

JOSHUA D. KAIL, MEMBER
15TH LEGISLATIVE DISTRICT

CAPITOL OFFICE:
Room 143-A East Wing
P.O. Box 202015
Harrisburg, PA 17120-2015
Phone: 717-260-6144
Fax: 717-782-2919

RepKall.com
facebook.com/RepKail
X: @RepJoshKail



House of Representatives
Commonwealth of Pennsylvania
Harrisburg

DISTRICT OFFICES:
690 State Avenue
Beaver, PA 15009
Phone: 724-728-7655
Fax: 724-773-7437

1569 Smith Township Road, Suite 5
Atlasburg, PA 15004
Phone: 724-587-3095
Fax: 724-587-3096

Claysville Satellite Office
4632 State Route 40
Claysville, PA 15323
Phone: 724-587-3095
By Appointment Only

April 10, 2026

The Honorable Stephen M. DeFrank, Chairman
Pennsylvania Public Utility Commission
400 North Street, Keystone Building
Harrisburg, PA 17120

Re: Proposed Extension of Bi-Directional Service on the Laurel Pipeline

PUC Docket No. C-2025-3053018 *Monroe Energy, LLC, et al. v. Laurel Pipeline Company, LLC*

Dear Chairman DeFrank:

We are writing about a significant consumer affordability issue that is of immense importance to both the constituents of my Legislative District and all of Pennsylvania: access to reliable and competitively priced liquid fuel supplies, including gasoline, diesel and home heating oil. Given the ongoing conflict in the Middle East, this issue becomes even more important. Because of the war, gasoline prices in Pennsylvania have steadily increased over the last several weeks.¹

As you know, since 2019, the Laurel Pipe Line Company, L.P. (“Laurel”) has provided bi-directional service over the portion of the Laurel pipeline system located between Altoona and Pittsburgh. These bi-directional operations have allowed Laurel to re-purpose an underutilized asset to increase supply optionality on its system; this optionality has meant that shippers and Western Pennsylvania have benefited from increased supplies of competitively priced gasoline, diesel, and heating oil from **both** Midwest refineries and East Coast refineries. Laurel now seeks to implement an extension of bi-directional service—which would result in bi-directional operations between Pittsburgh and Reading. This would extend bi-directional benefits to even more of the shipping community and even more of the Commonwealth.

Importantly, Eastern and Central PA are currently supplied by three sources: Colonial pipeline (which moves product from refineries along the Gulf Coast), a few local refineries (using primarily foreign crude)

¹ See <https://fox56.com/news/local/gas-prices-keep-climbing-in-pennsylvania-reaching-new-highs-where-to-find-cheap-gas>

and foreign gasoline imports. Disruption to any one of these sources (*e.g.* from a cyber-attack on Colonial or a war disrupting overseas shipments of crude oil or gasoline) will result—**and indeed has already resulted**—in dramatic price increases in the most populous parts of Pennsylvania. Providing additional sources from approximately a dozen Midwest refineries, which have substantially expanded their output in the past decade using North American sourced crude, reduces this risk. Moreover, Laurel is not proposing a full reversal. If current suppliers can continue to supply competitively priced products to Pennsylvania consumers, they will be able to do so. In short, bi-directional operations are a win for the pipeline, a win for shippers, and a win for Pennsylvania.

Despite these benefits, four—*and only four*—of the shippers that use the Laurel pipeline system (out of 39 total shippers) filed a Complaint **over five years** into bi-directional operations. The Complaint was only filed after bi-directional operations were proposed to be extended, which would subject these four complainant-shippers to greater competition. Critically, the Complaint is nothing more than a veiled attempt to stymie competition, hold Laurel’s operations captive to the whims of the four complainant-shippers, and deny other shippers and the Pennsylvania public at large the undisputed benefits provided by bi-directional operations.

The legal proceeding resulting from the Complaint (captioned above), has already resulted in a substantial evidentiary record comprised of (1) thousands of pages of testimony and exhibits, (2) three days of evidentiary hearings involving cross-examination and additional testimony of over ten witnesses, and (3) briefs submitted by all parties. The experienced and well-respected Administrative Law Judge (“ALJ”) assigned to the Complaint then applied the plain language of the Public Utility Code and Pennsylvania precedent—some of which stretches back more than a century—to this massive record, and issued a reasoned, evidence-based Initial Decision (“ID”) that concluded the Complaint should be denied. Simply stated, the four complainant-shippers were determined to be wrong on the law and wrong on the facts, and the ALJ applied the law to the facts of record and denied the Complaint.

Some of the key evidence-based findings of record contained in the ID are as follows:

- “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.” ID, p. 18 (Finding of Fact ¶ 71).
- “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.” ID, p. 132 (quoting Laurel St. No. 4-R at 22).
- “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.” ID, p. 120.
- Underutilization worsened in 2019, after the Philadelphia Energy Solutions refinery exploded. ID, p. 13 (Finding of Fact ¶ 49).
- “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.” ID, p. 19 (Finding of Fact ¶ 74).

- Transit times are inherently variable, and the data and statistical analysis presented in this case showed that bi-directional operations had, at most, a “de minimis” impact on transit times. ID, p. 21.
- There is *zero evidence* that shows bi-directional operations have posed any integrity, safety, or reliability issues. Rather, the record shows that bi-directional operations resulted in substantial upgrades and modifications to the Laurel pipeline system that “had the added benefit of replacing outdated equipment, which improves the integrity, safety and reliability of the pipeline.” ID, pp. 141-142.
- There is *zero evidence* (and the complainant-shippers made no claim) that bi-directional operations would result in decreased supplies of heating oil or diesel fuel in Pennsylvania.
- There is *zero evidence* that shows bi-directional operations have impacted, or will impact, Pennsylvania jobs.
- The ALJ found that the complainant-shippers’ “goal of maintaining the status quo on Laurel is near impossible to achieve.” ID, p. 143. Indeed, “[d]emanding 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.” ID, p. 143.

In closing, a full and complete review of (i) the Complaint, (ii) Laurel’s existing bi-directional operations, and (iii) Laurel’s proposed bi-directional operations has been conducted, and the Initial Decision is well-reasoned. That review showed that bi-directional operations over Laurel’s underutilized pipeline system have benefited, and will continue to benefit, Pennsylvania, with such benefits including enhanced access to reliable and competitively priced liquid fuel supplies, including gasoline, diesel and home heating oil. The four complainant-shippers’ baseless and speculative attempts to protect their own interests by limiting competition provide no basis to conclude otherwise. We appreciate being afforded the benefit of your time and attention.

Sincerely,



Joshua D. Kail
State Representative
15th Legislative District



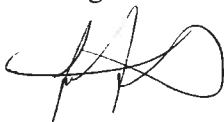
Valerie Gaydos
State Representative
44th Legislative District



James Struzzi II
State Representative
62nd Legislative District



Brian Smith
State Representative
66th Legislative District



Timothy O’Neal
State Representative
48th Legislative District



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65th Legislative District



Joshua K. Bashline
State Representative
63rd Legislative District



Jeremy K. Shaffer
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28th Legislative District



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State Representative
52nd Legislative District



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State Representative
40th Legislative District



Eric Nelson
State Representative
57th Legislative District