

My name is Gary Lee. I am employed by Prairie Farms Dairy, Inc. as the Vice President of Procurement and Planning.

Prairie Farms is a Capper-Volstead cooperative headquartered in Carlinville, Illinois. Through outright ownership and joint ventures, we operate 31 milk and dairy product processing plants located in 9 states.

Four of those plants are located in the Order 33 marketing area. Fluid milk processing plants are located in Anderson and Ft. Wayne, Indiana and Battle Creek, MI. An unregulated ice cream novelty plant is located in Lafayette, Indiana.

In January 2005 Prairie Farms had 820 members, 161 of whom were located in Indiana, Michigan and Ohio. All milk from these 161 farms was pooled on Order 33. We also purchased supplemental supplies from Dairy Farmers of America, Foremost Farms USA and Michigan Milk Producers Association at our Order 33 pool distributing plants.

Prairie Farms would like to speak in support of Proposal 7. We do not have a problem with Proposal 6, but are supporting Proposal 7 because of our familiarity with the proponents.

Because we operate 3 pool distributing plants pooled on Order 33, milk delivered by our members and others to these plants is part of the order every month. There is no choice. As a result, Prairie Farms members share their Class 1 utilization with all milk on the market.

Because of weaknesses in most orders, milk that goes to stand alone plants that process Class 2, 3 or 4 milk does not have to be pooled if it is advantageous not to do so.

Since we have diversions of surplus milk to stand alone manufacturing plants, we depool when it is advantageous. Although we do this, we do not feel that doing so is in the best interest of federal orders.

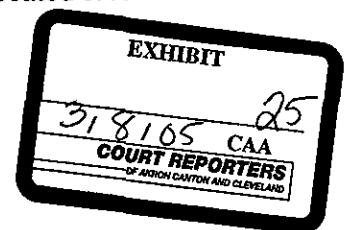
Allowing producers who supply milk to plants other than pool distributing plants to jump in and out of the order at will causes inequity for the producers who serve Class 1 handlers on a regular and consistent basis.

We strongly support adoption of Proposal 6 or Proposal 7.

We also would like to speak to Proposal 9. We support the concept of transportation credit provisions in federal orders. However, we have concerns about Proposal 9 as currently presented.

As said earlier, Prairie Farms has about 160 members located in Indiana, Michigan and Ohio whose milk is pooled on Order 33. We have no other members in those states and do not pool any milk of our member's located in other states on Order 33.

In addition, except for one milk route, all of our members pooled on Order 33 are located less than 75 miles from the plant that they ship to.



We feel that a 75 mile exclusion radius is too large. It could likely lead to inefficient movement of milk simply to earn transportation credits.

Our perspective may be narrowly focused, but there will be little benefit in this proposal for Prairie Farms members. Our members will receive a lower uniform price, but most will not receive any credits because we have kept our procurement areas fairly close to our plants.

For efficiency in the movement of milk and equity among producers, we cannot support Proposal 9 as presented at this hearing.