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**Human Resources Department - Confidential Fax**

**Fax Cover Letter**

Date: February 5, 2001

Please deliver the following pages to: Hearing Clerk, Rm 1081

From the desk of: Haschel Raskas

Total pages, including this cover letter are: 3

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Additional Comments:

Please deliver ASAP. Time sensitive material.

Comments on Docket # AO-14-A69: DA-00-03

Thank You

Raskas Foods, Inc. 165 N. Meramec Ave. St. Louis, MO 63105-3780  
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Docket Number AO-14-A69; DA-00-03

Hearing Clerk  
U.S. Department of Agriculture  
South Building  
Room 1081  
Washington, D.C. 20250

To Whom It May Concern:

I am writing to voice my company's strong opposition to the portion of the Tentative Final Decision that provides for a separate Class III butterfat price.

Raskas Foods, Inc. is a fourth generation family-owned dairy business. We are the second largest manufacturer of cream cheese in the U.S. Our headquarters are in St. Louis, Missouri, and we have manufacturing plants in St. Louis, Shippensburg, Pennsylvania, and a new plant under construction in Stephenville, Texas. Raskas currently employs 475 people.

There are a number of reasons why we are deeply troubled by the new Class III butterfat pricing mechanism in the Tentative Final Decision. We were completely surprised by the proposed pricing mechanism, for the industry was not provided notice that the concept of a separate butterfat price for Class III products was to be considered. Consequently, we were not given the opportunity to comment in the hearings conducted in May 2000. Had we had that opportunity, we would have testified regarding the negative impact of such a mechanism on our business in particular, and the entire dairy industry.

The most obvious impact on our business is that the cost of the products we manufacture would bear the brunt of the impact of the revised pricing for butterfat in cheese. While overall milk prices would change modestly, the cost of cream cheese would increase 20-30%. Undoubtedly, such a change would reduce per capita consumption of our products, therefore using less raw milk.

Other reasons we oppose the change to a separate butterfat price for Class III include the following consequences of the proposed pricing mechanism:

- Manufacturers of cream cheese outside of California would be at a competitive disadvantage due to the lower cost of 4b butterfat,

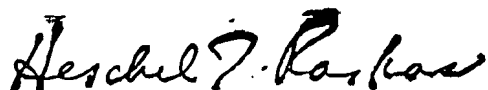
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- The change proposed would make it impossible to hedge the cost of butterfat in cheesemaking,
- The entire dairy industry would have to operate with a much more complicated administrative process to buy and sell cream, and
- We are concerned that, long term, the higher cost of butterfat in cheese will induce manufacturers to consider the use of non-standard ingredients in cream cheese manufacture, potentially leading to products containing less fresh dairy ingredients.

We urge the USDA to not reopen this topic in a new series of hearings, but rather, accept the clear industry consensus that there must be only one price for butterfat in all classes.

Sincerely,



Heschel J. Raskas. Ph.D.  
President