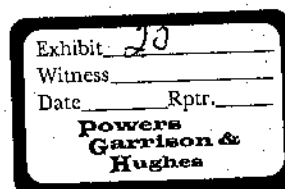


**Statement for Paul Rovey
Dairy Producer, Board Member
United Dairymen of Arizona
Dec. 11, 2006**

Good Afternoon. My name is Paul Rovey, and I am a dairy farmer from Glendale, Arizona. My family has milked cows (primarily Jerseys) and farmed in Arizona since 1912. I am a member of the United Dairymen of Arizona, the only dairy cooperative based in Arizona. I serve as Vice-President of UDA, and have been a Member of the Board for over 20 years. Our member dairies generate roughly 75 % of the milk produced in our state. The average herd size of our members is approximately 1500 head; we regularly rank among the top 1-3 states in the U.S. for milk per cow per year.

I speak to you today as an individual dairy farmer, and as a representative of UDA. Anyone with any familiarity with the dairy industry knows that milk prices are cyclical. The most recent valleys in milk prices, however, have been particularly deep and extended. The combination of increased feed prices, milk prices that are still below average, and higher fuel costs have taken their toll. Membership in UDA dropped by 26% over the last four years. Arizona's urban growth has forced many UDA members to move to outlying areas, further increasing transportation costs. That translates to even less money going to our producers.

Each month at our Board meetings, we review the utilization of milk in our Order. We have been concerned about the increase in the make-allowance for Class III and IV; we believed the industry would be better served by looking at the pricing system as a whole. Although the increase in the make-allowance for Class III and IV was not as high as we feared, it still made sense to us for the entire pricing system to be



reviewed comprehensively. This hearing provides that opportunity, and we appreciate the speed with which the hearing was scheduled.

The proposals developed by the National Milk Producers Federation represent the input and interests of producers across the U.S. As an individual producer, it just seems logical that if a make allowance increase occurs for Class III and IV, then its impact on Class I and II should be taken into account. The NMPF proposal does two fundamental things: it increases both Class I and Class II prices (\$.77 cents per cwt. to the Class I price, and \$1.5 cents per lb. to the Class II butterfat price), and simplifies three calculations (of cheese-based skim milk price, the butter-and-powder based skim milk price, both for determining the Class I skim milk price, and the Class II skim milk price). The impact of these changes results in a figure slightly over what the current make-allowance change to Class III and IV takes away. That seems equitable, given the ongoing challenges to dairy farmers.

I might add that in working on the Producer-Handler issue, we found USDA to be attentive to the issue of equity and fairness. It also moved forward quickly once the hearings were completed. We appreciated both and are hopeful the Department will act once again on principles of fairness and responsiveness.

As an individual producer, and as a representative of the United Dairymen of Arizona, I urge the Department's acceptance of the NMPF proposals.