

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

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

In the matter of

Energy Transfer Equity, L.P.,
a master limited partnership, and

The Williams Companies, Inc.,
a corporation.

Docket No. C-4577

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (“Commission”), having reason to believe that respondent Energy Transfer Equity, L.P. has entered into an agreement to acquire The Williams Companies, Inc., that such acquisition, 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 that a proceeding in respect thereof would be in the public interest, hereby issues this complaint, stating its charges as follows.

I. RESPONDENTS

ETE

1. Respondent Energy Transfer Equity, L.P. (“ETE”) is a master 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 8111 Westchester Drive, Suite 600, Dallas, Texas 75225.

2. Respondent ETE is, and at all times relevant herein has been, engaged in, among other things, the gathering, processing, transportation, and storage of natural gas in the United States.
3. Respondent ETE and the corporate entities under its control are, and at all times relevant herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

Williams

4. Respondent The Williams Companies, Inc. (“Williams”) is a corporation 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 One Williams Center, Tulsa, Oklahoma 74172.
5. Respondent Williams is, and at all times relevant herein has been, engaged in, among other things, the gathering, processing, transportation, and storage of natural gas in the United States.
6. Respondent Williams and the corporate entities under its control are, and at all times relevant herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

7. Respondent ETE and affiliated companies under its control entered into a merger agreement (“Merger Agreement”) with Williams, dated September 28, 2015, pursuant to which Williams will be merged with and into Energy Transfer Corp LP, a newly created entity affiliated with ETE, with Energy Transfer Corp LP to survive the merger (the “Acquisition”). On September 28, 2015, the Acquisition’s total estimated dollar value was \$37.7 billion.
8. The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

III. THE RELEVANT MARKET

9. A relevant product market in which to analyze the effects of the Acquisition is the firm transportation of natural gas by interstate pipeline. Firm transportation guarantees shippers an amount of pipeline capacity that generally is not subject to interruption or to prior claims by other shippers.
10. A relevant geographic market in which to analyze the effects of the Acquisition is Peninsular Florida, which includes central and southern Florida.
11. No economic or practical alternative to natural gas pipeline transportation exists. Other natural gas delivery methods are significantly more costly, less reliable, and potentially more hazardous than pipeline transportation. Moreover, many pipeline shippers cannot bear the risk of interruption to their natural gas supply. For these shippers, other pipeline services (including non-firm pipeline transportation) and the resale of transportation by holders of firm transportation rights are not reasonably interchangeable substitutes for firm pipeline transportation.

IV. MARKET STRUCTURE

12. ETE owns a 50 percent interest in the Florida Gas Transmission (“FGT”) pipeline, which transports natural gas to Peninsular Florida. Williams controls Williams Partners L.P., which owns a 50 percent interest in Gulfstream Natural Gas System, LLC (“Gulfstream”). Gulfstream also transports natural gas to Peninsular Florida. FGT and Gulfstream are the only interstate natural gas pipelines currently transporting natural gas to Peninsular Florida.
13. A third interstate pipeline, Sabal Trail Transmission, LLC (“Sabal Trail”), plans to begin providing natural gas transportation to parts of Peninsular Florida by 2017.
14. Sabal Trail will receive all of its natural gas via a leased segment on Transcontinental Pipe Line Company, LLC (“Transco”). Williams owns 100 percent of Transco. Pursuant to a capacity lease agreement between Transco and Sabal Trail, Transco must expand the leased segment of its system by a fixed amount of capacity to supply Sabal Trail’s operations in Peninsular Florida. Sabal Trail and Transco negotiated this agreement when the interests of Transco’s owner were unaligned with ETE’s Florida operations.
15. The Acquisition, if consummated, will result in Respondent ETE owning or controlling two of the three interstate pipelines that provide or will provide firm transportation of natural gas to Peninsular Florida.
16. The Acquisition, if consummated, will enable Respondent ETE to limit future Sabal Trail expansions by virtue of Respondent ETE’s ownership of Transco. For certain

pipeline expansions, FGT and Sabal Trail will be closer competitors than Gulfstream and Sabal Trail. As a result, the merged ETE/Williams will have less incentive to foster Sabal Trail expansions via Transco expansions than would Williams alone.

V. BARRIERS TO ENTRY

17. A new interstate natural gas pipeline would face substantial barriers to entering Peninsular Florida. Entry into the relevant market would not be timely, likely, or sufficient in scope to deter or counteract the anticompetitive effects of the Acquisition.

VI. EFFECTS OF THE ACQUISITION

18. The effects of the Acquisition, if consummated, may be to substantially lessen competition and tend to create a monopoly in the 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, by increasing the likelihood that Respondent ETE would unilaterally exercise market power in the relevant market.

VII. VIOLATIONS CHARGED

19. The Acquisition, if consummated, would violate 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.
20. The Merger Agreement entered into by Respondents ETE and Williams constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its official seal affixed, at Washington, D.C., this eighth day of June, 2016, issues its complaint against Respondents.

By the Commission.

Donald S. Clark
Secretary