

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

In the Matter of)
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)

Tesoro Corporation,)
a corporation, and)
)

Tesoro Logistics Operations LLC,)
a limited liability company.)
)
)
_____)

Docket No. C-4405

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Tesoro Corporation, Tesoro Logistics Operations LLC (“Respondents”), and Chevron Corporation through its subsidiaries have entered into an acquisition agreement that constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and which, if consummated, would violate 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 it appearing to the Federal Trade Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

I. RESPONDENTS AND JURISDICTION

Tesoro Corporation

1. Respondent Tesoro Corporation is a publicly traded corporation principally engaged in the refining and marketing of petroleum products in the United States. Tesoro Corporation is organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 19100 Ridgewood Parkway, San Antonio, Texas 78259.

2. Tesoro Corporation is, and at all relevant times has been, engaged in activities in or affecting “commerce” as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

Tesoro Logistics Operations LLC

3. Respondent Tesoro Logistics Operations LLC is a limited liability company organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 19100 Ridgewood Parkway, San Antonio, Texas 78259. Tesoro Logistics Operations LLC owns Tesoro Logistics Northwest Pipeline LLC.

4. Respondent Tesoro Logistics Operations LLC is a wholly owned subsidiary of Tesoro Logistics LP, a publically traded limited partnership, organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 19100 Ridgewood Parkway, San Antonio, Texas 78259.

5. Respondent Tesoro Corporation individually and through subsidiaries owns Tesoro Logistics GP, LLC, the general partner of Tesoro Logistics LP. Tesoro Logistics GP, LLC manages the operations and employs the personnel of Tesoro Logistics LP. Tesoro Corporation directly owns 37.6% of limited partner interest in Tesoro Logistics LP.

6. Tesoro Logistics Operations LLC directly or indirectly owns a number of petroleum products terminals, including one in Boise, Idaho, that receive light petroleum products off the Northwest Pipeline. The Northwest Pipeline originates in Salt Lake City, Utah, and delivers product from Salt Lake City refineries to destinations between Salt Lake City, Utah, and its termination point in Spokane, Washington. The Tesoro terminal in Boise stores product it receives off the pipeline, and provides facilities to load the product onto tank trucks for local distribution.

7. Tesoro Logistics Operations LLC is, and at all relevant times has been, engaged in activities in or affecting “commerce” as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

8. Tesoro Logistics Operations LLC and Tesoro Corporation are collectively referred to as “Tesoro.”

II. THE ACQUIRED COMPANY

9. Chevron Corporation (“Chevron”) is a publicly traded corporation organized, existing and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business located at 6001 Bollinger Canyon Road, San Ramon, California 94853. Chevron, through its Chevron Pipeline Company, owns and operates the Northwest Pipeline, a 760-mile interstate common carrier pipeline that transports petroleum products from Salt Lake City to the states of Idaho and Washington. Chevron, through its Northwest Terminalling Company, also owns refined petroleum products terminals along the Northwest Pipeline in Idaho and Washington.

III. THE PROPOSED ACQUISITION

10. Pursuant to Asset Sale and Purchase Agreements dated December 6, 2012, Tesoro proposes to purchase Chevron Corporation's ("Chevron") Northwest Products Pipeline system, and Chevron's adjacent terminals, including a terminal in Boise, Idaho ("the Acquisition"). The total value of the proposed acquisition is \$355 million.

11. The Acquisition would combine two of the three providers, and the two largest providers of refined products terminaling services in the relevant geographic market of Boise, Idaho. Respondent Tesoro and Chevron each owns and operates a refined products terminal in Boise, and compete to provide terminaling services in Boise.

IV. JURISDICTION

12. Respondents, and each of their relevant operating subsidiaries and parent entities are, and at all times relevant herein have been, engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 4 of the FTC Act, 15 U.S.C. § 44.

13. The Acquisition constitutes an acquisition under Section 7 of the Clayton Act.

V. THE RELEVANT MARKET

14. The relevant line of commerce in which to analyze the competitive effects of the Acquisition is the provision of terminaling services for light petroleum products.

15. The relevant geographic market in which to analyze the competitive effects of the acquisition is Boise, Idaho Metropolitan Statistical Area ("MSA").

VI. THE EFFECTS OF THE ACQUISITION

16. The Acquisition, if consummated, may substantially lessen competition in the relevant markets in the following ways, among others:

- a. by eliminating direct and substantial competition between Respondent Tesoro and Chevron; and
- b. by increasing the likelihood that Respondent Tesoro will exercise market power unilaterally.

17. The ultimate effect of the Acquisition would be to increase the likelihood that prices for refined products terminaling services would rise above pre-Acquisition levels, or that there would be a decrease in the quality or availability of refined products terminaling services, in the relevant geographic market.

VII. ENTRY CONDITIONS

18. Post-acquisition, entry or expansion into the relevant markets would not be timely, likely, and sufficient in scope to deter or negate the anticompetitive effects of the proposed acquisition.

VIII. VIOLATIONS CHARGED

19. The agreements described in Paragraph 10 constitute a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

20. The acquisition described in Paragraph 10 if consummated, would constitute a 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.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this seventeenth day of June, 2013, issues its Complaint against Respondents.

By the Commission.

Donald S. Clark
Secretary

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