

Polcyn, Bryan

From: rtasca@costco.com on behalf of John McKay <jmckay@costco.com>
Sent: Wednesday, February 21, 2018 6:33 PM
To: Polcyn, Bryan
Subject: [EXT]Reply- Wisconsin Unfair Sales Act - FOX 6 News

Dear Bryan:

Costco prices its gasoline to provide the best value to its members while fully complying with price regulations. Wisconsin regulations permit all gas stations to match prices being charged by their competitors. For two occasions mentioned in the April 17 letter of the Department, Costco admitted that its conduct very briefly fell outside of the statutory "meeting competition" exception to the law -- we delayed in not raising our price as quickly as we should have; we were a day late. We do not agree that a "finding" of violations of law was made -- there was no adjudication process.

Costco has been in the gasoline business for nearly two decades and has developed well honed systems for compliance with state laws on pricing. (Wisconsin and other states that have below-cost pricing laws are in a distinct minority, and the Federal Trade Commission has repeatedly observed that these laws operate to the detriment of consumers.) With over 500 locations in the U.S. selling gasoline and sometimes multiple prices changes per day by ourselves and our competitors, there can be minor lapses. Generally we prefer to err on the side of saving our members money. Our competitors, of course, seek to use complaint processes, not always in good faith, to try to force us to raise prices, to the detriment of all customers. Although we disagree that the Wisconsin law is good for our customers, we are committed to complying with it and have done so.

Thank you,

John McKay
Costco Wholesale