

UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service
Dairy Program

FEDERAL MILK ORDERS 124 & 131

1930-220th Street SE, Ste. 102
Bothell, WA 98021
Phone: (425) 487-6009
Fax: (425) 487-2775
Email: fmmsattle@fmmsattle.com

4835 E. Cactus Road, Ste. 440
Scottsdale, AZ 85254
Phone: (602) 547-2909
Fax: (602) 547-2906

June 27, 2019

TO: Pool Handlers – Pacific Northwest Federal Milk Marketing Order

SUBJECT: Revision in Shipping Percentages for Manufacturing Plants Operated by a Cooperative Association

SUMMARY: This action reduces the percentage of a cooperative association's producer milk that must be delivered to pool distributing plants to qualify its manufacturing plant for pool status on Federal Order 124. The order states that a specified percentage of producer milk must be delivered to pool distributing plants during either the current month, or the immediately preceding 12-month period ending with the current month, to qualify a cooperative's plant.

The purpose of this standard is to assure an adequate supply of milk for fluid consumption while enabling the continued pooling of producer milk that currently is pooled without the need for uneconomic movements of milk, which would result in disorderly marketing. To accomplish this goal, the order must reflect the needs and nature of the market. A handler supplying milk to the Pacific Northwest market has requested a reduction of the pool standard in section 1124.7(d) of the order.

The minimum shipping percentages applicable pursuant to this revision are: 15%

EFFECTIVE DATE: July 1, 2019 – June 30, 2020

STATEMENT OF CONSIDERATION: This proposed action was requested by Cooperative Regions of Organic Producer Pools (CROPP), a handler regulated under the Pacific Northwest Federal Milk Marketing Order. CROPP requested the decrease of the percentage of producer milk that a cooperative association must ship to pool distributing plants to qualify its manufacturing plant for pool status, specified in section 1124.7(d), from 20 percent to 15 percent. The request also stated that with Class I sales dropping, the handler has “struggled to meet this requirement without changing routes and moving milk around”.

On May 29, 2019, this office notified Federal Order 124 handlers of a Proposed Revision in Shipping Percentages for Manufacturing Plants Operated by a Cooperative Association and invited the submission of comments, data, or views on this request by no later than June 25, 2019.

One comment was received. In addition, an analysis of the current and projected Federal Order 124 marketing conditions was performed by this office.

The comment received from Dairy Farmers of America (DFA) did not oppose reducing the current shipping percentages. However, DFA does not support reducing the shipping percentages “until further notice”. DFA states that the marketing conditions that exist today may not exist in the future.

DFA feels the change should be limited to one year and reviewed annually by the Market Administrator.

Current market conditions indicate that absent a reduction in shipping standards, the pool status of manufacturing plants in the order may not be maintained without costly and uneconomical movements of milk that would have to be made to maintain the pool status of producers who have historically supplied the market and to prevent disorderly marketing in the Pacific Northwest Federal Milk Marketing Order.

Therefore, reducing the shipping standard in section 1124.7(d) is reasonable and necessary to ensure that such producers' milk will not have to be moved in an uneconomic and inefficient manner. In addition, reducing the shipping standard will also serve to ensure orderly marketing conditions that may otherwise be eroded if the shipping standard is not lowered.

Based on the comment received and analysis of available information and data, it is determined that the percentage of producer milk that a cooperative association must deliver to pool distributing plants during the current month, or the immediately preceding 12-month period ending with the current month, be reduced to 15% from July 1, 2019 through June 30, 2020, at which point, marketing conditions will be reviewed to determine if 15% continues to be appropriate.

As provided in section 1124.7(g) of the Pacific Northwest Federal Milk Marketing Order, the Market Administrator may review the need for any further adjustment on the Market Administrator's own initiative or at the request of interested parties.

If you have any questions regarding this matter, please contact this office.



Alyce L. Owen
Acting Market Administrator