

**TESTIMONY ON BOB CAPLETTE
ON BEHALF OF READINGTON FARMS, INC.
FEDERAL MILK ORDER HEARINGS
SEPTEMBER 2002**

My name is Bob Caplette. I am the plant accountant at Readington Farms Inc. I am responsible for all regulatory reporting, producer accounting and product flow analysis for the dairy. Prior to working at Readington Farms, I was a plant specialist for federal milk market order # 2 (New York – New Jersey) and a senior auditor for federal milk marketing order # 33 (Chicago region). I am testifying today in opposition to Proposal No. 7, which would add a provision to the Northeast Order that would provide for marketwide service payments.

Readington Farms is a fluid milk processor located in Whitehouse, N.J. We process, package and distribute our products throughout a seven state area in the Northeastern United States. The company has been in existence since 1888.

Readington Farms pools approximately 35 million pounds of milk per month. The vast majority of our raw milk supply is obtained from our own independent dairy farmers with the remainder of our needs being obtained through balancing agreements primarily with area cooperatives.

The milk produced by our independent dairy farmers is handled by Readington Farms on a daily basis. This milk is delivered to the plant in Whitehouse and processed as a matter of routine. We have assumed responsibility for the purchase and disposition of this supply of milk for many years and would look to do so in the future.

The balancing agreements that we have with area cooperatives are basically designed to match the production requirements of the plant with the raw milk available. These agreements carry with them service charges and premiums that have been associated with the cost of providing the required balancing function. Thus, Readington Farms is already paying for the cost of balancing.

Proposal No. 7 would allow service payments of 6 cents per cwt to qualifying organizations, and would reduce the pay price to dairy farmers such as those independents that I mentioned earlier to cover balancing costs that are not required by them. Readington Farms handles this function for these producers thereby taking this burden out of the pool.

In addition, the balancing agreements that Readington Farms has in place to match supply with demand are being paid for by Readington Farms at market competitive rates. It would seem that adding a 6 cent per cwt charge is a duplication of payment for services rendered.

Finally, based on the proposal being considered at this hearing, there does not appear to be any language that identifies how this money would be used. No specific services of any kind would have to be provided to qualify for the payments. This lack of definition is troubling and is an additional reason why Readington Farms opposes Proposal No. 7.