



December 19, 2000

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Ms. Kathleen Merrigan
Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
South Agriculture Building, Room 3071
1400 Independence Avenue, SW
Washington, DC 20250

RECEIVED

Dear Ms. Merrigan:

I am writing to voice my company's strong support of the Emergency Motion of the National Cheese Institute for the Issuance of an Order Staying the Implementation of that Portion of the Tentative Final Decision that provides for a separate Class III Butterfat Price.

Raskas Foods, Inc. is a fourth generation family-owned dairy business. We are the second largest manufacturer of cream cheese in the U.S. We are headquartered in St. Louis, Missouri, with manufacturing plants in St. Louis, Shippensburg, Pennsylvania, and a new plant under construction in Stephenville, Texas.

There are a number of reasons why we are deeply troubled by the new Class III butterfat pricing mechanism in the Tentative Final Decision. The most obvious is that the cost of the products we manufacture will bear the brunt of the impact of the revised pricing for butterfat in cheese. While overall milk prices will change modestly, the cost of cream cheese will increase 20-30%.

What is most troubling, however, is the far-reaching impact of the new butterfat pricing scheme on the sale of butterfat throughout the U.S. and the extremely short lead time we have been given to react to the unexpected addition of butterfat component pricing to the Tentative Final Decision. Our discussions with customers, suppliers, and fellow dairy manufacturers indicate that few understand the full impact of class-specific butterfat pricing on their businesses. I urge you to recommend favorable consideration of the Emergency Motion, so that sufficient comment and discussion can take place prior to implementation.

Sincerely yours,

Heschel J. Raskas

Heschel J. Raskas, Ph.D.
President
Raskas Foods, Inc.

HJR:mm



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

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Heschel J. Raskas, Ph.D.
President
Raskas Foods, Inc.
165 North Meramec Avenue
St. Louis, Missouri 63105-3780

Dear Dr. Raskas:

Thank you for your comments on the tentative final decision filed on December 19, 2000. They will be filed with the Hearing Clerk and considered with other comments received in response to the tentative final decision issued November 29 in the process of formulating a final decision on amending the Class III and Class IV pricing formulas. An interim final rule was issued on December 21, after producers approved the amended orders. The interim amended orders will become effective for milk marketed on or after January 1, 2001.

As you may know by now, we have denied the motion for a stay of the implementation of the tentative final decision. The congressional mandate that we hold a hearing requires that any amendments adopted be effective on January 1, 2001. As a result of issuance of a tentative final decision instead of a final decision, interested persons have until February 5, 2001, to comment on the decision.

As stated in the decision, the current butterfat price does not reflect the value of butterfat used in cheese, and our attempt to adjust for that shortcoming in Federal order reform by incorporating a differential value for butterfat in the protein price formula results in a protein price that fails to reflect the value of protein in cheese. The Class III butterfat and protein price formulas in the tentative final decision do reflect the role of these components in contributing to cheese yield.

As we continue to be under *ex parte* rules, we cannot discuss the merits of the decision beyond the reasons stated for adoption of the tentatively adopted formulas in the decision. We look forward to receiving your further comments.

Thank you again for sharing your views.

Sincerely,

SIGNED

*Manuel
Lewy
Case*

ENRIQUE E. FIGUEROA, Ph.D.
Deputy Under Secretary
Marketing and Regulatory Programs

MICHAEL D. FERNANDEZ
ASSOCIATE ADMINISTRATOR

*MDF
12/29/00*