

St. Albans Cooperative Creamery, Inc.
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Est. 1919

December 8, 2006

The Honorable Mike Johanns
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Secretary,

I am Leon Berthiaume, General Manager/CEO, of St. Albans Cooperative Creamery, Inc. located in St. Albans, Vermont. St. Albans is a 500 member cooperative that markets in the range of 1.3 billions pounds of milk annually. Our members are located in the States of Vermont, New Hampshire and New York. 2006 has proved to be an unprecedented year of challenges for dairy farmers. Our members have experienced the lowest milk prices we've seen since 2003 (which mirrors pricing from the late 70's), escalating operating costs and adverse weather conditions. This decrease in milk price combined with increasing operating costs has and will continue to significantly impact the profitability of our member farms in 2006. We have had more than 45 members that have made the decision to cease milk production in 2006.

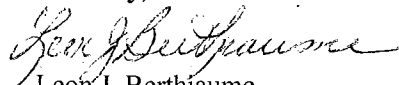
The USDA's referendum order issued on November 17, 2006 to amend the manufacturing make allowances for cheese, butter, nonfat dry milk (NFD) and dry whey will certainly lower the prices that producers receive for their product and will negatively impact dairy farmer income. This referendum order to update costs will not only affect Class III and IV products but will also be applied to Class I and II prices therefore reducing all four Class prices.

USDA recently announced a hearing on December 11th to consider new pricing formulas for Class I and II milk. On behalf of our Board of Directors and dairy farmers I would like to thank you for your rapid response to the request of the National Milk Producers Federation to set up this necessary hearing. Establishing a direct relationship between dairy product prices and the Class I and II price would result in a needed increase in prices paid to dairy farmers.

Our dairy farmers are in a dire situation this year. The financial impact of 2006 will be carried over into 2007. If approved, proceeding with the implementation of the referendum order on Class III and IV products will put additional financial hardship on our dairy farmers. We have supported the referendum because of the importance and role of Federal Orders. **However, we request that USDA delay its implementation until a decision is made and implemented on the proposed changes to the Class I and II milk price formulas.** This would provide the time needed to discuss Class I and II pricing without further disadvantaging our dairy farmers in the interim.

Again, I would like to thank you for the speedy announcement of a hearing to discuss new Class I and II pricing formulas and for your leadership and advocacy in protecting the interests of dairy farmer throughout our nation.

Sincerely,


Leon J. Berthiaume
General Manager

cc: Bruce Knight, Under Secretary
Lloyd Day, AMS Administrator
Dana Coale, AMS Deputy Administrator

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