



July 16, 2012

Honorable Bernard Sanders
332 Dirksen Building
United State Senate
Washington, DC 20510

One Church Street
2nd Floor
Burlington, Vermont 05401

Re: Proposed Costco Wholesale Gasoline Station, Colchester, Vermont

Dear Senator Sanders:

Daniel McLean and Michael Behan of your staff have contacted us about your requests to the FTC and Department of Justice to investigate the reasons for the high price of gasoline in northern Vermont. They indicated that you are concerned that the lack of competition in gasoline sales might be contributing to the high prices.

Since 2007 Costco has been seeking land use permits and approvals to build a gasoline filling station at our current store in Colchester, Vermont. We have obtained several approvals for our proposed gas station in Colchester, but each approval has been appealed by, among others, gas station owners in northern Vermont. We can discern no legitimate reason for these appeals, and believe that they are really an attempt to use the land use process to stifle competition for gas sales. We intend to vigorously pursue our rights in court, and we are confident that we eventually will prevail.

When Costco opens a gas station, average gasoline prices in the area generally fall, and prices at stations charging the highest prices tend to fall the most. We reviewed gasoline prices in the Colchester area for the past two (2) years when data on several comparable prices were available. Our analysis showed that if we had been selling gas at our Colchester location, our prices on average would have been approximately \$0.19/gallon lower than the average price in the Colchester area for regular gas and \$0.25/gallon lower on premium gas.

We applaud your efforts to promote competition in the gasoline business in northern Vermont, which will lead to more rational and competitive pricing for your constituents and our members. Please feel free to use the information provided in this letter, and do not hesitate to contact us if you would like further information concerning Costco's gas program and our efforts in Colchester.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Portera", written over a large, stylized flourish.

Joe Portera
Executive Vice President, Chief Operating
Officer, Eastern and Canadian Divisions

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