

TWIN POND FARM
311 County Road 28
S. New Berlin, NY 13843

December 11, 2006

USDA Hearing in Pittsburgh

Support for Higher Class I Price

I do support higher Class I prices; however, I am having a problem reconciling what \$0.73 will do to solve the pay price disaster at the farm gate. Current total economic cost per cwt in New York for October '06 is determined by the ERS to be \$23.08 per cwt. That is just about \$10 more than the farm gate pay price. Unfortunately, the format has been changed to eliminate the bottom line of "Net Economic Return," which has been negative every year (except one or two) since 1980. This explains quite clearly why the nation's dairy farm numbers have declined from 250,000 in 1980 to fewer than 70,000 today, primarily due to the failure of the FMMO's to operate in the real world. Farm numbers in NY have declined from 19,000 in 1980 to fewer than 6,000 today. In Wisconsin, numbers have decreased from 44,000 then to less than 14,000 now.

"Supply Side Economics"

Thank you Ronald Reagan and Jack Kemp! Unlimited production with no supply management gave us the buyout but still no production control and so, the economic rural disaster continued....and still does. It is very easy for me to compare the FMMO system to the war in Iraq; it is all about attrition and devastation! In this case, it is "home grown."

MILC Payments

This program was a hoax from the beginning - \$17.40 per cwt was the number 16 years ago for a pay price of \$14. The reduction from 45% to 35% of the difference between \$16.94 and Class I price borders on treason when the percentage should have moved to 100% of the difference to help with spiraling energy costs, taxes, insurance, and everything else purchased by our farmers.

For the past 26 years, we've been in this box that even Houdini could not have escaped from. Gentlemen, it is time to step outside the box and price Class I Milk at it's cost of production. Production close to the market is still a valid theory.

It is a national disgrace that our automotive industry has been forfeited to Asia and manufacturing to China. The last time I checked, our nation's position was still anti-communist. We still refuse to deal with Cuba, a country in our own hemisphere...what's the sense? The money is in the marketplace not government payments so let's get it from there. Consumers will support fair milk prices if the money goes to the farms. Northeast retail prices are currently over \$4.00 per gallon and the farmer isn't even getting \$14 per cwt on the milk that is retailing at \$46 per cwt. Something is wrong with this picture!

Class I Fluid Milk is not a global trade item. Let the local market support the local farms with a realistic Class I price decoupled from the pool and paid out on a per farm basis within a state or federal order. IT IS TIME TO ACT....and THE TIME IS NOW! Step outside the box and do something realistically relative to the Class I price.

With a Heavy Heart,
Ken Dibbell
Chenango County, NY

P.S. Throw in a flood to make cash flow even more difficult for farms in 13 counties in New York.

Exhibit 116
Witness _____
Date _____ Rptr. _____
**Powers
Garrison &
Hughes**

New York, monthly dairy costs of production per cwt of milk sold, 2006

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	\$/cwt											
Operating costs:												
Feed—												
Feed grains	0.79	0.78	0.80	0.82	0.84	0.85	0.89	0.85	0.89	1.10		
Hay and straw	1.13	1.15	1.17	1.27	1.33	1.31	1.30	1.30	1.33	1.35		
Complete feed mixes	1.72	1.66	1.69	1.67	1.64	1.68	1.70	1.73	1.73	1.73		
Liquid whey and milk replacer	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
Silage	1.31	1.32	1.35	1.47	1.54	1.50	1.50	1.49	1.54	1.55		
Grazed pasture and cropland	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09		
Other feed items 1/	0.85	0.80	0.84	0.84	0.81	0.83	0.85	0.85	0.85	0.85		
Total feed costs	5.94	5.83	5.99	6.22	6.31	6.30	6.38	6.35	6.48	6.72		
Veterinary and medicine	0.78	0.75	0.77	0.75	0.75	0.78	0.79	0.79	0.79	0.80		
Bedding and litter	0.29	0.28	0.28	0.28	0.28	0.29	0.29	0.29	0.29	0.29		
Marketing	0.71	0.71	0.72	0.71	0.72	0.73	0.73	0.73	0.72	0.72		
Custom services	0.60	0.58	0.58	0.58	0.57	0.57	0.58	0.58	0.59	0.59		
Fuel, lube, and electricity	0.89	0.82	0.90	0.89	0.91	0.96	0.99	1.00	0.81	0.73		
Repairs	0.68	0.65	0.66	0.65	0.64	0.66	0.67	0.67	0.68	0.68		
Other operating costs 2/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Interest on operating capital	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.19	0.19		
Total operating costs	10.07	9.81	10.08	10.26	10.36	10.47	10.61	10.60	10.56	10.72		
Allocated overhead:												
Hired labor	1.36	1.32	1.33	1.27	1.26	1.29	1.30	1.30	1.32	1.32		
Opportunity cost of unpaid labor	5.71	5.53	5.58	5.35	5.29	5.40	5.48	5.44	5.53	5.55		
Capital recovery of machinery and equipment	4.12	4.00	4.17	4.16	4.16	4.25	4.31	4.31	4.35	4.36		
Opportunity cost of land (rental rate)	0.06	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06		
Taxes and insurance	0.22	0.22	0.22	0.22	0.21	0.22	0.22	0.22	0.22	0.22		
General farm overhead	0.83	0.80	0.81	0.81	0.81	0.82	0.84	0.84	0.84	0.84		
Total, allocated overhead	12.29	11.92	12.17	11.87	11.80	12.03	12.21	12.17	12.32	12.36		
Total costs listed	22.36	21.73	22.25	22.13	22.16	22.50	22.82	22.77	22.87	23.08		

Source: Based on USDA's 2000 Agricultural Resource Management Survey of milk producers and updated using current USDA milk production per cow and production input indexes.
R=revised using newly available updated data.

1/ Cotton seed meal, protein supplements, protein by-products, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives.

2/ Manure disposal fees, permits, and licenses, and odor control costs.

11/20/2006

Reporting Area	January	February	March	April	May	June	July	August	September	October	November	December	Simple Avg.
					Dollars Per Hundredweight								
New England States	\$ 15.08	\$ 14.42	\$ 13.58	\$ 12.64	\$ 12.43	\$ 12.33	\$ 12.21	\$ 12.51					\$ 13.15
New York	\$ 14.55	\$ 13.93	\$ 13.14	\$ 12.21	\$ 12.12	\$ 11.99	\$ 11.93	\$ 12.15					\$ 12.75
Eastern Pennsylvania	\$ 14.96	\$ 14.32	\$ 13.47	\$ 12.54	\$ 12.40	\$ 12.28	\$ 12.26	\$ 12.47					\$ 13.09
Appalachian States	\$ 14.87	\$ 14.44	\$ 13.55	\$ 12.38	\$ 12.39	\$ 12.18	\$ 12.65	\$ 12.85					\$ 13.16
Southeast States	\$ 15.81	\$ 15.31	\$ 14.13	\$ 13.20	\$ 13.08	\$ 13.15	\$ 13.71	\$ 13.95					\$ 14.04
Southern Missouri	\$ 13.94	\$ 13.48	\$ 12.43	\$ 11.45	\$ 11.44	\$ 11.35	\$ 11.66	\$ 11.73					\$ 12.19
Florida	\$ 17.31	\$ 16.68	\$ 15.56	\$ 14.81	\$ 14.70	\$ 14.85	\$ 15.49	\$ 15.87					\$ 15.66
Western Pennsylvania	\$ 14.88	\$ 14.08	\$ 13.09	\$ 12.27	\$ 12.04	\$ 11.92	\$ 11.73	\$ 11.92					\$ 12.74
Ohio	\$ 14.64	\$ 13.88	\$ 12.95	\$ 12.16	\$ 12.00	\$ 11.92	\$ 11.82	\$ 12.01					\$ 12.67
Indiana	\$ 14.53	\$ 13.96	\$ 13.01	\$ 11.97	\$ 11.85	\$ 11.62	\$ 11.61	\$ 12.03					\$ 12.57
Michigan	\$ 14.48	\$ 13.56	\$ 12.60	\$ 11.78	\$ 11.62	\$ 11.54	\$ 11.48	\$ 11.68					\$ 12.34
Wisconsin	\$ 14.70	\$ 13.62	\$ 12.63	\$ 12.12	\$ 11.99	\$ 12.04	\$ 11.70	\$ 11.90					\$ 12.59
Minnesota	\$ 14.17	\$ 13.16	\$ 12.14	\$ 11.76	\$ 11.75	\$ 11.78	\$ 11.49	\$ 11.74					\$ 12.25
Iowa	\$ 14.43	\$ 13.47	\$ 12.52	\$ 11.85	\$ 11.85	\$ 11.81	\$ 11.59	\$ 11.82					\$ 12.42
Illinois	\$ 14.68	\$ 13.72	\$ 12.60	\$ 11.76	\$ 11.68	\$ 11.67	\$ 11.39	\$ 11.60					\$ 12.39
Corn Belt States	\$ 13.65	\$ 12.65	\$ 11.82	\$ 11.16	\$ 11.13	\$ 11.13	\$ 11.03	\$ 11.39					\$ 11.75
Western Texas	\$ 13.58	\$ 12.45	\$ 11.47	\$ 10.75	\$ 10.68	\$ 10.82	\$ 10.83	\$ 11.36					\$ 11.49
New Mexico	\$ 12.74	\$ 11.57	\$ 10.67	\$ 10.10	\$ 9.98	\$ 9.90	\$ 9.88	\$ 10.38					\$ 10.65
Northwest States	\$ 13.46	\$ 12.75	\$ 12.00	\$ 11.46	\$ 11.26	\$ 11.12	\$ 11.19	\$ 11.44					\$ 11.84
All Federal Order Areas	\$ 14.43	\$ 13.57	\$ 12.84	\$ 11.92	\$ 11.80	\$ 11.74	\$ 11.66	\$ 11.92					\$ 12.46
California	\$ 12.87	\$ 11.52	\$ 11.05	\$ 10.64	\$ 10.45	\$ 10.42	\$ 10.16	\$ 10.63					\$ 10.97

Notes:

- 1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test.
- 2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.
- 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
- 4/ All the counties to the east of those listed in 3/.
- 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.
- 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.
- 7/ All counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these.
- 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these.
- 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/.
- 10/ All counties to the west of Farin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby.
- 11/ Includes Oregon and Washington.
- 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. Previous year figures have not been revised for new reporting areas.
- 13/ Calculated by the California Department of Food and Agriculture, and published in the "California Dairy Information Bulletin".

Prepared by: Midwest Market Administrator's Office

Last updated on: December 5, 2006

Northeast Pool
Total Classified Value (dollars)

Month	2004	2005	2006
January	271,840,822.47	329,376,867.53	297,672,607.12
February	265,412,294.53	282,143,148.34	261,862,126.49
March	325,652,813.95	326,464,137.97	277,098,539.65
April	317,822,351.37	308,649,218.29	250,614,039.49
May	369,247,970.00	323,357,076.94	256,739,247.20
June	343,414,938.43	293,135,391.49	233,554,909.30
July	342,619,718.22	301,411,133.04	234,434,763.37
August	287,840,209.89	311,543,877.30	227,975,446.76
September	283,627,795.38	293,770,047.05	232,353,742.87
October	296,304,241.13	306,760,249.25	252,464,400.74
November	294,277,482.62	290,805,755.08	
December	317,926,661.11	297,603,549.12	
Jan-Sep Total	2,807,378,914.24	2,768,850,897.95	2,272,305,442.25



National Family Farm Coalition

110 Maryland Avenue, NE Suite 307 - Washington, DC 20002 • (202) 543-5675 • Fax (202) 543 0978 • nffc@nffc.net • www.nffc.net

July 19, 2006

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Bush,

As family dairy farmers, we have been extremely frustrated over the last six years since our efforts to bring attention to the rampant corruption in the dairy industry have generally been ignored by government officials and agencies, including those in your Administration.

Our primary concern is price manipulation for dairy commodities at the Chicago Mercantile Exchange (CME). We have sent letters to and met with members of the Senate Judiciary Committee, the Commodity Futures Trading Commission, and congressional offices on dairy issues. We met with the CME on April 18, 2005, and held an informational rally in front of their building. A second rally was held in April 2006, to again bring light to this issue.

In the spring of 2004, the Department of Justice began an investigation, along with an estimated 23 state Attorney Generals, into dairy commodities price manipulation. Dairy Farmers of America (DFA), Dairy Marketing Services (DMS), DairyLea Cooperative, Dean Foods, and many other businesses and joint ventures of DFA were under investigation.

On October 1, 2005, funding and other resources for this investigation were significantly reduced. This action corresponded to a decline in dairy commodities cash trading at the Chicago Mercantile. Prices for a 40-pound block of cheddar cheese fell from approximately \$1.59 per pound to \$1.12 per pound. This resulted in a drop of \$4 per hundredweight in the milk price paid to dairy farmers-- a shocking loss of 28 percent.

Dairy farmers in all regions of our nation are suffering from this dramatic loss of income. Escalating costs of fixed inputs, including skyrocketing fuel prices, have placed dairy farmers in crisis. The economic fallout from this situation is severely impacting the dairy communities' support businesses too, as farmers lose the ability to pay for services, supplies, feed, labor, machinery, and mortgages.

Our rural citizens deserve better than this persistent, malicious manipulation of dairy prices, which is causing chaos for the dairy farmers whose social and economic survival is essential for the well being of this country. Until the powerful dairy processing industry, including the dairy cooperatives that continue to ignore their obligations to their farmer-members, are thoroughly investigated by the Department of Justice, corruption in dairy pricing will continue as the status quo. This grave injustice, the effects of which are suffered by both farmers and consumers, must not continue.

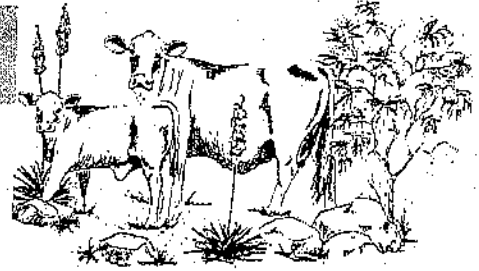
We encourage you to fulfill your duty to our beleaguered family dairy farmers by initiating a thorough investigation into the dairy industry that is completed, not halted midway. We request an official response, as it is time for you to prove that efforts on our behalf are not being stymied by those who profit at our expense.

Sincerely,

George Naylor
National Family Farm Coalition President

Paul Rozwadowski
Dairy Subcommittee Chair

TWIN POND FARM
311 COUNTY ROAD 28
80 NEW BERLIN NY 13848



11-21-06

Homegrown Terror

Terror seems to be a hot topic of conversation ongoing. If you would like to experience terror without risk to life and limb, take time to visit a Chenango County dairy farm that has not sold its cows yet!

It is real and perpetrated by the failed and totally flawed Federal order milk pricing system that is solely based on "supply side economics" with no consideration for the cost of production.

The congress in their incompetent wisdom lowered the milk formula price at the same time diesel fuel was going through the roof. Taxes, energy, and insurance all continue to rise in double digits and farm milk price stays in the toilet.

There were 19,000 dairy producers in New York State in 1980, and today fewer than 6,000 and getting fewer by the day. Does this make any sense?

Dairy co-ops have succeeded in becoming the world's worst business agents bar none!

Solution:

Start thinking outside the box for a change. My first exposure to a facilitator promoting this theory at a lead Chenango class a number of years ago did not impress me but after some thought I found that I had been doing just that relative to my conservation practices, general farm practices and general good stewardship towards the land.

How do we fix this mess?

Start by calling our state legislators into session and put them to work for the betterment of all New York.

Set a Class I fluid milk price in the New York City market of \$20/cwt (\$3.49/gal retail) Rbgh free and \$18/cwt (\$3.10/gal retail) max retail under New York law for consumer protection.

Pay this Class I premium on a per farm basis. Class I dollars divided by the number of farms and cut the checks!

The Pennsylvania milk (Class I) marketed in our market will carry the premium as well but that premium will go into the pool and can be paid to the New York Farmers. It is time for our state government to act and the time is now!

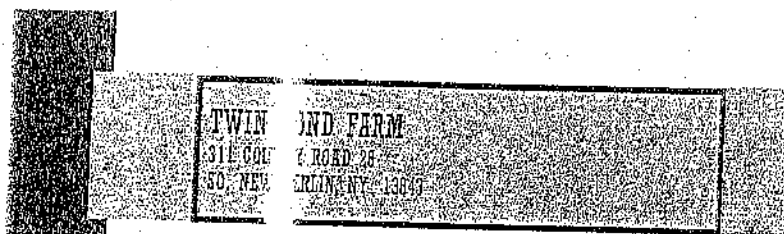
Dairy products in general are being marketed on an average of \$40-44/cwt. Someone is making a lot of money on milk while the producer is getting \$12/cwt to try to cover cost of \$22/cwt as per USDA Economic Research Section. Does this make any sense?

Dairy farms support a lot of jobs in NYS that are going to be lost if we do not step outside the box and do something. A working farm will pay more in taxes to support the social programs than a non working one. Folks its time to act and to stop the economic strangulation of New York dairy producers and the time is Now!

If the \$60,000,000 myth materializes pay it out on a per farm basis to every producer of record on Jan 1, 2006 (60,000,000 / 6,000 farms = 10,000 per farm) and start pricing Class I fluid on Jan 1, 07.

While your at work put milk back into New York City schools – real milk, which is not the cause of obesity – it's the couch stupid!

Yours As Ever,
Ken Dibbell



DAIRY ANALYSIS FROM GROUND ZERO

To Whom It May Concern:

Among small dairy farms there is a concern for the industry due to the number of errors made in Washington by the Administration, Senate, and House of Representatives.

For example the reinstatement of the MILC program, with a reduction to 35% from the difference of 45% between \$16.94 and the current Class I price. This percent should have been moved to 100% of the difference. This would have tempered the cost of energy, for which the full effect has not yet been felt, (Ref. New York energy cost/cwt moving from 50¢/cwt to 80¢/cwt as calculated by the ERS for the year 2005.)

Common sense - if only it existed in Washington - would dictate the need of an adjustment for energy costs in the pricing formula. (Ref. The Ag Marketing Act, Section 608C - "Feed Cost and Other Economic Factors") How does one reconcile the difference between mailbox price and total economic cost as revealed by the ERS? It must be magic math - government math.

Dairy policy of the past 25 years has destroyed 180,000 dairy farms in the nation, over 12,000 in New York and 30,000 in Wisconsin. How can this be reconciled - is this the global market or free market fallout?

The aforementioned farms were the rural economy! How do we fix this mess and return to sanity in dairy policy? Move price differential to 100% for MILC payment calculations. Exempt small farms, under 2.5 million pounds, from any pending transportation credits from market administration and/or any additional make allowance for manufacturing.

I certainly hope the National Dairy Board did not approve dairy promotion dollars to fund additional studies of air quality issues surrounding large dairy farms. This issue should be handed back to those who created the problem with development of the "Big Farm Virus". I personally object to the use of public funds and/or dairy promotion funds to further study and fix the problem. The cows have left four Chenango County farms in the past two weeks - only the beginning of the pending devastations.

Solution for 2007 Farm Bill:

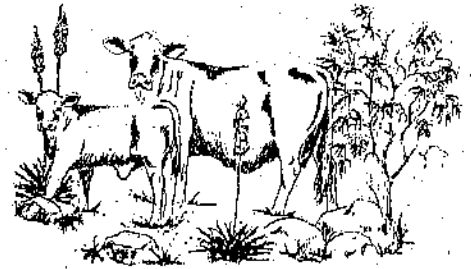
Decouple Class I milk from a manipulated manufacturing price. Pay Class I price on a per farm basis with an order. MILC does not favor the small farm! It treats all farms equally - based on 2.5 million pounds. Class I price distributed on a per farm basis with an order would also be equal treatment.

Would anyone of you who receive this note please explain how you reconcile the difference between mailbox price and total costs??

Straight from the gutter of small farm economics, sincerely,

Mr. Milk

TWIN POND FARM
311 COUNTY ROAD 28
SO. NEW BERLIN, NY 13843



June 23, 2004

A MESSAGE:

This message is directed first to the NY State Administration and those who claim to hold leadership positions in New York Government.

This is to include Senate and Assembly Leaders, Agricultural Committee Chairpersons, Senate and Assembly of NY, Commissioner of Ag & Markets and Associates, Senate and Assembly Minority Leaders and the Republican Task Force for Agriculture.

People it is time to wake up and floor the Class I price at \$20.00/CWT on the way down.

I almost forgot to mention the Co-operatives who have the power to petition the Commissioner for a realistic pay price, supported by Class I sales, in the largest market in the world.

Present and past policy has idled 12,000 plus Dairy farms in New York, since 1980. This is outrageous and reflects the ineptness of State and Federal Government to develop and sustain a pricing system that works.

Every change in the Federal order system for the past 20 years has been to the detriment of US Dairy Farms and in favor of Milk Dealers and Dairy Manufacturing entities.

Who is government protecting? Yes Capitalism is great but it destroys. Supply side economics is great also, but only if the supply is managed, if not it also destroys.

Everyone is hanging their hat on the "National Dairy Equity Act" as a solution, as was I until they revealed the numbers. Another outrage!

The Class I price needed in 1989 was \$17.40/CWT to ensure a reasonable pay price of \$14/CWT has been proposed at \$17.50/CWT a whole dime greater than the 1989 price. Whoop De Do!

Basic Agricultural Law (Agriculture Marketing Act 1937-38) is still on the books. Failure to use this law as a sensible guide has resulted in the failure of 170,000 Dairy Farms Nationally and 12,000 plus in NY State. Section 608C of Agriculture Marketing Act, states "milk price shall be determined by feed cost and other economic factors." Taxes, Insurance, and Energy Cost are other economic factors!

The few remaining small farms in NY are still a major part of the rural economy and further decline in small farm numbers is unacceptable!

For NY the solution is for the Co-ops to petition the Commissioner for a \$20 Class I price before it falls below \$20. That calculates to a \$3.48/Gal down state price under NY Law, current store price in California is \$4.08/Gal. A \$20/CWT Class I price will generate a blend price of \$16-\$17 and that will barely sustain the small farm community. This would result in a near windfall for the large farms so let's limit the payment to the current 2.4 million pounds of the MILC Program. This price would keep us out of MILC and save the Federal Government lots of dollars.

The vast majority of New York consumers would support this price, in an effort to keep farms – farming in NY State.

Be reminded that purchasing milk from out of state, those dollars leave the state never to return!

If we choose to support our farms with a realistic pay price that money will stay in state and rollover 3-5 times in the local economy. Basically a no Brainer!

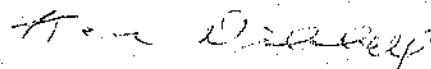
People it is time to Act! And Act responsibly and now is the time.

The proposed "National Dairy Equity Act" is an absolute Hoax and it is far far away..

Why did the upper Midwest not get nailed with a negative PPD on April milk when everyone else paid over \$3.00/CWT negative PPD?

Straight from the heart and gutter of Dairy Economics.

Somewhat Respectfully,



Ken Dibbell