

Land O'Lakes, Inc.

Memorandum



Dairy Foods
2002 JAN 28 10 38 26

January 25, 2002

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Office of Hearing Clerk
Attention: Ms. Joyce Mcpherson
U. S. Department of Agriculture
Room 1083, South Building
Washington, D.C. 20250

RE: Docket No. A0-14-A69, et. Al.; DA-00-03

Dear Ms. Mcpherson:

Land O' Lakes, Inc. supports the Proposed Rule regarding changes to the Class III pricing formula. The same butterfat price in Class III and Class IV is justified. The technical corrections to the protein price formula generate a more consistent margin across a wide range of butter and cheese prices.

Land O' Lakes recommends using the most recent CDFA and RBCS data. This hearing has become quite stale and consequently the data used are aged. This recommendation conforms with the statement made in the section entitled:

3. Commodity and Component Price Issues [FR/Vol. 66, No. 207, pp. 54072].

"Except in the case of dry whey, make allowances adopted in the component price formulas in this decision are calculated using a weighted average of the most recent CDFA study and the RBCS study."

CDFA has current data based on a hearing November 29, 2001. The amendments based on this hearing were effective January 1, 2002.

Additionally, RCBS is in the process of publishing more recent cost data which should be used in conjunction with the CDFA data based on the procedures referred to by USDA.

Respectfully submitted,

James E. Hahn
Director Membership/Procurement

cc: Clifford M. Carman
via email and U.S. Mail