

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE
Agricultural Marketing Service

NATIONAL MILK ORDER HEARING) Docket No. AO-14-A77, et al.;
Class III and IV Pricing Formulas) DA-07-02
72 Fed. Reg. 6179 (February 9, 2007))

Strongsville, Ohio
February 26 – March 2, 2007

DECLARATION OF TIM GREENWAY

1. My name is Timothy P Greenway. I am over the age of 18 and competent to testify.
2. I am the Director of Planning & Business Services for Foremost Farms, USA. This Declaration is filed on behalf of Foremost Farms USA, P.O. Box 111, Baraboo, WI 53913-0111 to provide information relevant to the USDA Milk Order Hearing in Strongsville, Ohio, starting February 26, 2007.
3. Foremost Farms USA is a dairy farmer-owned Capper-Volstead cooperative representing 2500 member-owner milk producers located in 7 states. In 2006, Foremost's member-owners located in Wisconsin, Minnesota, Iowa, Indiana, Ohio and Michigan marketed 5.2 billion pounds of milk through their cooperative.
4. Foremost owns and operates ten cheese plants located in Alma Center, Appleton, Chilton, Clayton, Lancaster, Marshfield, Milan, Richland Center, Waumandee and Wilson Wisconsin, producing 495 million pounds of cheese annually. Our Ingredient plants located in Preston, Minnesota, Waukon, Iowa, and Plover, Rothschild, Reedsburg and Sparta Wisconsin, serve the dual roles of further processing the whey solids from our cheese plants while balancing the surplus butterfat and skim solids from our member-owners milk supply by producing butter, condensed skim milk and occasionally nonfat dry milk. In addition to supplying milk to our own distributing plants in DePere and Waukesha, Wisconsin, we also supply Grade A bulk milk to distributing plant located in Federal Orders 5, 30, 32, and 33.
5. Because of prior commitments and short notice prior to the hearing, I am unable to attend in person. However, I can make myself available during the week of February 26 -- March 2, 2007, to answer questions by teleconference or by email response concerning the facts stated in this declaration.

Exhibit 38

6. This Declaration is based upon my personal knowledge from my experience and responsibilities for Foremost, including data prepared for my review and analysis by employees acting under my direction and supervision. The data revealed in this declaration is collected, prepared, and maintained in business records by Foremost in the ordinary course of business.
7. My education and experience is summarized as follows:
 - I worked in a variety of positions within the family's cheese business "Summit Cheese Factory Incorporated" when in grade school, high school, and college.
 - In 1986 I received a Bachelors Degree of Science in Industrial Technology from the University of Wisconsin – Stout.
 - On January 1, 1987 I was hired as Assistant Manager at Summit Cheese with responsibilities for assisting with general operations, and the management of the office, and field service staff. I was later promoted to the position of Treasurer for the organization.
 - On October 1, 1991 Wisconsin Dairies Cooperative purchased the physical assets of Summit Cheese Factory, Inc.
 - January 1, 1992, I was hired as Budget & Analysis Manager at Wisconsin Dairies Cooperative with responsibilities for cheese plant budgeting and general business analysis.
 - On January 1, 1995 Golden Guernsey Dairy Cooperative and Wisconsin Dairies Cooperative consolidated and formed Foremost Farms USA, Cooperative. My position was changed to Manager of Analysis and Special Projects within the Accounting Department during this period. The scope of my responsibilities were broadened, taking on the management of a group of business analysts. We expanded analysis and projected management beyond cheese related business. This position was later renamed to Manager of Operational and Financial Analysis.
 - On December 6, 2002, I was promoted to Director of Planning & Business Analysis with the Cheese Division. My responsibilities since then have included operational planning to maximize returns based on market conditions, supporting marketing & cheese technology functions, key measures, and general management support for business decisions.
 - On September 1, 2006, the Cheese & Ingredient divisions merged together to form the Manufactured Products Division and my position changed to Director of Planning and Business Services. This position added a customer service group and Operational Business Systems area to my responsibilities.
 - I have attended multiple University of Wisconsin – Madison (School of Business) courses over the years including the Wisconsin Cheese Technology Short Course.
8. For purposes of this hearing, I was requested by Foremost management to prepare information concerning Foremost's production of cheese at its plant in Marshfield, Wisconsin, with particular attention to plant records showing retention of butterfat received in raw milk in cheese products that we produce.

9. The Marshfield plant is among the largest cheese plants in the Upper Midwest and produced 56,600,000 of cheese during 2006, all in standard 40# blocks.
10. 85% of the Marshfield 2006 production volume was cheddar cheese. An additional 11% of production was in other American style cheeses, such as Colby, Jack, Brick, etc. that have similar butterfat retention values.
11. 4% of the Marshfield 2006 cheese production was in lower fat American styles, from 25% to 75% reduced fat.
12. The Cheddar and American style cheeses produced in Marshfield are all produced utilizing traditional manufacturing procedures and materials. The plant utilizes eight Damrow Double "OO" vats, a Scherping Cheese Maker, Salter, and Block Towers to produce all cheese products.
13. The Marshfield plant does not make dry whey products or whey cream butter products. Whey Cream is sold from this location to third party buyers. Whey cream is typically sold f.o.b. Marshfield based on the CME AA Butter using a multiplier that is 14% less than for sweet cream of the same fat content. Condensed Whey is sold and shipped to whey products plants.
14. Foremost Farms continuously gathers and maintains information to track the percent of Butterfat Retained in Cheese. This data is a Key Measure reviewed by management monthly.
15. The Foremost Farms USA % Butterfat Retention Calculation Method is summarized below:
 - We utilize a mass balance approach to this key measure. Total materials received and utilized into production compared to the finished goods obtained.
 - The milk pounds recorded when receiving loads at the plant are based on scale weights for Foremost Farms USA member milk and vendor milk received.
 - The quantity of milk to production is a net value calculated from starting/ending inventories, shipped milk, and received milk.
 - Milk component values and % Butterfat are based on load samples and tested at the Baraboo milk testing laboratory utilizing the same testing process as the producer payment samples.
 - The cheese samples are obtained from a defined 40-pound block from each cheese vat production (lot).
 - A wet fat value is processed for each sample utilizing industry standard methods.
 - The total pounds of fat are determined by multiplying the lot pounds produced with the corresponding wet fat.
16. During 2006 our Marshfield location had a plant average of fat retention of 90.25%. This performance level is historically representative for this location.

17. Some fluctuation in fat retention occurs from month to month, impacted by factors such as seasonal composition of milk (% casein and fat to casein ratio), condition and handling of milk fats, product mix, operator performance, etc.
18. Attached is a spreadsheet providing a month-to-month summary of our fat retention in cheese produced at the Foremost Marshfield plant.
19. Not all of the cheese produced at our plant ends up in the sale of standard cheese in a 40-pound block. Some cheese does not meet commercial standards, for a variety of reasons, and is sold at a substantial discount (averaging 25¢ per pound below CME) as downgraded cheese. During 2006, 0.56% of our Marshfield cheese production was downgraded. Some cheese also ends up as cheese fines rather than in blocks. Cheese fines typically sold for \$0.60 per pound during 2006. Of our total 2006 Marshfield cheese production, 0.70% was in cheese fines.
20. Cheddar cheese in 40-pound blocks sold from our Marshfield plant is included in the NASS survey of cheese transactions used by USDA to calculate a Class III price. Our down-graded cheese is not included in transactions reported to NASS, nor is the sale of cheese fines.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed on this 26 day of February 2007.

Timothy P Greenway

Timothy P Greenway

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Foremost Farms USA Key Measure Report
% Butterfat Retention in Cheese - Trend Summary

	<u>12. Mo.</u> <u>Average</u>	<u>Dec-06</u>	<u>Nov-06</u>	<u>Oct-06</u>	<u>Sep-06</u>	<u>Aug-06</u>	<u>Jul-06</u>	<u>Jun-06</u>	<u>May-06</u>	<u>Apr-06</u>	<u>Mar-06</u>	<u>Feb-06</u>	<u>Jan-06</u>
Marshfield %Butterfat Retention in Cheese	90.25%	89.63%	90.79%	89.78%	88.34%	89.26%	88.88%	89.36%	91.16%	91.43%	91.53%	92.31%	90.51%

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