

#24 6/25/01

My name is Curtis Kurth. I am employed by Foremost Farms USA. My mailing address is E10889A Penny Lane, P.O. Box 111, Baraboo, WI 53913.

Foremost Farms is a dairy co-operative with members in Wisconsin, Minnesota, Iowa, Illinois, Indiana, Ohio and Michigan.

Foremost owns and operates manufacturing facilities in Wisconsin, Iowa and Minnesota along with two distributing plants in Wisconsin. In addition to the 4.5 to 5.0 billion lbs. of milk annually through our own plants, we also supply distributing plants in Federal Orders 5, 30, 32 and 33.

Foremost, along with other handlers in Order 30, has faced an unusual and unfortunate problem beginning in October of 2000. Additional milk from California started reducing Upper Midwest producer price differentials (PPDs). From less than ten million lbs. in any month previous to October, it has continued to increase and has averaged over 260,000,000 lbs. in the past three months. Why has this happened? It has happened because California is not a part of the Federal Order System. California milk has the luxury of being pooled in both a state order and a federal order and drawing monies from both.

There are those who believe the answer is to tighten pooling requirements. Foremost is opposed to this method of attempting to solve this problem. We believe the only answer is to eliminate milk being pooled on a Federal Order if it is pooled on a state milk order with a market-wide pool.

In our letter dated March 15th, we requested the Department to hold this emergency expedited hearing.

According to our calculations during the past three months, California milk has affected the Order 30 pool by nearly \$6,000,000. (Exhibit No. 24) This revenue has come from Upper Midwest farmers who already have the lowest base price PPDs in the entire Federal Order System.

Mar-01

California Milk	Pounds	Butterfat	Protein	Oth Solids
	268,000,000	10,103,600.00	8,120,400.00	15,249,200.00
per cent of total	15.53%			
		16,994,255.20	13,397,036	1,584,392

Assume milk is at average tests for order and all milk is class III

	Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
					\$ 6,000,871.61
Class I					
Differential Value					
Product	23.80%	346,905,015			
Skim Milk			341,382,694	\$ 7.8600	26,832,679.75
Butterfat			5,522,321	\$ 1.4483	7,997,977.50
Class II					
Product	3.31%	48,192,556			
Nonfat Solids			3,731,048	\$ 0.9511	3,548,599.75
Butterfat			6,960,231	\$ 1.6890	11,755,830.16
Class III					
Product	72.19%	1,052,297,707			
Protein			31,985,135	\$ 1.6498	52,769,075.72
Other Solids			59,957,715	\$ 0.1039	6,229,606.59
Butterfat			37,595,314	\$ 1.6820	63,235,318.15
Class IV					
Product	0.71%	10,283,737			
Nonfat Solids			485,061	\$ 0.8727	423,312.73
Butterfat			4,923,503	\$ 1.6820	8,281,332.05
SCC Adjustment (Class II, III, and IV)					<u>93,195.28</u>
Total Producer Milk		1,457,679,015			\$ 187,167,799.29
Add: Overage					22,689.46
Inventoru Reclassified					14,294.48
Subtract: Transportation Credit					205,331.90
Assembly Credit					276,746.39
Producer Milk Protein					72,883,909.19
Producer Milk Other Solids					8,613,051.23
Producer Milk Butterfat					92,512,302.68
Producer Milk SCC Adjustment					170,290.95
Total Milk and Value		1,457,679,015			\$ 12,543,150.89
Add: Location Adjustment					1,001,156.47
One-Half Unobligated Balance Producer Settlement Fund					<u>636,232.68</u>
		1,457,679,015			
Producer Settlement Reserve			\$ 0.9728	\$	14,180,540.04
Producer Settlement Differential			\$ (0.0428)		(623,886.62)
			<u>\$ 0.9300</u>	\$	<u>13,556,653.43</u>
		vs. actual PPD of	\$ 0.7800	\$	0.1500
Cost to non-California producers		1,457,679,015		\$ 0.1500	\$ 2,186,518.52

Apr-01

California Milk	Pounds	Butterfat	Protein	Oth Solids
	284,493,919	10,508,471	8,429,996	15,882,945
per cent of total	16.83%			

Assume milk is at average tests for order and all milk is class III

	Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
					\$ 5,425,786.34
Class I					
Differential Value					
Product	22.31%	313,592,206			
Skim Milk			308,638,593	\$ 7.8600	24,258,993.41
Butterfat			4,953,613	\$ 1.6722	8,283,431.66
Class II					
Product	3.38%	47,498,323			
Nonfat Solids			3,637,238	\$ 0.9511	3,459,377.06
Butterfat			6,969,571	\$ 1.9553	13,627,602.18
Class III					
Product	73.19%	1,028,873,313			
Protein			30,918,611	\$ 1.5443	47,747,610.97
Other Solids			58,983,249	\$ 0.1081	6,376,089.22
Butterfat			35,836,686	\$ 1.9483	69,820,615.33
Class IV					
Product	1.12%	15,751,960			
Nonfat Solids			970,221	\$ 0.8745	848,458.26
Butterfat			4,714,094	\$ 1.9483	9,184,469.34
SCC Adjustment (Class II, III, and IV)					107,197.39
Total Producer Milk		1,405,715,802			\$ 189,139,631.16
Add:					
Overage					19,738.41
Inventoru Reclassified					55,242.92
Subtract:					
Transportation Credit					164,625.31
Assembly Credit					249,191.24
Producer Milk Protein					65,006,010.81
Producer Milk Other Solids					8,711,441.24
Producer Milk Butterfat					102,235,026.35
Producer Milk SCC Adjustment					137,978.03
Total Milk and Value		1,405,715,802			\$ 12,710,339.51
Add: Location Adjustment					993,686.69
One-Half Unobligated Balance Producer Settlement Fund					812,112.19
		1,405,715,802		\$ 1.0327	\$ 14,516,138.39
Producer Settlement Reserve				\$ (0.0427)	(600,240.65)
Producer Settlement Differential				\$ 0.9900	\$ 13,915,897.74
			vs. actual PPD of	\$ 0.8300	\$ 0.1600
Cost to non-California producers		1,405,715,802		\$ 0.1600	\$ 2,249,145.28

May-01

California Milk	Pounds	Butterfat	Protein	Oth Solids
	240,831,949	8,814,449.33	7,152,708.89	13,799,670.68
per cent of total	15.05%			

Assume milk is at average tests for order and all milk is class III

	Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
					\$ 5,723,883.73
Class I					
Differential Value					
Product	24.34%	330,749,864			
Skim Milk			325,527,927	\$ 7.8800	25,651,600.65
Butterfat			5,221,937	\$ 1.8887	9,862,672.41
Class II					
Product	3.71%	50,388,659			
Nonfat Solids			3,887,635	\$ 0.9533	3,706,082.45
Butterfat			7,259,429	\$ 2.1261	15,434,272.00
Class III					
Product	71.12%	966,578,577			
Protein			28,803,094	\$ 1.9108	55,036,952.02
Other Solids			55,571,842	\$ 0.1229	6,829,779.38
Butterfat			32,496,240	\$ 2.1191	68,862,782.18
Class IV					
Product	0.84%	11,417,862			
Nonfat Solids			602,896	\$ 0.8780	529,342.69
Butterfat			4,728,276	\$ 2.1191	10,019,689.67
SCC Adjustment (Class II, III, and IV)					118,630.92
Total Producer Milk		1,359,134,962			\$ 201,775,688.09
Add:					
Overage					103,326.37
Inventoru Reclassified					85,769.14
Subtract:					
Transportation Credit					175,819.25
Assembly Credit					263,188.21
Producer Milk Protein					77,030,164.47
Producer Milk Other Solids					9,573,606.30
Producer Milk Butterfat					105,331,734.60
Producer Milk SCC Adjustment					186,227.04
Total Milk and Value		1,359,134,962			\$ 9,404,043.73
Add: Location Adjustment					1,077,704.29
One-Half Unobligated Balance Producer Settlement Fund					795,311.37
		1,359,134,962			
Producer Settlement Reserve				\$ 0.8297	\$ 11,277,059.39
Producer Settlement Differential				\$ (0.0497)	(675,490.08)
				\$ 0.7800	\$ 10,601,569.32
				vs. actual PPD of \$ 0.6700	\$ 0.1100
Cost to non-California producers		1,359,134,962		\$ 0.1100	\$ 1,495,048.46

Cost to Non-California Participants

	Pounds	Difference in PPD	Value
<i>Mar-01</i>	1,457,679,015	\$ 0.15	\$ 2,186,518.52
<i>Apr-01</i>	1,405,715,802	\$ 0.16	\$ 2,249,145.28
<i>May-01</i>	1,359,134,962	\$ 0.11	<u>\$ 1,495,048.46</u>
Total			\$ 5,930,712.26