

**UNITED STATES DEPARTMENT OF AGRICULTURE**

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March 26, 2009

To: Handlers and Interested Parties, Pacific Northwest Federal Marketing Order 124

Subject: Determination Regarding Washington State Dairy Federation's Petition to Investigate Diversion Limits, Delivery Requirements for Producers, and Delivery Requirements for an Association(s) Operating a Cooperative Pool Manufacturing Plant(s) and for Pool Supply Plants(s)

**SUMMARY:** In a letter to Handlers and Interested Parties dated January 27, 2009, the Market Administrator invited written comments on a requested investigation of current pooling and performance standards relating to milk under the Pacific Northwest marketing order.

The proposed investigation was requested by means of a letter sent to northwest dairy farmers and interested parties by the Washington State Dairy Federation (WSDF), a voluntary membership organization representing the state's dairy farmers. The letter was accompanied by a petition. The petition requested that the Market Administrator investigate the need for tightening pool and performance standards under the Pacific Northwest Order. This office received 167 signatures associated with the petition along with a number of comments from various interested parties. In a letter dated February 6, 2009, the Market Administrator received a request from WSDF to extend the comment period for an additional 30 days. In a letter to Handlers and Interested Parties dated February 9, 2009, the Market Administrator granted the 30-day extension request. Comments were to be received by the Market Administrator no later than March 19, 2009. On March 17, 2009, WSDF forwarded a letter to this office requesting that an additional 180-day extension be added to the deadline of March 19, 2009.

Copies of the original letter and petition; the letter requesting a 30-day extension to the comment period; and the letter requesting an additional 180-day extension are posted on the Market Administrator's website at <http://www.fmmaseattle.com/currentnews.htm>.

**SUPPLEMENTARY INFORMATION:** The proposed investigation concerned revisions in delivery requirements for producers and plants pursuant to §1124.13(e)(6) and §1124.7(g), respectively. Specifically, adjustments were to be considered for the following provisions: the 80% diversion limit for pool handlers; the 3-days' production delivery requirement; and the 20% delivery requirement for an association(s) operating a cooperative pool manufacturing plant(s) and pool supply plants(s).

To enable better evaluation and resolution of this complex matter, the Market Administrator had requested that all interested parties submit written data, views or arguments with respect to the action being considered. All persons who desired to do so were to send their comments to the Market Administrator, 1930 – 220th Street S.E., Suite 102, Bothell, Washington 98021-8471, via FAX at 425-487-2775, or e-mailed to [fmaseattle@fmaseattle.com](mailto:fmaseattle@fmaseattle.com) by no later than March 19, 2009.

**STATEMENT OF CONSIDERATION:** The investigation could result in a revision of the delivery requirements for producers and plants pursuant to §1124.13(e)(6) and §1124.7(g), respectively.

Section 1124.13(e)(6) of the Pacific Northwest milk order states that “the delivery day requirement in paragraph (e)(1) of this section and the diversion percentage in paragraph (e)(2) of this section may be increased or decreased by the market administrator if the market administrator finds that such revision is necessary to assure the orderly marketing and efficient handling of milk in the marketing area.”

While the WSDF requested an investigation on the order’s producer touch-base days’ standard, the diversion limit standard, and the shipping standard, no specific alternative standards were proposed. Instead, the request asks that action deemed appropriate by the market administrator be taken.


Section 1124.7(g) of the Pacific Northwest milk order states that “the applicable shipping percentages of paragraphs (c) and (d) of this section may be increased or decreased by the market administrator if the market administrator finds that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.”

WSDF is a voluntary membership organization formed by dairy farmers in 1892 to promote the interests of dairy farmers in the state of Washington. WSDF submitted a letter and petition with 167 signatures to the Market Administrator requesting an investigation concerning current pooling provisions, specifically diversion limits, delivery requirements, and shipping percentages. WSDF requested that a 30-day extension for the comment period be given. WSDF subsequently requested a 180-day extension of the comment period. Copies of the proposal letter, the petition, and the letters requesting a 30-day extension and a 180-day extension for the comment period are posted on the Market Administrator’s website at <http://www.fmmaseattle.com/currentnews.htm>.

The Market Administrator’s authority to adjust these requirements is described in §1124.13(e)(6) and §1124.7(g). Based on the WSDF letter and petition, it was determined that it was appropriate to investigate and consider revisions in the delivery requirements set forth in §1124.13 and §1124.7.

**DETERMINATION:** Due to the request of Washington State Dairy Federation to further extend the comment period for 180 days, it has been determined that it is in the best interests of those involved that the petition and investigation be cancelled. By cancelling the action, the comment period will end, and no action will be taken, at this time. This cancellation does not preclude any issues raised in the WSDF letter or petition from being considered in the future.

If the industry wishes to consider an action in the future, and a request is made, the issue can be taken up again.



James R. Daugherty  
Market Administrator