

Charles M. English, Jr.
202.508.4159 Direct Dial
202.654.1842 Direct Fax
cenglish@thelen.com

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**VIA EMAIL AND
FEDERAL EXPRESS**

Ms. Dana Coale
Deputy Administrator
United States Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

Re: Alternative Proposal for Expansion of Pacific Northwest Order Potential Hearing

Dear Ms. Coale:

This letter is submitted on behalf of Dean Foods Company with respect to proposals under consideration for a hearing regarding the proposed expansion of the Pacific Northwest Order to include all of the territory previously regulated by the former Western Order (except Eastern Nevada). Dean and others have requested additional information from your offices and appreciate the information that has been provided.

While that information is somewhat limited because of confidentiality and existing collection procedures, Dean has concluded that the proposed expansion of the existing Pacific Northwest Order to include the remainder of Idaho, parts of Wyoming and all of Utah simply is not supported by market conditions. We respectfully request that the Secretary decline to hear the proposals on the grounds that market conditions do not support the proposed marketing area based upon the criteria identified by the Secretary in the Final Rule dated April 2, 1999 (Federal Order Reform).

The Utah fluid milk market bears no resemblance to the existing Pacific Northwest market. As the operator of a fluid milk distribution facility in Salt Lake City, Dean knows that there is virtually no handler competition (excluding specialty products) that connect Utah to Oregon and Washington. Both in terms of volumes and percentages. The quantity of competitive overlap is in a word "insignificant."

Nor under the existing information available to us is Idaho “a bridge” between Utah and the existing Pacific-Northwest Order; again Dean is the operator of a fluid milk distribution facility in Boise, Idaho. Under the scenario painted by proponents, order consolidation (effectively to only a couple of orders) would be the only answer. Dean has long maintained that a larger number of smaller federal orders more reasonably meets the federal order criteria and makes for more orderly marketing conditions.

The fact that Idaho producer milk may from time to time be pooled on the Pacific Northwest Order (although in 2007 not since February) and that Idaho milk may serve as a reserve supply for Utah does not in and of itself support this market expansion. The Secretary has stated that a reserve supply area may serve in that capacity for multiple federal orders. Moreover, it appears that the pooling on the Pacific Northwest is convenience pooling rather than actual needed reserve supplies for that market; when the Western Order was subject to amendatory hearing proceedings earlier this decade, claims were made then that Idaho milk largely served a similar opportunistic reserve supply role as to that Order. If Dean Foods had a plant fully regulated by this Order, Dean would certainly have advocated for closing the depooling loophole as it has done in other Orders. Having no operations in Oregon or Washington and seeing no overlap or evidence to support expansion, we respectfully request that the request for hearing be denied.

In the alternative, Dean submits the following alternative proposals in order of preference:

(1) A Utah-Colorado Order be established in lieu of the proposed Pacific Northwest expansion. Dean believes that this is consistent both with its longstanding position that more, smaller orders is preferable for orderly marketing as opposed to fewer, larger orders. Moreover, the Colorado and Utah markets have more in common than Utah does with Oregon and Washington and that Colorado does with Missouri and Iowa. Attachment A is the proposed new order. For these purposes of course, the Central Order 32 would become part of this proceeding as territory in that area would be removed from Order 32 in order to be consistent with the attached proposal.

(2) For purposes of a Pacific Northwest expansion and while Dean opposes such expansion and believes modifications to existing proposals could be offered at a hearing, Dean, in being open and up-front with the Secretary and industry, would modify the proposed expansion if made to account for differences in the markets and to deal with depooling issues. Thus Dean proposes as its final alternative:

(a) In proposed paragraphs 1124.7(c) and (d) replace “20 percent” with “35 percent” thus increasing shipping requirements for supply plants to 35 percent;

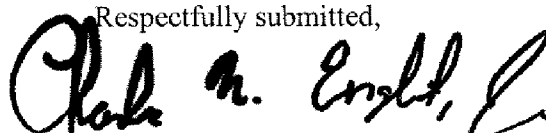
(b) In proposed paragraph 1124.13(d)(2) replace “80 percent” with “65 percent” thus decreasing diversion limits to 65% -- consistent with increase of shipping percentage to 35 percent;

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(c) In lieu of proposed paragraph 1124.13(e), (e)(1) and (e)(2) provide a substitute (e)(1) for (e), (e)(1) and (e)(2) and renumber proposed (e)(3) and (e)(4) as (e)(2) and (e)(3) and then make conforming change to newly numbered (e)(2) to replace internal reference to "(e)(4)" with "(e)(3)":

For any month, any dairy farmer whose milk is received at a pool plant or by a cooperative association handler described in Sec. 1000.9(c) if the pool plant operator or the cooperative association caused milk from the same farm to be delivered to any plant as other than producer milk, as defined in the order in this part or any other Federal milk order, during the same month or any of the preceding 11 months, unless the equivalent of at least five days milk production has been physically received otherwise as producer milk at a distributing plant during the month.

If you have any questions, please contact me at your earliest convenience.

Respectfully submitted,

Charles M. English, Jr.

cc: Marvin Beshore, Esq.
John Vetne, Esq.
Ben Yale, Esq.
Mr. Gino Tosi
Mr. James Daugherty
Mr. Robert VanderLinden

CME/sf
Attachment