

# Gas war waged



Carroll Knight, who owns the Union 76 station at 19 Mile and Orchard Lake roads, wants to see some legislation in Michigan to regulate the gasoline industry.

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like as far as continued price cuts.

"We were simply price competing for a market position and as far as I know, the price war came to an end last Wednesday," he said.

Not so, said Carroll Knight, independent owner and president of Knight Enterprises Inc. in Farmington Hills.

KNIGHT HAS accused Speedway of selling their gasoline below wholesale cost in an effort to "destroy the free market approach to selling oil."

"The two stations at this intersection are owned by major oil companies, which means the crude oil, refineries, the storage of the oil and the retailing are all within their reach," Knight said. "It certainly isn't fair to the independent marketer when they can lower their prices even beyond wholesale costs."

Wholesale costs at Speedway stations, including taxes, is about 61.5 cents per gallon for unleaded gas. Earlier this month, the street price began to drop and then increase, until it reached its current 61.9 cents per gallon.

At one point, Knight said, Speedway was retailing gas at 20 cents below cost — a move that forced Knight to respond similarly, despite the loss of profits.

"Selling below cost hurts anyone who tries it," he said. "It's just a matter of how long a station can hold out. More volume sales only works when there is a profit involved and there is no way to make it up in sales volume when you are selling below cost."

Ryder doesn't think that Marathon is being overly aggressive. The company, he said, is merely attempting to find its rightful place in a competitive market. "We simply moved to meet the competition's prices and others out there have the right to do likewise."

Gas and Go, at the same intersection as Speedway and Union 76, apparently attempted to join in the activity. But the station dropped out when Standard Oil, which owns the chain, raised its regular gas prices to 79.9 cents a gallon, thus ending a three-way battle for control.

Knight contends that Speedway is attempting to stay one cent below normal retail gas prices — a move that he will continue to match as long as he can hold out.

"OTHER STATES have passed laws saying those who own refineries cannot retail it in the state," Knight said. "If the oil companies continue to undercut their wholesale prices, (the independents) are going to need protection."

Knight said similar legislation, such as that found in Utah, Mary-

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— Carroll Knight  
Union 76 owner

land, Florida and that pending in Georgia, is needed in Michigan.

The legislation would ban refineries from either retailing gasoline below wholesale costs or, in some cases, from selling gasoline entirely.

Michigan places no restrictions on the wholesale or retail prices of gasoline, according to George Schuhmacher, president of the Service Station Dealers Association in Detroit.

And while most dealers, particularly independents, would like to see legislation enacted, there is no current movement in Michigan to confront lawmakers with the problem, Schuhmacher said.

Added Knight: "What's happening here is not something like playing poker where you see who's losing and who'll drop out. They're playing the kind of game where they drive you into assuming a position of retail where they have the advantage."

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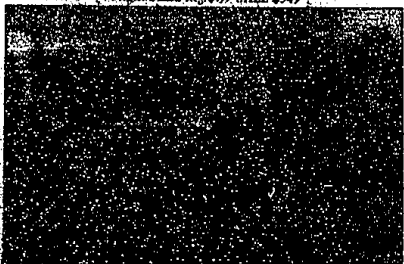
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