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Energy Transfer Partners, L.P. and Three of Its Subsidiaries to Pay a \$10 Million Penalty to Settle CFTC Action Alleging Attempted Manipulation of Natural Gas Prices

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today announced that it obtained a \$10 million civil monetary penalty in a consent order settling charges against **Energy Transfer Partners, L.P.**, of Dallas, Texas, and three ETP subsidiaries: **Energy Transfer Company**, of San Antonio and Houston; **Houston Pipeline Company**, of Houston; and **ETC Marketing, Ltd.**, located in San Antonio and Houston. The defendants were charged with attempting to manipulate natural gas prices at the Houston Ship Channel (HSC) delivery hub.

The consent order was agreed to by the parties prior to a trial on the merits and was entered on March 17, 2008, by the Honorable Ed Kinkeade of the Northern District of Texas. The order imposes a permanent injunction against all defendants and requires them to pay the civil monetary penalty jointly and severally.

The order arises from a CFTC complaint filed on July 26, 2007 (see Commodity Futures Trading Commission v. Energy Transfer Partners, et al., 3:07-cv-01301 [N.D. Tex.] and CFTC Press Release 5360-07, July 26, 2007).

The CFTC's complaint alleged that from September 2005 to early December 2005, the defendants (1) attempted to manipulate the price of natural gas for delivery at the HSC by selling on the IntercontinentalExchange (ICE) massive quantities of natural gas at HSC to place downward pressure on natural gas prices at HSC; and (2) by reporting those transactions to *Inside FERC Gas Market Reports* (Inside FERC), attempted to manipulate the index price of natural gas at HSC that was calculated and disseminated by *Inside FERC* in its October and December 2005 monthly subscriptions.

The complaint further alleged that the defendants engaged in this scheme in an attempt to benefit their financial basis swap positions tied to the *Inside FERC* October and December 2005 HSC natural gas index prices. The vast majority of the physical HSC natural gas transactions and the financial basis swaps at issue in the complaint were executed on ICE.

The CFTC would like to thank the Federal Energy Regulatory Commission for their assistance in this matter.

The CFTC would also like to thank its local counsel in this case for his assistance, James Laurence, Assistant United States Attorney, United States Attorney's Office for the Northern District of Texas.

The CFTC staff members responsible for this matter include: Kathleen Banar, Kim Bruno, Anne Termine, James Deacon, Charlotte Ohlmiller, William Small, Daniel Jordan, Michelle Bougas, Rick Glaser, and Richard Wagner.

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