



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Blue Rhino, AmeriGas Settle FTC Charges of Restraining Competition

Complaint Alleged Companies Colluded to Push Walmart to Accept Reduction in Amount of Propane in Exchange Tanks

FOR RELEASE

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The two leading suppliers of propane exchange tanks, [Blue Rhino](#) and [AmeriGas Cylinder Exchange](#), have agreed to settle [FTC charges](#) that the companies illegally agreed not to deviate from their plans to reduce the amount of propane in tanks sold to Walmart, a key customer. Under the proposed settlements, each company is barred from agreeing with competitors to modify fill levels or otherwise fix the prices of exchange tanks, and from coordinating communications to customers.

"Simply put, the antitrust laws do not permit private agreements to avoid competition," said Deborah Feinstein, Director of the FTC's Bureau of Competition. "Agreements between competitors to limit any dimension of competition can harm consumers through higher prices or lower quality."

The FTC's [administrative complaint](#), issued in March 2014, 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. Faced with resistance from Walmart, the two companies colluded by secretly agreeing to coordinate their negotiations with Walmart in order to push it to accept the fill reduction. The agreement between Blue Rhino and AmeriGas to maintain a united front against Walmart had the effect of raising the price per pound of propane sold to Walmart, and likely to the ultimate consumers.

The complaint named as respondents the Overland Park, Kansas-based Ferrellgas Partners, L.P and Ferrellgas, L.P., doing business as Blue Rhino; and UGI Corporation and AmeriGas Partners, L.P., both based in King of Prussia, Pennsylvania and doing business as AmeriGas Cylinder Exchange.

The consent agreements prohibit the companies from soliciting, offering, participating in, or entering or attempting to enter into any type of agreement with any competitor in the propane exchange business to raise, fix, maintain, or stabilize the prices or price levels of propane exchange tanks through any means – including modifying the fill level contained in propane tanks or coordinating communications to customers. The companies also are prohibited from sharing sensitive non-public business information with competitors except in narrowly defined circumstances. The consent agreements also require the companies to maintain antitrust compliance programs. [More information about the consent agreements](#) can be found in the analysis to aid public comment for this matter on the FTC's website.

The Commission vote to accept the proposed consent orders for public comment was 3-1-1, with Commissioner Maureen K. Ohlhausen dissenting and Commissioner Terrell McSweeney not participating. Chairwoman Edith Ramirez and Commissioner Julie Brill issued a [joint statement](#), Commissioner Joshua D. Wright issued a [separate statement](#), and Commissioner Maureen K. Ohlhausen issued a [dissenting statement](#).

The FTC will publish the consent agreements in the Federal Register shortly. The agreements will be subject to public comment for 30 days, beginning today and continuing through December 2, 2014, after which the Commission will decide whether to make the proposed consent orders final. Interested parties can submit [written comments electronically](#) or in paper form by following the instructions in the "Accessibility" portion of the Federal Register notice.

NOTE: When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

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, 600 Pennsylvania Ave., NW, Room CC-5422, Washington, DC 20580. 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.

PRESS RELEASE REFERENCE:

[FTC Approves Final Order Barring Blue Rhino, AmeriGas from Restraining Competition](#)

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