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Schuette Warns Against Propane Price Gouging

As Michigan temperatures continue to drop, A.G. Schuette alerts consumers to beware of propane and heating oil price gouging and price fixing

LANSING - Attorney General Bill Schuette today warned suppliers against tactics that take advantage of consumers as Michigan residents continue to struggle with cold temperatures.

"With the current cold snap and volatile propane prices due to increased demand and lower supply, Michigan consumers are already struggling with rising costs, making it hard on family budgets," said Schuette. "We will not tolerate any unscrupulous behavior that violates Michigan law. Suppliers be warned: we are watching and will not hesitate to take action if the law is broken."

Every day, year-around, the legal team within the Department of Attorney General is on the lookout for illegal activity that harms consumers. Additionally, the Department takes in complaints directly into its Consumer Protection Division and takes action when evidence shows that state law has been violated. Due in part to the recent volatility in propane prices, the Department of Attorney General has received hundreds of complaints about propane suppliers that are being reviewed as investigation into alleged illegal business practices continue.

Under the Michigan Consumer Protection Act, a retailer may not charge a price that is "grossly in excess of the price at which similar property or services are sold." The Consumer Protection Act also prohibits other conduct that tends to mislead or deceive the consumer in relation to material aspects of the transaction in question. Anti-trust laws prohibit agreements among suppliers to arbitrarily fix prices. The Department's fact finding continues as the propane-related complaints are reviewed and investigated to determine what further action is warranted.

As Attorney General, Schuette has secured convictions for gasoline price fixing by five Michigan station owners. The Department has also entered into “compliance-agreements” with suppliers requiring them to submit to monitoring after they spiked prices well above the state-wide norm on a particular day or after a weather event.

Schuette warns consumers who have guaranteed price contracts with propane suppliers that they may be subject to higher market prices once they've used the guaranteed amount covered by their contract. Currently the reported statewide average for propane is approximately \$3.20 per gallon, much higher than some consumers' locked-in price. The prolonged cold snap has significantly increased propane usage, and for consumers that have used their allotment of propane at a set price for the season, the higher market prices may come as a shock once their contracts are renewed. Consumers are urged to review their agreements and confirm their contractual rights in this regard.

Schuette is committed to continuing to fight unwarranted price increases or other business practices that violate the law. If consumers become aware of direct evidence of a conspiracy between companies, or have verifiable evidence of a retailer engaged in behavior that violates the Consumer Protection Act, they are encouraged to contact the Attorney General's Consumer Protection Division at 1-877-765-8388 or file an online complaint at www.michigan.gov/ag.