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 Plant # 04-51

December 8, 1994

Hearing Clerk
 Room 1083 South Building
 United States Dept. of Agriculture
 Washington, DC 20250

Sir:

Thank you for allowing Sarah Farms to comment on this proposed rule and recommended changes in the Central Arizona Federal milk order. We were unable to attend earlier hearings because our new plant was under construction and time constraints didn't allow it. We would like to begin with a few questions:

Was Heartland Dairy a P-H?

Did Heartland Dairy initiate changing the rules governing a P-H's use of Class I milk?

Did Heartland Dairy receive from UDA approximately \$3 million in base?

Is Heartland Dairy a P-H today?

Was this an illegal rebate from the UDA to Heartland Dairy?

According to the Merriam-Webster Dictionary, Collusion is: A secret agreement or cooperation for an illegal or deceitful purpose.

We feel that this recommended decision and proposed amendment to the Tentative Marketing Agreement and Order was for a particular situation that no longer exists. The P-H effectuating this action violated the spirit and intention of the laws governing a P-H, was held accountable to these existing regulations, failed the criterion, and because of this is no longer a P-H today. The order as it is written is correct, it worked, don't change a thing.

When Sarah Farms Milk Plant was conceived it was built into realization and became a viable P-H because the laws stated that a P-H could not use, buy or receive at the plant any milk not produced by the

producer.

All those years, all this investment, and especially all this precious time in jeopardy because of this proposed rule change.

We would like to admit into evidence for the record a misstatement concerning the "significant" variation of production in this market imposed by P-H milk and the burden that the UDA implies it is forced to deal with. Attached are pages from the Federal Milk Market Information Report including Federal Order 131 Data for October, 1994. It evidences that the remaining 3 P-H's produce 2,140,140 pounds of Class I Route Disposition milk while the total Class I Disposition is 95,978,000 pounds. Is 2.2% a disruptive force in the market?

Sarah Farms has been responsible in the past and will be in the future for all the milk we produce. We manage our reserves without disposing of surplus milk at the UDA's butter-powder plant in Tempe. We have never depended on the UDA to manage our milk production and don't intend for the UDA to control our production in the future.

Sarah Farms offers fair competition to an area that needed a competitive milk supply. Yuma, Arizona has a population of 60,000 people for 6 months while it's hot then when it cools, snowbirds and seasonal workers more than double the population to around 140,000 people. This fluctuation alone would create an undue hardship for us using the proposed 12 month scenario. The elderly snowbirds and low income seasonal workers depend on our ability to provide local stores with a low priced bottled milk that would no longer be available.

Our offers to sell milk to large stores locally are continuously refused. Large stores state that they will only consider our price if we bid all of their stores in the state. We only offer gallons of whole or low fat milk again limiting our ability to disrupt any market.

By eliminating the remaining factor that ensures a competitively priced milk for consumers it appears to us that the Agricultural Marketing Service, USDA, and the UDA want to mutually participate in the suffocation of the three remaining P-H's in Arizona. If the proposed amendments are adopted the significant economic impact would be so severe that the remaining small P-H's would more than likely disappear. The UDA wants a production and distribution monopoly in Arizona, and we feel that this action constitutes a restraint of trade by the UDA. We will not stand idly by and allow this to occur.

Since this proposal was not in the notice of the hearing and was a modification devised during that hearing we request that this amendment

either be adjusted to account for our unique circumstances or we demand that you reopen the hearing to allow us to testify because you are now trying to regulate a Producer Handler.

Sincerely,

A handwritten signature in black ink that reads "Clyde Edgar". The signature is written in a cursive style with a large, stylized initial 'C'.

Clyde Edgar
Sales & Operations Manager