



**TESTIMONY OF KEITH PAGEL  
FOR USE IN PUBLIC HEARING, DOCKET NO. AO-361-A39; DA-04-04  
BLOOMINGTON, MN  
AUGUST 2004**

**I am Keith Pagel and I hold the title of President / General Manager of Cass Clay Creamery, Inc. Cass Clay Creamery, Inc. is a farmer owned Dairy Cooperative headquartered in Fargo, North Dakota. Forty five percent of our volume is Class I, 9% Class II, 42% Class III, 4% Class IV with most of our growth coming in the Class I market.**

**The Board of Directors and Management of Cass Clay Creamery, Inc. supports proposal #2 and the testimony that will be presented by Dennis Tonak of Midwest Dairymen.**

**In April of 2004, Cass Clay Creamery started pooling distant milk for a fee for services. This milk which is not part of the normal market has the potential of creating a negative PPD. With the fee for service from the pooling of distant milk we are able to offset some of the negative PPD's. It also has been instrumental in supporting our mailbox prices to our members as we have direct competition for our member's milk from processors that are pooling distant milk for a fee. Cass Clay is not in favor of pooling Idaho milk, but we see it as a method of business survival in a very competitive market place. With that, I would like to defer all questions regarding proposal #2 to Dennis Tonak who is representing the proponents of proposal #2.**

**Keith Pagel**

*Keith Pagel*

**President / General Manager**

**Cass Clay Creamery, Inc.**

