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UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re:

MILK IN THE NORTHEAST AND
OTHER MARKETING ORDERS

(Docket No. AO-14-A73,
(et al; DA-03-10

**HEARING ON PROPOSED
AMENDMENTS TO CHANGE
FLUID MILK PRODUCT DEFINITION**

POST HEARING BRIEF SUBMITTED BY

Sorrento Lactalis, Inc.

August 22, 2005



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Re: Docket No. AO-14-A73, et al; DA-03-10

This post hearing brief is filed on behalf of Sorrento Lactalis, Inc. (Sorrento). Sorrento has five cheese plants located throughout the country. Milk received in three of these plants is pooled under the federal order system.

We urge the Department to reject the proposals made by NMPF to change the definition of Class I products.

We believe that changing the current fluid milk product exclusion for products with less than 6.5% nonfat solids by weight to a 2.25% protein level will negatively impact the overall demand for dairy ingredients and reduce the value of milk in the pool.

The NMPF proposal to change the current fluid milk definition exclusion will disadvantage the use of dairy ingredients, particular whey protein products in traditional non-dairy drinks. The ramifications of adopting the proposal are likely to be more financially harmful to both processors and dairy farmers than helpful.

The Department should not adopt a definition that would put dairy ingredients at a regulatory disadvantage and that will result in reduced market demand. Alternative non-dairy ingredients could be used in a number of the products in question. An increase in cost or regulatory burden due to using dairy ingredients in such products would be costly to the dairy industry including dairy farmers. (tr p. 976)

Should the proposed definition be adopted, whey solids would be in less demand, lowering the price for whey and whey fractions. Lowering the price for whey will negatively impact the class III price, and could also negatively impact the class I price.

We understand the difficulties faced by the Department (and the industry) in the search for ways to establish a method of identifying new products that compete with fluid milk and pricing those products accordingly. However, we do not believe that the proposals presented at this hearing will accomplish that task in an appropriate manner.

The proposals to change the Class I definition should be denied.

Sincerely,

A handwritten signature in cursive script that reads "Rodney K. Carlson".

Rodney K. Carlson
Corporate Director, Milk Procurement