

Original: 2218



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2001 OCT 22 AM 9:25

INDEPENDENT REGULATORY REVIEW COMMISSION

October 18, 2001

Robert E. Nyce, Executive Director
Independent Regulatory Review Commission
14th Floor, Harrisstown 2
333 Market Street
Harrisburg, PA 17101

RE: Proposed Rulemaking on the Over-Order Premium Pool, Contained in the September 22, 2001 Issue of the *Pennsylvania Bulletin* (31 Pa. B. 5367)

Dear Mr. Nyce:

Pennsylvania Farm Bureau has offered comments to the Pennsylvania Milk Marketing Board ("Board") regarding the aforementioned rulemaking. Enclosed is a copy of the comments submitted to the Board.

A critical aspect of the Board's proposed rulemaking surrounds the percentage of monthly over-order premium proceeds that will be required to be pooled statewide and equitably distributed to Pennsylvania dairy farmers servicing Pennsylvania markets. We note in our comments the principal objective that the over-order premium has historically attempted to accomplish, which is to provide necessary income to all dairy farmers to meet farmers' cost of producing milk. We also note the intended objective of the Board's proposed rulemaking – to significantly change the current method of distribution of premium proceeds, which unfairly prevents many Pennsylvania dairy farmers servicing Pennsylvania markets from sharing in these proceeds.

Despite the Board's recognition of the inadequacy of the current method of premium distribution, we are not satisfied with the percentage of premium proceeds that the Board proposes to be distributed through its statewide pooling method. The Board's proposed level of 45% statewide distribution of premium proceeds will not provide dairy farmers who currently receive little or no income from the premium with a significantly greater opportunity to share in premium income, and will not relieve the significant inequity in prices among neighboring dairy farmers servicing local markets, which the current method for distribution of premium proceeds has created.

It is our hope that the Commission would give serious consideration to the comments we have submitted to the Board and would recommend to the Board to amend its proposed rulemaking to increase the percentage of over-order premium proceeds to be pooled and distributed statewide to Pennsylvania producers shipping milk to Pennsylvania plants from 45% to 100%.

Sincerely,

A handwritten signature in black ink that reads "John J. Bell". The signature is written in a cursive style with a large initial "J" and "B".

John J. Bell
Counsel, Governmental Affairs

Enclosure

cc: James Smith (w/encl)

Christopher Markham (w/encl)

S:\jjb\pmmmbpool2001-9.doc



2301 OCT 22 AM 9:25
RENEW COMMISSION

October 16, 2001

Sharon L. Grottola, Esquire, Chief Counsel
Pennsylvania Milk Marketing Board
Room 110, Agriculture Building
2301 North Cameron Street
Harrisburg, PA 17110-9408

RE: Proposed Rulemaking on the Over-Order Premium Pool, Contained in the September 22, 2001 Issue of the *Pennsylvania Bulletin* (31 Pa. B. 5367)

Dear Ms. Grottola:

These comments are offered by Pennsylvania Farm Bureau regarding the aforementioned proposed rulemaking.

The proposed rulemaking would require a partial pooling and distribution of the over-order premium currently mandated by the Milk Marketing Board ("Board") on Class I milk (milk used for drinking purposes) that is produced, processed and marketed in Pennsylvania. Specifically, the Board is proposing that 45% of premium dollars required to be paid to Pennsylvania producers each month be pooled and redistributed statewide to all Pennsylvania producers shipping milk to Pennsylvania plants, regardless of what form the producer milk is ultimately marketed. The proposed rulemaking would continue to allow the remaining 65% of mandated monthly premium dollars collected by each dealer to be distributed by each dealer to only those producers who ship milk to that dealer.

Pennsylvania Farm Bureau believes that 100% of the Board's mandated premium dollars should be equitably pooled and shared by Pennsylvania producers statewide. The Board has provided an over-order premium since 1988. Throughout the history of the over-order premium, the overriding principle behind the Board's establishment of the premium was to provide to **all** Pennsylvania dairy farmers servicing the market additional income that was not being provided through normal marketing means. Whether to meet sudden and harsh increases in milk production costs as a result of drought or energy shortages or to bolster sagging milk prices and economic losses that would likely result to producers, the premium that the Board has mandated dealers to pay to producers was intended to provide all Pennsylvania dairy farmers with additional income to offset natural or economic conditions that seriously threatened farmers' continued economic viability.

The current mechanism for distribution of the over-order premium, however, prevents a significant portion of farmers from sharing in premium proceeds. Distribution of the premium under the current "individual handler pool" basis unfairly rewards dairy farmers whose dealers are able to market their milk as fluid milk and disadvantages farmers whose dealers must market and use their milk for cheese, butter or other manufactured products. A dealer that markets a high percentage of milk as Class I is only required to share its collected premiums with the farmers who specifically ship to that dealer. Another dealer whose milk is predominantly marketed for cheese, butter or other non-fluid products will have little or no premium proceeds to distribute.

Even though two neighboring farmers incur essentially the same costs to produce their milk and produce essentially the same quality of milk, the one producer who is fortunate to ship his milk to the Pennsylvania Class I dealer will receive much more of the premium than his neighbor who ships to the Pennsylvania dealer whose milk is marketed for cheese or butter use.

Pennsylvania Farm Bureau believes the current method for distribution of the over-order premium is unfair. Neighboring dairy farmers are all experiencing similar costs to produce milk, regardless of whether the milk was ultimately marketed at retail as fluid milk or as cheese, butter or other manufactured milk products. Under the federal order milk marketing system, neighboring farmers marketing to different local dealers essentially receive the same price for their milk, since federal orders requires order-wide pooling and distribution of proceeds resulting from milk marketed in that order. Yet the individual handler method for distribution of the Board's over-order premium causes one farmer to receive a significantly higher price than his neighbor because of the specific dealer to which he markets his milk.

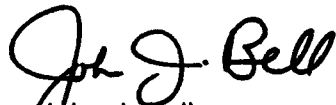
The Board's decision to propose a method for statewide pooling of the over-order premium is certainly recognition by the Board that the current system for distribution of premium proceeds is inequitable. But the Board's specific proposal to pool only 45% of premium proceeds will not in fact accomplish the purpose that the Board wishes to accomplish through its proposed rulemaking. A review of the Board's own data clearly shows that a 45% statewide distribution of premium proceeds will provide negligible relief to farmers shipping milk to non-Class-I dealers, and will not eliminate the significant disparity in prices that the current method of premium distribution has created between neighboring farmers servicing the Pennsylvania market.

If the Board believes that the current method for distribution of the over-order premium is unfair, we would think the Board would want to establish a percentage level of statewide distribution that would meaningfully secure equity among Pennsylvania farmers servicing the market. The Board's establishment of a 45% level of statewide premium distribution will neither accomplish the objective that the Board intends to accomplish through its proposed rulemaking nor accomplish the principal objective that has historically driven the Board to mandate over-order premiums – to provide price relief to all Pennsylvania farmers servicing local markets.

We feel the Board needs to establish a much higher percentage of premium to be pooled statewide than the percentage the PMMB has originally proposed. Unless this is done, the Board will not provide the equity in distribution of proceeds that we feel should exist among neighboring Pennsylvania dairy producers.

We would urge the Board to amend its proposed rulemaking to require 100% of the proceeds mandated to be paid to Pennsylvania producers through the over-order premium be pooled statewide to all Pennsylvania producers shipping milk to Pennsylvania plants.

Sincerely,

A handwritten signature in black ink that reads "John J. Bell". The signature is written in a cursive style with a large, prominent "J" and "B".

John J. Bell
Counsel, Governmental Affairs

S:\jbj\pmbpool2001-8.doc



P.O. BOX 1006 BLAKESLEE, PA 18610

1-800-922-6455 • 570-643-9838 • FAX 570-643-9836

October 18, 2001

Ms. Sharon Grottola, Esq.
Chief Counsel
PA Milk Marketing Board
110 Ag Building
2301 N. Cameron Street
Harrisburg, Pa 17110

RECEIVED
MILK MARKETING BOARD
HARRISBURG PA.
OCT 19 AM 9 45

Dear Ms. Grottola,

Please reference my previous letter dated September 28, 2001 in which I presented our reasons for opposing pooling of the over-order premium. In addition to those comments, I present to you, some additional points to consider.

Monroe County Milk Producers Cooperative Corporation, d/b/a Pocono Mountain Dairies, operates under a tolling agreement. As such, the raw milk from our farms is shipped to a processing plant and sent back to us in packaged form. The processing plant does not pay for the raw milk but does charge us a processing, packaging and delivery fee.

The proposed language for the over-order premium pool appears to require this processing dealer to pay into the pool for all milk received at the plant, whether purchased or not. Specifically, Section 148.1, under definition of Qualified Producer, contains the phrase "purchased or processed". We feel that the words "or processed" should be deleted. Since I am not an attorney, I also request all other language that I may have missed that requires the processing dealer in our situation to pay into the pool, be deleted.

Please be advised that we will vigorously oppose the pooling regulations. Your attempt to include us in the pooling process will result in litigation. For all of the reasons presented by us as well as by the many other companies and organizations that oppose pooling, I hope you will withdraw this proposal.

Sincerely,

Michael A. Kane
General Manager

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MILK MARKETING BOARD
HARRISBURG PA.
OCT 19 AM 9 45





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1-800-922-6455 • 570-643-9838 • FAX 570-643-9836

RECEIVED
MILK MARKETING BOARD
HARRISBURG PA.
OCT 22 PM 2 30

October 19, 2001

Ms. Sharon Grottola, Esq.
Chief Counsel
PA Milk Marketing Board
110 Ag Building
2301 N. Cameron Street
Harrisburg, Pa 17110


Dear Ms. Grottola,

In addition to the previous correspondence, I have one more request.

We feel that Section 148.1 under the definition of Producer-Dealer; paragraph (iii) should be deleted. This particular paragraph has no impact on the pooling process since, in theory, dealers supplying the packaged product to the Producer-Dealer would have paid into the pool for the raw milk utilized to process them. It should not matter how much packaged product the Producer-Dealer purchases.

Also, we feel that Section 148.1, Producer-Dealer, paragraph (iv) should read as follows, "(iv) Provides proof satisfactory to the pool administrator that the care and management of the dairy animals and other resources necessary to produce all milk handled (excluding receipts from subparagraph (ii)) are the Producer-Dealer's own enterprise and at its own risk."

Thank you for your consideration.

Sincerely,

Michael A. Kane
General Manager





COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD

CHIEF COUNSEL

October 24, 2001

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-6492

Original: 2218

Michael Kane, General Manager
Pocono Mountain Dairies
P. O. Box 1006
Blakeslee, Pennsylvania 18610

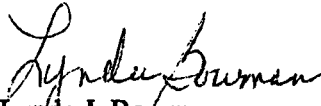
Re: Regulation of Marketwide Pool of PMMB Over-Order Premium

Dear Mr. Kane:


Thank you for your additional comments contained in your letters of October 18 and 19, 2001, regarding the decision of the Pennsylvania Milk Marketing Board to establish a marketwide pool of the mandated over-order premium. You expressed your strong opposition to the proposed regulation and your concern about the proposed definitions of Qualified Producer and Producer-Dealer that would include your organization in the marketwide pool. You further indicated that Pocono Mountain Dairies would pursue litigation if these definitions were not changed pursuant to your request. The Board reviews all comments received by all interested persons and, if necessary, will make changes to the proposed regulation. As was indicated to you in a previous letter, an agency has two years to make these changes and submit the regulation in final form. When the regulation is prepared in final form, you can access it on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Thank you once again for your interest in the proposed marketwide pooling regulation.

Through:


Lynda J. Bowman
Secretary

Very truly yours,


Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member

Original: 2218



COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD

October 18, 2001

CHIEF COUNSEL

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-6492

Mr. Jim Carroll
Vice President and Chief Operating Officer
Dairy Farmers of America, Mideast Area Council
3737 Embassy Parkway
P. O. Box 5530
Fairlawn, Ohio 44334-0530


Re: Regulation on Marketwide Pooling of the Over-Order Premium

Dear Mr. Carroll:

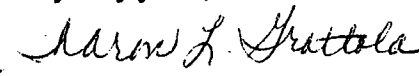
Thank you for your recent comments regarding the decision of the Pennsylvania Milk Marketing Board to establish a marketwide pool of the mandated over-order premium. You expressed your support of 90% pooling rather than the 45% selected by the Board. As you know, the pooling issue was heavily debated by both those for a pool and those against one. As you also are aware, the proposed pooling regulation is currently before the Independent Regulatory Review Commission (IRRC) and the Senate and House Agriculture and Rural Affairs Committee for consideration and comments to the Board. Following their review, the Board will make any changes, if necessary, and submit the regulation in its final form to IRRC and the Committees. An agency has two years to submit the final form regulation. When the final form regulation is prepared, you may receive a copy by providing a written request to the Board or access the final form regulation on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Thank you again for your interest in a marketwide pool of the mandated over-order premium.

Through:


Lynda J. Bowman
Secretary

Very truly yours,


Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member



October 10, 2001

Beverly Minor, Chairperson
The Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Chairperson Minor;

In my role as Vice President and Chief Operating Officer of Dairy Farmers of America's Mideast Area Council, I am writing to you today on behalf of over 500 members from whose farms is marketed 35 million pounds of milk each month. The competition for markets and the capability to generate returns sufficient to stay in business is as challenged today, as it has ever been for dairy farmers in western Pennsylvania. Individuals dedicating their lives to producing our nation's milk can only trust that wherever possible, those involved in regulating their industry will create as level a playing field as possible for them to compete and attempt to survive.

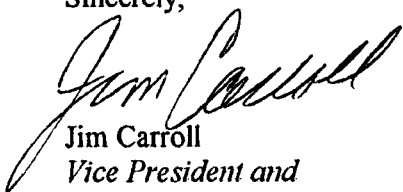
The Pennsylvania Milk Marketing Board has, and continues to play, a critical role in administering a program that collects from the marketplace on a processor equitable basis additional monies to assist in maintaining a production base to service that marketplace. It has been and continues to be DFA Mideast's dairy farmer elected leadership position that those marketplace dollars are not fairly distributed to those supporting that marketplace. We commend the PMMB for advancing the pooling concept of these marketplace proceeds and will support that position throughout the Independent Regulatory Review Commission process.

For the principal reason that our organization operates a market balancing facility in western Pennsylvania and attempts to maintain a production base to continue that operation's viability, we must pursue a higher level of market proceeds pooling than the 45% amount recommended by the PMMB. To establish the equity among dairy farmers that pooling permits, we believe that a 90% sharing is necessary. To that end, we will be working to persuade the IRRC to return the regulation to the PMMB for reconsideration of that pooling percentage.

In closing, permit me to express collectively the appreciation of our members for your and the PMMB Board's efforts to afford us the opportunity to address this fairness issue and build a more sustainable dairy future for Pennsylvania.

If we can be of any help in assisting yourself, the Board, or it's staff in working through this process, please let me know.

Sincerely,



Jim Carroll
*Vice President and
Chief Operating Officer*

Mideast Area

3737 Embassy Parkway • P.O. Box 5530 • Fairlawn, OH 44334-0530 • Tel: 800-837-6776 • 330-670-7800 • FAX: 330-670-7801

Original: 2218

Bateman, Debra

From: Angel M. Stone [astone@csonline.net]
Sent: Wednesday, October 17, 2001 4:37 PM
To: BMINOR@STATE.PA.US
Cc: Angel M. Stone
Subject: Pooling of the Pa. Over-Order Premium
October 13, 2001

2001 OCT 29 AM 9:18

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MILK COMMISSION

Dear Chairperson Minor,

I am writing to you in regards to the Pennsylvania Milk Marketing Board's regulation to pool 45% of the Pennsylvania Over-Order Premium. I am a dairy farmer member of Dairy Farmers of America, Inc. and milk 59 cows in Rimersburg, Pennsylvania. Although I agree with the PMMB's decision to pool the Over-Order Premium, I feel strongly that 90% pooling is the only fair way to create an equitably distributed premium system that benefits all Pennsylvania dairy farmers. If pooling the premium is the right thing to do, then it shouldn't be done half way.

The Over-Order Premium was created to help dairy farmers when faced with economic and weather-related hardships. Unfortunately, while this premium is extremely beneficial to some, it is inequitably distributed so that the majority of the proceeds go to a small minority of farmers. I produce the same quality milk under the same economic conditions as my neighbor does. Yet, even at 45% pooling, he could still be getting as much as \$3,500 more annually through the premium distribution process. That just doesn't seem fair.

Consumers fund this premium through an 11.5-cent surcharge on every gallon of fluid milk sold in Pennsylvania. The level at which the premium is pooled would not affect the amount that the consumer pays. While I am grateful that these consumers want to help Pennsylvania dairy farmers produce quality products, I am also certain that they would want any assistance to be equitably distributed among all farmers.

Dairy farmers are in an increasingly competitive industry, and we must have access to a fair price for our milk. That includes having the same access to premiums that our neighbors do. Please approve a regulation to pool 90% of the Pennsylvania Over-Order Premium to benefit all Pennsylvania dairy farmers.

Sincerely yours,

Angel M. Stone
3542 Kissinger Mill Rd.
Rimersburg, Pa. 16248

cc: The Honorable Fred McIlhattan
Sen. Mary Jo White

*Produced from letter sent
10-18-01*

10/18/2001

Original: 2218

TO: PMMB
FROM: Charles Seidel, Lenhartsville, PA
RE: PA Over-Order Premium

October 16, 2001

As a dairy farmer, and a lifetime member of the Virginville Grange #1832, I strongly oppose the market-wide pooling of the PMMB over-order premium. I support the current payment plan of the state over-order premium. Pennsylvania's independent dairy farmers produce high quality milk for the people of our state. In southeastern Pennsylvania, farmers must face high land prices, high property taxes, and many added expenses due to a high population density. The high population in this area requires much fluid milk. This high demand for milk allows farmers to receive a higher milk price via the PMMB over-order premium.

Under the current system, Pennsylvania's independent dairy farmers who produce Class 1 or fluid milk receive a premium payment. This premium set by the PMMB is raised or lowered based on market conditions such as current milk prices, farm expenses, and the supply and demand of milk.

The pooling of premiums will create a less competitive environment for milk prices at the farm level. In a competitive milk market, dairy farmers are afforded the opportunity to sell milk into the most profitable market available. With pooling of the premium, competition for milk will decline and consequently milk prices will decline at the farm level.

The main objective of the PMMB is to insure that the residents of Pennsylvania have a constant supply of milk in the grocery store. In Federal Order #1, fluid milk (Class 1) is worth \$3.00 per hundredweight more than Class 3 (cheese) or Class 4 (butter) milk. Due to the federal order blend price system, farmers who produce milk for the fluid milk market receive no additional payment, even though their milk is more valuable. It is only because of the Pennsylvania over-order premium, that PA's independent dairy producers of fluid milk are compensated for the extra value of the milk they produce.

Currently, milk production and cow numbers have been declining at a fast pace each month since December 2000. The Pennsylvania State Grange and other dairy cooperatives, such as Dairylea and Dairy Farmers of America, have testified before the PMMB to keep over-order premiums at higher levels than normal, in an effort to help dairy farmers financially and so that milk production in Pennsylvania can once again show positive growth. During recent testimony before the PMMB, Land O' Lakes has stated that a lower premium would be the correct direction to take.

It seems wrong that a change in the PMMB premium payment system will hurt Pennsylvania's independent dairy farmers. The beneficiary of pooling the premium will be Land O' Lakes, a Minnesota based cooperative, that makes only a small contribution to the supply of fluid milk in Pennsylvania.

In conclusion, I feel that Land O' Lakes is wrong in its efforts to not only take away a portion of the over-order premium from independent dairy farmers, but also wrong in its frequent testimony before the PMMB where they advocate a lower over-order premium. Land O' Lakes testimony and efforts to change PMMB policies will financially hurt thousands of Pennsylvania's dairy farmers.

Sincerely,

Charles Seidel

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181 Seidel Rd
19534

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2001 OCT 17 AM 9:53

REVIEW COMMISSION

October 16, 2001

Mr. John R. McGinley, Jr., Chair
Independent Regulatory Commission
14th Floor Harrisstown 2
333 Market Street
Harrisburg, PA 17101

Dear Mr. McGinley:

In my role as Vice President and Chief Operating Officer of Dairy Farmers of America's Mideast Area Council, I am writing to you today on behalf of over 500 members from whose farms is marketed 35 million pounds of milk each month. The competition for markets and the capability to generate returns sufficient to stay in business is as challenged today, as it has ever been for dairy farmers in western Pennsylvania. Individuals dedicating their lives to producing our nation's milk can only trust that wherever possible, those involved in regulating their industry will create as level a playing field as possible for them to compete and attempt to survive.

The Pennsylvania Milk Marketing Board has, and continues to play, a critical role in administering a program that collects from the marketplace on a processor equitable basis additional monies to assist in maintaining a production base to service that marketplace. It has been and continues to be DFA Mideast's dairy farmer elected leadership position that those marketplace dollars are not fairly distributed to those supporting that marketplace. We commend the PMMB for advancing the pooling concept of these marketplace proceeds and will support that position throughout the Independent Regulatory Review Commission process.

For the principal reason that our organization operates a market balancing facility in western Pennsylvania and attempts to maintain a production base to continue that operation's viability, we must pursue a higher level of market proceeds pooling than the 45% amount recommended by the PMMB. To establish the equity among dairy farmers that pooling permits, we believe that a 90% sharing is necessary. To that end, we will be working to persuade your organization to return the regulation to the PMMB for reconsideration of that pooling percentage.

On behalf of the dairy farmers our cooperative represents, I am asking you to support 90% pooling. The PMMB established the premium to aid all Pennsylvania dairy farmers when faced with economic and weather hardships. The information they use to determine the level of the premium is derived from all farmers in the state, not just those in PMMB handler pools. However, the premium is paid back to the dairy farmers in PMMB handler pools, regardless of whether or not the statewide data applies to their specific operation.

If I can be of any help in assisting you or your staff in working through this process, please let me know.

Sincerely,

Jim Carroll
Vice President and
Chief Operating Officer

Mideast Area

3737 Embassy Parkway • P.O. Box 5530 • Fairlawn, OH 44334-0530 • Tel: 800-837-6776 • 330-670-7800 • FAX: 330-670-7801

Original: 2218

To: Beverly Minor, Chairperson
Pennsylvania Milk Marketing Board

Date: October 15, 2001

Dear Ms Minor:

Myra and I are members of Dairy Farmers of America and manage a 90 cow dairy in neighboring Fayette County. I am writing in response to the proposal under consideration by PMMB to pool 45% of Over-Order Premium. Currently PMMB distribution of these premiums is grossly unfair as it does not distribute them to all PA dairy producers on an equitable basis. While your proposal to pool 45% is a start, it does not make PMMB's premium distribution any fairer. Only 100% pooling would make it fair.

These over-order premiums were started to help dairy farmers who are faced with economic stress and weather related hardships. All of us face these conditions yet all of us do not share the premiums. My neighbor 2 miles down the road receives \$.60/cwt more for his milk than we do only because he gets far more of the premium than we do because he markets his milk elsewhere. That is not fair for a statewide agency.

Consumers fund the PMMB premiums thru a surcharge on milk purchased in PA stores and we are grateful to consumers for wanting to help farmers. Perhaps consumers would not be so helpful if they realized their help was being distributed unfairly.

We are in an extremely competitive industry and all farmers share the increasing costs of production. We feel we should also share equally in the PMMB's premiums. This can only be accomplished by 100% pooling. If unfairness continues in a state agency perhaps that agency has outlived it's usefulness. Dairy farmers are capable of bargaining for premiums on their own given a level playing field.

Sincerely,
John Piwovar
Myra Piwovar
127 Bitner Road
Uniontown, PA 15401

cc: The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chairperson
The Honorable James Shaner The Honorable Richard Kasunic

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PA DEPARTMENT OF AGRICULTURE



Original: 2218

October 16, 2001

RECEIVED
COMMUNICATIONS SECTION
01 OCT 19 AM 9 20
MILK MARKETING BOARD
HARRISBURG, PA.
2001 OCT 31 AM 9:42

Sharon L. Grottola, Esquire, Chief Counsel
Pennsylvania Milk Marketing Board
Room 110, Agriculture Building
2301 North Cameron Street
Harrisburg, PA 17110-9408

RE: Proposed Rulemaking on the Over-Order Premium Pool, Contained in the September 22, 2001 Issue of the *Pennsylvania Bulletin* (31 Pa. B. 5367)

Dear Ms. Grottola:

These comments are offered by Pennsylvania Farm Bureau regarding the aforementioned proposed rulemaking.

The proposed rulemaking would require a partial pooling and distribution of the over-order premium currently mandated by the Milk Marketing Board ("Board") on Class I milk (milk used for drinking purposes) that is produced, processed and marketed in Pennsylvania. Specifically, the Board is proposing that 45% of premium dollars required to be paid to Pennsylvania producers each month be pooled and redistributed statewide to all Pennsylvania producers shipping milk to Pennsylvania plants, regardless of what form the producer milk is ultimately marketed. The proposed rulemaking would continue to allow the remaining 65% of mandated monthly premium dollars collected by each dealer to be distributed by each dealer to only those producers who ship milk to that dealer.

Pennsylvania Farm Bureau believes that 100% of the Board's mandated premium dollars should be equitably pooled and shared by Pennsylvania producers statewide. The Board has provided an over-order premium since 1988. Throughout the history of the over-order premium, the overriding principle behind the Board's establishment of the premium was to provide to all Pennsylvania dairy farmers servicing the market additional income that was not being provided through normal marketing means. Whether to meet sudden and harsh increases in milk production costs as a result of drought or energy shortages or to bolster sagging milk prices and economic losses that would likely result to producers, the premium that the Board has mandated dealers to pay to producers was intended to provide all Pennsylvania dairy farmers with additional income to offset natural or economic conditions that seriously threatened farmers' continued economic viability.

The current mechanism for distribution of the over-order premium, however, prevents a significant portion of farmers from sharing in premium proceeds. Distribution of the premium under the current "individual handler pool" basis unfairly rewards dairy farmers whose dealers are able to market their milk as fluid milk and disadvantages farmers whose dealers must market and use their milk for cheese, butter or other manufactured products. A dealer that markets a high percentage of milk as Class I is only required to share its collected premiums with the farmers who specifically ship to that dealer. Another dealer whose milk is predominantly marketed for cheese, butter or other non-fluid products will have little or no premium proceeds to distribute.

Even though two neighboring farmers incur essentially the same costs to produce their milk and produce essentially the same quality of milk, the one producer who is fortunate to ship his milk to the Pennsylvania Class I dealer will receive much more of the premium than his neighbor who ships to the Pennsylvania dealer whose milk is marketed for cheese or butter use.

Pennsylvania Farm Bureau believes the current method for distribution of the over-order premium is unfair. Neighboring dairy farmers are all experiencing similar costs to produce milk, regardless of whether the milk was ultimately marketed at retail as fluid milk or as cheese, butter or other manufactured milk products. Under the federal order milk marketing system, neighboring farmers marketing to different local dealers essentially receive the same price for their milk, since federal orders requires order-wide pooling and distribution of proceeds resulting from milk marketed in that order. Yet the individual handler method for distribution of the Board's over-order premium causes one farmer to receive a significantly higher price than his neighbor because of the specific dealer to which he markets his milk.

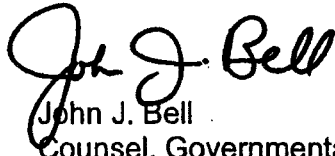
The Board's decision to propose a method for statewide pooling of the over-order premium is certainly recognition by the Board that the current system for distribution of premium proceeds is inequitable. But the Board's specific proposal to pool only 45% of premium proceeds will not in fact accomplish the purpose that the Board wishes to accomplish through its proposed rulemaking. A review of the Board's own data clearly shows that a 45% statewide distribution of premium proceeds will provide negligible relief to farmers shipping milk to non-Class-I dealers, and will not eliminate the significant disparity in prices that the current method of premium distribution has created between neighboring farmers servicing the Pennsylvania market.

If the Board believes that the current method for distribution of the over-order premium is unfair, we would think the Board would want to establish a percentage level of statewide distribution that would meaningfully secure equity among Pennsylvania farmers servicing the market. The Board's establishment of a 45% level of statewide premium distribution will neither accomplish the objective that the Board intends to accomplish through its proposed rulemaking nor accomplish the principal objective that has historically driven the Board to mandate over-order premiums – to provide price relief to all Pennsylvania farmers servicing local markets.

We feel the Board needs to establish a much higher percentage of premium to be pooled statewide than the percentage the PMMB has originally proposed. Unless this is done, the Board will not provide the equity in distribution of proceeds that we feel should exist among neighboring Pennsylvania dairy producers.

We would urge the Board to amend its proposed rulemaking to require 100% of the proceeds mandated to be paid to Pennsylvania producers through the over-order premium be pooled statewide to all Pennsylvania producers shipping milk to Pennsylvania plants.

Sincerely,



John J. Bell
Counsel, Governmental Affairs

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Original: 2218

John R McGinley Jr.
Regulatory Commission

Ammon L. Esth
270 Coon Trail Ln.
Gratz, PA 17030

10-15-01

As a dairy farmer in Lykens Township,
Dauphin Co, I am writing you to voice
my support for 100% Pooling of the PMMB
premiums. Please consider this matter carefully

Sincerely
Ammon L. Esth

Original: 2218

Elaine A. Duncan
22610 Freyermuth Rd
Meadville, PA 16335

2001 OCT 19 AM 9:08

RECEIVED

October 15, 2001

John R. McGinley, Jr.
Independent Regulatory Commission
14th Floor Harrisstown 2: 333 Market Street
Harrisburg, PA 17101

Dear sir:

Please find enclosed a letter I sent to Beverly Minor, Chairperson of the Pennsylvania Milk Marketing Board. It expresses my views on the pooling of the Over-Order Premium in Pennsylvania. I hope you will see that the 45% pooling is not fair to a great number of Pennsylvania dairymen. 90% pooling would benefit all of us.

Sincerely,



Elaine A. Duncan

Original: 2218

Elaine A. Duncan
22610 Freyermuth Rd.
Meadville, Pa 16335

October 15, 2001

Beverly Minor, Chairperson
The Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Mrs. Minor,

I am writing to you as a dairy farmer in Crawford County. I milk 40 cows with my husband Clark. Because we sell our milk through DFA, we do not share fully in any over-order premiums that your board devises. This happens even though our milk actually goes to New Wilmington Cheese. Therefore, even if the 45% premium pooling goes into effect, some of our neighbors will receive as much as \$3500 more per year for their milk. Their milk and my milk is produced in the same place and the same conditions, yet they will get more money. The Over-Order Premium is a GOOD thing, but as it is written, it is not fair to all Pennsylvania dairymen.

The consumer thinks that helping Pennsylvania dairy farmers is a wise thing to do. The money tacked on to the price of milk will not rise if the Over-Order Premium is pooled at 90%, but the number of dairymen to benefit will. Please pass an Over-Order Premium regulation that will pool 90% of the premium.

Sincerely,



Elaine A. Duncan

Original: 2218



COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD

October 15, 2001

CHIEF COUNSEL

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-6492

Ms. Brenda J. Shambaugh
Legislative Director
Pennsylvania State Grange
1604 North Second Street
Harrisburg, PA 17102

RECEIVED
2001 OCT 29 AM 9:06
PENNSYLVANIA MILK MARKETING BOARD
REVENUE COMMISSION

Re: Marketwide Pooling of the PMMB Mandated Over-Order Premium

Dear Ms. Shambaugh:

Thank you for your letter concerning the proposed regulations establishing a marketwide pool of the PMMB mandated over-order premium. In your letter you indicated several areas of concern. I have addressed each of these areas below.

The Federal Order minimum price is determined by production primarily in the mid-west not the northeast and the over-order premium compensates for this inadequacy in the system.

With Federal Order Reform in January 2000, this is no longer a true statement. The Class I price is now the higher of Class III price (cheese) or Class IV price (butter) plus the county differential. Since the differentials increase as you move east, Pennsylvania's Class I differentials are higher than those received in the mid-west and western parts of the country. Since both cheese and butter are commodities and are traded on the Chicago Mercantile Exchange, this pricing structure is now based on the economic theory of supply and demand.

Pennsylvania farmers ship to a variety of processors and cooperatives and, as such, benefit from manufacturing operations, including a share of the cooperatives' profits. These benefits are not available to most of those producers who do receive a substantial Class I premium.

Dairy producers whose milk is marketed through a cooperative are, in most instances, owner/members who buy equity in the ownership of the cooperative assets. Therefore, as

Brenda Shambaugh
Page Two
October 15, 2001

in any other business, they expect to receive profits from their investments. Fifty percent of the Class I market is supplied by cooperatives. The other fifty percent, the independents, share no risk of ownership and most benefit from the cooperatives' balancing plants.

Under the present handler pools, independent producers who generally receive the highest premium, have managed their production to meet the needs of the dealers purchasing their milk while other producers have, for the most part, consistently increased production without regard to the needs of the marketplace.

The Pennsylvania Agriculture Statistics Service has no statistical data to substantiate this statement.

In order to stay competitive, cooperatives must voluntarily provide a premium to their members. This premium is identified on the milk check as a competitive price premium or a premium for some other reason, resulting in a larger milk check.

The PMMB is to create stability in the marketplace. With high over-order premiums, it becomes very difficult for cooperatives with fewer Class I customers to match the high pay prices of those supplying the Class I market. For the entire industry to be successful each segment must prosper.

By pooling the over-order premium, the independent producers will see their milk checks significantly reduced.

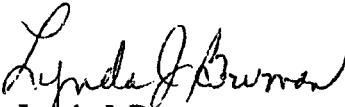
The Class I producer will receive all of the fifty-five percent handler pool and a portion of the forty-five percent marketwide pool.

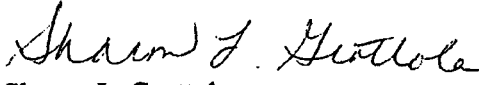
Currently the proposed regulation is before the Independent Regulatory Review Commission and the Senate and House Agriculture and Rural Affairs Committees for consideration and comments to the Board. Following its review, the Board will make changes, if necessary, and submit the regulation in its final form to IRRC and the Committees. An agency has two years to submit the final form regulation. When the final form regulation is prepared, you may receive a copy by providing a written request to the Board or access the final form regulation on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Brenda Shambaugh
Page Three
October 15, 2001

Thank you again for your interest in the marketwide pooling of the mandated over-order premium.

Very truly yours,

Through:  Lynda J. Bowman
Secretary

 Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member



Pennsylvania State Grange

1604 North Second Street
Harrisburg, Pennsylvania 17102

Web: www.pagrang.org
Email: pagrange@pagrange.org
(717) 234-5001
Fax: (717) 234-7654

October 9, 2001

Ms. Sharon Grottola
Chief Council
PA Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Ms. Grottola,

The Pennsylvania State Grange, representing 20,000 rural Pennsylvanians, would like to comment for the record on the PA Milk Marketing Board proposed regulations concerning pooling 45% of the class I over-order premium. The Grange's policy, which was derived after our Dairy Committee reviewed the issue and recommended to our delegate body, opposes pooling at any percentage. This policy is reviewed annually and has not changed.

The Grange has a number of reasons for our position against pooling the over-order premium. First and foremost, let us say that we wholeheartedly support an over-order premium. The dairy industry in PA is dependent on outside factors beyond our control. The dairy farmers in PA can be efficient and excellent managers and still be hindered by over producing dairy farmers in other parts of the nation. The federal order minimum price is determined by production primarily in the mid-west, not the northeast. The over-order premium compensates for this inadequacy in the system.

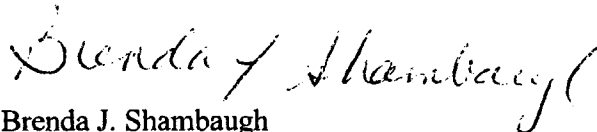
The over-order premium in PA most directly affects independent farmers who ship their milk to dairies in PA. These farmers receive a significant increase to their milk check through the over-order premium since most of their milk is sold as fluid Class I milk. But these independent farmers are not the only ones who benefit from the over-order premium. In fact, almost all farmers in the Commonwealth benefit. PA farmers ship to a variety of processors and co-operatives, and as such, receive benefits, which are not available to most of those producers who do receive a substantial Class I premium. Those benefits include, but are not limited to, a share of the co-ops' profits from manufacturing operations as well as premiums paid on other classes of milk. Moreover, under the present handler pools, independent producers, who generally receive the highest premiums, have managed their production to meet the needs of the dealers purchasing their milk, while other producers have, for the most part, consistently increased production without regard to the needs of the marketplace.

Additionally, in order to stay competitive, milk co-operatives must voluntarily provide a premium to their members. This premium is sometimes delineated on their milk check as a competitive price premium, and other times it is listed as premiums for other reasons. But the end result is a larger milk check. That is the way it should be, farmers benefiting directly and indirectly from the PA Milk Marketing Board regulations. After all, one of the Milk Marketing Board functions is to help producers within our dairy industry.

By pooling the over-order premium, the independent producers will see their milk checks significantly reduced. That is a given. These independent farmers are a minority in PA, and as such do not have the same collective voice as organized dairy groups. Just as importantly, however, is our opinion that all other dairy producers will be hindered indirectly from pooling. After pooling, the buyers of milk for all uses will no longer have to be competitive and meet the over-order premium prices. Farmers could very well lose that competitive advantage because everyone would be receiving a portion of the premium. The supporters of pooling will say that won't happen and that pooling will increase everyone's paycheck. But figures that your own staff provided indicate that pooling 45% of the premium will result in an increase of about 14 cents per hundredweight for those farmers who do not currently receive it. That is significantly less than the \$1.65 that the independent dairy farmers now receive, and is also significantly less than other dairy farmers are receiving in voluntary premiums. Consequently, the Grange's position is that almost everyone loses with pooling. The only winners are those who buy the milk directly from the farmer and who no longer have the incentive to offer market premiums. These businesses, whether they are co-operatives or corporations, are looking out for their profit margins, not the farmers' milk checks.

For these reasons, the PA State Grange emphatically urges you to rescind your proposed regulations concerning the over-order premium. Thank you for your consideration in this matter.

Sincerely,



Brenda J. Shambaugh
Legislative Director

Original: 2218



RECEIVED
2001 OCT 13 11:05 AM
REGULATORY REVIEW COMMISSION

October 15, 2001

Mr. John R. McGinley, Jr., Chair
Independent Regulatory Commission
14th Floor HARRISTOWN 2
333 Market Street
Harrisburg, PA 17101

Dear Mr. McGinley:

Enclosed are copies of 46 letters to Beverly Minor, signed by DFA Mideast producers, expressing their support for pooling.

The Pennsylvania Milk Marketing Board has, and continues to play, a critical role in administering a program that collects from the marketplace on a processor equitable basis additional monies to assist in maintaining a production base to service that marketplace. It has been and continues to be DFA Mideast's dairy farmer elected leadership position that those marketplace dollars are not fairly distributed to those supporting that marketplace. We commend the PMMB for advancing the pooling concept of these marketplace proceeds and will support that position throughout the Independent Regulatory Review Commission process.

For the principal reason that our organization operates a market balancing facility in western Pennsylvania and attempts to maintain a production base to continue that operation's viability, we must pursue a higher level of market proceeds pooling than the 45% amount recommended by the PMMB. To establish the equity among dairy farmers that pooling permits, we believe that a 90% sharing is necessary. To that end, we will be working to persuade the IRRC to return the regulation to the PMMB for reconsideration of that pooling percentage.

In closing permit me to express collectively the appreciation of our members for your and the PMMB Board's efforts to afford us the opportunity to address this fairness issue and build a more sustainable dairy future for Pennsylvania.

Sincerely,

A handwritten signature in cursive script that reads 'Wallace Jackson'.

Wallace Jackson
Division Manager

Enclosures

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Louise Diamond (NAME)

DFA dairy producer who milks 440 cows in Fayette County, PA.

RECEIVED
OCT 10 2001
MILK MARKETING BOARD

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Allen P. Stall (NAME)

DFA dairy producer who milks 70 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

H. Barry Hump (NAME)

DFA dairy producer who milks 105 cows in FAYETTE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Kerry Knupper (NAME)

DFA dairy producer who milks 115 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Clover Hill Farms
Leon W. Paul (NAME)

DFA dairy producer who milks 52 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Paul Heaman (NAME)

DFA dairy producer who milks 410 cows in Fayette County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Wang E Rhoads (NAME)

DFA dairy producer who milks 30 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Robert H. Jackson (NAME)

DFA dairy producer who milks 120 cows in FAYETTE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

 (NAME)

DFA dairy producer who milks 40 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

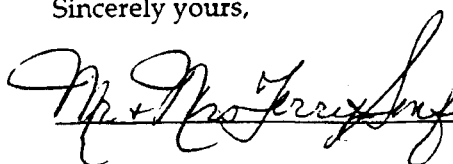
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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

 (NAME)

DFA dairy producer who milks 40 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Paul G. Minkovitch (NAME)

DFA dairy producer who milks 30 cows in Westmoreland County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Stephen Hilligoss (NAME)

DFA dairy producer who milks 280 cows in SOMERSET County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Lisa J. Marietta (NAME)

DFA dairy producer who milks 50 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Andy W. Bunt (NAME)

DFA dairy producer who milks 90 cows in Fayette County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Larry W. Lohr (NAME)

DFA dairy producer who milks 90 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Michael Atterring (NAME)

DFA dairy producer who milks 100 cows in Fayette County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

John T. Warner (NAME)

DFA dairy producer who milks 45 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Bryan Appency (NAME)

DFA dairy producer who milks 105 cows in Fayette County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Robert J. Foor (NAME)

DFA dairy producer who milks 20 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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Sincerely yours,

J M Farms (NAME)

DFA dairy producer who milks 50 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

Even at 45% pooling, one producer may be getting as much as \$3,500 more from the premium than another. Both produce the same quality milk and have the same production costs. It is unfair that one producer should receive a greater benefit than the other does. 90% is the only way to create a fair and equitably distributed premium system in Pennsylvania.

If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Edward W. Menhorn (NAME)

DFA dairy producer who milks 50 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Paul W. Menhorn (NAME)

DFA dairy producer who milks 60 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Larry J. Barnick (NAME)

DFA dairy producer who milks 60 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Eira L Zeglin (NAME)

DFA member dairy producer who milks 45 cows in Westmoreland County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,


(NAME)

DFA dairy producer who milks 50 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

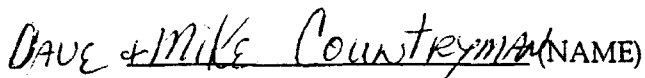
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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,


(NAME)

DFA dairy producer who milks 300 cows in Somerset County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Charles D. Fushie (NAME)

DFA member dairy producer who milks 75 cows in Westmoreland County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

John Pincus (NAME)

DFA dairy producer who milks 85 cows in Fayette County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Neil A. Bapster (NAME)

DFA dairy producer who milks 55 cows in Erie County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

William DRYAN LOFER (NAME)

DFA dairy producer who milks 61 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Chale Chapman (NAME)

DFA dairy producer who milks 80 cows in Erie County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Edward L. Warhola (NAME)

DFA dairy producer who milks 30 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

Dear Chairperson Beverly Minor;

Although I commend the Pennsylvania Milk Marketing Board on its decision to pool the Over-Order Premium, I support a regulation for 90% pooling. Pooling the premium is a regulatory issue and does not affect consumers at all. However, it does affect dairy producers.

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Donald Vogt Telmer Dairy
(NAME)

DFA dairy producer who milks 110 cows in Emery County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Robert [unclear]
(NAME)

DFA dairy producer who milks 135 cows in Lawrence County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair


Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

 (NAME)

DFA dairy producer who milks 50 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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Sincerely yours,

 (NAME)

DFA member dairy producer who milks 50 cows in erie County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
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Sincerely yours,

July A Wymark (NAME)

DFA dairy producer who milks 37 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Geoff R Tahn (NAME)

DFA dairy producer who milks 30 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Bernard Ester (NAME)

DFA dairy producer who milks 36 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Richard C. KOSIENSKI (NAME)

DFA dairy producer who milks 40 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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Sincerely yours, *George C. Heintz*

George C. Heintz (NAME)

DFA dairy producer who milks 18 cows in ERIE County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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Sincerely yours,

Uvin S. Egey (NAME)

DFA dairy producer who milks 35 cows in ERIE County, PA.

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

October 8, 2001

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Ernest J. Buhl (NAME)

DFA member dairy producer who milks 60 cows in Elk County, PA.

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

October 8, 2001

Dear Chairperson Beverly Minor;

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

George & Sandra Detox (NAME)

DFA dairy producer who milks 110 cows in Elk County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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If pooling is the right thing to do, then it shouldn't be half done. Please change the proposed regulation so that 90% pooling of the premium is pooled among all dairy producers.

Sincerely yours,

Robert McLaughlin (NAME)

DFA dairy producer who milks 30 cows in Erie County, PA.

October 8, 2001

c.c. The Honorable Michael Waugh
The Honorable Raymond Bunt, Jr.
John R. McGinley, Jr., IRC Chair

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Sincerely yours,

Robert Buhl (NAME)

DFA member dairy producer who milks 65 cows in Erie County, PA.

Original: 2218



Eileen & David Schuler
214 School Rd.
Fleetwood, PA 19522

RECEIVED
2001 OCT 15 10 09:10
FLEETWOOD, PA 19522

October 15, 2001

PMMB
c/o Sharon Grottola
Chief Counsel

Dear PMMB

As a family run dairy farm I strongly oppose the market-wide pooling of the PMMB over-order premium and urge you to do the same.

Our farm independently produces high quality milk, under strict inspection, for an independent processor of fluid milk. In southeastern Pennsylvania we must endure high land prices, high property taxes and many added expenses due to a very high population density. The high population in this area requires much fluid milk which allows us to receive some of the PMMB over-order premium.

Now an out of state cooperative and PFB is asking for the pooling of this premium. The cooperative is abusing the market wide pooling by dumping milk on the northeast and mid-east order. The cooperative chose to process much manufactured dairy products (butter & powder) which requires much less high quality milk produced by their cooperative members. They want the independent producers to subsidize their manufacturing plants, however, they don't share their profits with the independent producers. Market wide pooling would also increase administrative costs which take additional money away from the independent producers.

As a PFB member I am upset that my organization endorses this proposal, but there is a grass roots effort by the Grange (of which I am a member) and other independent producers to oppose the PFB effort.

It is my hope that you oppose the market-wide pooling of PMMB over-order premiums so independent producers can survive in the fluid milk market.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Schuler', written in a cursive style.

David Schuler

Original: 2218



COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD

2001 OCT 19 AM 9:12

CHIEF COUNSEL

October 15, 2001

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-8492

Reid Ritchey, President
Ritchey's Dairy Inc.
R.D. 1, Box 416
Martinsburg, PA 16662

Re: Marketwide Pooling of the PMMB Mandated Over-Order Premium

Dear Mr. Ritchey:

Thank you for your letter concerning the proposed regulations establishing a marketwide pool of the PMMB mandated over-order premium. In your letter you indicated several areas of concern. I have addressed each of these areas below.

Based on your own experience and other dealers, Land O'Lakes sells milk within Pennsylvania and receives a premium of \$1.35 per hundredweight of milk and they do not share this premium with other dairy farmers.

Land O'Lakes pools the \$1.35 premium within their membership.

Land O'Lakes currently ships south and receives \$3 to \$5 extra per hundredweight of milk. Their cooperative owner/members should be benefiting from this surplus.

All the major cooperatives ship milk south since Pennsylvania exports forty percent of its milk production and the Southeastern United States is a deficit marketing area. Higher premiums are needed to attract the milk and to compensate for the higher shipping costs. The remainder of the premium is shared within their membership.

If Ritchey's Dairy's producers have to share the \$1.35 per hundredweight with the cooperatives, our dairy will have a difficult time keeping our independent producers satisfied with the money being paid.

Due to the fact that your plant is not a federal pool plant, your producers do receive the higher Class I price, not the federal blend price, and one hundred percent of the over-order premium. For example, in August your producers received the Class I price of

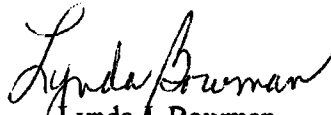
\$19.41, a much higher amount than the federal blend price of \$17.26. In addition, the Board's over-price premium, which represents dealer voluntary premiums, is included in minimum resale pricing.


Currently the proposed regulation is before the Independent Regulatory Review Commission and the Senate and House Agriculture and Rural Affairs Committees for consideration and comments to the Board. Following its review, the Board will make changes, if necessary, and submit the regulation in its final form to IRRC and the Committees. An agency has two years to submit the final form regulation. When the final form regulation is prepared, you may receive a copy by providing a written request to the Board or access the final form regulation on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Thank you again for your interest in the marketwide pooling of the mandated over-order premium.

Very truly yours,

Through:


Lynda J. Bowman
Secretary


Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member

Ritchey's Dairy, Inc.

RD 1 Box 416
Martinsburg, PA 16662
(814) 793-2157
FAX (814) 793-0099

October 9, 2001

Pennsylvania Milk Marketing Board
C/O Ms. Sharon Grottola, Chief Counsel
110 Agriculture Building
Harrisburg, PA 17110-9408

RECEIVED
COMMUNICATIONS DIVISION OF PA
01 OCT 15 AM 9 42
MILK MARKETING BOARD
HARRISBURG PA.

Dear Ms. Grottola:

This letter is regarding the Pennsylvania Milk Marketing Board's (PMMB) proposal to pool 45% of the state-mandated over-order premium.

Ritchey's Dairy receives its raw milk supply from independent farmers. As the order is written now, our farmers receive 100% of the over-order premium we collect through the PMMB prices.

If the PMMB decides to distribute any part of this premium to the large co-op's, including the Land O' Lakes co-op in Carlisle, this would actually be taking money from our producers' pockets.

Recently, Ritchey's Dairy ran short of our raw milk supply. We contacted Land O' Lakes to purchase extra raw milk to make up this deficit. They charged us federal order 1 first class price at Carlisle, \$1.35 over-order premium, \$1.00 for office and paper work, as well as \$.50/100 weight hauling fee. This hauling fee was put in place regardless of the fact that we picked up the milk ourselves.

The point I want to make is that Land O' Lakes sells milk within Pennsylvania to many dairies, and is receiving the \$1.35/100 wt. premium now. If they want to be involved in the pooling of this premium, why aren't they sharing the money they receive in \$1.35 charges?

At the present time, they ship milk south and receive \$3.00 to \$5.00/100 weight extra. Their co-op farmers should be benefiting from this surplus.

If Ritchey's Dairy's producers have to share the \$1.35/100 weight with these co-ops, our company will be hard pressed to keep our independent producers satisfied with the money we pay them.

Do not share the over-order premium with the co-ops. Please research their books as you have been doing with the Pennsylvania milk dealers. If you do, I believe you will find that they are already benefiting from the over-order premium.

Sincerely,


Reid Ritchey
President, Ritchey's Dairy Inc.

mmr

Original: 2218



COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD
October 15, 2001

2001 OCT 20 AM 9:10

RECEIVED
MILK MARKETING BOARD

CHIEF COUNSEL

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-6492

Mr. A. Martin Marburger
Marburger Farm Dairy, Inc.
1506 Mars-Evans City Road
Evans City, PA 16033

Re: Marketwide Pooling of the PMMB Mandated Over-Order Premium

Dear Mr. Marburger:

Thank you for your letter concerning the proposed regulations establishing a marketwide pool of the PMMB mandated over-order premium. In your letter you indicated several areas of concern. I have addressed each of these areas below.

The farmers supplying your dairy produce quality milk that must meet all Federal Interstate Milk Shippers inspections, all Federal Drug Administration inspections, all Pennsylvania Department of Agriculture inspections, and quality bacterial testing. The over-order premium is to help producers supplying Class I processors to maintain these high standards.

According to the Pennsylvania Department of Agriculture, ninety-eight percent of all milk produced in Pennsylvania is considered Grade A and thus meets the Interstate Milk Shippers criteria.

The over-order premium should not be pooled unless all premiums on all milk produced in Pennsylvania is pooled with all dairy farms.

The only premium the PMMB mandates is the over-order premium on Class I milk. At previous over-order premium hearings, all interested parties agreed that a state mandated premium should not be placed on manufactured classes.

Some Wisconsin milk is pooled in Federal Order 33 and is costing our farmers \$.60 to \$.70 per hundredweight out of their monthly check.

On October 23 and 24, 2001, a hearing will be held to consider changes to the pooling qualifications.

Martin A. Marburger
Page Two
October 15, 2001

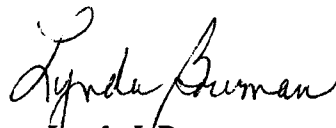
Land O'Lakes is selling milk produced by Pennsylvania farmers, in Southeastern United States with a premium of \$3 to \$4 per hundredweight and none of those premiums are shared with our farmers.

Other large cooperatives are also marketing milk to Southeast states and are not sharing the premiums with "the rest of the farmers in Pennsylvania."

Currently the proposed regulation is before the Independent Regulatory Review Commission and the Senate and House Agriculture and Rural Affairs Committees for consideration and comments to the Board. Following its review, the Board will make changes, if necessary, and submit the regulation in its final form to IRRC and the Committees. An agency has two years to submit the final form regulation. When the final form regulation is prepared, you may receive a copy by providing a written request to the Board or access the final form regulation on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Thank you again for your interest in the marketwide pooling of the mandated over-order premium.

Very truly yours,



Through: Lynda J. Bowman
Secretary



Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member



RECEIVED
OCT 01 2001 10:10
PA MILK MARKETING BOARD
HARRISBURG PA

1506 Mars-Evans City Rd.
Evans City, PA 16033

(724) 538-4752
FAX (724) 538-3250

September 26, 2001

Sharon Grottola, Esq.
Chief Counsel
PA Milk Marketing Board
110 Ag Building
2301 N. Cameron Street
Harrisburg, PA 17110

RECEIVED
PA MILK MARKETING BOARD
OCT 1 PM 2:44
HARRISBURG PA.

Dear Ms. Grottola:

Marburger Farm Dairy, Inc. is a family owned corporation located in Evans City, in Butler County, PA. We have our own processing plant and a full service dairy operation, delivering milk and dairy products to Supermarkets, Convenience stores, Schools, Hospitals, Nursing Homes and also Home Delivery. We employ approximately 100 people.

Our milk supply comes from our own farm with a herd of approximately 150 cows and we purchase milk from approximately 70 independent dairy farms located in Western Pennsylvania.

The over-order premium of \$1.35 per hundred weight now in effect is paid by Marburger Farm Dairy to the farmers that produce milk for us. We oppose the state wide pooling of any percent of this premium. Our farmers produce quality milk that must meet all Federal Interstate Milk Shippers Inspections, all Federal Drug Administration Inspections, all Pennsylvania Department of Agriculture Inspections and quality bacterial testing. The over-order premium now in effect is to help our farmers maintain these high standards and should not be shared by other farmers. Our farmers receive the over-order premium on the Class I sales of the dairy that purchases their milk. This premium should not be pooled unless all premiums on all milk produced in Pennsylvania is pooled with all dairy farms. Also, under Federal Order No. 33, some Wisconsin milk is pooled in Federal Order No. 33, which we call "paper pooling" and has been costing our farmers \$.60 to \$.70 cents per hundred weight out of their monthly check.

Land O' Lakes and others are selling milk, produced by Pennsylvania farmers, in Southeastern United States with a premium of \$3.00 to \$4.00 per hundred weight and none of these premiums are shared with our farmers.

Sincerely,

A. Martin Marburger
Marburger Farm Dairy, Inc.

Original: 2218

Elaine A. Duncan
22610 Freyermuth Rd.
Meadville, Pa 16335

RECEIVED
OCT 23 AM 9:11
MAIL ROOM

October 15, 2001

Beverly Minor, Chairperson
The Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Mrs. Minor,

I am writing to you as a dairy farmer in Crawford County. I milk 40 cows with my husband Clark. Because we sell our milk through DFA, we do not share fully in any over-order premiums that your board devises. This happens even though our milk actually goes to New Wilmington Cheese. Therefore, even if the 45% premium pooling goes into effect, some of our neighbors will receive as much as \$3500 more per year for their milk. Their milk and my milk is produced in the same place and the same conditions, yet they will get more money. The Over-Order Premium is a GOOD thing, but as it is written, it is not fair to all Pennsylvania dairymen.

The consumer thinks that helping Pennsylvania dairy farmers is a wise thing to do. The money tacked on to the price of milk will not rise if the Over-Order Premium is pooled at 90%, but the number of dairymen to benefit will. Please pass an Over-Order Premium regulation that will pool 90% of the premium.

Sincerely,



Elaine A. Duncan

Original: 2218

2001 OCT 13 PM 9:20

Oct 13, 2001
427 Wilhelm Rd
Salisbury PA 15558

John R. McMinley Jr. Chair
Independent Regulatory Commission
14th Floor Harrisburg; 333 Market St.
Harrisburg PA 17101

McMinley, Chair

I'm writing to you in regard of
PA Milk Marketing Board regulations to
pooling 45% of the PA Over Order Premium.
I'm a Dairy Farmer of America Inc. and
milk 50 to 60 cows in Somerset County.
I agree with PMMB's decision to pool Over
Order Premium. I feel that 90% pooling
is only fair way to equally distribute the
premium system that benefits all PA
dairy farmers. If pooling the premium is
right all should share in the pooling.

The Over the Order Premium was
created to help ordinary farmers face
economic and weather related issues.
Produce same or better quality milk.

But even at 45% pooling others could still be getting as much as \$3,500 more annually through premiums distributions process. This doesn't seem fair.

Consumers fund this premiums through a 1.5 cent surcharge for every gallon of milk sold in PA. The level of distribution would not affect the consumer but I'm sure they would like to help the dairy farmers to get a fair and reasonable price for their product.

Dairy farmers is a competitive business and we must have access to fair price for milk. That includes have the same access as neighboring farmers. Please approve the regulations to pool 90% of PA Over the Order premiums to benefit all PA dairy farmers.

Sincerely yours
Paul C. Deal Sr.

Land O'Lakes, Inc.

405 Park Drive, Carlisle, PA 17013
Telephone: (717) 486-7000
Fax: (717) 486-3730



Land O'Lakes Dairy Foods

October 12, 2001

Mr. John R. McGinley, Jr.
Chair, Independent Regulatory Commission
14th Floor Harrisstown 2; 333 Market Street
Harrisburg, PA 17101

Dear Mr. McGinley;

As you know, the Pennsylvania Milk Marketing Board has published a regulation to pool 45% of the Pennsylvania Over-Order Premium among all Pennsylvania dairy farmers. On behalf of Land O'Lakes, I am asking you to request the regulation be revised to pool 90% of the Over-Order Premium. 90% pooling is the only way to create a fair and equitably distributed premium system that benefits all Pennsylvania's dairy farmers.

In Pennsylvania, Land O'Lakes IS 2,150 dairy farmers – nearly 25% of the state's dairy farmer population. Our cooperative exists solely to benefit those producers and add value to their dairy operations. That's why Land O'Lakes has made a significant investment in the Pennsylvania dairy industry and in the state's economy. We are a key balancer of milk produced in Pennsylvania. Our Carlisle manufacturing facility is able to process 15% of the milk produced in Pennsylvania. The industry depends on the Carlisle plant to absorb the excess milk supply when Class I utilization is low.

On behalf of the dairy farmers our cooperative represents, I am asking you to support 90% pooling. The PMMB established the premium to aid all Pennsylvania dairy farmers when faced with economic and weather hardships. The information they use to determine the level of the premium is derived from all farmers in the state, not just those in PMMB handler pools. However, the premium is paid back to the dairy farmers in PMMB handler pools, regardless of whether or not the statewide data applies to their specific operation.

The current Over-Order Premium is equivalent to an 11.5-cent surcharge on every gallon of milk sold in Pennsylvania. It's paid by all consumers. These consumers want and expect this premium to be equitably distributed to all farmers. Unfortunately the reality is that, even at 45% pooling, one dairy farmer can be getting as much as \$3,500 more annually than his neighbor who is producing the same quality milk under the same economic conditions. It's simply not fair that the one farmer would receive that much more of a benefit than the other farmer.

Request for 90% pooling / page 2 -

Land O'Lakes currently distributes the PMMB Over-Order Premium dollars it receives directly to its Pennsylvania dairy farmer-members and will continue to do so if a regulation for 90% pooling of the premium is approved in Pennsylvania. When the PMMB premium rate is announced each month, our members will be able to look on their milk check and see those dollars being returned to them.

Pooling 90% of the PMMB premium also benefits those dairy farmers who sell their milk to out-of-state dealers. Every month the PMMB will announce a blended premium rate payable to dairy farmers. Out-of-state buyers will have to at least match that premium or Pennsylvania dairy producers will find other buyers who will. This will bring more dollars back into Pennsylvania, returning more to dairy farmers.

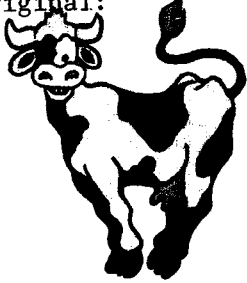
We believe that 90% pooling is already a compromise. At that level, 10% still remains to provide a more than adequate incentive for Class I or fluid milk handlers in Pennsylvania. Pooling the premium at any less than 90% provides a small minority of the state's dairy farmers with a significant and unfair competitive advantage over the majority of the state's dairy farmers. Please support 90% pooling as the only solution to fairly and equitably pool the Pennsylvania Over-Order Premium.

Sincerely yours,



William Schreiber
Vice President of Eastern Operations
Land O'Lakes, Inc.

Original: 2218



H. E. HEINDEL & SONS

P.O. BOX 7
BROGUE, PA 17309-0007
PHONE: 717-927-6558
FAX: 717-927-6762



**HOME OF:
HYNDL HOLSTEINS....FRONT LINE BROWN SWISS....FRONT LINE JERSEYS**

October 12, 2001

John R. McGinley, Jr., Chair
Independent Regulatory Commission
14th Floor Harristown 2
333 Market Street
Harrisburg, PA 17101

RECEIVED
2001 OCT 15 AM 9:44
INDEPENDENT REGULATORY
REVIEW COMMISSION

Dear Mr. McGinley:

I am a dairy farmer in York county, Pennsylvania milking 270 cows. I am also a member of Maryland & Virginia Milk Producers Cooperative Association, a farmer owned cooperative. I commend the Pennsylvania Milk Marketing Board on its decision to pool Over Order Premiums. I strongly support a regulation for 90% pooling. Since pooling of the premium is a regulatory issue, it does not effect consumer prices. However, it does effect dairy farmer prices. A 90% pooling would equitably distribute the premium dollars to those producers who actually bear the cost of serving the market and balancing the seasonal swings in production.

Producers, both co-op members and independents (who sell directly to a handler), have milk of a similar quality with similar production costs. Without 90% pooling, the independent producer will get a disproportionate share of the premium dollar without sharing any cost in serving the market.

90% pooling is the only way to fairly dispense the premium dollars so they will actually go back to the producers who are bearing the cost of serving the market. We strongly urge you to change the regulation and adopt a 90% pooling requirement.

If you have any questions, feel free to contact me at 717-927-6558, or our co-op contact, Jim Howie at 1-800-552-1976, ext.432. Your positive response to this issue will affect all dairy farmers in Pennsylvania. Thank you for your time.

Sincerely,

Jeffrey L. Heindel
General Manager

Oct 12 2001

Beverly Minor, Chairperson
The Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Chairperson Minor,

In the name of fairness, I am writing to you in regards to the Pennsylvania Milk Marketing Board's regulation to pool 45% of Pennsylvania Over order Premium. I am a dairy farmer member of Dairy Farmers of America, Inc and milk 80 cows in 2001. Although I agree with the PMMB's decision to pool the Over order Premium, I feel strongly that 90 % pooling is the only fair way to create an equitably distributed premium system that benefits all Pennsylvania dairy farmers. If pooling the premium is the right thing to do, and then it should not be done half way.

The Over-order Premium was created to help dairies when faced with economic and weather related hardships. Unfortunately, while this premium is extremely beneficial to some, it is inequitably distributed so that the majority of the proceeds go to a small group of farmers. I produce the same quality of milk under the same conditions and hardships, as does my fellow farmer. Yet, even at 45% pooling, he could still stand to get \$3500 more annually through the premium distribution process. That is not right and seems unfair to me.

Consumers fund this premium through an 11.5-cent surcharge on every gallon of fluid milk sold in Pennsylvania. The level at which this premium is pooled would not affect consumers pricing. While I am grateful that the consumers want to help PA dairy Farmers produce quality products, I am also certain they would want assistance to be equally divided among all of the farmers.

Dairy farmers are in an extremely increasingly competitive industry, and we must have access to fair pricing for our product. That includes having equal access to premiums just like our fellow dairy farmer. Please approve a regulation to pool 90 % of the PA Over Order Premium to benefit all Pa dairy farmers.

Sincerely yours,

Wagner Dairy
3968 Rte 403S
Homer City, Pa 15748

Land O'Lakes, Inc.

405 Park Drive, Carlisle, PA 17013
Telephone: (717) 486-7000
Fax: (717) 486-3730



Land O'Lakes Dairy Foods

Original: 2218

October 12, 2001

Mrs. Beverly Minor, Chairperson
Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110

Dear Chairperson Minor;

As you know, the Pennsylvania Milk Marketing Board has published a regulation to pool 45% of the Pennsylvania Over-Order Premium among all Pennsylvania dairy farmers. On behalf of Land O'Lakes, I am asking you to request the regulation be revised to pool 90% of the Over-Order Premium. 90% pooling is the only way to create a fair and equitably distributed premium system that benefits all Pennsylvania's dairy farmers.

In Pennsylvania, Land O'Lakes IS 2,150 dairy farmers – nearly 25% of the state's dairy farmer population. Our cooperative exists solely to benefit those producers and add value to their dairy operations. That's why Land O'Lakes has made a significant investment in the Pennsylvania dairy industry and in the state's economy. We are a key balancer of milk produced in Pennsylvania. Our Carlisle manufacturing facility is able to process 15% of the milk produced in Pennsylvania. The industry depends on the Carlisle plant to absorb the excess milk supply when Class I utilization is low.

On behalf of the dairy farmers our cooperative represents, I am asking you to support 90% pooling. The PMMB established the premium to aid all Pennsylvania dairy farmers when faced with economic and weather hardships. The information they use to determine the level of the premium is derived from all farmers in the state, not just those in PMMB handler pools. However, the premium is paid back to the dairy farmers in PMMB handler pools, regardless of whether or not the statewide data applies to their specific operation.

The current Over-Order Premium is equivalent to an 11.5-cent surcharge on every gallon of milk sold in Pennsylvania. It's paid by all consumers. These consumers want and expect this premium to be equitably distributed to all farmers. Unfortunately the reality is that, even at 45% pooling, one dairy farmer can be getting as much as \$3,500 more annually than his neighbor who is producing the same quality milk under the same economic conditions. It's simply not fair that the one farmer would receive that much more of a benefit than the other farmer.

RECEIVED
2001 OCT 31 AM 9:43
OFFICE OF THE SECRETARY OF AGRICULTURE
HARRISBURG, PA

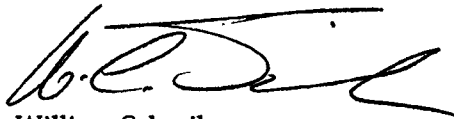
Request for 90% pooling / page 2 -

Land O'Lakes currently distributes the PMMB Over-Order Premium dollars it receives directly to its Pennsylvania dairy farmer-members and will continue to do so if a regulation for 90% pooling of the premium is approved in Pennsylvania. When the PMMB premium rate is announced each month, our members will be able to look on their milk check and see those dollars being returned to them.

Pooling 90% of the PMMB premium also benefits those dairy farmers who sell their milk to out-of-state dealers. Every month the PMMB will announce a blended premium rate payable to dairy farmers. Out-of-state buyers will have to at least match that premium or Pennsylvania dairy producers will find other buyers who will. This will bring more dollars back into Pennsylvania, returning more to dairy farmers.

We believe that 90% pooling is already a compromise. At that level, 10% still remains to provide a more than adequate incentive for Class I or fluid milk handlers in Pennsylvania. Pooling the premium at any less than 90% provides a small minority of the state's dairy farmers with a significant and unfair competitive advantage over the majority of the state's dairy farmers. Please support 90% pooling as the only solution to fairly and equitably pool the Pennsylvania Over-Order Premium.

Sincerely yours,



William Schreiber
Vice President of Eastern Operations
Land O'Lakes, Inc.

Original: 2218



RECEIVED IN 9: COMMONWEALTH OF PENNSYLVANIA
MILK MARKETING BOARD

CHIEF COUNSEL

October 11, 2001

2301 NORTH CAMERON STREET
HARRISBURG, PENNSYLVANIA 17110-9408
TELEPHONE (717) 787-4374
FAX (717) 783-6492

Mr. Robert K. H. Mertz
General Manager
Schneider Valley Farms Dairy
1860 East Third Street
Williamsport, PA 17701-3992

Re: Marketwide Pooling of the PMMB Mandated Over-Order Premium

Dear Mr. Mertz:

Thank you for your letter concerning Schneider-Valley Farms' opposition to the proposed regulation establishing a marketwide pool of the PMMB mandated over-order premium. In your letter you indicated several issues that I would like to address.

A 90% marketwide pool would hurt independent farmers and DMS, Dairy Farmers of America, and Dairylea.

Since these are the producers who currently receive the full premium, it is true they will receive less. However, a state mandated premium should be equitably distributed. The producers who have not been receiving the premium are the ones who continue to hurt.

Land O'Lakes is paying premiums of \$3 to \$4 per hundredweight and sending the milk from Pennsylvania to North and South Carolina.

Other large cooperatives are also marketing milk to Southeast states and are not sharing the premiums with "the rest of the farmers in Pennsylvania."

The price of milk will go up because the Class I farmers will need more money to produce the same milk.

The premium is established from testimony received at a public hearing based on production costs, adverse weather or market conditions of all Pennsylvania farmers regardless of how their milk is utilized. The Class I processor has always been able to pay above the mandated PMMB minimums and have their costs included in the resale pricing.

Mr. Robert K. H. Mertz
Page Two
October 11, 2001

It would eliminate farmers because they could no longer be competitive by sharing the over-order premium.

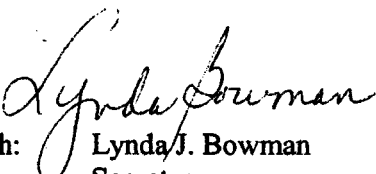
If the farmers receiving the current premium of \$1.65 based on handler pools will be eliminated by pooling, how are the producers surviving now who receive none of the current over-order premium?


It should also be noted that approximately 14 percent of the milk purchased by Pennsylvania processors as Class I milk comes from out of state.

Currently the proposed regulation is before the Independent Regulatory Review Commission and the Senate and House Agriculture and Rural Affairs Committees for consideration and comments to the Board. Following its review, the Board will make changes, if necessary, and submit the regulation in its final form to IRRC and the Committees. An agency has two years to submit the final form regulation. When the final form regulation is prepared, you may receive a copy by providing a written request to the Board or access the final form regulation on the Board's website at http://www.sites.state.pa.us/PA_Exec/Milk/.

Thank you again for your interest in the marketwide pooling of the mandated over-order premium.

Very truly yours,


Through: Lynda J. Bowman
Secretary


Sharon L. Grottola
Chief Counsel

cc: Beverly R. Minor, Chairwoman
Luke F. Brubaker, Member
Barbara A. Grumbine, Consumer Member