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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman
J. Thomas Rosch
Edith Ramirez
Julie Brill
Maureen Ohlhausen

In the Matter of

AMERIGAS PROPANE, L.P.,
a limited partnership;
AMERIGAS PROPANE, INC.,
a corporation;

and

ENERGY TRANSFER PARTNERS, L.P.
a limited partnership; and
ENERGY TRANSFER PARTNERS, GP, L.P.
a limited partnership.

Docket No. C-4346

PETITION OF ENERGY TRANSFER PARTNERS, L.P. AND ENERGY TRANSFER PARTNERS, GP, L.P. FOR APPROVAL OF THE PROPOSED DIVESTITURE OF HERITAGE PROPANE EXPRESS TO JP ENERGY PARTNERS, LP

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41(f), and Paragraph II.C of the Decision and Order issued by the Commission in the above referenced matter, Respondents Energy Transfer Partners, GP, L.P. and Energy Transfer Partners, L.P. (collectively "Energy Transfer") hereby petition the Commission to approve the divestiture of Heritage Propane

Express ("HPX") to JP Energy Partners, LP ("JPE") (collectively, the "Parties").[1] HPX will be sold to JPE pursuant to a Membership Interest Purchase and Sale Agreement between Energy Transfer and JPE (the "Purchase and Sale Agreement") in a manner that fully complies with the Decision and Order. Pursuant to Section 2.41(f)(2) of the Commission Rules of Practice and Procedure and for the reasons discussed in Section II and III below, Energy Transfer respectfully requests the Commission approve the proposed divestiture of HPX to JPE.

I. BACKGROUND

On October 15, 2011, Energy Transfer entered into a Contribution and Redemption Agreement (the "CRA") pursuant to which AmeriGas Partners, L.P. ("AmeriGas") agreed to acquire from Energy Transfer the retail propane business operated by Heritage Operating L.P., a wholly-owned subsidiary of Energy Transfer (the "Acquisition"). As originally drafted, the CRA called for AmeriGas to acquire Energy Transfer's propane cylinder exchange business, operated as HPX, as well as its bulk propane distribution business, operated as Heritage Propane, Titan Propane and MetroLift Propane. After the Commission expressed concern that the Acquisition would lessen competition for cylinder exchange services, Energy Transfer and AmeriGas amended the CRA to exclude HPX from the entity that AmeriGas would acquire.

On December 29, 2012, Energy Transfer, AmeriGas, and the Commission executed an Agreement Containing Consent Order that included the Decision and Order to settle the Commission's allegations that AmeriGas' acquisition of HPX 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. On January 10, 2012, the

[1] Capitalized terms not otherwise defined herein have the meaning set forth in the Decision and Order.

Commission issued the Decision and Order as final. The transaction was consummated on January 12, 2012, and Energy Transfer retained ownership of HPX.

II. THE PROPOSED DIVESTITURE SATISFIES THE PURPOSES OF THE DECISION AND ORDER BECAUSE JPE WILL BE A STRONG AND EFFECTIVE COMPETITOR

In Section II.H of the Decision and Order, the Commission states that the purpose of the Decision and Order, including the requirement in Section II.C that the Commission approve the purchaser of HPX, is to "remedy the lessening of competition from [the Acquisition], and to assure that HPX remains viable, independent, and competitive." In order to serve the interests set forth in Section II.H of the Decision and Order, Energy Transfer solicited bids for the purchase of HPX by a qualified purchaser. JPE submitted a bid and was selected as the winning bidder by Energy Transfer. Energy Transfer and JPE agreed to enter into a Purchase and Sale Agreement pursuant to which JPE will acquire from Energy Transfer all outstanding membership interests of HPX.[2]

As a result of the proposed divestiture, JPE will acquire a stand-alone, independent business with a solid contingent of customers and employees, a fact that was confirmed by the Staff's investigation and approval of the Decision and Order. JPE has the financial and operational resources to ensure that HPX continues to thrive as a competitive vendor of propane cylinder exchange services. For that reason, and those discussed in more detail below, the proposed divestiture will serve the interests set forth in Section II.H of the Decision and Order and should be approved by the Commission.

[2] The Purchase and Sale Agreement is attached as Exhibit A.

A. JPE Has the Industry Expertise to Operate HPX in a Manner that Maintains Competition in the Propane Cylinder Exchange Industry

JPE is an experienced provider of propane distribution services, with a distribution network that sells approximately 30 million gallons of propane and 14 million gallons of refined fuel each year. JPE's current operations include Pinnacle Propane, LLC, a retail propane business that serves over 45,000 commercial and residential customers in Oklahoma, New Mexico and Texas, with an acquisition pending in Arkansas. JPE also owns Alliant Gas, LLC, a distribution business that operates bulk storage tanks and pipelines for 27 underground community distribution networks servicing 2,400 residential customers in Texas. As part of its current operations, JPE owns 2.25 million gallons of bulk propane storage capacity, 130 bobtail delivery trucks, 13 transport delivery trucks and 2 bottle delivery trucks. The addition of HPX to JPE's existing propane operations will provide cash flow diversification to strengthen JPE during seasonal fluctuations in propane distribution, an ability to increase asset optimization due to different seasonal demand and provide broader customer offerings.

The team that will oversee and operate HPX as part of JPE is well-suited to maximize the competitive position of HPX. The current Energy Transfer employees under Marty Baker, Vice President of Operations at HPX, will transfer with HPX, and therefore, the team that runs the day-to-day operations of HPX will remain the same after the divestiture. Further, the members of JPE's management team are highly-qualified professionals with extensive experience in the energy sector who will provide valuable leadership to the HPX business. Representative experiences of JPE's management team include J. Patrick Barley, the President and CEO of JPE, who founded and oversaw the commercial expansion of LONESTAR Midstream Partners, LP ("Lonestar") and Todd

Whitbeck, Senior Vice President and Chief Financial Officer of JPE, is a seasoned CFO with public and private company experience across the banking, retail and technology sectors and was most recently the CFO of Sears Holdings $18 billion Hardlines business. Other members of the JPE leadership team have extensive business experience that will prove invaluable to the operation and growth of HPX's cylinder exchange business.

B. JPE Has Strong Operational and Financial Resources That Will Be Dedicated to Operating HPX's Cylinder Exchange Business

JPE's strong management team and infrastructure will enable it to operate, maintain, and expand HPX for the foreseeable future. Founded in 2010, JPE has grown through 11 successful acquisitions to date. Through its funding partnerships with Wells Fargo Bank, NA and ArcLight Capital Partners, JPE has access to over $100 million to fund acquisition and growth opportunities. As a result of its strong financial position, JPE has the ability to fund all anticipated capital expenditures required to operate HPX, with additional funding available for planned future expansion. Planned capital expenditures include the rebranding of HPX and, as described in more detail in Section II.C below, investment in the geographic expansion of HPX's operations.

In addition to its financial resources, JPE has strong operational capabilities that will facilitate HPX's transition from Energy Transfer. JPE has a back-office support staff of over 20 employees in Irving, Texas that will provide administrative support services for HPX's cylinder exchange business. JPE will also add to the staff in Irving by hiring six additional employees to assist with human resources, safety compliance, accounting, treasury, and IT services for the cylinder exchange business. As a result of its operational resources, JPE will be able to move certain transitional services currently provided to HPX by AmeriGas in-house within the timeline prescribed by Section II.F of the Decision and Order.

C. JPE's Planned Expansion of HPX Will Increase Competition for Cylinder Exchange Services

The acquisition of HPX is a key step in JPE's long-term strategy to increase JPE's operational footprint in the propane sector and leverage those assets to vertically integrate into the midstream sector. As such, JPE has every incentive to invest the resources necessary for HPX to grow as a thriving competitor in the cylinder exchange industry.

In order to maintain HPX's competitiveness, JPE is committed to building long-term value for HPX as a national provider of cylinder exchange services. JPE believes HPX will reach its full earning potential by expanding its geographic reach to the western United States. JPE is committed to investing the funds necessary to expand HPX from a regional company to a national competitor with the ability to service customers in all 48 states. With the expansion of HPX into the western U.S., JPE will position HPX as a national cylinder exchange vendor capable of competing against AmeriGas and Blue Rhino for national cylinder exchange accounts. JPE also plans to achieve growth in the short-term by taking advantage of organic growth opportunities at existing HPX production facilities having excess capacity.

D. JPE Does Not Currently Own or Operate Material Propane Cylinder Exchange Assets

The proposed divestiture will not diminish competition for propane cylinder exchange services. While JPE has established a strong retail propane distribution business, it does not currently have material cylinder exchange operations. The proposed divestiture, therefore, will not combine overlapping assets. To the contrary, the acquisition will allow a new and strong competitor to enter and compete for customers in the cylinder exchange industry. Furthermore, because HPX assets are located in geographic regions not currently serviced by JPE's propane retail network, the proposed divestiture will provide JPE with the opportunity to expand its retail distribution operations into other regions by taking advantage of current HPX operations.

III. REQUEST FOR CONFIDENTIAL TREATMENT

Exhibit A of this petition contains confidential and competitively sensitive business information relating to the divestiture of HPX. Disclosure of such information may prejudice Energy Transfer and JPE, and cause harm to the competitiveness of the cylinder exchange business. Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission's Rules of Practice and Procedure, 16 C.F.R. §§ 2.41(f)(4), 4.9(c), Energy Transfer has redacted such information from the public version of this petition, and requests confidential treatment for such information under Section 4.10(a)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R § 4.10(a)(2), and Sections 552(b)(4) and (b)(7) of the Freedom of Information Act, 5 U.S.C. §§552(b)(4), 552(b)(7). In the event that a determination is made that any material marked as confidential is not subject to confidential treatment, Energy Transfer requests the Commission provide immediate notice of that determination to Dionne Lomax.

IV. CONCLUSION

For the foregoing reasons, Energy Transfer respectfully requests that the Commission approve the proposed divestiture of HPX to JPE in the manner provided in the attached agreements.

Respectfully submitted,

Dionne Lomax

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