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March 5, 2009

Dana Coale, Deputy Administrator for Dairy Programs
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Ms. Coale:

This letter is written in response to the Invitation to Submit Proposals for Consideration at Public Hearings/Regarding Elimination of Producer Handler exemptions and Revision of Exempt Plant Provisions.

My understanding is that USDA has been asked to consider replacing the existing Producer Handler exemption with an Exempt Plant definition that would exclude 450,000 pounds per month of "fluid" milk products distribution (around a 200 cow farm with good milk production).

Weber's Farm Store, Inc., of Marshfield, WI, is one of the Producer Handlers (under Federal Milk Marketing Order 30), referred to as such under §1000.00 of the Federal Order System. Our family organization has produced and packaged dairy products under this system for more than 50 years. We are a business that has been responsible for supporting dozens of local families in our area and has played an integral role in the economic vitality of our community. I cannot recall a point at any time when our operations have been any cause of "disruption" in the market place. We are one of only a few such companies that once numbered in the hundreds that have survived over the course of the last five decades. It is false to claim that small companies such as ours have a competitive advantage over large operations, when it is the small companies that have disappeared at an alarming rate from the rural landscape. It is the small companies such as ours that fuel communities, pay for our schools and roads, participate in the social fabric of our towns and cities and stand by our people when times are hard. Small companies such as ours do not cut and run when profits are down or the market turns bad. Independent organizations such as ours are the American Dream and have strengthened Americans' trust of agriculture and of the dairy products so important to the economic vitality of the State of Wisconsin. To say that producer-handlers have caused great disruption in the orderly marketing of milk is a colossal exaggeration of the facts.

If the reason for asking to change the FMMO to eliminate Producer Handlers is because size is an issue, I offer this as the answer.

While the farms have continued to grow, the average farm of the future may truly be 1,000 cows. With that as a base and projecting a 24,000 lb. rolling herd average, you would have 2,000,000 lbs. per month to be used in the plant for class production. For all milk over that amount, you would pay Class I on product cost. That fee would not be retroactive to that first 2,000,000 lbs. of milk or class product produced, but would apply to any amounts over that basis of 2 million pounds.

Based on the Federal Order 30 Class I usage last month, 2 million pounds of milk was 4/10 of 1% of total used in Order 30, and with only five Producer Handlers, this is hardly a disruption in the marketplace by having this small segment of our production system.

Reasons for the continuation of Producer Handlers are many:

1. We wish to expand our production of new milk products to items such as kefir - a group of new protein-fortified milk drinks with a proven demand that is currently not being met by larger producers. All of the products we plan to produce are listed as farmstead products, a source that consumers are particularly interested in.
2. Producer Handlers share in the costs of promotions, but in turn spend many more dollars in promotion of milk products. It is necessary to invest monies in promotion to generate increased consumer demand in order to compete with larger handlers who can take advantage of economies of scale in not only production but promotion.
3. The goal of the Producer Handler is to create and expand new product innovation and take advantage of consumer trends and which help to build consumer confidence in our products - which is a benefit to everyone in our industry.
4. The elimination of Producer Handlers is to eliminate the small businesses of the United States and would shift more costs to the American consumer, create more costly products and hasten the shift of production to fewer and ever larger companies.
5. Order 30 has five Producer Handlers. If just one of those used the maximum of 2 million lbs. of Class I milk, it would represent one-half on one percent. For January 2009 - Class I used by Order 30 was 386,473,302 lbs.

Respectfully submitted,