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) Docket No. AO-14-A74; DA-06-01

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The evidence presented at the hearing and the preliminary analysis by the USDA shows that increasing the make allowances for butter, cheese, nonfat dry milk, and whey powder, as proposed, will result in lower Federal order class and blend prices and lower all-milk prices to dairy farmers. Kentucky dairy farmers are located in an area of the U.S. with rapid population growth. According to

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Census data, Kentucky's population increased by 9.67% from 1990 – 2000 and is projected to grow another 12.7% by 2030. As evidenced in hearing testimony, Kentucky's milk production is just 63% of what it was during 1990 and continues to decrease annually.

Based on hearing evidence and the Department's preliminary study, Kentucky dairy farmers will lose and estimated \$426,000 to \$1.28 million monthly if proposal no. 1 is adopted. Kentucky dairy farmers cannot suffer another decrease in pay prices as they struggle to maintain a local supply of milk to the consumers. For these reasons, KDDC is opposed to proposal no. 1, which seeks to modify the make allowances in the product price formulas used in the Federal Orders. KDDC urges the Secretary to reject the proposed regulation that would so negatively affect the dairy farmers in Kentucky.

February 12, 2006

Respectfully Submitted,



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