

STATEMENT OF
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ASST. VICE PRESIDENT, PETROLEUM MARKETING
HY-VEE, INC.

Hy-Vee is an employee owned food store company that also operates 29 gas stations in the State of Iowa.

Hy-Vee has 50,000 employees and is celebrating 75 years in business by participating and growing in the free market system most of the time as a small to medium sized player in the highly competitive grocery field. In our early years it was A&P, Eagles, Fareway, Dahls Foods or a corner drugstore. Now it is Wal-Mart, Costco, Fareway, Dahls and Walgreens. Some players have left the market while others have survived it. This is the fundamental nature of business in a free market system.

While we appreciate the time and effort of this committee in looking into minimum pricing for fuel, we feel this would be against the free market system and cause higher gas prices in an already high market. Our desire is always to provide the best value to our customers.

My question for you to consider is: "Does government protect some station owners that need high gasoline margins for their profit or is it the governments' role to protect the consumer from artificially high prices?"

In theory, as people spend more of their disposable income on fuel, they have less to spend on other items; clothing, food and entertainment for example.

I have included the FTC comments on questions asked by Wisconsin Rep. Shirley Krug concerning that states' minimum price laws. If I may, I would like to quote one

response to Rep. Krug's questions, "Does the law harm consumers by significantly raising prices to consumers?"

"Most likely yes. Minimum mark-up laws likely deter pro-competitive price cutting and can ultimately lead to higher prices for consumers."

We hate to see Iowans hard earned money go to what everyone believes would be higher gasoline prices.

We have added gas stations in response to our customers needs for convenient shopping – a one stop shopping experience. Fuel is a commodity we sell much like beef or produce. We have never had a minimum price set on any of these items nor would we want one. We are sometimes higher and sometimes lower than our competitors. That is what drives competitive pricing and what helps keep pricing favorable for the consumer.

We believe this system to be the best for our customers – your constituents. I don't really understand why this should differ from other businesses that gain and lose competitors daily.

The business world is competitive, exciting and even cruel at times. But that is the nature of a free market economy and business in general. We truly believe that the model is not broken and that minimum pricing would be a detriment to most business owners and of most importance, harm consumers and deny them access and opportunity to the lowest possible fuel prices.