



Land O'Lakes, Inc.

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Land O'Lakes Dairy Foods

July 14, 1997



Mr. Richard McKee, Director
Dairy Division, AMS-USDA
PO Box 96456
Room 2968, South Building
Washington, DC 20090

Dear Mr. McKee,

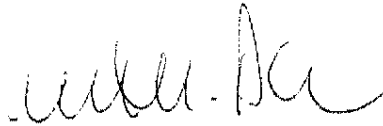
This letter is on behalf of the Association of Dairy Cooperatives in the Northeast (ADCNE), whose members include: Agri-Mark, Inc.; Dairylea Cooperative, Inc.; Land O' Lakes, Inc.; Maryland and Virginia Milk Producers Cooperative Association; Milk Marketing, Inc.; St. Albans Cooperative Creamery, Inc.; and Upstate Milk Cooperatives, Inc., and is meant to supplement and amplify our previous submissions. Specifically this letter addresses the issue of Class III-A pricing. ADCNE urges you to reject the recommendation of the Classification Committee that milk used to produce non-fat dry milk be included in a common classification with milk used to produce cheese. Without repeating their arguments, the listed cooperatives concur with the conclusions and recommendations offered by Agri-Mark, Dairylea, Land O'Lakes and St. Alban's Cooperative in their separate letters to you.

The goal of the institution of the separate federal order class, III-A, was to facilitate the orderly disposition of reserve milk supplies associated with the federal orders. Class III-A pricing has accomplished that goal by providing a price for milk used to produce NFDM which more closely reflects the market value of that milk than does the Minnesota-Wisconsin (M-W) or the current Basic Formula Price (BFP).

While there is significant cheese production in the Northeast, the section also relies on butter-powder plants to balance its milk markets. All of the dairy farmers represented by the ADCNE are owners or have capital invested in butter-powder facilities. The members of the ADCNE are acutely aware that the price for milk used to produce NFDM should be related to its end product, non-fat powder, not cheese.

The ADCNE urges the Secretary to continue Class III-A pricing in all of the consolidated federal orders, and if you have any questions, please do not hesitate to call me at 215-322-0200.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert M. Dever".

Robert M. Dever
Chairman, ADCNE