

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman  
Julie Brill  
Maureen K. Ohlhausen  
Terrell McSweeney

\_\_\_\_\_)  
In the Matter of )  
)  
) Docket No. C-4563  
ArcLight Energy Partners Fund VI, L.P., )  
a limited partnership. )  
\_\_\_\_\_)

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent ArcLight Energy Partners Fund VI, L.P. (“Respondent” or “ArcLight”) has agreed to acquire 100% of the interest in Gulf Oil Limited Partnership (“Gulf”) from Cumberland Farms, Inc. in 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 Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. THE RESPONDENT

1. Respondent is a limited partnership organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 200 Clarendon Street, 55<sup>th</sup> Floor, Boston, Massachusetts 02116.
2. Respondent is engaged in, among other things, investing in energy infrastructure and, through its wholly-owned subsidiary, Pyramid LLC, operates light petroleum products terminals in Pennsylvania.

3. Respondent is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## **II. THE PROPOSED ACQUISITION**

4. Pursuant to two contingent agreements (“Agreements”) dated May 15, 2015, Respondent ArcLight, through its wholly-owned subsidiaries Chelsea Petroleum Products I, LLC and Blue Hills Fuels, Inc., proposes to acquire Gulf and certain other assets from Cumberland Farms, Inc. (the “Acquisition”).

## **III. THE RELEVANT PRODUCT MARKETS**

5. For purposes of this complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are gasoline terminaling services and distillate terminaling services.

6. Terminals are critical to the efficient distribution of light petroleum products (“LPPs”). Transporting bulk quantities of LPPs by pipeline to terminals is significantly less expensive on a per gallon basis than trucking LPPs the same distance. Terminals are capable of receiving bulk shipments of LPPs via pipeline, holding LPPs in storage tanks, and loading smaller quantities onto tanker trucks. Tanker trucks transport LPPs from the terminals to retail locations and end-use customers. Terminaling services, or “throughputting,” include the off-loading, temporary storage, and dispensing of LPPs into trucks.

7. There is no cost-effective substitute for terminals and the services they provide. Trucking is not an economical alternative due to the high costs associated with trucking LPPs long distances from refineries to retail locations and end-use customers.

8. Gasoline terminaling service customers can only use terminals that meet gasoline-specific environmental regulations. A terminal must have specialized equipment, including vapor recovery units, tanks with internal floating roofs, and ethanol capability to offer gasoline terminaling services. While distillate terminaling customers may be able to use gasoline terminals, the reverse is not possible due to the more stringent regulatory requirements for the storage and handling of gasoline.

## **IV. THE RELEVANT GEOGRAPHIC MARKETS**

9. There are three relevant geographic markets in Pennsylvania in which to analyze the Acquisition: (1) the Altoona market, which encompasses terminals in Altoona; (2) the Scranton market, which encompasses terminals in Pittston Township, and Edwardsville; and (3) the Harrisburg market, which encompasses terminals in Mechanicsburg, Highspire, Northumberland, and Williamsport.

## **V. MARKET STRUCTURE**

### *Altoona Area Terminaling Services Markets*

10. Three firms, including ArcLight and Gulf, operate terminals in the Altoona market. The terminals owned by ArcLight and Gulf offer both gasoline and distillate terminaling services. The third firm does not offer gasoline terminaling services in the relevant market.

11. The Acquisition, if consummated, would eliminate the only competition in the relevant gasoline terminaling services market and result in a monopoly.

12. The Acquisition would also reduce the number of firms in the Altoona distillate terminaling services market from three to two. Post-acquisition, ArcLight would own the vast majority of the distillate storage capacity in the Altoona market.

### *Scranton Area Terminaling Services Markets*

13. Three firms, including ArcLight and Gulf, operate terminals in the Scranton market. All three firms offer both gasoline and distillate terminaling services.

14. The Acquisition, if consummated, would reduce the number of firms in the relevant markets from three to two. Post-acquisition, ArcLight would own the vast majority of the gasoline and distillate storage capacity in the Scranton market.

### *Harrisburg Terminaling Services Markets*

15. Three firms provide gasoline terminaling services in the Harrisburg market, including ArcLight and Gulf. One additional firm provides distillate terminaling services in the relevant market.

16. The proposed Acquisition would reduce the number of firms providing gasoline terminaling services in the relevant market from three to two. Post-acquisition, ArcLight would own the vast majority of the gasoline storage capacity in the relevant market.

17. The Acquisition, if consummated, would also reduce the number of firms in the market providing distillate terminaling services from four to three. Post-acquisition, ArcLight would own the vast majority of the distillate storage capacity in the Harrisburg market.

## **V. BARRIERS TO ENTRY**

18. Entry into the relevant markets would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects arising from the Acquisition. Barriers to entry are significant and include high sunk costs associated with the construction of a new terminal and

the time required to design, build, and permit a new facility. ArcLight has significant excess capacity in the relevant markets, and this capacity would discourage new entry.

## **VI. EFFECTS OF THE ACQUISITION**

19. The effects of the Acquisition, if consummated, may be to substantially lessen competition and tend to create a monopoly in each relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

- a. by increasing the likelihood that Respondent ArcLight would unilaterally exercise market power in each relevant market; and
- b. by increasing the likelihood of collusive or coordinated interaction between any remaining competitors in the relevant markets.

## **VII. VIOLATIONS CHARGED**

20. The Agreement to acquire Gulf through Chelsea Petroleum Products described in Paragraph 4 constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

21. The Acquisition described in Paragraph 4, 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 twenty-eighth day of December, 2015, issues its Complaint against Respondent.

By the Commission.

Donald S. Clark  
Secretary

SEAL: