

TESTIMONY OF ARDEN TEWKSBURY

MANAGER OF: PROGRESSIVE AGRICULTURE
ORGANIZATION

WEDNESDAY, JANUARY 25, 2006

SHERATON HOTEL
ALEXANDRIA, VIRGINIA.

REGARDING:
AMENDMENTS TO THE
FEDERAL MILK MARKETING ORDERS
REGARDING PRICING CLASS III AND CLASS IV MILK

3d

Progressive Agriculture Organization
RR #2 Box 165
Meshoppen, Pa. 18630
Phone: 570-833-5776

January 25, 2006

Agriculture Marketing Service
Washington, D.C.

Mr. Chairman:

My name is Arden Tewksbury. I reside at RR #2 Box 165, Meshoppen, Pennsylvania. I have been a dairy farmer all my life in the Meshoppen area. Recently, I moved many of my animals to Faithopity Farms located at 492 Cemetery Road, Berwick, Pennsylvania (Columbia County).

Currently I am associated with the farm in different ways. The farm is owned by two sisters and two brothers. They are currently milking 450 cows.

The owners installed a DeLaval rotary milking parlor in 1996 to enable them to milk their animals on a timely basis. A computer system has been installed that tabulates the cows' production on a daily basis. The computer also gives Faithopity owners other valuable information.

The owners grow all of the forage used on the farm using 1500 acres of land.

The best part of this operation is that all the work done on the farm is done strictly by family members. There is no outside help used and certainly there are no illegal immigrants used on their farm.

Presently, I serve as Manager of the Progressive Agriculture Organization which is headquartered at my residence.

In the past I have been associated in different capacities with the Pennsylvania Farmers Union, the Pennsylvania State Grange, the Regional Cooperative Marketing Agency, the North East Interstate Dairy Compact, the Northern Tier Milk Cooperative, and for many years with the former Eastern Milk Producers Dairy Cooperative.

My appearance today at this hearing is being made on behalf of the Progressive Agriculture Organization, Faithpity Farms, and other organizations that we have attached to our testimony.

We oppose any amendment that would increase the make allowance on manufactured milk at the expense of the dairy farmers. Actually, I have a problem in finding proper language in any Federal Agriculture Act that calls for dairy farmers to pay for a substantial amount of the cost of converting milk into manufactured milk products.

When Order Reform took place on January 1st, 2000, I wrote an editorial entitled "Order Reform – A Processor's Dream". With order reform, dairy farmers shipping milk to a milk handler that had been regulated by former Order #2 have seen their hauling cost triple. These farmers still pay a substantial amount of money for advertising milk and milk products. However, the Granddaddy of everything was when dairy farmers in federal orders were compelled to pay for the Make Allowance. Any further increase in make allowances charged to dairy farmers would be very detrimental. Certainly, at Faithpity Farms, we know what this would mean to our bottom line.

I realize that the dairy processing business can be a little rough at times. But, let me say it gets darn rough for the dairy farmers most of the time.

Please remember that dairy farmers are also experiencing extreme increased cost for the fuel used on their farms. But these costs are only part of the problem.

Dairy farmers are also being whacked by higher costs for almost everything they purchase. But, you know what, the dairy farmers don't have a sugar daddy to reach out and help him with his accelerated cost.

Instead of this hearing to take more money from dairy farmers, we should be having a hearing to price raw milk differently.

We should have a formula to price raw milk fairly to the dairy farmers, and to the processor, and then to the consumers. Something is wrong when I see a certain national brand of butter selling for over \$4.00 per lb. and I know that dairy farmers have paid for the majority of the cost for converting milk into the butter. Something is wrong when cheese companies continue to use imported milk protein concentrate in making cheese. To complicate it more, I've been told by store owners that under the WIC program, cheese containing imported milk protein concentrate can not be made available to the recipients.

Something is wrong when I find a gallon of milk in Monticello, New York selling for \$4.39 per gallon.

Mr. Chairman, if things are that rough in the processing business than how has Leprino Foods surfaced from a small operation to become the largest manufacturer of mozzarella cheese.

How then has a large pizza maker in Michigan become an owner of national sports franchise (i.e., baseball, hockey).

My understanding is that if the make allowance was not charged to dairy farmers than in August 2005 the Class III price would have been approximately \$16.14 per cwt instead of \$13.60. Class II would have been approximately \$15.63 per cwt instead of \$13.95, and the Class IV price would have been approximately \$15.12 instead of \$13.44 per cwt. The higher manufacturing price would have meant a higher Class I price also. If everything stayed equal, the Class I price for August 2005 in Boston would have been \$20.26 per cwt not \$16.95.

Certainly these figures show that dairy farmers are no receiving their fair share of the market price.

Pro Ag feels there are sufficient reasons why there should be no increase charged to dairy farmers for the make allowance.

The dairy farmers just don't have a direct way to recover their cost of production for producing milk.

In closing I want to point out that in Pennsylvania, the Penna. Milk Marketing Board (P. M. M. B.) has been establishing an over-order premium on Class I milk for nearly 18 years. Currently this premium is \$1.90 per cwt. However, 35 cents per cwt. of the \$1.90 is paid to dairy farmers to compensate for higher costs to transport milk from the farm to the market place. This applies only to Class I milk that is used in Pennsylvania.

The fact that the Pennsylvania Marketing Board can use dairy farmers increase cost to justify higher prices, than I think it's time that the U.S.D.A and the United States Congress take adequate steps in developing a new pricing formula to price raw milk.

Thank you.



Commonwealth of Pennsylvania Milk Marketing Board

2301 North Cameron Street
Harrisburg, PA 17110-9408

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Barbara Grumbine - *Consumer Member*
Luke F. Brubaker - *Member*

Edward G. Rendell - *Governor*
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Minimum Resale Prices For February, 2006

Web Address: www.mmb.state.pa.us
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AREA-ZONE	OFFICIAL GENERAL ORDERS	CLASS I DIFF.	OVER-PRICE PREMIUM	OVER-ORDER PREMIUM ^{1/1}	BUTTERFAT VALUE ^{1/2}	SKIM VALUE ^{1/2}	CLASS I PRICE @ 3.5%
1-0	A-890A (CRO 10) 893, 899, 913A, 921, 922, 925, 927, 930, 935, 936	\$3.05	\$0.31	\$1.90	\$1.5297	\$13.77	\$18.64
2-0	A-911 (CRO 5) 893, 913A, 921, 922, 925, 927, 928, 930, 935, 936	\$2.80	\$0.44	\$1.90	\$1.5285	\$13.65	\$18.52
3-0	A-910 (CRO 5) 893, 913A, 921, 922, 925, 927, 928, 930, 935, 936	\$2.80	\$0.37	\$1.90	\$1.5278	\$13.58	\$18.45
4-0	A-900 (CRO 7) 893, 913A, 921, 922, 925, 927, 930, 935, 936	\$2.90	\$0.39	\$1.90	\$1.5290	\$13.70	\$18.57
5-0	A-887 (CRO 10) 893, 913A, 921, 922, 925, 927, 928, 930, 935, 936	\$2.30	\$0.34	\$1.90	\$1.5225	\$13.05	\$17.92
6-0	A-907 (CRO 6) 893, 913A, 921, 922, 925, 927, 928, 930, 935, 936	\$2.50	\$0.73	\$1.90	\$1.5284	\$13.64	\$18.51

Advanced Class II Butterfat Price ^{1/2}	\$1.5499
Advanced Class II Skim Price ^{1/2}	\$8.17
Class II Price @ 3.5% Butterfat	\$13.30
School Stop Charge for Area 1 ^{1/2}	\$10.39
Consumer Price Index ^{1/2}	196.80

Class I Butterfat Differential	\$1.39
Advanced Class III Skim Price	\$8.51
Advanced Class IV Skim Price	\$7.47
Advanced Class III & IV Butterfat Price	\$1.4771
Energy Add-On ^{1/2}	\$0.0025

Plastic Container Add-on ^{1/2}	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6
Gallon	\$0.0250	\$0.0259	\$0.0266	\$0.0239	\$0.0247	\$0.0306
Half Gallon	\$0.0161	\$0.0198	\$0.0178	\$0.0170	\$0.0154	\$0.0143
Quart	\$0.0103	\$0.0065	\$0.0073	\$0.0095	\$0.0039	\$0.0200
Pint	\$0.0069	\$0.0071	\$0.0035	\$0.0094	\$0.0141	\$0.0233
Half Pint	\$0.0384	\$0.0387	\$0.0365	\$0.0364	\$0.0364	\$0.0805

^{1/1} The Over-Order Premium includes a \$0.35 Fuel Adjustment pursuant to O.G.O A-927.

^{1/2} For generating PMMB Excel prices.

WHOLESALE / RETAIL PRICES OF PROMINENT PRODUCTS AND SIZES

AREA-ZONE	CONTAINER	WHOLESALE				RETAIL OUT-OF-STORE			
		HOMO 4% & UNDER	REDUCED FAT 2%	LOW-FAT 1%	NONFAT	HOMO 4% & UNDER	REDUCED FAT 2%	LOW-FAT 1%	NONFAT
1-0	GALLON	\$3.1358	\$2.9837	\$2.8598	\$2.7561	\$3.16	\$3.00	\$2.88	\$2.78
	HALF GALLON	\$1.6398	\$1.5637	\$1.5018	\$1.4500	\$1.65	\$1.57	\$1.51	\$1.46
	QUART	\$0.8673	\$0.8293	\$0.7982	\$0.7723	\$0.87	\$0.83	\$0.80	\$0.78
2-0	GALLON	\$2.9592	\$2.8119	\$2.6904	\$2.5829	\$3.14	\$3.01	\$2.90	\$2.80
	HALF GALLON	\$1.5282	\$1.4545	\$1.3938	\$1.3400	\$1.61	\$1.55	\$1.49	\$1.44
	QUART	\$0.7934	\$0.7566	\$0.7262	\$0.6993	\$0.83	\$0.80	\$0.77	\$0.75
3-0	GALLON	\$2.9766	\$2.8296	\$2.7084	\$2.6047	\$3.10	\$2.97	\$2.86	\$2.77
	HALF GALLON	\$1.5075	\$1.4341	\$1.3735	\$1.3216	\$1.57	\$1.50	\$1.45	\$1.40
	QUART	\$0.7796	\$0.7429	\$0.7126	\$0.6866	\$0.81	\$0.77	\$0.75	\$0.72
4-0	GALLON	\$2.9742	\$2.8228	\$2.6989	\$2.6122	\$3.21	\$3.06	\$2.93	\$2.84
	HALF GALLON	\$1.5406	\$1.4649	\$1.4029	\$1.3595	\$1.66	\$1.58	\$1.52	\$1.48
	QUART	\$0.8167	\$0.7789	\$0.7479	\$0.7262	\$0.88	\$0.84	\$0.81	\$0.79
5-0	GALLON	\$2.9510	\$2.7940	\$2.6753	\$2.5848	\$3.13	\$2.99	\$2.88	\$2.80
	HALF GALLON	\$1.5275	\$1.4489	\$1.3896	\$1.3444	\$1.61	\$1.54	\$1.49	\$1.45
	QUART	\$0.7851	\$0.7458	\$0.7161	\$0.6935	\$0.83	\$0.79	\$0.76	\$0.74
6-0	GALLON	\$2.9465	\$2.7842	\$2.6638	\$2.5715	\$3.11	\$2.96	\$2.85	\$2.77
	HALF GALLON	\$1.5051	\$1.4240	\$1.3637	\$1.3176	\$1.58	\$1.51	\$1.45	\$1.41
	QUART	\$0.8414	\$0.8009	\$0.7708	\$0.7477	\$0.87	\$0.83	\$0.81	\$0.79

Issued on January 20, 2006