



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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News Media Contact

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FERC Approves Record \$30 Million Settlement in ETP Market Manipulation Case

The Federal Energy Regulatory Commission (FERC) today approved an agreement that settles manipulation claims against Energy Transfer Partners, L.P. (ETP). Under terms of the settlement, ETP agrees to pay \$30 million to settle allegations that it manipulated physical wholesale natural gas prices at Houston Ship Channel on specific dates from 2003 through 2005.

This is the highest amount of any settlement related to an enforcement action since Congress gave FERC enhanced enforcement authority under the Energy Policy Act of 2005 (EPAAct 2005).

“This case demonstrates FERC’s commitment to the vigorous enforcement of the statutory authority provided by Congress to investigate, punish and deter manipulation of the energy markets,” said Norman Bay, Director of FERC’s Office of Enforcement.

Today’s settlement ends proceedings that began on July 26, 2007, when FERC issued an order to show cause directing ETP to address the manipulation allegations. FERC later set the matter for hearing before an administrative law judge, and the parties subsequently reached a settlement.

Under the settlement, ETP will pay a \$5 million civil penalty and establish a \$25 million fund to disgorge alleged unjust profits to entities that file claims. The fund will be administered by a FERC administrative law judge. Entities have 60 days from the date this order is published in the *Federal Register* to file documents showing that they are entitled to a distribution. If at the close of the allocation process there is any amount of money remaining in the fund, that amount shall be paid to the U.S. Treasury.

The action brought against ETP likely presents the only case that will arise under the original market behavior rules promulgated in the wake of the 2000-2001 Western energy crisis. Those rules later were rescinded in favor of FERC’s anti-manipulation rule implemented with new authority from EPAAct 2005.

Under today’s settlement, ETP agrees to comply with the Commission’s anti-manipulation rule and to ensure that its compliance program includes specified safeguards for its commodity trading and risk management practices. ETP further agrees that an independent auditor will conduct an audit in each of the next two years of ETP’s compliance program and trading activity and provide its reports to FERC staff.

ETP previously settled similar allegations with the Commodity Futures Trading Commission, acting under separate statutory authority, for \$10 million.

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