

GRANDE[®]

CHEESE COMPANY

DAIRY ROAD, BROWNSVILLE, WI 53006-0067 · TEL. 920/269-7200 (800)678-3122 · FAX 920/269-7124

2001 JAN -9 P 12:49

December 16, 2000

RECEIVED

Richard McKee
Deputy Administrator, Dairy Programs
Agricultural Marketing Service
U.S. Department of Agriculture
South Agriculture Building
Room 2968
1400 Independence Avenue, SW
Washington, DC 20250

RE: National Cheese Institute Request for Stay of Section of FMO Tentative Final Decision
Addressing a Separate Class III Butterfat Price

Dear Mr. McKee:

Grande Cheese Company is a proprietary cheese processor manufacturing ... "*The finest Italian cheeses money can buy!*"[®] We are located in Wisconsin, employing more than 500 Associates and buying milk direct from the farm. We purchase more than 100 million pounds of milk per month from what many in the industry recognize as the finest milk supply in the country. We are the preferred milk market for more than 500 producer dairies in Wisconsin and Iowa. Our cheeses are sold nationally, in a branded marketing program.

We were a part of, and with this letter individually support, the NCI decision to request the stay of the implementation of the separate Class III butterfat price.

Grande is at the intersection of a number of Federal Orders (30, 32, 33), which "stretch" across the United States. Regional plant differences and population differences result in differing utilizations among the three Orders and marketing chaos in the overlapping milk sheds.

Suddenly, higher Class I prices and lower Class III prices have farms scrambling to survive. Farms located north of our plants in Wisconsin ship milk on specific days into Kentucky. We have had to pool our Wisconsin milk in Iowa to preserve a milk supply to support the equity we have in our brand and plants in Wisconsin. These are just two examples of the dislocation of milk and markets.

The recently announcement Tentative Final Decision addressing Class III and Class IV pricing, particularly as it relates to the pricing of Class III butterfat, has only further confused a frustrated farm market. Grande is, above all else, a manufacturer of cheese. We have been working with our farms for improved quality and increased protein for years. The decision to shift over 50¢/pound away from protein, putting the value on fat, cannot be explained rationally.

"Making fine cheese, like making fine wine, is indeed an art... steeped in tradition and pride."

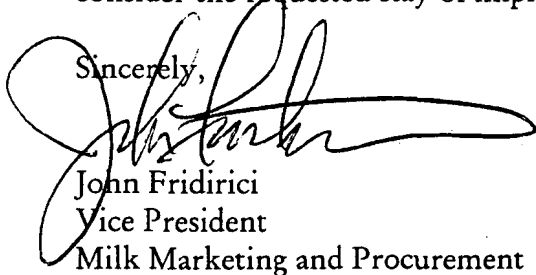
National Cheese Institute Request for Stay of Section of FMO Tentative Final Decision
Addressing a Separate Class III Butterfat Price

Although the requested stay of the Class III butterfat value will cost Grande Cheese approximately 15¢/hundredweight in higher Class III prices, we are appalled at the conflicting producer market signals of the decision. While the "hundredweight" price changes little, the market incentives change a lot.

The conflicting producer market signals have the added specter of an administrative decision based on testimony (Barbano's) explicitly rejected by the presiding administrative law judge during the hearing. Had the industry an opportunity to comment, we surely would have done better, but more alarming is that USDA used the disallowed testimony as the foundation argument for its decision and the Class III butterfat value.

Grande has long maintained regulation of a marketplace is an inherently, if not impossible, undertaking. The ability to regulate prices and price relationships among products, producers and regions has grown insurmountably complex. Small changes in a hundredweight value of milk are in this announced decision hiding large changes in component values. We strongly urge you to consider the requested stay of implementation of the Class III butterfat value.

Sincerely,



John Fridirici
Vice President
Milk Marketing and Procurement

JIF/slr

c: E. Linwood Tipton



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

USDA
OALJ/HCO

2001 JAN 31 P 1:12

RECEIVED JAN 11 2001

Mr. John Fridirici
Vice President, Milk Marketing and Procurement
Grandé Cheese Company
Dairy Road
Brownsville, Wisconsin 53006-0067

Dear Mr. Fridirici:

Thank you for your comments on the tentative final decision filed on December 16, 2000. Your comments and our response will be filed with the Hearing Clerk and considered with other comments received in response to the tentative final decision issued November 29 in the process of formulating a final decision on amending the Class III and Class IV pricing formulas. An interim final rule was issued on December 21, after producers approved the amended orders. The interim amended orders will become effective for milk marketed on or after January 1, 2001.

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

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

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

Thank you again for sharing your views.

Sincerely,

/s/
UNDER SECRETARY
MARKETING AND REGULATORY PROGRAMS

Isi A. Siddiqui
Under Secretary
Marketing and Regulatory Programs