

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Deborah Platt Majoras, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
William E. Kovacic  
J. Thomas Rosch

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In the Matter of	)	
	)	
DAN L. DUNCAN,	)	
a natural person,	)	
	)	
EPCO, INC.,	)	
a corporation,	)	Docket No. C-4173
	)	
TEXAS EASTERN PRODUCTS PIPELINE	)	
COMPANY, LLC,	)	
a limited liability company,	)	
	)	
and	)	
	)	
TEPPCO PARTNERS, L.P.,	)	
a limited partnership.	)	

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COMPLAINT

The Federal Trade Commission (“FTC” or “Commission”), having reason to believe that Dan L. Duncan, through EPCO, Inc. and Enterprise Products Partners L.P., acquired a controlling interest in Texas Eastern Products Pipeline Company, LLC and limited partnership interests in TEPPCO Partners, L.P. in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:



11. TEPPCO is, and at all times relevant herein has been, engaged in the midstream energy business, including the transportation, fractionation, and storage of natural gas liquids.
12. As part of its midstream operations, TEPPCO, through its wholly-owned subsidiary TE Products Pipeline Company, Limited Partnership, holds a 50% interest in a joint venture called Mont Belvieu Storage Partners which owns salt dome storage for natural gas liquids in Mont Belvieu, Texas.
13. TEPPCO, through its wholly-owned subsidiary TE Products Pipeline Company, Limited Partnership, carries out the day-to-day operations of the Mont Belvieu Storage Partners storage facility.
14. TEPPCO and Texas Eastern are, and at all times relevant herein have been, engaged in or affecting commerce as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## **II. THE ACQUISITION**

15. On February 24, 2005, Dan L. Duncan and EPCO, Inc., through DFI GP Holdings L.P., acquired from Duke Energy Field Services, LLC: (1) TEPPCO Partners, L.P.’s general partner, Texas Eastern Products Pipeline Company, LLC, and (2) 2.5 million limited partnership units of TEPPCO Partners, L.P. (collectively “the Acquisition”).

## **III. TRADE AND COMMERCE**

### ***A. Relevant Product Market***

***C. Market Structure***

20. The market for salt dome storage for natural gas liquids in Mont Belvieu was highly concentrated prior to the Acquisition and is significantly more concentrated as a result of the Acquisition.
21. Enterprise and TEPPCO compete in the market for salt dome storage for natural gas liquids in Mont Belvieu.
22. The Acquisition combined two of four providers of commercial salt dome storage for natural gas liquids in Mont Belvieu.
23. The pre-Acquisition Herfindahl-Hirschman Index was more than 3,400, and increased post-Acquisition by more than 3,000 points to a level exceeding 6,400.

***D. Entry Conditions***

24. Entry into the market for salt dome storage for natural gas liquids in Mont Belvieu would not be timely, likely, or sufficient to prevent the anticompetitive effects that are likely to result from the Acquisition.
25. Construction of a salt dome storage facility and its necessary infrastructure, including pipelines and brine storage and handling facilities, is subject to significant regulatory and other legal constraints, and requires significant sunk costs and substantial time to accomplish.

**IV. ANTICOMPETITIVE EFFECTS**

26. The Acquisition may substantially lessen competition in the following ways, among others:
  - a. by eliminating competition between Enterprise and TEPPCO;
  - b. by enhancing Enterprise's ability unilaterally to exercise market power; and
  - c. by increasing the likelihood of, or facilitating, collusion or coordinated interaction between or among the remaining firms;

each of which increases the likelihood that customers would be forced to pay higher prices for or would experience degradations in service for salt dome storage for natural gas liquids in Mont Belvieu.

