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July 14, 2000

Joyce Dawson, Hearing Clerk
United States Department of Agriculture
Room 1081, South Building
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Re: Milk in the Northeast and Other Marketing Areas
Docket Nos. AO-14-A69, etal.: DA-00-03

Dear Ms. Dawson:

Dairy Farmers of America participated in the aforementioned hearing. In general our position is represented in the brief filed by the Association of Dairy Cooperatives of the Northeast. However, with regard to the issue of the change in the butterfat recovery factor in the cheese yield our position is outlined as follows:

A number of witnesses testified regarding the proper butterfat recovery factor in the cheese yield formula. DFA and others proposed to increase the factor. It was our conclusion, as stated in our testimony that "the current butterfat yield figure of 1.582 (translating to a 90% butterfat retention) is overly conservative". Dr. Barbano entered the most credible information on this subject. The many studies done by Dr. Barbano led him to conclude, "In my opinion, the most appropriate value to use as a default value currently is between 90% and 93%.". The 1.60 factor proposed represents a 91% recovery factor, a conservative, yet more realistic factor in light of larger, more efficient plants and more efficient methods of transporting and receiving producer milk.

No credible information was received in opposition to increasing the recovery factor to 91%. At least two witnesses expressed concern regarding butterfat shrinkage (Yonkers and Taylor). The 91% yield factor already accounts for a two percent shrinkage factor from the standard Van Slyke formula indicating that 93 percent of the butterfat in the vat is recovered in cheese production. Witnesses also expressed concern that not all cheese impacted by

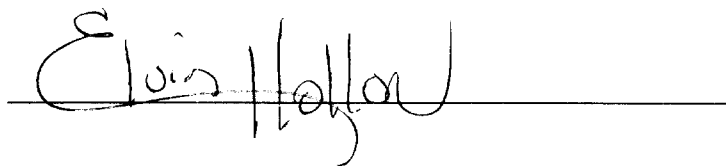
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the class III price and yield factors is cheddar cheese and that processors of other cheeses typically standardize milk for such cheese production to a lower butterfat content. Other witnesses testified that in such operations, cream is typically used along with skim solids to "extend" the milk supply, and thus do recover the butterfat in cheese production.

Regulations should be written that offer fairness to all parties effected by the regulations. They should be written to avoid having one party to the regulations subsidize another party to the regulation. The conclusion that must be drawn based on the evidence is that a 91% yield factor (formula multiplier of 1.60) is readily attainable, is typically achieved, is fair to both processors and suppliers and should be recognized as such in the findings.

Submitted on Behalf of Dairy Farmers of America

A handwritten signature in black ink, appearing to read "Elvin Hollon", is written over a horizontal line.

Elvin Hollon

Director of Fluid Marketing / Economics Analysis