



TESTIMONY OF

JOHN HEULER

Pecan Federal Marketing Order Hearing

Docket No. AMS-FV-15-0023; FV15-986-1

Western Region – Las Cruces, New Mexico - July 20 and 21, 2015

My name is John Heuler. It's spelled J-O-H-N H-E-U-L-E-R. I live in Yorba Linda, California. I am one of the owners of A&P Ranch as well as personally owning a 55-acre Pecan ranch. A&P Ranch and its affiliates have been involved as growers in almonds, pistachios and pecans. I have been active as a tree nut grower for 30 years and as a pecan grower for 4 years. A copy of my resume is attached to this testimony. My father started in the almond industry in 1968, and started growing pistachios in 1974. He started growing pecans in California in the mid 1980's. He realized that the pecan market was quite immature and prices were low. There was no organization for marketing and export so he sold all of the pecan holdings and concentrated only on almonds and pistachios. Needless to say, I have been involved with the tree nut industry my whole life.

I, and a number of my partners, decided to re-enter the pecan market about 5 years ago. A&P Ranch purchased an existing orchard and I personally purchased another existing orchard. I see the potential of real growth in this market as it has the smallest amount of production of U.S. tree nuts. We have 220 acres of improved varieties of pecans currently in production and another approximately 2,000 acres

planted. Our goal is to have 4,500 acres of pecans combined with all of our affiliated companies. All of the pecans will be grown in Arizona.

With only 220 acres of pecans in production, A&P Ranch has less than \$750,000 in annual gross revenue from pecans and, therefore, under the Small Business Administration guidelines we are classified as a small pecan grower business.

I have had numerous conversations with Mike Adams and other representatives of the American Pecan Board. I feel like I have been informed about the process of securing a federal marketing order and have been given an opportunity to participate in this process.

I have also reviewed the economic analysis summary prepared by Dr. Marco Palma, specifically, the projected average price increase from promotion of 6.3¢ per in shell pound versus the average 2.5¢ per in shell pound cost. I believe this number to be very conservative and is more likely to be closer to \$1.00 per pound in the future. I base this on my knowledge of the FMO for pistachios. Overall, I am aware of the costs that the proposed federal marketing order may impose on our farm and I do not believe those costs are unduly burdensome. Further, I believe that the benefits of the federal marketing order to our farm will greatly outweigh any costs associated with it. With both of the almond and pistachio industries, the FMO has been a real boom for the farmers, with the highest prices being realized with near record

production. As a board member on the Administrative Committee for Pistachios, I completely understand the benefits of a federal market order.

A&P Ranch believes in marketing and promotion as a way to increase crop prices. All of our other tree nut investments, now and in the past, almonds and pistachios, either had the advantage of the generic promotion through a federal marketing order or through a state check-off program.

Knowing what we know, it makes no sense for anyone in the pecan industry to oppose the federal marketing order. The current lack of generic promotion has stagnated the industry and has hurt all involved.

We strongly support the federal marketing order for pecans and we are confident the benefits outweigh the burdens to us as a small grower – with aspirations to be a large pecan grower.

Also, currently the lack of accurate market information on the anticipated size of the pecan crop in any given year makes it difficult for us to negotiate fair prices for our crop and to make reasonable business decisions about investments in our farm. Increased price stability and more accurate market information would greatly benefit our farming operation.

We think our farm and the industry would also benefit in the future from grade, size, quality, packaging, shipping protocols, and other handling requirements as we compete with other tree nuts for shelf space and consumer attention.

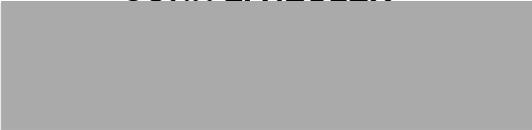
I also understand that under the proposed order, only growers with more than thirty acres of pecans or more than 50,000 pounds of average production per year over the last four years will be allowed to vote on the proposed order. In my opinion, this threshold is reasonable because a grower that does not meet this threshold is not a commercial grower. Any grower that is smaller than 30 acres or 50,000 lbs. could not justify the cost inherent in making a small orchard a success and is, most probably, a hobby farmer or one that does not plan to use appropriate levels of commercial inputs (fertilizer, water, etc.) on his farm. I don't know a single pecan farmer in my area who has a commercial farm that is smaller than thirty acres or produces less than 50,000 average pounds per year.

As an owner of A&P Ranch, I am testifying on behalf of the ranch in support of a federal marketing order for pecans. I am also testifying in my individual capacity as a pecan grower in support of the federal marketing order for pecans.

In conclusion, I fully support the proposed federal marketing order for pecans and encourage the Secretary to implement the order as proposed by the American Pecan Board.

I would be glad to answer any questions anyone may have.

JOHN L. HEULER



Life long California resident who has been working/managing in commercial recreation, commercial agriculture, HVAC, and industrial electrical contracting for the past 30 years. Experienced in all phases of construction, operations, management, and maintenance of numerous types of recreational and agricultural facilities. All of the entities listed are closely held/family entities.

Education and Training

- Bachelor of Science Degree in Business Administration
Pepperdine University, California, 1986
- Administrative Committee for Pistachios
Board Member 2012 - 2014
- C-10 Electrical Contracting License (retired)
California, 1998
- EPA Refrigeration License
2004

Affiliations, memberships, financial interests

- North Bowie Farming, LLC, Bowie, Arizona
Pistachio farming company – **managing member**
- Meridian Nut Growers, LLC, Clovis, California
Pistachio Marketing – **board member**
- A&P Ranch, California and Arizona
Pistachio/almond/pecan farm/processor – **board member**
- A&P Growers Co-op., California and Arizona
Pistachio Farming Company – **board member**
- Mid Valley Ranch, LLC, Semitropic, California
Pistachio and almond ranch – **partner**
- Horizon Nut Company, LLC, Tulare, California
Pistachio processor – **board member**
- American Pistachio Growers (APG)
Pistachio trade organization – **member**
- HFT Pecan, LLC, Bowie Arizona
Pecan ranch – **owner**

Member of the following pistachio farms:

- J&P Ranch, LLC, Bowie, Arizona
- WPD Ranch, LLC, Bowie, Arizona
- Four Star Ranch, LLC, Bowie Arizona
- Pista Ranch, LLC Bowie Arizona
- R&R Ranch, LLC, Bowie Arizona

Managing member of the following recreation facilities:

- Irvine Recreation Park, Irvine, California
- Regal Lanes, Mesa, Arizona
- Amazing Jake's, LLC, Mesa, Arizona