

**SECURITY MILK PRODUCERS ASSOCIATION**

1920 S. Archibald, # I • Ontario, CA 91761

TEL: (909) 947-8782 • FAX: (909) 947-2721

April 29, 1998

Mr. Richard M. McKee
Deputy Administrator, Dairy Programs
USDA/AMS, Room 2968, South Building
Post Office Box 96456
Washington, DC 20090-6456

Re: Docket Number DA-97-12

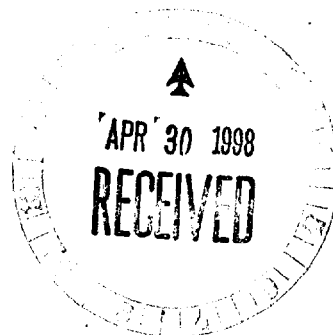
Dear Mr. McKee:

The following comments are revisions and/or amendments to our correspondence dated March 23, 1998 addressing the proposal to consolidate and reform the Federal Milk Marketing Order Program. Security Milk Producers Association (SMPA) greatly appreciates the opportunity to comment on the proposed rule and is cognizant of the immense task with which the Department has undertaken. You and your staff are to be applauded on the detail-oriented manner in which you have approached this issue. Please consider the following amendments in your efforts to produce a final rule.

Security Milk Producers is a cooperative association which markets over a billion pounds of milk annually. We have members in California, Arizona and Nevada. Our herds include approximately 16.5 million pounds of Grade A, bottling quality, milk per month produced on ranches located in southern Nevada's Clark County. In fact, all milk currently produced in Clark County, Nevada is produced by SMPA members. Our customer, in southern Nevada, Anderson Dairy, markets all of their milk in the Las Vegas area. They do not, however, completely supply the needs of that ever-growing metropolitan area. The Las Vegas area is a perfect example of the decline in per capita milk production. Population continues to grow at an increasingly rapid rate, yet milk production on these dairies has actually decreased. Anderson's is faced with more competition than ever. Packaged milk arriving from California and Salt Lake City continues to increase in volume.

Consolidation

Previous correspondence from Security Milk Producers Association has largely been directed toward the need to consolidate all of the State of Arizona and the Clark County area of southern Nevada into one marketing order. After numerous discussions with our customer, Anderson, we better understand the competitive nature of the Las Vegas area. Anderson would be at a competitive disadvantage with milk from California and milk from Salt Lake City if the proposed consolidation and formation of an Arizona-Las Vegas Federal Milk Marketing Order is indeed instituted. We

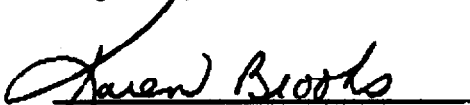


hereby request that Anderson be unregulated. We've reached an agreement with our customer that more closely aligns them with their competition, due to the distance the competitor's milk travels, and does not disadvantage our producers in southern Nevada. We believe the State of Arizona as a whole should be its' own marketing order, without southern Nevada. Only if California becomes a Federal Order do we believe that Anderson should be attached to any Marketing Order. If the Department is unable to allow Anderson to become unregulated and California does not become a Federal Order, we would request Anderson be regulated under the proposed Western Marketing Order.

Please understand that Anderson, because of their high Class I utilization, will be priced out of their own local area if they are included in the proposed Arizona-Las Vegas Order. They are seeing an increasing amount of packaged milk from Salt Lake City in dairy cases they presently supply. Conversely, if Anderson is included in the proposed Western Marketing Order, our producers in Southern Nevada will suffer financially. We believe that by deregulating Anderson's plant neither our customer or our dairymen will suffer.

Mr. McKee, I appreciate the opportunity to comment on these very important issues to you and your staff. If further clarification can be offered regarding any of these issues addressed in this letter, please call me at (909) 947-8782, Extension 223.

Respectfully,



Karen Brooks
General Manager



Kevin W. McLaughlin
Fluid Operations

KB:KM:ch

cc: Anderson Dairies - Las Vegas, Nevada
Attn: Doug Coon, Personal & Confidential