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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

In the Matter of

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:

EQUITABLE RESOURCES, INC.
[REDACTED]

CONSOLIDATED NATURAL GAS
COMPANY, and THE PEOPLES
NATURAL GAS COMPANY.

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:

PUBLIC

**ANSWER OF RESPONDENT EQUITABLE RESOURCES, INC. TO THE FEDERAL
TRADE COMMISSION'S ADMINISTRATIVE COMPLAINT**

B. Dominion Resources, Inc.

5. The allegations contained in Paragraph 5 relate to a defendant other than

Equitable, and Equitable is without knowledge or information sufficient to form a belief as to the

truth of these allegations.

6. The allegations contained in Paragraph 6 relate to a defendant other than

Equitable, and Equitable is without knowledge or information sufficient to form a belief as to the

12. The allegations contained in Paragraph 12 relate to a defendant other than Equitable, and Equitable is without knowledge or information sufficient to form a belief as to the truth of these allegations.

13. The allegations contained in Paragraph 13 are legal conclusions to which no

14. Paragraph 14 does not require a response.

II. THE ACQUISITION

15. Equitable admits the allegations contained in Paragraph 15.

16. The allegations contained in Paragraph 16 are legal conclusions to which no response is required.

III. NATURE OF COMPETITION

17. Equitable admits the allegations contained in Paragraph 17.

concerning public utility service within Pennsylvania and it is these rules that are found at Title 52 of the Pennsylvania Code.

20. Equitable admits that its predecessor was originally incorporated pursuant to the Pennsylvania Natural Gas Companies Act of May 29, 1885 (the "1885 Act"). However, the 1885 Act no longer governs. It was specifically repealed by Section 20302 of Pennsylvania's General Association Act of 1988. Accordingly, any arguments made on the basis of the 1885 Act are not viable. Equitable further admits that it has the right to provide natural gas distribution within Allegheny County and adjoining counties, including the City of Pittsburgh, that it began to provide natural gas distribution pursuant to the 1885 Act at some point after 1885, and does so now. However, Equitable denies any suggestion that it has an unfettered "right" to provide natural gas distribution service in any overlapping service territory. Under the

comprehensive statutory scheme existing in the Commonwealth of Pennsylvania, the DUC has



belief as to the truth of the allegations of Paragraph 20 as they relate to any other defendant.

Equitable otherwise denies the allegations of Paragraph 20.

the statutory scheme existing in the Commonwealth of Pennsylvania, approves the rates, fees and

other charges that an IDC may collect for natural gas distributed in the Commonwealth of Pennsylvania.

among gas distribution utilities.” Initial Decision at 68. Equitable otherwise denies the remaining allegations of Paragraph 22.

23. Equitable admits that it offers distribution discounts to a small number of contacted nonresidential natural gas distribution systems under any of its rate plans.

of overlapping service territories. These discounts remain subject to the continuing oversight of the PUC and established Pennsylvania law, which gives the PUC exclusive discretion to

impeded by significant regulatory barriers. Equitable denies Paragraph 27 to the extent it is intended to encompass anything other than the LDC business.

VI. ANTICOMPETITIVE EFFECTS

28. Equitable denies the allegations contained within Paragraph 28 in their entirety

29. Equitable denies the allegations contained within Paragraph 29 in their entirety

including the allegations contained within the subparts therein

DEFENSES

FIRST DEFENSE

The actions of respondent Equitable challenged in the Administrative Complaint are immunized from application of the Sherman, Clayton and Federal Trade Commission Acts by reason of the state action antitrust doctrine insofar as all of the actions that are the subject of the allegations contained within the FTC's Administrative Complaint were undertaken pursuant

to a clearly articulated and affirmatively expressed policy of the Commonwealth of Pennsylvania, acting through the Pennsylvania Public Utility Commission, and are subject to active supervision by the state

OTHER DEFENSES

Equitable reserves the right to assert other defenses as discovery and the proceedings continue.

* * *

WHEREFORE, Equitable respectfully request that the Commission (i) dismiss the Complaint in its entirety with prejudice, (ii) award Equitable its costs of suit, including attorneys' fees, and (iii) award such other and further relief as the Commission may deem proper.

Dated: April 9, 2007

Respectfully submitted,

By: George S. Cary / CTL

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