

**BEFORE THE UNITED STATES DEPARTMENT
OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE**

In the Matter of :
Milk In The Northeast : **Docket Nos.:**
Marketing Area : **AO-14-A70 et al;**
 : **DA-02-01**
 :

**Dennis Schad
Economist and Marketing Director
Land O' Lakes, Inc.**

**on behalf of the
Association of Dairy Cooperatives
in the Northeast**

**Exhibits
Proposal 7**

**September 10, 2002
Alexandria, Virginia**

EXHIBITS

1. **Table 1-A Cooperative Daily Deliveries to Distributing Plants May 2001**
2. **Table 1-B Cooperative Daily Deliveries to Distributing Plants November 2001**
3. **Table 2. ADCNE Deliveries to 7(A) Plants**
4. **Table 3 Estimated Cost of a Three Million Pound per Day Butter/ Powder Plant**
5. **Table 4 Manufacturing Cost At Land 'O Lakes Carlisle Butter/ Powder Plant – Monthly Per Pound Total Solids Cost and Percent of Plant Capacity**
6. **Table 5. Total Solids Capacity at Land 'O Lakes Carlisle**

TABLE 1-A

Day to the week Delivery Data for Six Cooperatives, May 2001

Date	Day	Deliveries to 7-A	Ratio of Day to Monthly Average
5/1/2001	Tuesday	15,978,470	98.0%
5/2/2001	Wednesday	18,005,831	110.4%
5/3/2001	Thursday	17,790,373	109.1%
5/4/2001	Friday	16,812,671	103.1%
5/5/2001	Saturday	13,816,501	84.7%
5/6/2001	Sunday	12,330,292	75.6%
5/7/2001	Monday	17,305,174	106.1%
5/8/2001	Tuesday	16,338,014	100.2%
5/9/2001	Wednesday	18,188,412	111.5%
5/10/2001	Thursday	18,652,102	114.3%
5/11/2001	Friday	17,305,675	106.1%
5/12/2001	Saturday	13,961,906	85.6%
5/13/2001	Sunday	12,398,141	76.0%
5/14/2001	Monday	18,188,765	111.5%
5/15/2001	Tuesday	17,768,495	108.9%
5/16/2001	Wednesday	17,344,005	106.3%
5/17/2001	Thursday	19,027,025	116.6%
5/18/2001	Friday	16,637,831	102.0%
5/19/2001	Saturday	13,623,102	83.5%
5/20/2001	Sunday	11,949,378	73.3%
5/21/2001	Monday	17,624,700	108.0%
5/22/2001	Tuesday	17,518,174	107.4%
5/23/2001	Wednesday	17,778,310	109.0%
5/24/2001	Thursday	18,111,644	111.0%
5/25/2001	Friday	16,944,636	103.9%
5/26/2001	Saturday	12,973,350	79.5%
5/27/2001	Sunday	11,508,165	70.5%
5/28/2001	Monday	16,526,936	101.3%
5/29/2001	Tuesday	17,013,939	104.3%
5/30/2001	Wednesday	17,669,521	108.3%
5/31/2001	Thursday	18,592,650	114.0%
		505,684,188	
		16,312,393	

TABLE 1-B

Day to the week Delivery Data for Six Cooperatives, November 2001

11/1/2001	Thursday	19,980,849	107.6%
11/2/2001	Friday	19,829,939	106.8%
11/3/2001	Saturday	17,325,375	93.3%
11/4/2001	Sunday	14,999,441	80.8%
11/5/2001	Monday	19,895,457	107.2%
11/6/2001	Tuesday	19,044,853	102.6%
11/7/2001	Wednesday	20,056,778	108.0%
11/8/2001	Thursday	21,374,142	115.1%
11/9/2001	Friday	18,370,554	99.0%
11/10/2001	Saturday	19,192,820	103.4%
11/11/2001	Sunday	15,354,716	82.7%
11/12/2001	Monday	20,646,907	111.2%
11/13/2001	Tuesday	19,228,772	103.6%
11/14/2001	Wednesday	21,332,758	114.9%
11/15/2001	Thursday	21,803,626	117.5%
11/16/2001	Friday	21,068,285	113.5%
11/17/2001	Saturday	18,192,515	98.0%
11/18/2001	Sunday	16,025,502	86.3%
11/19/2001	Monday	21,804,778	117.5%
11/20/2001	Tuesday	18,996,144	102.3%
11/21/2001	Wednesday	16,002,007	86.2%
11/22/2001	Thursday	14,341,388	77.3%
11/23/2001	Friday	17,440,375	93.9%
11/24/2001	Saturday	16,642,531	89.7%
11/25/2001	Sunday	14,325,251	77.2%
11/26/2001	Monday	18,398,682	99.1%
11/27/2001	Tuesday	17,712,807	95.4%
11/28/2001	Wednesday	19,248,809	103.7%
11/29/2001	Thursday	19,848,109	106.9%
11/30/2001	Friday	18,431,196	99.3%

556,915,366
18,563,846

TABLE 2

ADCNE Deliveries to 7(a) Plants

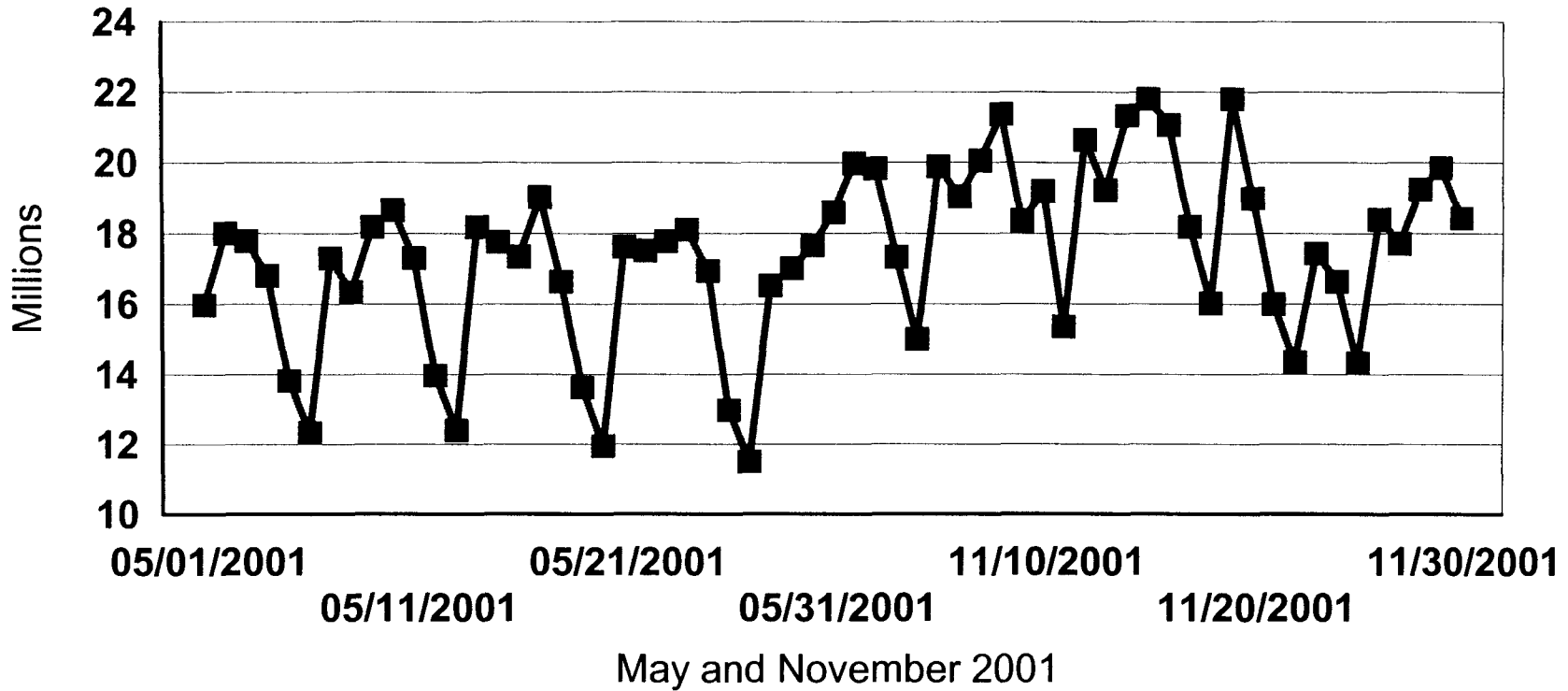


TABLE 2

3.0 Million Pound Per Day Milk Powder and Butter Plant

TABLE 3

PROJECT SCOPE OF WORK		COST OF SCOPE OF WORK	
1.	PROCESS EQUIPMENT		\$21,100,000
	A. MILK RECEIVING, STORAGE & SEPARATION	\$ 3,026,000	
	B. DEHYDRATION AND BUTTER EQUIPMENT	\$ 14,699,000	
	C. PROCESS PIPING AND INSTALLATION	\$ 3,375,000	
2.	CONTRACTORS		\$18,927,684
	A. GENERAL AND LAND	\$ 9,103,684	
	B. MECHANICAL AND WASTE WATER TREATME	\$ 4,815,000	
	C. ELECTRICAL AND CONTROLS	\$ 5,009,000	
3.	OTHER COSTS		\$ 1,325,000
	A. SPARE PARTS	\$ 450,000	
	B. ENGINEERING	\$ 875,000	
	SUBTOTAL	\$ 41,352,684	\$41,352,684
4.	CONTINGENCY		\$ 6,202,903
	A. CONTINGENCY (15%)	\$ 6,202,903	
	TOTAL PROJECT BUDGET	\$ 47,555,587	\$47,555,587

* 3.0 Million Pound Per Day Milk Powder and Butter Plant

1. PROCESSING EQUIPMENT \$21,100,000
 SCOPE: ALL PROCESS EQUIPMENT, PIPING, AND CONTROLS

ITEMIZED DISCUSSION:

A. MILK RECEIVING, STORAGE & SEPARATION \$ 3,026,000

SCOPE: PUMPS, PIPING, SILOS, SEPARATORS

BASIS: QUOTATIONS AND ESTIMATES

DETAIL:	RECEIVING PUMPS, PIPING AND VALVES	\$ 90,000
	CIP SYSTEMS - 3 for bays, 1 for raw silos & 1 for pasteurized silos	\$ 317,500
	MILK SILOS - 6 EACH AT 70,000 GALLONS	\$ 660,000
	MILK PIPING, VALVES AND FLOW PLATES FOR PROCESSING	\$ 148,000
	BALANCE TANKS, HEAT EXCHANGERS & HTST'S	\$ 510,500
	ALFA LAVAL SEPARATORS - 3 EACH AT 75,000 PPH	\$ 825,000
	CREAM SILOS - 40K GALS - 2 RAW AND 2 PASTEURIZED	\$ 300,000
	BUTTERMILK SILOS - 40K GAL - 2 EACH	\$ 150,000
	FREIGHT	\$ 25,000

		\$ 3,026,000

B. DEHYDRATION AND BUTTER EQUIPMENT \$ 14,699,000

SCOPE: EVAPORATOR, SPRAY DRYER, POWDER HANDLING EQUIPMENT AND BUTTER CHURNING AND PACKAGING EQUIPMENT

BASIS: QUOTATIONS AND ESTIMATES

DETAIL:	TURBO-FAN EVAPORATOR - 150,000 POUND PER HOUR	\$ 3,150,000
	SPRAY DRYER - 15,000 POUND PER HOUR	\$ 4,685,000
	POWDER STORAGE SILOS - 6 EACH AT 200,000 POUNDS	\$ 480,000
	POWDER VENTS, VALVES AND PIPING	\$ 435,000
	SIFTER	\$ 58,000
	OFF-SPEC POWDER HOPPER	\$ 35,000
	COOLER & DE-HUMIDIFIER	\$ 265,000
	BLOWER SYSTEMS	\$ 98,000
	POWDER PACKAGING - 6 HEAD CAROUSEL	\$ 1,785,000
	POWDER PACKAGING - SUPER SACK	\$ 390,000
	BUTTER CHURN & ACCESSORIES - 15,000 POUND PER HOUR	\$ 2,368,000
	BULK BUTTER PACKER - AUTOMATED 8 TONS PER HOUR	\$ 340,000
	PALLETIZER WITH CODER AND STRETCH WRAPPER	\$ 435,000
	FREIGHT	\$ 175,000

		\$14,699,000

C. PROCESS PIPING AND INSTALLATION \$ 3,375,000

SCOPE: THIS INCLUDES ALL PROCES PIPING & EQUIPMENT INSTALLATION.

BASIS: ESTIMATE

DETAIL:	90,000 MANHOURS AT \$37.50 PER HOUR	\$ 3,375,000

		\$ 3,375,000

3.0 Million Pound Per Day Milk Powder and Butter Plant

2 CONTRACTORS \$18,927,684

A. GENERAL AND LAND \$ 9,103,684

SCOPE: THIS COVERS ALL CONTRACTOR WORK NOT OTHERWISE ITEMIZED.
IT INCLUDES PLANNING AND COORDINATING THE FLOW OF
WORK THROUGHOUT THE JOB.

BASIS: CALCULATED FROM INDUSTRY AVERAGES

DETAIL:	1.0 RECEIVING BAYS (100' X 45') WITH 70' CONCRETE ENTRY	\$ 388,000
	Laboratory - Raw Milk and a Truck Driver's Lounge	\$ 43,500
	2.0 SCALE - TRUCK WEIGHING	\$ 83,500
	3.0 SEPARATION AND STANDARDIZATION ROOM (60' X 80')	\$ 360,000
	Tank Alley and Foundations for all Silos	\$ 795,000
	4.0 CIP ROOM & BULK CHEMICAL STORAGE	\$ 260,000
	5.0 EVAPORATOR AND SPRAY DRYER TOWER	\$ 1,200,000
	6.0 POWDER STORAGE TOWER	\$ 400,000
	7.0 WAREHOUSE - 30,000 SQUARE FEET	\$ 1,050,000
	8.0 COOLER AND FREEZER - 10,000 SQUARE FEET	\$ 600,000
	9.0 MAINTENANCE SHOP AND SPARE PARTS STORAGE	\$ 480,000
	10. OFFICES, CAFETERIA AND LOCKER ROOMS	\$ 935,600
	11. ENGINE AND BOILER ROOMS	\$ 875,000
	12. WASTE WATER TREATMENT PLANT BUILDING	\$ 180,000
	13. PARKING LOT AND ROADS	\$ 80,000
	14. LAND - FORTY ACRES AT \$5,500 PER ACRE	\$ 220,000
	Total Direct Building & Site Cost	\$ 7,950,600
	General Conditions	\$ 795,060
	Project Insurance and Builder Fee	
	General Liability Insurance	\$ 159,012
	Builder's Risk Insurance - Allowance	\$ 159,012
	FREIGHT	\$ 40,000
		\$ 9,103,684

B. MECHANICAL AND WASTE WATER TREATME \$ 4,815,000

SCOPE: THIS COVERS ALL MECHANICAL CONTRACTOR WORK INCLUDING
UTILITY PIPING AND SYSTEMS.

BASIS: QUOTATIONS AND ESTIMATES

DETAIL:	600 TON REFRIGERATION SYSTEM	\$ 600,000
	1500 HORSEPOWER OF STEAM GENERATION SYSTEM	\$ 875,000
	150 HORSEPOWER COMPRESSED AIR	\$ 175,000
	2,500 POUND PER DAY BOD WASTE WATER TREATMENT PLANT	\$ 2,765,000
	COW WATER RECLAIM SYSTEM	\$ 400,000
		\$ 4,815,000

3.0 Million Pound Per Day Milk Powder and Butter Plant

C.	<u>ELECTRICAL AND CONTROLS</u>	\$ 5,009,000		
	SCOPE:	THIS COVERS ALL ELECTRICAL CONTRACTOR WORK INCLUDING POWER AND CONTROLS FOR ALL PROCESSING GEAR. LIGHTING IS INCLUDED IN THE BUILDING COSTS ABOVE.		
	BASIS:	QUOTATIONS AND ESTIMATES		
	DETAIL:	5000 KVA POWER SUPPLY WITH SECONDARIES	\$ 1,287,500	
		VFD's	\$ 276,500	
		MCC's	\$ 930,000	
		POWER AND CONTROL WIRING	\$ 1,125,000	
		CONTROLS AND PROGRAMMING	\$ 1,360,000	
		FREIGHT	\$ 30,000	
			\$ 5,009,000	
3	<u>OTHER COSTS</u>		\$ 1,325,000	
	A.	SPARE PARTS	\$ 450,000	
		SCOPE:	SPARE PARTS NEEDED TO KEEP PLANT REPAIRED	
		BASIS:	ALLOWANCE	\$ 450,000
	B.	ENGINEERING	\$ 875,000	
		SCOPE:	DESIGN BUILD PROGRAM	
		BASIS:	ALLOWANCE	\$ 875,000
			\$ 41,352,684	\$41,352,684
			\$ 41,352,684	\$41,352,684
4	<u>CONTINGENCY</u>		\$ 6,202,903	
	A.	CONTINGENCY (15%)	\$ 6,202,903	
		BASIS:	ALLOWANCE	6,202,903
			\$ 47,555,587	\$47,555,587
			\$ 47,555,587	\$47,555,587
	TOTAL PROJECT COSTS		\$ 47,555,587	\$47,555,587

Land O'Lakes - Eastern Operations
% Capacity - Expense

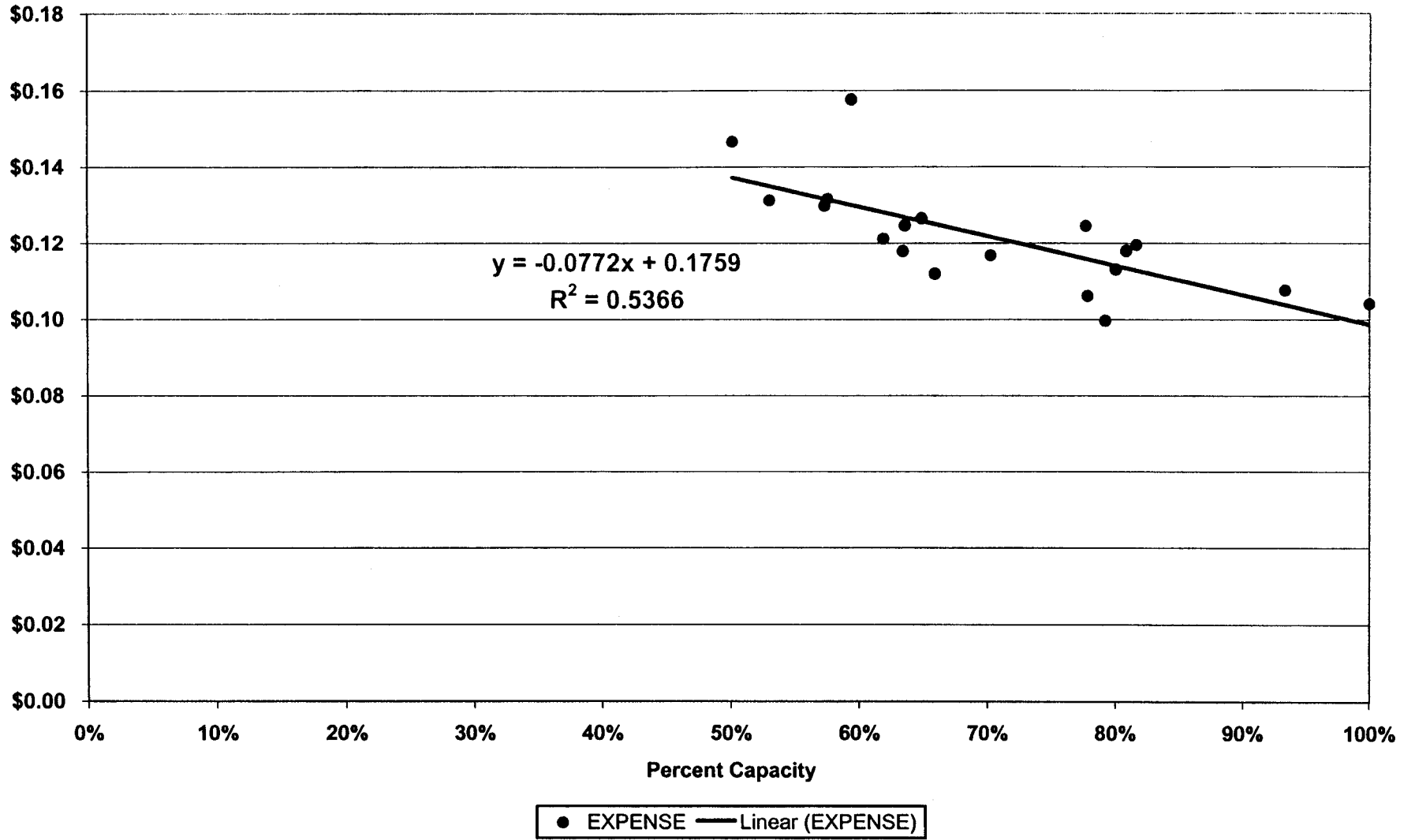


TABLE 5

Table 5
TOTAL SOLIDS CAPACITY AT LAND O'LAKES, CARLISLE

2001	PERCENT OF CAPACITY
JANUARY	68%
FEBRUARY	64%
MARCH	64%
APRIL	68%
MAY	77%
JUNE	64%
JULY	64%
AUGUST	50%
SEPTEMBER	55%
OCTOBER	59%
NOVEMBER	59%
DECEMBER	77%

2002	
JANUARY	77%
FEBRUARY	81%
MARCH	81%
APRIL	91%
MAY	100%
JUNE	82%
JULY	59%