

Taylor, Erin

From: TDAWN8000@aol.com
Sent: Monday, January 22, 2007 12:35 PM
To: amsdairycomments
Subject: Manufacturing Allowance (Docket #AO-14-A74)
Attachments: ATTACHMENT.TXT

To Whom It May Concern,

I would like to make a few comments concerning the Manufacturing Allowance (Docket #AO-14-A74).

I have been a dairy farmer for all my 68 years of life and have certainly seen my share of changes in agricultural operations. For the last five years I have formed the same number of acres and milked the approximate same number of cows. In 2002 I purchased diesel fuel to operate my equipment for \$.99 per gallon and In 2007 the same fuel costs me more than twice that amount. In 2002 one bag of seed corn was in excess of \$150.00. As I look back, every aspect of my expenses have shown increases. Machinery, insurance, fertilizer, vet bills and any other component to my operating expenses. Some costs have doubled, others even close to triple.

My revenues on the other hand, have simply maintained during this same time frame. Monies received for products produced have failed to keep up with my expense increases. In Jan. 2002, I received \$13.44 per one hundred pounds of milk produced. In Jan. 2007 my market price is \$14.14 for the same amount. Grain is a very similar scenario.

Each time my costs rise, I have had to reevaluate and simply put, my income has not kept up with the pace of my output. Because I am a family farm, I must also stay aware and alert in my decision making as they not only affect me, but my three children employed on the farm.

Now I understand the milk processing plants are asking for me and my peers to help offset the additional costs they have incurred. They want to assess a fee of close to \$.75 per hundred for the milk I produce, which when deducted from my current market price, would be netting me less than I received in 2002, yet still trying to farm at 2007 expenditure rates. The math is simple and no business can survive selling their product for less than the cost of manufacturing.

No farm, no matter what scale, can afford to operate for a loss. Maybe instead of "making allowances", the processing plants should look at making adjustments as I have done. At our current market prices we cannot afford any more expense.

Sincerely,

Donald Toms