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FTC Charges Two Leading Suppliers of Propane Exchange Tanks with Restraining Competition

Commission's Complaint Alleges Blue Rhino and AmeriGas Colluded on Propane Fill Reduction to Key Customer

FOR RELEASE

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The Federal Trade Commission issued an administrative complaint against Ferrellgas Partners, L.P and Ferrellgas, L.P. (doing business as Blue Rhino) and UGI Corporation and AmeriGas Partners, L.P. (doing business as AmeriGas Cylinder Exchange), alleging that they illegally coordinated on reducing the amount of propane in their tanks sold to a key customer.

The complaint alleges that, together, Blue Rhino and AmeriGas controlled approximately 80 percent of the market for wholesale propane exchange tanks in the United States. In 2008, Blue Rhino and AmeriGas each decided to implement a price increase by reducing the amount of propane in their exchange tanks from 17 pounds to 15 pounds, without a corresponding reduction in the wholesale price.

"This type of collusion may not be direct or visible to consumers, but can lead to higher prices or lower quality," said Deborah Feinstein, Director of the FTC's Bureau of Competition. "So companies should be on notice that when we see this type of conduct, we will take action to stop it."

Walmart, which purchased tanks from both Blue Rhino and AmeriGas, refused to accept the fill reduction. Faced with resistance from Walmart, Blue Rhino and AmeriGas colluded by secretly agreeing that neither would deviate from their proposal to reduce the fill level to Walmart. For a period of several months, sales executives from the two propane companies communicated repeatedly by telephone and email to apprise each other of the status of their discussions with Walmart and to work together to take the steps necessary to push Walmart to promptly accept the fill reduction. This secret agreement between Blue Rhino and AmeriGas had the effect of raising the price per pound of propane to Walmart, and likely to the ultimate consumers.

Ferrellgas Partners, L.P., is a limited partnership based in Overland Park, Kansas, that conducts its business activities mostly through Ferrellgas, L.P. The latter of these companies does business as Blue Rhino, and

operates a national propane distribution business, and owns or has access to distribution locations across the United States. Its businesses include filling, refilling, refurbishing, selling, and distributing propane exchange tanks.

AmeriGas Partners, L.P. is a limited partnership headquartered in King of Prussia, Pennsylvania. It operates a nationwide propane business through its subsidiary AmeriGas Propane, L.P., which markets and sells propane and propane-related services, including distributing and supplying bulk propane to residential, commercial, and agricultural customers, as well as filling, distributing, marketing, and selling propane exchange tanks. When it is involved in the propane cylinder business, it's commonly known as AmeriGas Cylinder Exchange.

UGI Corporation, which is also based in King of Prussia, Pennsylvania, is the parent and sole owner of AmeriGas Propane, Inc., which is the general partner of AmeriGas Partners, L.P.

The Commission vote approving the administrative complaint was 3-1, with Commissioner Maureen Ohlhausen voting no.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Bureau of Competition, Federal Trade Commission, 601 New Jersey Ave., N.W., Room 7117, Washington, DC 20001. To learn more about the Bureau of Competition, read [Competition Counts](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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