

Associated Milk Producers Inc.

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Ms. Dana Coale, Deputy Administrator USDA-AMS-Dairy Programs 1400 Independence Avenue, SW Washington, D.C. 20250-0225

Dear Deputy Administrator Coale:

Associated Milk Producers Inc. (AMPI) is aware of Agri-Mark Dairy Cooperative's request for an emergency hearing on changes in the Class III and IV price formulas used for classified pricing in Federal Milk Marketing Orders.

The plant processing cost data (make allowances) currently used, which began on January 1, 2000, are out-dated and certainly inadequate compared to today. Costs, particularly energy, have gone up dramatically. This is causing larger and larger discrepancies between the Class III and IV prices resulting from current formula pricing and the returns actually received from the sale of the commodities used in these formulas.

We realize that Cornell University is in the process of developing processing cost data, but that the results could be a year or better away. The problems discussed above need to be addressed as soon as possible with whatever current cost data is available. Cornell data could possibly be used at another future hearing, when available.

AMPI supports the Agri-Mark request for an emergency hearing on changes in the Class III and IV price formulas.

Sincerely,

neil A. Bulden

Neil S. Gulden Director, Fluid Marketing Associated Milk Producers Inc.

Cc. Mr. Paul Kyburz Market Administrator Upper Midwest Marketing Area

> Mr. Robert Vander Linden Market Administrator Central Marketing Area