresses in Laurel's Briefs and testimony, Laurel claims that these alleged concerns should not be a factor in any decision in this proceeding because they are not ripe. According to Laurel, Complainants' allegations of unreasonable service related to the Bi-directional Service

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<sup>530</sup> Complainants M.B. at 55.

<sup>531</sup> Laurel R.B. at 44-45; *see generally* Laurel St. No. 2-R.

<sup>532</sup> Laurel R.B. 45, referring to Laurel's Responses to Complainants Set I Discovery, Nos. 90-103.

<sup>533</sup> Laurel M.B. at 70.

<sup>534</sup> *See, e.g.*, Complainants Exhibit TM-1 at 4-5; Complainants Exhibit JDJ-1 at 14; Complainants Exhibit KFS-1 at 10; Complainants Exhibit SH-1 at 7.

Extension have not happened and cannot happen until the Bi-directional Service Extension is implemented.<sup>535</sup>

### Complainants' Position on Ripeness

In response, Complainants note that Laurel both characterizes Complainants' concerns over extended bi-directional service as speculative, and requests Commission approval to commence bi-directional service on L720 and L724 on November 1, 2025.<sup>536</sup> To Complainants, to request such approval implies that Laurel is ready to begin the very service over which Complainants brought this claim. Under federal regulation, Buckeye could file a tariff modification with FERC to begin bi-directional service on just one day's notice.<sup>537</sup> In this situation, Complainants argue that "speculative" is a faulty description of this aspect of the Formal Complaint.<sup>538</sup>

Complainants further distinguish the present matter from *Treski v. Kemper National Insurance Companies*, which is a case regarding insurance coverage, and a scenario where all remedies had not yet been denied to appellants.<sup>539</sup> Also, in *Aaron and Kelli Hovis v. National Fuel Gas Distribution Corporation*, the Commission found a Complaint premature because the relevant utility only voiced an intention to file a petition for abandonment, but had not yet made any formal filings.<sup>540</sup> Here, Complainants note that Buckeye has filed a PDO with the FERC with its extended bi-

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<sup>535</sup> Laurel M.B. at 70-71.

<sup>536</sup> Complainant R.B. at 46, referring to Answer in Opposition of Laurel Pipe Line Company, L.P. to the Complainant's Joint Motion to Modify the Procedural Schedule, Docket No. C-2025-3053018, Filed on Aug. 20, 2025, at 2.

<sup>537</sup> 18 CFR § 341.14.

<sup>538</sup> Complainants R.B. at 46.

<sup>539</sup> *Treski v. Kemper Nat'l Insur. Cos.*, 674 A.2d 1106, 1113 (Pa. Super. 1996).

<sup>540</sup> *Aaron and Kelli Hovis v. Nat'l Fuel Gas Distrib. Corp.*, Docket No. C-2008-2035033 (Initial Decision issued on Nov. 24, 2008; Final Order entered Feb. 23, 2009).

directional service proposal and has undertaken significant operational maintenance to prepare for this service.<sup>541</sup> In *Hovis*, formal initiation of abandonment had not yet occurred. Here, bi-directional service has been in effect since 2019 and sits poised to expand. In *Philadelphia Entertainment & Development Partners v. City of Philadelphia*, the court denied an emergency petition for review holding, “The courts should not give answers to academic questions or render advisory opinions or make decisions based on assertions as to hypothetical events that might occur in the future.”<sup>542</sup> Additionally, Complainants observe that Laurel has introduced and invested capital in its Broadway 3 project for expanded bi-directional service as a service modification that *will* occur, not a hypothetical event that *might* occur. Finally, Laurel uses language, “any act or thing done or omitted to be done,” to characterize Complainants’ concerns as unripe due to a lack of conduct that has actually occurred.<sup>543</sup> Complainants explain that the case from which Laurel extracts this language concerns a complaint proceeding in which the Commission sought to prevent events that are only speculative as to occur in the future.<sup>544</sup> According to them, the present Complaint is distinguishable from these cases’ because Laurel has given Complainants no choice but to anticipate the imminent commencement of bi-directional service and prepare accordingly.<sup>545</sup>

Upon consideration, I agree with Complainants’ position on the matter of ripeness. According to Laurel, Complainants’ allegations of unreasonable service related to the Bi-directional Service Extension will not be ripe for adjudication until the Bi-directional Service Extension is fully implemented and operational. However, the Commission’s position has been that a claim is not ripe until and unless the respondent

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<sup>541</sup> Complainants R.B. at 47.

<sup>542</sup> *Phila. Entertainment & Development Partners v. City of Phila.*, 937 A.2d 385, 392 (Pa. 2007)

<sup>543</sup> See Laurel M.B. at 71.

<sup>544</sup> *Mid-Atlantic Power Supply Assoc. v. PECO Energy Co.*, Docket No. P-00981615 (Jan. 11, 1999).

<sup>545</sup> Complainants R.B. at 47.

takes a concrete step in implementing the project, plan or activity the complainants believe will harm their interest. In *Quesenberry*, complainant alleged possible harm to his land if Transource was allowed to place transmission lines over his land. However, the Commission dismissed his claim because no such plans were currently pending before the Commission or were proposed to the Commission by Transource.<sup>546</sup> Similarly, in *Whitlock*<sup>547</sup> the Commission dismissed the complaint about a possible route for a transmission line that the company was considering constructing but for which it had not yet filed an application or selected a proposed route has not yet been selected. In *Hovis*, the Complainants requested the Commission order the Respondent to provide additional “settlement options” in response to two letters they had received from National Fuel which informed them of its intention to file with the Commission a petition for the abandonment of natural gas service. The Commission held that the claim was not ripe for review because respondent had not yet filed an application for abandonment of the subject gas line. In the present case, Laurel has taken several concrete steps towards implementing the Bi-directional Service Extension. Not only did Buckeye filed the 2024 PDO with FERC concerning the extension, but Laurel has introduced and invested capital in its Broadway 3 project for expanded bi-directional service. Service outages were announced and implemented on Laurel to perform work related to the bi-directional service extension.<sup>548</sup> Bi-directional Service Extension is service modification that *will* occur, not a hypothetical event that *might* occur. Consequently, Complainants claim that the Bi-directional Service Extension will result in unreasonable service is ripe for review.

I turn now to the factual issue of whether the proposed extension of the proposed extension of bi-directional service on Laurel will result in unreasonable service

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<sup>546</sup> *Quesenberry v. Transource Pennsylvania, LLC*, Docket No. C-2017-2623495 (Final Order entered Jan. 9, 2019) 2017 WL 6508774, at \*3 (Nov. 29, 2017).

<sup>547</sup> *Whitlock v. PPL Elec. Utils. Corp.*, Docket Number C-2016-2526939 (Final Order entered on May 29, 2016).

<sup>548</sup> Laurel St. No. 2-R at 4.

to the Complainants in the future. It is undisputed that Laurel's and Buckeye's proposal will establish bi-directional service over the majority of the length of Laurel pipeline, more specifically over 147 miles over the state of Pennsylvania. However, Complainants have failed to prove that the proposed Extension of Bi-directional Service will amount to abandonment of east-to west-service on Laurel or that the Existing Bi-directional Service over L718 has resulted in unreasonable service to them. While both parties acknowledge the possibility that the extension of bi-directional service will increase the challenges faced by Laurel to accommodate the customers' demands on both directions, Laurel has successfully rebutted Complainants' claim that those challenges will rise to the level of unreasonable service. The fact remains that Laurel has close to six years of experience operating a portion of the pipeline bi-directionally. During that time, the year-to-year volume of product shipped westwardly by the Complainants remained steady,<sup>549</sup> all timely and properly submitted nominations were accepted by Laurel, the need to pro-rate capacity never arose, any increase in transit time attributable to bi-directional service was nominal, Laurel strived to accommodate all of its customers, and both sides gained valuable experience working with a bi-directional pipeline. In view of the above, Complainants failed to carry their burden of proving that the Extension of Bi-directional Service will result in unreasonable service to them.

Laurel also successfully rebutted Complainants' claim that service outages related to the proposed Extension of Bi-Directional Service have resulted in unreasonable service. Laurel showed that only two of the outages that occurred in 2025 were strictly related to the extension of bi-directional service.<sup>550</sup> The rest were either scheduled for maintenance purposes or for a combination of bi-directional service extension and maintenance purposes.<sup>551</sup> Even where work was performed for the Bi-directional Service Extension, the record shows that part of the work completed had the added benefit of

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<sup>549</sup> See Complainants M.B. at 43; Tr. at 83.

<sup>550</sup> See Laurel St. No. 2-R, *generally*.

<sup>551</sup> *Id.*

replacing outdated equipment, which improves the integrity, safety and reliability of the pipeline. In addition, Laurel properly notified its customers of the upcoming outages to allow them to make alternative arrangements and even rescheduled the outages to accommodate shippers requests. Consequently, Complainants failed to prove by a preponderance of the evidence that service outages implemented for the purpose of implementing the proposed Bi-directional Service Extension have resulted in unreasonable service.

Turning next to Complainants' claim regarding swaps, I note that Laurel never touted them as the solution to the bi-directional service challenges. Instead, Laurel defended them as an efficient tool in its toolbox of operational practices that help it achieve bi-directional service. Laurel posits that the use of swaps improves transit times, and the fact remains that shippers receive products that they put into the system at their requested delivery points.<sup>552</sup> Complainants' arguments to the contrary remain unsupported by the record.

Similarly, I find little support in the record for Complainants' claim that Laurel has no clear strategy for implementing the Bi-directional Extension or has kept them in the dark of that strategy. Laurel has already operated its L718 segment bi-directionally for the last six years. Laurel witness Mr. Zeth explained that the proposed Bi-direction Service Extension over L720 and L724 will operate in much the same way.<sup>553</sup> Thanks to the extensive discovery conducted in the present Complaint, much information has been exchanged between the parties with regard to the current operations of Laurel as well as infrastructure improvements and investment that Laurel will undertake in connection with the Bi-directional Service Extension. Consequently, I find

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<sup>552</sup> Laurel R.B. at 42; *see also* Laurel M.B. at 52-53, 63-66.

<sup>553</sup> Laurel St. No. 1-R at 23-24.

Complainants' claims regarding Laurel's plans related to the Bi-directional Service Extension to be vague and misdirecting.

Complainants' ultimate goal of maintaining the *status quo* on Laurel is near impossible to achieve. The addition or removal of any customer on Laurel is bound to cause changes in pipeline operations in terms of volume, mass balance of volumes, flow direction, pump rate, transit time, number of batches, number of cuts, storage, transmix, etc. Demanding that Laurel maintain the pre-2019, or even the post-2019 *status quo* at all costs, is unreasonable from a business perspective and unfair from a legal one, as perfect service to one customer or one group of customers is not required by the law.

In view of the above, I find that Complainants have failed to carry their burden of proving by a preponderance of the evidence that the extension of bi-directional service over Laurel's L720 and L724 segments will result in unreasonable service for them.

5. Whether Changes To The RVP Schedule Constitute Unreasonable Service

Complainants' Position

Finally, Complainants argue that Laurel's abrupt and unanticipated changes to the RVP schedule constitute unreasonable service. They explain that in January of 2025, Buckeye announced an unexpected change to its RVP specifications, notifying the shipping community on January 13<sup>th</sup> (just two days before nominations were due) even though standard industry practice is to notify the shipping community several months in advance to allow shippers to prepare their schedules for the necessary tank capacity.<sup>554</sup> Complainants report this being the first time a significant change to the RVP calendar

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<sup>554</sup> Complainants Exhibit KFS-1 at 9.

was made.<sup>555</sup> Shippers had no reason to anticipate Laurel instituting such a change and this made the two-day notice wholly inadequate according to Complainants, especially when such a change would force refineries to rearrange schedules to blend for an earlier RVP change and make space available in holding tanks to accommodate multiple grades of product.<sup>556</sup> Complainant Monroe was forced to make tankage changes on multiple products inside and outside of the refiner and to make gasoline that was more expensive to produce before otherwise required to do so by state regulations and other pipeline companies.<sup>557</sup>

[Begin Proprietary]

[REDACTED]

[End Proprietary]

Although Complainants found the RVP change surprising, they claim it was indicative of Laurel's lack of communication and generally laissez-faire attitude towards a significant operational change. They note that such a pattern does not instill in shippers the

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<sup>555</sup> Complainants Exhibit KFS-1 at 9.

<sup>556</sup> Complainants M.B. at 57; Complainants Exhibit KFS-1 at 9-10.

<sup>557</sup> Complainants M.B. at 57; Complainants Exhibit KFS-1 at 10.

<sup>558</sup> Complainants M.B. at 57; Laurel Exhibit 1-R at 52.

<sup>559</sup> Complainants M.B. at 57; Tr. at 149.

<sup>560</sup> Complainants M.B. at 57.

<sup>561</sup> *Id.*

<sup>562</sup> *Id.*

confidence that Laurel will be communicative in future interruptions such as this and yet further substantiates Complainants' sound concern over Laurel's ability and/or desire to provide reasonable service.

Laurel's Position

Laurel begins its response by observing that the RVP dispute is unrelated to the issue of whether the Existing Bi-directional Service (or the Bi-directional Service Extension) is unreasonable. It notes that Complainants did 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 Extension. Laurel argues that the RVP changes are not affecting the transit times or variability. Its witness Mr. Zeth testified that, “[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.”<sup>563</sup>

According to Laurel, **[Begin Proprietary]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**[End Proprietary]**

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<sup>563</sup> Laurel St. No. 1-R at 52.  
<sup>564</sup> Laurel St. No. 1-R at 51-52.  
<sup>565</sup> Tr. at 148-49.

Laurel adds that Complainants' criticism of Laurel's communications with shippers<sup>566</sup> in this instance ignores the fact that the RVP change was made at the request of a shipper and was communicated to shippers by Laurel using routine forms of communication. No shipper informed Laurel that the RVP change was problematic for them at the time the decision was made. Laurel views Complainants' internal disagreements about the basis for the RVP change as merely demonstrating that different shippers have different interests which Laurel endeavors to balance as it operates its pipeline system.

### Disposition

I agree with Laurel's observation that Complainants' claims about the RVP changes are a free-standing complaint concerning a single quality/commodity specification change unrelated to the common theme of bi-directional service issues that pervades the rest of Complainants' claims and arguments in this case. A careful review of the record collected on this issue highlights a disagreement between Laurel and the Complainants regarding the basis for the RVP change. Complainants describe the change as a unilateral decision made by Laurel to frustrate their operations, whereas Laurel describes the same incident as the result of its efforts to accommodate the request of one of its shippers. While the record has several examples of Laurel making changes to its schedules to accommodate shippers' requests, it is unclear with regard to the procedures followed by the shippers to communicate those changes to Laurel. It is, therefore, unclear whether Laurel was violating those internal procedures or complying with them in the case of RVP changes. Yet, it is undisputed the RVP change happened at the request of a shipper, that no shipper communicated any objection to the change directly to Laurel, and that, barring similar requests in the future, Laurel will not change the historical RVP schedule again in the following years.

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<sup>566</sup> Complainants M.B. at 58.

In view of the above, I find that Complainants have failed to prove by a preponderance of the evidence that Laurel provided them with unreasonable service when it changed the RVP schedule. The parties are encouraged to work together to set in place not only formal practices and procedures for accepting or rejecting requests for changes that affect more than one shipper, but also for communicating objections or disagreements to any changes announced.

## V. CONCLUSION

To summarize, I find that Complainants have failed to carry their burden of proving that: 1) the Bi-directional Service Extension is either a partial abandonment of service or the initiation of a new intrastate service that requires Laurel Pipe Line Company to obtain a certificate of public convenience under 66 Pa.C.S. § 1102(a)(1) or (2); 2) Extended Bi-directional Service will violate portions of Laurel's PUC Tariffs and Agreements; 3) Existing Bi-directional Service on the Laurel pipeline has resulted in unreasonable service; 4) the proposed Extension of Bi-directional Service will result in unreasonable service; and 5) the changes to the RVP schedule constitute unreasonable service. In addition, I shall overrule Complainants' Motion to Strike portions of Laurel's Reply Brief.

## VI. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the parties and the subject matter of this proceeding. 66 Pa.C.S. § 701.

2. As the proponent of a rule or order, the complaint bears the burden of proof. 66 Pa.C.S. § 332(a).

3. To satisfy the burden of proof, the complaint must demonstrate by the preponderance of the evidence that the respondent was responsible for the problems alleged in the complaint through a violation of the Code or a regulation or order of the Commission. *Patterson v. Bell Tele. Co. of Pa.*, 72 Pa. PUC 196 (1990).

4. Preponderance of the evidence means that the party with the burden of proof has presented evidence that is more convincing than that presented by the other party. *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Cmwlth. 1990) *alloc. den.*, 602 A.2d 863 (Pa. 1992).

5. The Commission's decision must be supported by "substantial evidence," which consists of evidence that a reasonable mind might accept as adequate to support a conclusion. A mere "trace of evidence or a suspicion of the existence of a fact" is insufficient. *Norfolk and Western Railway Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980).

6. Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful for any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized by a certificate of public convenience. 66 Pa.C.S. § 1102(a)(1).

7. Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful for any public utility to abandon or surrender, in whole or in part, any service. 66 Pa.C.S. § 1102(a)(2).

8. Abandonment is the relinquishment or surrender of rights or property by one person to another. *Cassell v. Crothers*, 44 A. 446 (Pa. 1899); *Commonwealth v. Koontz*, 101 A. 863 (Pa. 1917).

9. To constitute an abandonment there must be an intention to abandon together with external acts by which the intention is carried into effect. *Byerly v. Pa. Pub. Util. Comm'n*, 270 A.2d 186 (Pa. 1970); *Emerald Coal & Coke Co. v. Equitable Gas Co.*, 107 A.2d 734 (Pa. 1954); *W.D. Rubright Co. v. Pa. Pub. Util. Comm'n*, 117 A.2d 119 (Pa. Super. 1968).

10. A public utility's rates, including its rules, regulations, and practices related to service, shall be just and reasonable, and in conformity with regulations or orders of the Commission. 66 Pa.C.S. §§ 102, 1301(a).

11. Section 1302 of the Public Utility Code requires a public utility to file with the Commission and maintain "tariffs showing all rates established by it and collected or enforced, or to be collected or enforced, within the jurisdiction of the commission." 66 Pa.C.S. § 1302.

12. The tariffs of any public utility also subject to the jurisdiction of a Federal regulatory body shall correspond, so far as practicable, to the form of those prescribed by such Federal regulatory body. 66 Pa.C.S. § 1302.

13. Tariffs that have been approved by the Commission have the force and effect of law. *See* 66 Pa.C.S. § 1303; *PPL Elec. Utils. Corp. v. Pa. Pub. Util. Comm'n*, 912 A.2d 386 (Pa. Cmwlth. 2006); *Di Santo v. Dauphin Consol. Water Supply Co.*, 436 A.2d 197 (Pa. Super. 1981).

14. Pennsylvania courts have made clear that tariff provisions approved by the Commission are *prima facie* reasonable. *Kossman v. Pa. Pub. Util. Comm'n*, 694 A.2d 1147 (Pa. Cmwlth. 1997); *Shenango Twp. Bd. of Supervisors v. Pa. Pub. Util. Comm'n*, 686 A.2d 910 (Pa. Cmwlth. 1996); *Zucker v. Pa. Pub. Util. Comm'n*, 401 A.2d 1377 (Pa. Cmwlth. 1979).

15. A complainant seeking to evade the effect of existing tariff provisions carries a very heavy burden to prove that the facts and circumstances have changed so drastically as to render the application of the tariff provisions unreasonable. *Brockway Glass Co. v. Pa. Pub. Util. Comm'n*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

16. It is every public utility's duty to "furnish and maintain adequate, efficient, safe, and reasonable service and facilities" to its customers. 66 Pa.C.S. § 1501.

17. The Public Utility Code does not require perfect service or the best possible service, only reasonable and adequate service. *Analytical Lab. Servs., Inc. v. Metro. Edison Co.*, Docket No. C-2006608 (Order entered Dec. 21, 2007); *Emerald Art Glass v. Duquesne Light Co.*, Docket No. C-00015494 (Order entered June 14, 2002); *Re: Metro. Edison Co.*, 80 Pa. P.U.C. 662 (1993).

18. "The term "service" is [u]sed in its broadest and most inclusive sense, [and] includes any and all acts done, rendered or performed and any and all things furnished or supplied, and any and all facilities used, furnished or supplied...in the performances of their duties...." 66 Pa.C.S. § 102.

19. The statutory definition of "service" is to be broadly construed. *Country Place Waste Treatment Co., Inc. v. Pa. Pub. Util. Comm'n*, 654 A.2d 72 (Pa. Cmwlth. 1995).

20. A complaint is premature when the utility only voiced an intention to file a petition for abandonment but has not yet made any formal filings. *Hovis v. Nat'l Fuel Gas Distrib. Corp.*, Docket No. C-2008-2035033 (Initial Decision issued on Nov. 24, 2008, Final Order entered Feb. 23, 2009).

21. “The courts should not give answers to academic questions or render advisory opinions or make decisions based on assertions as to hypothetical events that might occur in the future.” *Phila. Entertainment & Development Partners v. City of Phila.*, 937 A.2d 385, 392 (Pa. 2007).

## VII. ORDER

THEREFORE,

IT IS ORDERED:

1. That Complainants’ Motion to Strike Portions of Laurel Pipe Line Company, L.P.’s Reply Brief is denied.

2. That the Formal Complaint filed by Monroe Energy, LLC, Lucknow-Highspire Terminals, LLC, Sheetz, Inc. and PBF holding Company, LLC against Laurel Pipe Line Company, L.P. at Docket No. C-2025-3053018 is denied in its entirety.

3. That the Secretary mark this docket closed.

Date: January 14, 2026

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/s/  
Eranda Vero  
Administrative Law Judge