

Testimony of Mike Sumners – Trihope Dairy

My name is Mike Sumners. I am a dairy farmer in Henry County, Tennessee. Paris is 125 miles from Nashville and 150 miles from Memphis. I milk 800 cows on my dairy farm, Trihope Dairy, I have been a dairy farmer since studying dairy in college in 1981. I started in Williamson County working for someone else, then we became partners in the business for about 20 years. And in 2001, I moved to Paris and bought a farm there; 20 years after trying to figure out how I was going to do what everyone else was telling me I couldn't do.

I am currently a member of a small cooperative but I have been a member of a much larger laager coops and an independent throughout my career. When in Franklin, I first shipped milk with Southern Milk Sales. In the early 90's I switched markets and sold milk as an independent to a plant in Alabama for about four years, until a coop out of Texas offer milk cheaper. I was able to switched to a Kroger plant as an independent until 2001. In 2001 in Paris, I started shipping milk to Old Dean Foods which became New Dean Foods, then it became Morning Star, and then Saputo as an independent. I was able to grow from 200 cows to 800 with the relationship I had at the plant. I became a member of DFA in 2016, and it was downhill from there. In 2023 with the new coop and plant agreement I can see a future.

My milk travels just 27 miles to the Saputo plant. It is a partially regulated plant; my milk is not pooled. However the Federal orders are just important to me as to everyone else in the Dairy business. I am able to get a better mailbox price under this new program.

I have attended approximately 10 or more of these hearings. I have testified before and appreciate the opportunity to be heard. I am concerned that Federal Orders have long since gotten to the point where they end up creating winners and losers rather than dealing with the real issues. For that reason, it has been very hard to listen to much of this proceeding. Instead of letting markets and economics work, everyone seems to have a plan for how to make the system work for their benefit. I don't envy USDA who has a job to do – but USDA should not pick sides and instead needs to do what is best for the industry.

How do you have a program since 1937 and few, if anyone, understands what it is, what it does and what it is for? Everyone thinks it is something different. That doesn't make sense to me knowing that part of the act is to educate and supply information. I learned from wonderful USDA personnel, Tom Franks in Atlanta, Arnold Stallings from Order 5 and others who were mentors -- The first thing you should learn is FMMO's do not determine the price of milk, which should be obvious. No where in the calculation is there farm cost, they are in search of a spot unregulated milk price, three or more farmers can form a coop and do whatever,

most milk buyers can choose not to be regulated, milk is dumped and sold at prices unrelated to pool obligation values.

I sell Grade A raw milk. I don't sell Class I or Class II or Class III. A plant has to support a milk supply regardless of how the milk is used. With federal orders they have the same starting price because we pool revenue among plants in a geographical area. In the Southeast the raw milk supply has decreased more than class I sales have declined and the solution from the powers that be is spend more money further from home, hauling raw milk long distances and consolidating the raw milk supply to a few least cost areas of the country, which are subject to change, maybe that's the goal for some, that is where the program has us headed.

A problem with the system is that raising Class I milk prices with pooling does not answer the need to get milk to the fluid plant, pooling with mandated large federal orders makes the problem worse. All dairy farmers have costs – labor, feed, energy and hauling. We don't pool costs, we only pool revenue.

Lower Class I differentials (or at least not higher ones) doesn't mean that milk will be cheaper, it still has to be paid for, but pooling dilutes what goes to the dairy farmer shipping to the plant. I just think we need to do things differently. If you give the dairy farmer, like me, the ability through transparency to see what is going on, we can negotiate a fair price for our milk.

Finally, my views on component pricing are that it doesn't work as presently set up. The PPD is the pool milk; the Class III is not pooled, the value is paid out first.

After the hearing in early 2023 on transportation credits, I filed a short comment with USDA. I said this and I stand by it when it comes to the NMPF proposals:

“Doing nothing will give you a much better outcome than the DCMA proposal, markets can work. How far milk travels is not a performance standard that should be treated special. Dairy farm location should not be a restriction on milk value. If you decide to make changes please treat all milk the same.”

When I was learning about Federal milk orders you had to learn and understand performance standards. Today we pool and it is about who gets paid before we do the pool.

Dated this 6th day of December 2023.

By: /s/ Mike Sumners
MIKE SUMNERS