



Michigan Milk Producers Association
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Exhibit # _____

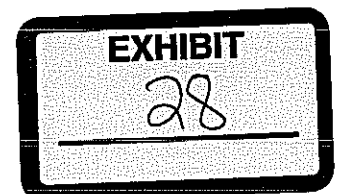
Docket no. AO-11-0333; AMS-DA-11-0067; DA-11-04

Milk in the Mideast Marketing Area

Testimony on behalf of the Michigan Milk Producers Association

Submitted by Carl Rasch

October 4, 2011



I am Carl Rasch and I am here today to submit a statement on behalf of the Michigan Milk Producers Association hereafter referred to as MMPA. I am employed by MMPA as their Director of Bulk Milk Marketing. My business address is 41310 Bridge Street, Novi, Michigan.

Although MMPA was not initially involved in discussions with USDA and development of the proposal being considered here today, we did petition USDA to be included as a proponent of Proposal #1. The hearing notice does list MMPA as a proponent and we are actively engaged in promoting adoption of Proposal #1 which would amend the definition of a pool distributing plant. It is MMPA's opinion that the definition as currently written and interpreted does not adequately reflect recent developments in dairy processing technology and dairy product distribution.

MMPA has always been an avid supporter of federal orders and the role they have played in creating an environment for orderly marketing. Regional federal orders were formulated based upon desires of the majority of milk producers in a geographic marketing area to have a program in place that provides them with an orderly means of determining the value of the milk they have produced in the production of various products in today's modern dairy facilities and to establish a uniform minimum price for each of these various uses. Federal orders further advance the principle of orderly marketing by creating market wide pooling of the aggregate value of marketing by individual producers and distribution of that value by way of a uniform minimum blend price for producers. Orderly conditions can only exist if there is a competitive balance among all players in regard to a uniform minimum price paid and a minimum uniform price received.

In my 33 years of experience in working for the dairy industry, I have learned that one of the most important aspects of any successful business relationship has been the issue of competitive equity amongst our dairy customer and producer members. The recent change in plant status for the Superior Dairy plant at Canton, Ohio from fully regulated to partially regulated certainly raises question about competitive equity amongst the processor population in the Mideast order. The magnitude of the inequity has been demonstrated by the economic analysis of the competitive advance to be realized as presented earlier by Elvin Hollon. To have a processor as large as Superior Dairy operating in the midst of the Mideast order with such an advantage only because of a loophole in the current order regulations is an invitation for disorder.

Obviously, there is economic benefit being realized by Superior Dairy as a result of the change in the Canton plant status from fully regulated to partially regulated. Why else would Superior Dairy acquire and reopen a plant previously closed by the two previous owners who found the plant to be inefficient by today's industry standards and economically nonviable. Fulton County real estate records indicate that Farmers and Merchants State Bank awarded ownership of the facility to Superior Dairy as the result of a sealed bid auction conducted in January 2011. The plant is not capable of receiving conventional milk hauling equipment and is not equipped to wash them either. The processing capabilities of the plant are very limited. Further evidence of Superior's efforts to avoid regulation is the uneconomic transfer of packaged product from their Canton plant to the Wauseon plant prior to distribution to the ultimate destination. Moving packaged products to a facility 200 miles to the northwest of Canton, Ohio, to ultimately distribute to the Northeast federal order market defies economic logic.

In our opinion, these non-economic activities are flagrant examples of a thinly disguised subterfuge by Superior Dairy to exploit a loophole in the Mideast order language for its personal economic advantage. To allow a major processor to continue to operate with such an advantage just invites other imaginative processors to attempt to mimic Superior's activities and threatens the sustainability of the order system. Because of the highly competitive nature of the fluid milk processing business it is imperative that this issue be addressed and that it be dealt with expeditiously.

As stated earlier, MMPA as an organization is a staunch support of the federal milk marketing orders. At our most recent annual delegate meeting, policy was adapted that included a resolution endorsing federal orders and continuation of the program. The resolution acknowledged federal orders as a time tested method of regulating the industry for the benefit of our dairy farmer members and amending such regulations as market conditions change. The resolution concluded by stating that federal orders and the formal hearing process that we are participating in today have served the industry well.

Thank you for the opportunity to appear here today and provide our input on a matter that is very important to the membership of MMPA.

Respectfully submitted,

Carl Rasch
MMPA Director of Bulk Milk Marketing