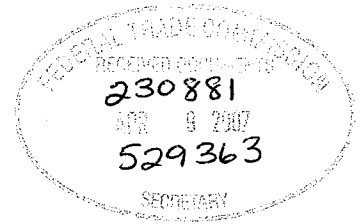


IN THE UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION



In the Matter of)
)
)
EQUITABLE RESOURCES, INC.,)
a corporation,)
)
DOMINION RESOURCES, INC.)
a corporation)
)
CONSOLIDATED NATURAL GAS) Docket No. 9322
COMPANY,)
a corporation,)
) PUBLIC
and)
)
THE PEOPLES NATURAL GAS)
COMPANY,)
a corporation,)
)
)
)

ANSWER OF RESPONDENTS DOMINION RESOURCES, INC., CONSOLIDATED
NATURAL GAS COMPANY, AND THE PEOPLES NATURAL GAS COMPANY

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The Peoples Natural Gas Company

Respondents Dominion Resources, Inc. (“DRI”), Consolidated Natural Gas Company (“CNG”), and The Peoples Natural Gas Company (“Peoples”), (collectively referred to as “Dominion”), by and through their attorneys, state as follows for their Answer and Affirmative Defenses to the Administrative Complaint (“Complaint”) filed by the Federal Trade Commission (“FTC”):

ANSWER

1. The allegations contained in Paragraph 1 relate to a defendant other than Dominion, and Dominion is without knowledge or information sufficient to form a belief as to the truth of these allegations.

2. The allegations contained in Paragraph 2 relate to a defendant other than Dominion, and Dominion is without knowledge or information sufficient to form a belief as to the truth of these allegations.

3. The allegations contained in Paragraph 3 relate to a defendant other than Dominion, and Dominion is without knowledge or information sufficient to form a belief as to the truth of these allegations.

4. The allegations contained in Paragraph 4 of the Complaint are legal conclusions to which no response is required.

5. Dominion admits the allegations contained in Paragraph 5 of the Complaint.

6. Dominion admits the allegations contained in Paragraph 6 of the Complaint.

7. The allegations contained in Paragraph 7 of the Complaint are legal conclusions to which no response is required.

8. Dominion admits the allegations contained in Paragraph 8 of the Complaint.

9. Dominion admits that CNG is engaged in providing natural gas distribution services

in Pennsylvania, West Virginia, and Ohio and that CNG is engaged in production, transportation, and retail marketing of natural gas in Pennsylvania, Virginia, West Virginia, Ohio, and other states in the Northeast and Mid-Atlantic regions. In all other respects, the allegations contained in Paragraph 9 are denied.

10. The allegations contained in Paragraph 10 of the Complaint are legal conclusions to which no response is required.

11. Dominion admits the allegations contained in Paragraph 11 of the Complaint.

12. Dominion admits the allegations contained in Paragraph 12 of the Complaint.

13. The allegations contained in Paragraph 13 of the Complaint are legal conclusions to which no response is required.

14. Paragraph 14 of the Complaint does not contain any allegations, thus no response is necessary.

15. Dominion admits the allegations contained in Paragraph 15 of the Complaint.

16. Dominion admits that the closing of Equitable's acquisition of Peoples is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act and receipt of approval of the Pennsylvania Public Utility Commission, and that the closing of Equitable's acquisition of Hope Gas, Inc. is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act and receipt of approval of the West Virginia Public Service Commission. In all other respects, the allegations contained in Paragraph 16 are denied.

17. Dominion admits the allegations contained in Paragraph 17 of the Complaint.

18. Dominion admits that the allegations contained in Paragraph 18 of the Complaint reflect a partial description of certain methods by which LDCs receive and distribute natural gas but denies that it is a complete description of how LDCs receive natural gas and distribute it to end-users.

19. The allegations contained in Paragraph 19 of the Complaint are legal conclusions to which no response is required, but Dominion avers that LDCs in Pennsylvania are extensively regulated by the PUC acting pursuant to Pennsylvania state law.

20. Dominion admits that Peoples was originally incorporated in 1885 pursuant to “An Act to Provide for the Incorporation of and Regulation of Natural Gas Companies,” enacted May 29, 1885, and states that Peoples’ initial corporate charter covered both the City of Pittsburgh and the City of Allegheny (which was subsequently annexed by Pittsburgh and is now known as the North Side). On information and belief, Dominion states that Peoples was providing natural gas distribution services in Pittsburgh as early as 1886 and continues to do so. Dominion further avers that Peoples’ present right to provide natural gas distribution service in Allegheny County derives from a certificate of public convenience that was issued by the Pennsylvania PUC to The Columbia Natural Gas Company on June 29, 1926, which Peoples obtained via merger and consolidation with The Columbia Natural Gas Company that the PUC approved through an order dated December 30, 1938. Any suggestion that the 1885 Act would preclude the PUC from acting to approve a transaction which would benefit hundreds of thousands of residential and business customers for the sake of maintaining a regulated competitive option for a few hundred, specially situated customers, is unsupportable. Dominion admits that Equitable and Peoples currently provide natural gas distribution services in overlapping service territories but states that only a very small number of commercial and industrial customers have been able to receive

natural gas distribution services from both Peoples and Equitable. Furthermore, Dominion is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 20 of the Complaint as they pertain to Equitable and, therefore, denies these allegations. In all other respects, the allegations contained in Paragraph 20 are denied.

21. Dominion admits that, in Pennsylvania, the PUC approves maximum rates, fees, and other charges that an LDC may charge for natural gas distribution and that these rates, fees, and other charges may be reduced or waived in whole or in part for an individual end-user under circumstances that the PUC has determined to be appropriate and as provided for in the company's tariff. Dominion further avers that the PUC has the power and authority to disallow recovery of, or impose conditions on, reductions or waivers of rates, fees, and other charges. The rates and the negotiation process remain subject to the ultimate authority of the PUC to apply the regulatory law of Pennsylvania consistent with the public interest of Pennsylvania's citizens. In all other respects, the allegations contained in Paragraph 21 are denied.

22. Dominion admits that a very small number of commercial and industrial customers have been able to receive natural gas distribution services from multiple companies as a result of their geographic location and that, depending on a number of factors, previously have been able to negotiate discounts below the maximum tariff rate established by the PUC. However, the rates and the negotiation process remain subject to the ultimate authority of the PUC to apply the regulatory law of Pennsylvania consistent with the public interest of Pennsylvania's citizens. In all other respects, the allegations contained in Paragraph 22 are denied.

23. Dominion admits that there are a very small number of commercial and industrial gas distribution customers and developers for which Dominion and Equitable, as well as other providers of natural gas, have competed to provide natural gas distribution service. These

discounts remain subject to the continuing oversight of the PUC and established Pennsylvania law which gives the PUC exclusive discretion to determine the extent of competition to be allowed between Pennsylvania public utilities. In all other respects, the allegations contained in Paragraph 23 are denied.

24. Dominion admits that in some areas there have been a very small number of natural gas distribution customers for which Dominion and Equitable have been the only LDCs, and that Dominion also competes against Columbia Gas of Pennsylvania, Inc., T.W. Phillips Gas and Oil Co., and other companies to provide natural gas distribution services to certain customers. Dominion denies that Peoples has an unfettered right to “compete” in these areas. Limited competition exists in Pennsylvania as a form of regulated competition subject to the continuing oversight of the PUC and established Pennsylvania law. In all other respects, the allegations contained in Paragraph 24 are denied.

25. Dominion denies the allegations in Paragraph 25 of the Complaint.

26. Dominion denies the allegations in Paragraph 26 of the Complaint.

27. Dominion denies the allegations in Paragraph 27 of the Complaint.

28. Dominion denies the allegations in Paragraph 28 of the Complaint.

29. Dominion denies the allegations in Paragraph 29 of the Complaint in their entirety, including the allegations contained in the subparts thereof.

COUNT I

30. Except where specifically admitted above, the allegations contained in the Complaint are denied.

31. Dominion denies the allegations in Paragraph 31 of the Complaint.

COUNT II

32. Except where specifically admitted above, the allegations contained in the Complaint are denied.

33. Dominion denies the allegations in Paragraph 33 of the Complaint.

34. All allegations in the Complaint that are not specifically admitted herein are denied.

AFFIRMATIVE DEFENSES

Without assuming the burden of proof on any defenses that would otherwise rest with FTC, and expressly denying any and all wrongdoing, Dominion alleges the following additional reasons why FTC is not entitled to pursue its claims or obtain any relief from Dominion. In addition to the Affirmative Defenses set forth below, Dominion intends to rely on all other properly provable defenses and reserves the right to assert other defenses as discovery proceeds and to amend its Answer to and through the time of trial.

FIRST AFFIRMATIVE DEFENSE

As and for a first separate, distinct, and affirmative defense, Dominion alleges that FTC's claims are barred by the state action doctrine.

SECOND AFFIRMATIVE DEFENSE

As and for a second separate, distinct, and affirmative defense, Dominion alleges that the Complaint fails to state a claim upon which relief can be granted.

THIRD AFFIRMATIVE DEFENSE

As and for a third separate, distinct, and affirmative defense, Dominion alleges that the contemplated relief would not be in the public interest.

FOURTH AFFIRMATIVE DEFENSE

As and for a fourth separate, distinct, and affirmative defense, Dominion alleges that the proposed acquisition will result in substantial merger-specific efficiencies and will benefit consumers.

FIFTH AFFIRMATIVE DEFENSE

As and for a fifth separate, distinct, and affirmative defense, Dominion alleges that the alleged market definitions are deficient and fail as a matter of law.

WHEREFORE, Respondents Dominion Resources, Inc., Consolidated Natural Gas Company, and The Peoples Natural Gas Company, respectfully request that the Commission (i) deny the FTC's contemplated relief; (ii) dismiss the Complaint in its entirety with prejudice; (iii) award Respondents their costs of suit, including attorneys' fees; and (iv) award such other and further relief as the Commission may deem proper.

Dated: April 9, 2007

Respectfully submitted,

By Howard Feller /CSJ

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The Peoples Natural Gas Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing ANSWER OF DOMINION RESOURCES, INC., CONSOLIDATED NATURAL GAS COMPANY, AND THE PEOPLES NATURAL GAS COMPANY was served on April 9, 2007, upon the following persons:

By Hand Delivery and Email

Donald S. Clark, Secretary
Federal Trade Commission
600 Pennsylvania Ave., N.W.,
Room H-172
Washington, DC 20580

By First Class Mail and Email

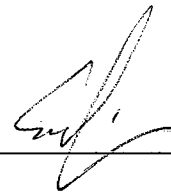
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