

**STATEMENT OF JIM DOCHEFF: DIAMOND D DAIRY, LONGMONT, COLORADO  
May 2009 Federal Milk Marketing Order Hearing, Docket No. AO-14-A78, et al.**

My name is Jim Docheff. My wife, Kristie, and I are fourth generation dairy farmers in Colorado. My grandfather started Denver Milk Producers, a dairy coop in the Denver area. The Diamond D has grown from milking 65 cows in 1987 to 500 today. Our oldest son Joshua recently graduated from Colorado State (2008) and wants to continue dairying. In order to make that possible, the economics of dairy farming require opening a processing plant.

In September 2007 we began building a milk processing plant on the dairy that began operation in March of 2008. We started from ground zero, built the plant, hired a sales and delivery staff to run the plant Jan of 2008 and began accumulating sales. We are not a producer handler yet but do not want to have the door closed on us as we have invested in the bottling plant with a capacity of 3.5 – 4 million pounds of milk per month.

We currently sell approximately half of its milk through the plant; the other half is sold to DFA, which is today the only cooperative operating in Colorado. Diamond D has been a member of DFA since 1987 (then Western Dairymen's Cooperative) and continues to be a member today.

The Diamond D client base consists of 1200 home delivery customers (began in March when opened bottling plant.) and 175 wholesale accounts in the Colorado Springs to Fort Collins area. We are hopeful that our business will continue to grow so by the end of the summer we will be in a position to transition to producer-handler status.

Diamond D is both a producer member and processor customer of DFA. As a producer member, I pay all of the normal fees and charges associated with marketing my milk. These include balancing plant, milk hauling, forward haul, administrative and milk promotion fees. Administrative fees are ten cents a hundredweight, typically described to us as "nothing" by DFA. As a processor customer, I purchase my milk back to bottle it. When I purchase this milk back, I pay a handling charge, and a service charge that consists of an over order premium and a balancing charge. DFA charges me approximately \$5.00 a hundredweight for this service, which is simply an out-of-pocket cost to us. As a reference point, our cost of production is around \$17 a hundredweight.

At a 60 – 65% sales volume through our own processing plant, we can become independent and create a viable next-generation business for our family that is local, sustainable and very well-matched to our consumer base. The ability of Diamond D to survive and go on to the fifth generation depends on maintaining the continuing viability of producer handler status. For every bad year like the current one, the business that is a small producer needs two to three years to get back even. We want to build an economically sustainable business and we ask that the government not adopt a national policy that deprives us of that choice.