

BEFORE THE PENNSYLVANIA MILK MARKETING BOARD

OFFICIAL GENERAL ORDER A-903A

ALL MILK MARKETING AREAS

February 28, 2017

Surrebuttal Testimony of Elvin Hollon

Presented on behalf of

Dairy Farmers of America, Inc., and Dairy Marketing Services, LLC

In this surrebuttal testimony, I would like to comment just briefly upon the statements of Mr. Gosjovich and Mr. Eby.

We have reviewed the suggestions made by Mr. Gosjovich with respect to the proposals we have made. We have no objections to his suggestions.

With respect to Mr. Eby's statement, on the other hand, we cannot concur. The primary points in Mr. Eby's statement are faulty and ignore key components of the current market situation in the Northeast region including Pennsylvania. First, he states that,

“The biggest single threat to producer profitability is depressed milk prices due [to] production in excess of profitable demand (See Exhibit A). We have long advocated that cooperatives take control of this situation by instituting an across-the-board reduction in the amount of milk accepted from each producer (See Exhibit B).”

This, his main point, ignores two very relevant facts. First, with regard to demand, private firms closing plants and in some cases restructuring business operations to use less milk is a cause of much of the marketing stress in the Northeast. Cooperatives, including DFA and DMS, have no ability to impact or control these decisions and only can live with the results. Many of these changes have come in markets supplied by Pennsylvania DMS independent producers and these markets now simply do not exist (for instance Kemps, Rosenbergers, Farmland, and Kraft/Pollio-Campbell). Our initial testimony quantified this impact to the best of our ability. Furthermore, cooperatives have no ability to control the production decisions of independent producers. Under these circumstances, it is a bit incongruous for Mr. Eby to attribute the problem to cooperative membership policies.

Mr. Eby's second point is that our proposal, "*is destructive and destabilizing to producer pay price.*"

This characterization conveniently (or perhaps naively) ignores the fact that our request is limited in time and effect specifically in order that DMS not be forced to take action with greater negative impact to the independent producers. Rather, DMS is pursuing the most positive outcome it believes possible to be fair and equitable to independent producers and cooperative producers alike, given the current market conditions.

I urge the Board to adopt the request DFA and DMS have made in this hearing in the best interest of all dairy producers.

CERTIFICATE OF SERVICE

I, Marvin Beshore, Esquire, certify that on February 23, 2017, I served true and correct copies of the foregoing, by email addressed to the following interested parties, all of whom accept service by email:

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Respectfully submitted,



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