

## FMMO October 23, 2015

Another week gone by, and another pile of exhibits that seemed heavier than Batman's utility belt was entered into the FMMO hearing record for USDA to look at. After 15 days on and off the stand, the coops finally wrapped up their case in chief on Monday. That was a lot of information and work well done to defend the cause of proposal #1. But despite all the hours spent, it is far from over for those in that camp. As the Dairy Institute goes on with their case, there will be a multitude of questions to be asked of processor witnesses.

Dr. Schiek of the Dairy Institute (DI) of California started with his first statement on Monday afternoon, trying to prove that there are no disorderly marketing conditions in California and that a FMMO is not warranted in the state. A lot of the arguments were repeated by other processors throughout the week. Dr. Schiek was on and off the stand as other witnesses came in for the hearing. The first one was Erick Metzger, from National All-Jersey (NAJ). While he critiqued the lower class prices in the DI's proposal, he also critiqued the different pooling rules outlined in the coops' proposal. As expected, one of NAJ's objective is to price milk on its most valuable components. After that, the perspective of southeast producers was presented by Mr. Covington. He stated that price increases in California would lead to production increases which would ultimately be bad for producers in the southeastern part of the country.

If things had appeared technical so far, it was nothing compared to the discussion of shrinkage that occurred between Tuesday and Wednesday. A total of 5 witnesses testified on the topic, particularly as it pertains to Extended Shelf Life (ESL) production. In addition to processors' representatives, consultants and engineers added their two-cents to suggest that plants that process ESL products should have a higher maximum allowable shrinkage assigned to the lowest class. Shrinkage is loss that occurs at the plant and it took over a day to discuss that particular issue. After all that, Dr. Schiek's cross examination briefly resumed, only to be stopped again Thursday morning.

Two producers took the stand Thursday morning, but this time they were not there to support the coops' proposal. The reason? They were Nevada producers. Their support went to Ponderosa's proposal since it's the proposal that would ensure their situation does not change relative to how milk is paid to them currently. Dr. Schiek took the stand again to finish being cross-examined. Mr. Suever from HP Hood took the stand right after, starting his testimony with a theatrical statement that he was surprised USDA even granted the hearing since there is no disorderly marketing in California. Greg Dryer took the stand to finish the day, repeating a little more of the same story. This included stating that California's cost of production was below Wisconsin's cost of production by an average of \$8.70/cwt. Rest assured, this was questioned by Mr. Beshore, the coops' attorney.

By now, you can probably take a guess how Friday went. Mr. Dryer was cross examined further. Then, another processor witness (Mr. Newell, from HP Hood) testified that there is no disorderly marketing in California (apparently HP Hood feels strongly about this since they had two witnesses on that topic). The day ended with James Dejong from Hilmar Cheese. To give a little bit of perspective to how much information has been entered into the record so far, his testimony was the 100<sup>th</sup> exhibit entered.

As a reminder, any interested party can listen to the live audio feed at: [www.ams.usda.gov/live](http://www.ams.usda.gov/live). Don't have time to sit through entire days of deliberations? "Like" Western United Dairymen on Facebook or follow us on twitter (@wudnews) for daily progress updates.