November 5, 2007

Ms. Dana Coale, Deputy Administrator
Dairy Programs, AMS, USDA
USDA-AMS-Dairy Programs
Stop-0225, Room 2968-S
1400 Independence Avenue, SW
Washington, D.C. 20250-0225

Dear Deputy Administrator:

Gossner Foods Inc., located in Logan, UT was established in 1966 by Edwin Gossner. When the plant first opened it manufactured Swiss cheese from 12,500 pounds of milk every other day. From 1966 to 1982 the cheese plant continued to grow manufacturing a variety of cheeses. In 1982 Ed Gossner realized the need for a fluid milk market in order to return a higher price to the dairy farmers but wanted more than to just compete with already established businesses for traditional fluid milk. He realized that to enhance the price paid to dairy farmers; he needed to move milk out of our area and to do so required an untraditional product. With that in mind Gossner Foods built an Ultra High Temperature fluid milk plant. Today Gossner Foods Inc. processes over one and a half million pounds of milk every day from nearly 300 local farm families and employees 550 people. These local dairy farms and employees have come to depend on Gossner Foods to pay a competitive price and provide a stable market for their milk.

The fact that our UHT milk can remain shelf stable up to a year allows customers to purchase milk in larger volumes but less frequently. One of our larger customers is the United States Government. Often they will order six months of production to be delivered in a three month period. This puts us in a difficult position as we must be certain we have adequate producer milk to fill customer orders but also creates larger variances in our Class I utilization compared to a traditional fluid plant. Because of the large variance in our Class I production and because our UHT Class I plant differs greatly

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GOSSNER FOODS, INC.
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from a traditional Class I bottling plant we request changes to the proposal submitted by Northwest Dairy Association and Dairy Farmers of America dated July 13th 2007.

We request a change to section 1124.7 (b) to read:
(b) Any distributing plant located in the marketing area that which during the month, or the immediately preceding 12-month period ending with the current month, provided 20 percent or more of the milk physically received at the plant (excluding concentrated milk received from another plant by agreement for other than Class I use) in the form of bulk fluid milk was processed into ultra-pasteurized or aseptically-processed fluid milk products.

In recent months production demand has not kept pace with producer milk and as a result some producer milk in the proposed new federal order area has been dumped on the ground. In August 2007 we were contacted by a cooperative association who was in a desperate situation and would be dumping milk if we could not receive and process additional volumes. Our UHT fluid plant did have additional production capacity but current Class I pricing became an issue. Our domestic customers were unable to move additional volumes due to the high Class I price. Our export customers were willing to purchase additional volumes but would not pay the current Class I price. In an effort to prevent such a problem in the future, we request that the department consider an alternative milk price for packaged milk that is exported outside of the continental United States. This concept has been adopted by the State of California and other countries around the world. The dairy market has become a global market and we feel the United States is in a position to help satisfy the world's dairy needs.

We request the following changes to Section 1124.60 Handler's Value of Milk:

In the opening paragraph near the end of the first sentence add a reference to section (j) so that it reads in part "computed in paragraphs (i) and (j) of this section."

Add a section (j) that reads:

Subtract any positive amount of the following: Export credit is computed by multiplying the pounds of packaged Class I milk delivered during the month to customers, for ultimate distribution to outlets located outside of the contiguous 48 States, by the difference between the current months Class I price applicable at the location of the pool plant and the Class IV price.

The reasoning to justify a price difference between Class I and Class IV is because we feel it is the class of last resort. We feel the export price should be the lower of Class I or IV and in the event Class IV is higher than Class I the export price should remain Class I. Any product that moves out of the country would benefit all dairy farmers in the new federal order by reducing the volume of milk in the area to be consumed. We realize this export calculation may create some challenges to administer and report but feel confident that through testimony provided at the hearing the department will be able to determine a process by which this can be accomplished.

Thank you for considering our proposal and we would be pleased to answer any questions you may have.

Sincerely,

Dolores Wheeler
President/CEO
Gossner Foods Inc

CC: James Daugherty