



BUCKEYE PARTNERS, L.P.

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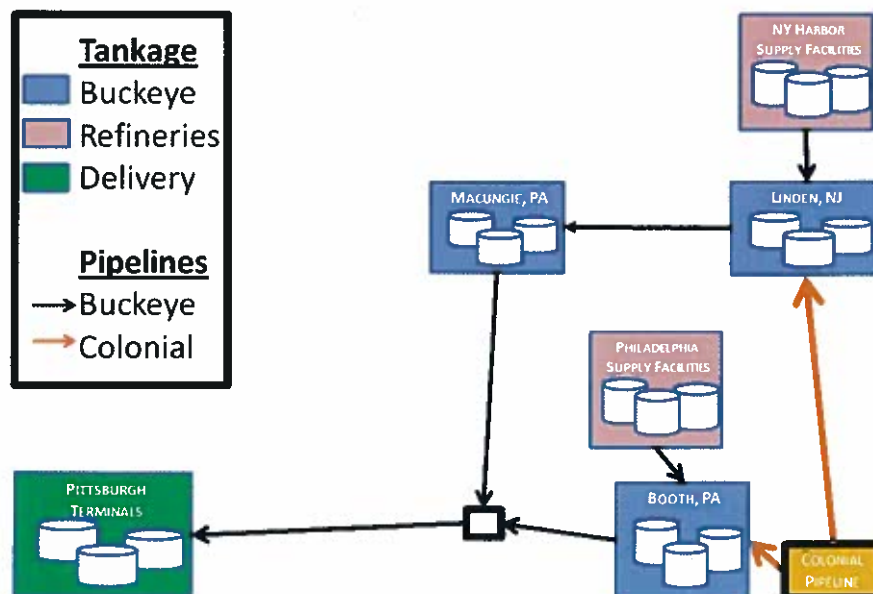
January 11, 2012

Pittsburgh Area Summer Gasoline – Legislation to Eliminate Low RVP Requirements

Dear Senator Vogel and Senator Solobay,

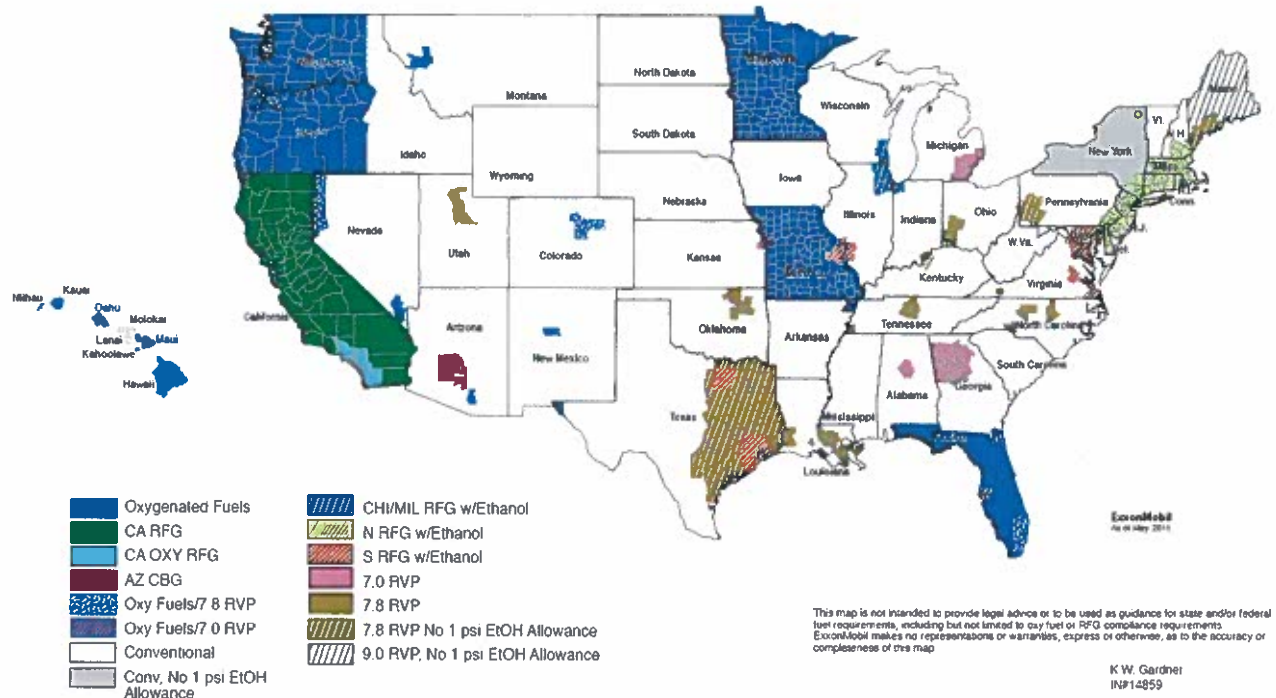
The purpose of this correspondence is to lend support to your recently announced plan to introduce legislation to eliminate the statutory requirements for low Reid Vapor Pressure (RVP) gasoline for the greater Pittsburgh, PA area (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties), pursuant to your December 14, 2011 memorandum.

Buckeye Partners, L.P. owns and operates a major pipeline transportation system supplying significant volumes of gasoline destined for the Pittsburgh, PA market. We can currently transport gasoline to nine terminals in the greater Pittsburgh area with barrels supplied into the Buckeye system in the Philadelphia area (Boothwyn, PA) or the New York harbor area (Linden, NJ). Each facility has connections to receive product from local refineries and import/blend facilities, as well as connectivity to the Colonial Pipe Line (sourced from the Gulf coast).



As you are aware, current regulations mandate that gasoline supplied to terminals in the 7 county Pittsburgh area has a maximum RVP of 7.8 psi for May 1 through September 15. There is no provision for an increase in RVP with the addition of 9-10% ethanol, which is distinctive compared to the majority of the nation. The low RVP mandate with no ethanol RVP increase relief has resulted in Pittsburgh, PA requiring a “boutique” fuel, which is only required in two other areas of the United States (east Texas and southeastern Maine) – (see below map).

U.S. Gasoline Requirements



This uniqueness puts Pittsburgh in a precarious position during the summer gasoline season, from both a supply and price standpoint. There is limited availability of production capacity to produce a conventional gasoline that would meet the 7.8 psi RVP after ethanol blending, especially with additional Philadelphia refinery closures. Due to the limited supply nature of the conventional 7.8 psi RVP (after ethanol blending), suppliers have been furnishing the Pittsburgh area with US EPA’s Reformulated Gasoline (RFG), which is more available, but also more expensive to produce. This means that Pittsburgh is getting more expensive gasoline due to the uniqueness of the current gasoline RVP mandate. Also, due to EPA’s stringent rules regarding RFG (and RFG blendstocks commonly referred to as RBOB), pipeline and terminals are not allowed to mix or co-mingle conventional gasoline and RFG until after ethanol is added, which further limits supply flexibility to the area (i.e. if a terminal has a tank half full of conventional 7.8 psi RVP product but supply dries up and the only compliant gasoline left to bring in is RFG, the terminal is not allowed to mix the new RFG with the existing conventional

gasoline, so that terminal is effectively locked out from getting RFG supplied until they can empty the conventional inventory, which could put them out of gasoline business for days depending on the pipeline delivery cycle).

Each of the last two summers, Buckeye has been approached by US EPA and PA DEP as part of their internal processes to potentially grant a temporary waiver to allow conventional 9.0 psi RVP gasoline into the Pittsburgh area as 7.8 psi RVP gasoline supplies reach levels that concern the agencies. US EPA granted a waiver from the 7.8 psi RVP requirement on September 10, 2011, although it was mainly due to curtailing supply issues associated with storms and flooding. Buckeye would expect future summer supply concerns to increase due to refineries closing in southeastern Pennsylvania.

We would urge the Pennsylvania legislature to repeal the 7.8 psi RVP requirement for greater Pittsburgh in order to put it in line with the requirements for the rest of central and western Pennsylvania, as well as neighboring areas of Ohio, Maryland and West Virginia.

Please contact Jason Mengel (JMengel@buckeye.com) with any questions regarding this correspondence.