

July 13, 2000

UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 1001, 1005, 1006, 1007, 1030, 1032, 1124, 1126, 1131, 1135.

[Docket No. AO-14-A69, et al.; DA-00-03]

Milk in the Northeast and Other Marketing Areas; Notice of Hearing on Class III and Class IV Milk Pricing Formulas

7 CFR

Part	Marketing Area	AO Nos.
1001	Northeast	AO-14-A69
1005	Appalachian	AO-388-A11
1006	Florida	AO-356-A34
1007	Southeast	AO-366-A40
1030	Upper Midwest	AO-361-A34
1032	Central	AO-313-A43
1033	Mideast	AO-166-A67
1124	Pacific Northwest	AO-368-A27
1126	Southwest	AO-231-A65
1131	Arizona - Las Vegas	AO-271-A35
1135	Western	AO-380-A17


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USDA
OVLJ/HCO

Associated Milk Producers Incorporated hereby submits this post hearing brief in the above docketed matter.

Sincerely,



Neil S. Gulden
Director, Fluid Marketing
Associated Milk Producers Inc.
315 N. Broadway
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Enclosures: 3

PRELIMINARY

A hearing was held in Alexandria, Virginia from May 8 – 12, 2000 for the purpose of receiving testimony regarding the Class III and IV milk pricing formulas included in the final rule for the consolidation and reform of Federal milk orders.

Support of Proposal No. 25 (Make allowance for nonfat dry milk)

Make allowances (processing costs) for nonfat dry milk were introduced into the hearing record separately for a group of plants from California and also a different group of plants surveyed by USDA's Rural Business – Cooperative Service (RBCS). California's costs were for "selected periods from January 1997 to April 1999" and RBCS's costs were for only one years data (6 plants 1998, 1 plant 1999).

We believe that California's selectiveness and RBCS's one year time period are not as reliable as AMPI's 5 year averages from 3 plants that averaged over 80 million pounds of powder produced per year.

AMPI's plants produced nonfat dry milk day in and day out through this 5-year period under a wide range of plant capacities and operating conditions. They are very representative of the cost of producing nonfat dry milk.

As explained in our direct testimony, our costs are as follows:

\$.1254	processing and packaging costs
.0024	marketing cost
<u>.0260</u>	return on investment
\$.1538	make allowance per pound of nonfat dry milk

As seen in the hearing testimony, plants can have different costs because of selected time periods used in collection of data. AMPI believes our cost data for producing nonfat dry milk is more reliable than others due to the 5 year time period used, which eliminates the highs and lows and results in a more accurate number.

We urge the Secretary to use the above stated cost data in any decision resulting from this hearing.