

merger or otherwise, any stock, assets, or other interest, either directly or indirectly, of Defendant The Peoples Natural Gas Company (“Peoples”) from Defendants Dominion Resources, Inc. (“DRI”) and Consolidated Natural Gas Company (“CNG”). The proposed acquisition of Peoples by Equitable, if allowed to proceed, may substantially lessen competition in the markets for local distribution of natural gas to individual nonresidential customers in metropolitan Pittsburgh and western Pennsylvania. The purpose of this action, pursuant to Section 13(b) of the FTC Act, is to maintain the status quo during the pendency of an administrative proceeding challenging Defendants’ proposed transaction, which has been commenced by the Federal Trade Commission pursuant to Section 5 of the FTC Act, 15 U.S.C. § 45, and Sections 7 and 11 of the Clayton Act, 15 U.S.C. §§ 18 and 21.

JURISDICTION

1. Jurisdiction is based upon Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and upon 28 U.S.C. §§ 1337 and 1345. This is a civil action arising under Acts of Congress protecting trade and commerce against restraints and monopolies, and is brought by an agency of the United States authorized by an Act of Congress to bring this action.

2. Equitable, DRI, CNG and Peoples are engaged in commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44, and Section 1 of the Clayton Act, 15 U.S.C. § 12. Equitable, DRI, CNG and Peoples are engaged in, among other things, the local distribution of natural gas in metropolitan Pittsburgh and western Pennsylvania.

VENUE

3. Venue is proper under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), under 28 U.S.C. § 1391(b) and (c), and under Section 12 of the Clayton Act, 15 U.S.C. § 22.

Equitable, DRI, CNG, and Peoples transact business and are found within the Western District of Pennsylvania. This action involves, in part, the threatened loss of competition in the local distribution of natural gas to customers located within the Western District of Pennsylvania.

THE PARTIES

4. The Commission is an administrative agency of the United States Government established, organized, and existing pursuant to the FTC Act, 15 U.S.C. § 41 *et seq.*, with its principal offices at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The Commission is vested with authority for enforcing, *inter alia*, Section 7 of the Clayton Act and Section 5 of the FTC Act.

5. Defendant Equitable is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Its offices and principal place of business are located at 225 North Shore Drive, Pittsburgh, Pennsylvania 15212. Equitable is an integrated energy company engaged in the production, gathering, distribution and transmission of natural gas. Through its Equitable Gas Company division, Equitable provides natural gas distribution to residential, commercial, industrial and other customers in northern West Virginia and western Pennsylvania.

6. Defendant DRI is a corporation organized and existing under the laws of the Commonwealth of Virginia. Its offices and principal place of business are located at 120 Tredegar Street, Richmond, Virginia 23219. DRI is a holding company with subsidiaries and affiliates engaged in the generation, transmission and distribution of electricity; the gathering, transmission, storage and distribution of natural gas; energy marketing; and the exploration and production of crude oil and natural gas.

7. Defendant CNG is a corporation organized and existing under the laws of the State of Delaware. Its offices and principal place of business are located at 120 Tredegar Street, Richmond, Virginia 23219. CNG is a wholly-owned subsidiary of DRI. CNG is engaged in the production, transportation, distribution, and retail marketing of natural gas, serving customers in Pennsylvania, Virginia, West Virginia, Ohio, and other states in the Northeast and Mid-Atlantic regions of the United States.

8. Defendant Peoples is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Its offices and principal place of business are located at Dominion Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222. Peoples is a wholly-

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interest, and after notice to the defendant, a temporary restraining order or a preliminary injunction may be granted without bond

15 U.S.C. § 53(b).

THE PROPOSED ACQUISITION AND THE COMMISSION'S RESPONSE

because the acquisition may substantially lessen competition and/or tend to create a monopoly in the relevant markets alleged below.

TRADE AND COMMERCE

14. Defendants Equitable and Peoples are local distribution companies (“LDCs”) that distribute natural gas to residential and nonresidential customers within their service territories.

15. LDCs receive natural gas from interstate transmission pipelines at one or more locations, referred to as “city gates,” or from local production. LDCs then distribute the natural gas to customers through underground pipeline systems referred to as gas mains and service lines.

16. In the Commonwealth of Pennsylvania, LDCs are regulated by the PUC under Title 52 of the Pennsylvania Administrative Code.

17. The predecessors of Equitable and Dominion were originally incorporated pursuant to the Pennsylvania Natural Gas Companies Act of May 29, 1885 (“1885 Act”), before the creation of the Public Service Commission in 1913, the predecessor to the PUC. By virtue of charters or amendments filed pursuant to the 1885 Act, Equitable and Dominion have the right to provide natural gas distribution to overlapping service territories within Allegheny County and adjoining counties, including Pittsburgh. Predecessors of Equitable and Dominion began to provide local distribution in the overlapping areas in the late 1890s or early 1900s. Equitable and Dominion continue to distribute natural gas to customers in overlapping service territories today.

18. In Pennsylvania, the PUC approves the maximum rates, fees and other charges (hereinafter collectively referred to as “rates”) that an LDC may charge for natural gas

distribution. An LDC retains discretion to negotiate rates to individual nonresidential customers that are less than the maximum rates established by the PUC.

19. In areas that are serviced by two or more LDCs, nonresidential consby to negotiate rates for natural gas distribution. In such areas, ea

**LOSS OF COMPETITION IN THE LOCAL
DISTRIBUTION OF NATURAL GAS TO
NONRESIDENTIAL CUSTOMERS**

23. As alleged below, Defendants Equitable and Dominion currently exercise market power in various markets for the local distribution of natural gas to nonresidential customers in metropolitan Pittsburgh and western Pennsylvania. Equitable and Dominion exercise that market power through price discrimination, charg

25. A relevant product market and line of commerce in which to analyze the

Dominion have already raised prices in anticipation of the consummation of the proposed acquisition.

29. Equitable and Dominion are, have been, and in the future will be, substantial competitors in each of the relevant markets.

30. Substantial, timely, and effective entry into the relevant markets, sufficient to deter or counteract the anticompetitive effects of the proposed acquisition, is unlikely.

NEED FOR RELIEF

31. Equitable's acquisition of Peoples would impede the Commission's ability to obtain full and effective relief under 15 U.S.C. § 53(b).

32. The reestablishment of Peoples as an independent viable competitive entity if it were to be acquired by Equitable would be difficult, and there is a substantial likelihood that it would be difficult or impossible to restore the two companies as they now exist. Furthermore, it would be difficult or impossible for the Commission to devise effective divestiture remedies after an administrative proceeding, if Peoples, or any part of Peoples, were to be acquired by Equitable. Finally, substantial interim harm to competition has already occurred and continues to occur.

33. For the reasons stated above, the granting of the injunctive relief sought is in the public interest.

WHEREFORE, the Commission requests that the Court:

(1) Temporarily restrain Defendant Equitable, and all its affiliates, from taking any further steps to consummate, directly or indirectly, the proposed acquisition of Peoples, or any other acquisition of stock, assets, or other interest, either directly or indirectly, in Peoples;

(2)

Dated: April 13, 2007

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