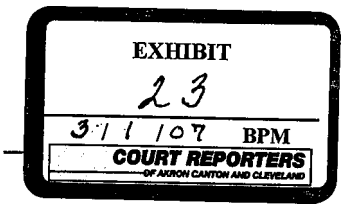
EXHIBIT # _



Testimony sf Robert D. Wellington of Agri-Mark Dairy Cooperative Regarding Proposals 10 and 11 At Federal Order Hearing (Docket No. AO-14-A77, st al.; DA-07-02) February 26, 2007 in Strongsville, Ohio

My name is Robert D. Wellington. I have testified earlier this week on proposals 1 and 2 and now wish to do so regarding Agri-Mark proposals #10 and 11.

PROPOSAL #10

Under current Federal Order provisions, both the butterfat and protein prices use the Grade AA butter price as the value for all types of butter production resulting from the use of Class III and Class IV milk. While that may be an appropriate value for Class IV component value calculations, it is not so for all Class III component values. The intent of proposal #10 is to adjust the protein price component to compensate for USDA's use of the Grade AA butter price to represent the price of whey butter in the Class III price calculation.

The Class III yield calculation, for milk testing 3.5% butterfat and 2.99% true protein, assumes 90% butterfat retention in cheese with the remaining fat being used to produce butter. However because this butterfat is a residual of the cheese making process, it can not be manufactured into Grade AA butter, but is used for whey butter production. The 10% of the butterfat not used in cheese production represents approximately 0.35 pounds of butterfat for every 100 pounds of milk testing 3.5% butterfat. That butterfat is manufactured into 0.42 pounds of butter according to USDA's formulas. However, the butterfat and protein formulas further dictate that the resulting 0.42 pounds of whey butter be priced as if it were sold as Grade AA butter.

It is illegal under USDA's own regulations for whey butter to be labeled and sold as Grade AA butter and such product does not have that Grade AA value in the marketplace.

Agri-Mark's whey butter selling prices average $0.074 per pound below that of Grade AA butter. That $0.074 difference multiplied by the 0.42 pounds of whey butter from each hundredweight of milk equals $.02957 per hundredweight of milk. This overstates the Class III milk value by that amount. Using USDA's standard of 2.99 pounds of protein in that same hundredweight of milk, the value per pound of protein should be reduced by $.01 ($.02957 divided by 2.99). According, we propose the following Order amendment:

Order language

Amend Section 1000.50(n) by including the following additional paragraph:

(4) Subtract $.010 from the price computed pursuant to paragraphs (n) (2) and (n) (3) of this section.

PROPOSAL 11

This proposal seeks to amend the Class III product price formulas by reducing the adjustment for cheese manufactured in 500-pound barrels contained in the protein price formula from 3 cents to no greater than 1.5 cents per pound.

USDA has noted in past decisions that the historical difference between the NASS prices of 40-block cheddar and 500-pound barrels cheddar has average about three cents. This was a primary reason for establishing and maintaining that surcharge to barrel prices in the Class III product price formula. However since January 1,2000, that price difference has average less than 1.5 cents per pound. Those prices have been drawing even closer together in the past several years. In 2004 and 2005, those differences averaged less than one cent per pound. In 2006, that difference was less than a quarter of one cent per pound.

As we reviewed the two alternative proposals in the hearing record regarding this same issue and provision of the Orders, we have concluded that either of those two proposals was a better way of dealing with this price distortion problem, rather than just making a one time price adjustment that could likely need further amendment in the future. Accordingly, Agri-Mark withdraws its support for proposal 11 at this time.

We look forward to reviewing the hearing evidence and testimony regarding Proposals 12 and 13 and will likely register our support for one of those proposals later in the hearing process.