

2017 03-06

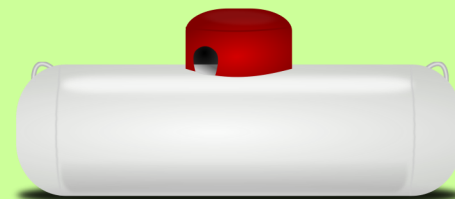


Propane

Selecting a Propane Provider

Propane providers offer a variety of pricing agreements and delivery options. Get to know your propane provider and their products and services.

Propane prices are not regulated under Michigan law. A contract sets the terms of the agreement between customer and propane supplier. Research your options, ask questions, and get everything in writing.



Pricing Plans: Fixed vs. Variable

Budget plans, pre-pay plans, and fixed-price plans can offer consumers savings when compared to buying at market price. Know your tank size and average propane use. This can help you get the best price and avoid over- or under-buying. Read and understand your contract.

- **Budget plans** spread your projected annual propane cost over several months, in equal payments. This type of payment plan can lessen the financial burden associated with the onset of winter.
- **Pre-pay plans** are offered during the summer and allow you to pre-purchase propane at a fixed price. This allows you to know your expense ahead of time and avoid price spikes.
- **Price-cap and fixed-price plans** provide a guaranteed per-gallon price for propane used during the heating season. Under a price-cap plan, your price will not exceed your established price-cap price per gallon, but can go down if the current market price drops. Some plans require an initial fee. Price cap

options typically have a higher per-gallon price than fixed price plans.

- **Market rate** contracts indicate you will pay the seller's daily rate for fuel. It is effected by many factors and can be highly variable. Because of this, customers who use propane as their primary heating fuel **should participate in a pre-pay, price-cap, or fixed-price plan.**

Ask About Fees and Other Charges

In addition to the cost of propane, there may be other charges such as:

- Installation
- Service
- Pickup or disconnect
- Lease or equipment rental
- Minimum annual usage requirements

Ask your propane **provider** for details on any potential charges before you sign a contract. These fees can have a big impact on your total out-of-pocket costs.

Delivery Options

Most propane providers offer a keep-full option that automatically refills your tank based on usage. Others allow you to monitor your usage and call when you need a delivery. Make sure you know how much advance time is needed to schedule a delivery. If you are on a contract that combines pre-pay and keep-full options, providers will continue to refill your tank automatically even if you have used up your pre-paid propane. The price per gallon may increase after you have used up your pre-paid propane allotment.

Tanks: Rent or Own?

- **Renting or leasing a propane tank** from the propane provider is convenient for most consumers. Safety and maintenance of the system is handled by the provider and some providers may waive the rental fee if a minimum volume of propane is purchased during the year. **Due to concerns of liability, most propane dealers will not fill a tank owned by another propane dealer.**
- **Owning a tank** can allow the customer to save money by comparison shopping for prices at each fill, however, the customer is responsible for the safety and maintenance of the tank and service line into the home. Propane providers are not required to inspect customer-owned tanks for leaks or other safety issues.
- **Switching Propane Providers**

If you are not satisfied with the service or price of your current provider, you can switch providers. If you own your tank, a new propane provider may charge a fee for a safety inspection prior to filling the tank. If you do not own a tank, a new tank must be leased through your new provider and specific safety regulations must be followed

before the new tank can be set and the old one removed. **Also, there may be fees associated with setting a new tank and removing the old tank.**

Questions to ask your provider

- What service and payment options do you provide?
- Do you offer a monthly budget plan?
- How is the price I will pay for propane determined? (annual usage, area of residence, or other criteria)
- What fees or other charges will be added? Ask for a list in writing.
- How often will I receive delivery? What days are delivery days? Are deliveries made on weekends?
- How much will it cost to get delivery outside of my normal schedule?
- Do I have to call when I need propane, or will you schedule my delivery? If I call you for delivery, how much notice do you need?
- If I sign a pre-pay contract or participate in a budget plan and use less than expected, what are your policies about a refund or credit?

Read the Contract

Understand the contract *before* you sign. If you do not understand something in your contract; ask! A written contract explains the rights and responsibilities of buyer and seller.

For more information, visit our website at:

michigan.gov/propane

To file a consumer complaint, contact the Michigan Attorney General's Office at:
877-765-8388 michigan.gov/ag