

Mideast Market Administrator's Bulletin

Federal Order No. 33

David Z. Walker, Market Administrator

Phone: (440) 826-3220 Toll Free: (888) 751-3220

Email: clevelandma1@sprynet.com

WebPage: www.fmmaclev.com

August 2002



INTERIM ORDER ANNOUNCED TO AMEND THE MIDEAST MILK MARKETING ORDER

An Interim Final Rule for the Mideast Federal milk order has been released by the United States Department of Agriculture. The order amends certain pooling provisions of the Mideast Federal milk order on an interim basis, effective August 1, 2002. More than the required number of producers in the Mideast marketing area approved the issuance of the interim order in a producer referendum held in June.

The Interim Final Rule implements amendments to the Pool Plant provisions which eliminate automatic pool plant status for the 6-month period of March through August, eliminate the inclusion of milk shipments to a distributing plant regulated by another Federal milk order as pool-qualifying shipments, eliminate the "split plant" feature, eliminate the inclusion of diversions made by a pool supply plant located outside the marketing area to a pool distributing plant as the supply plant's qualifying shipments, and establish a "net shipments" provision for supply plants. For the Producer Milk provisions, this interim order implements amendments that increase the number of days that the milk of a producer needs to be delivered to a pool plant, add August to the "touch base" period, establish year-round diversion limits for producer milk, adjusted seasonally, for distributing plants pooled on the order, and exclude from receipts the diversions made by a pool plant to a second pool plant from the calculation of the diversion limitation. The amendments in the Interim Final Rule are unchanged from the proposed amendments contained in the Final Decision issued June 4, 2002.

The Interim Final Rule states that it is necessary and in the public interest to make these interim amendments to the Mideast order became effective August 1, 2002, and that it would be contrary to the public interest to delay the effective date of these amendments for 30 days after their publication in the *Federal Register*.

Copies of the Interim Final Rule are available from this office. It can also be viewed on the Mideast Web Page at www.fmmaclev.com.

USDA DAIRY PROGRAM SIGN UP BEGINS

Agriculture Secretary Ann M. Veneman announced that signup for the Milk Income Loss Contract (MILC) program began August 13, 2002. This program, authorized by the 2002 Farm Bill, financially compensates dairy producers when domestic milk prices fall below a specified level.

Eligible dairy producers are those who produced milk in any state and marketed the milk commercially beginning December 2001. To be approved for the program, producers must be in compliance with highly erodible and wetland conservation provisions and must enter into a contract with USDA's Commodity Credit Corporation to

provide monthly marketing data.

MILC payments will occur in months when the price of Class I milk in Boston under the Northeast Milk Marketing Order falls below \$16.94 per cwt. Payment rates will be 45 percent of the difference between \$16.94 and the Boston Class I price for that month. Dairy operations will not receive a payment for months during which the Class I price in Boston is \$16.94 or higher. A similar payment calculation will be applied from December 1, 2001, through the month preceding the month the producer enters into a contract with CCC.

Program payments, scheduled to begin in October 2002, will be retroactive from December 1, 2001 for eligible production. Payments will be made on an operation-by-operation basis, up to a maximum of 2.4 million pounds of milk produced and marketed by the dairy operation per fiscal year. Beginning with the fiscal year 2003, producers can select the month they want to start receiving payments for eligible production.

As required by the 2002 Farm Bill, USDA will apply the same definition for a dairy operation as used in previous dairy market loss assistance programs. A dairy operation is any person or group of persons who as a single unit, as determined by CCC, commercially produces and markets cow milk and has production facilities located in the U.S. Producers on dairy operations are not permitted to reconstitute a dairy operation for the sole purpose of receiving additional payments.

For more information and requirements, or to sign up for the program, dairy producers should visit their local USDA Farm Service Agency offices.

JULY 2002 POOL SUMMARY

Classification of Producer Milk		Percent
Class I	522,927,772	36.6
Class II	102,187,085	7.1
Class III	779,755,040	54.5
Class IV	25,250,042	1.8
Total	1,430,119,939	100.0

Producer Prices

Producer Price Differential	\$1.52 / cwt
Butterfat Price	1.0929 / lb
Protein Price	1.8095 / lb
Other Solids Price	0.0150 / lb
Somatic Cell Adjustment Rate	0.00055 / cwt
Statistical Uniform Price	10.85 / cwt

ANNOUNCEMENT OF PRODUCER PRICES

Federal Order No. 33

JULY 2002**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	<u>POUNDS</u>	<u>BUTTERFAT</u>	<u>SKIM / PROTEIN</u>	<u>NONFAT SOLIDS</u>	<u>OTHER SOLIDS</u>	<u>PRICE</u>	<u>VALUE</u>
Class I Skim Value			512,957,824			\$ 8.85 / cwt	\$45,396,767.44
Class I Butterfat		9,969,948				1.1643 / lb	11,608,010.44
Class I Location Differential	522,927,772						(249,252.97)
Class II SNF Value				8,209,810		0.8389 / lb	6,887,209.61
Class II Butterfat		10,323,083				1.0999 / lb	11,354,359.02
Class III Protein Value			22,615,566			1.8095 / lb	40,922,866.69
Class III Other Solids Value					44,737,323	0.0150 / lb	671,059.99
Class III Butterfat		25,778,138				1.0929 / lb	28,172,927.01
Class IV SNF Value				1,870,798		0.7633 / lb	1,427,980.13
Class IV Butterfat		4,311,336				1.0929 / lb	4,711,859.12
Somatic Cell Value II / III / IV							<u>39,822.51</u>
TOTAL PRODUCER MILK VALUE	1,430,119,939	50,382,505	41,459,970		81,826,795		\$ 150,943,608.99
Overages						\$45,002.59	
Beginning Inventory						(65,260.53)	
TOTAL ADJUSTMENTS							\$ (20,257.94)
TOTAL HANDLER OBLIGATIONS							\$ 150,923,351.05
Total Protein Value			41,459,970 lbs	@	\$ 1.8095		\$ (75,021,815.74)
Total Other Solids Value			81,826,795 lbs	@	0.0150		(1,227,402.11)
Butterfat Value			50,382,505 lbs	@	1.0929		(55,063,039.74)
Total Somatic Cell Values							(23,374.51)
TOTALS							\$ 19,587,718.95
Net Producer Location Adjustments							\$ 1,667,488.09
1/2 Unobligated Balance Producer Settlement Fund							<u>1,160,000.00</u>
Total - Divided by Total Pounds			1,430,119,939 lbs		1.5673655		\$ 22,415,207.04
Rate of Cash Reserve					(0.0473655)		(677,383.46)
PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*			1,430,119,939		\$1.52/cwt		<u>\$ 21,737,823.58</u>

COMPONENT PRICES**COMPUTATION OF UNIFORM PRICE**

	<u>July</u>		<u>July</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Butterfat Price	\$1.0929 / lb	\$2.1883 / lb	Class III Price - 3.5% BF	\$ 9.33
Protein Price	1.8095 / lb	2.3175 / lb	Producer Price Differential*	<u>1.52</u>
Other Solids Price	0.0150 / lb	0.1510 / lb	Statistical Uniform Price	\$10.85
Somatic Cell Adjustment Rate	0.00055 / cwt	0.00083 / cwt		\$16.24
Nonfat Solids Price	0.7633 / lb	0.8234 / lb		

CLASS PRICES**CLASSIFICATION OF PRODUCER MILK**

	<u>July</u>		<u>July</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Class I*	\$12.62	\$17.34	Product lbs.	Product lbs.
Class II	11.14	15.96	Class I	522,927,772
Class III	9.33	15.46	Class II	102,187,085
Class IV	10.45	14.81	Class III	779,755,040
			Class IV	<u>25,250,042</u>
			Total	<u>1,430,119,939</u>
				1,651,285,026

* Subject to Location Adjustment.

ORDER 33 MARKET SUMMARY

The Producer Price Differential for the Mideast Marketing Area for July 2002 was \$1.52 and the Statistical Uniform Price was \$10.85 for the month. The Statistical Uniform Price is down \$0.39 from last month, and is \$5.39 lower than July 2001.

The Producer Butterfat Price of \$1.0929 per pound decreased 2.82 cents from June 2002 and is down \$1.0954 from a year ago. The Protein Price of \$1.8095 is down 20.53 cents from last month and is down 50.80 cents from July 2001. The Other Solids Price in July was \$0.0150 per pound, a decrease from last month's price of \$0.0247 and a decrease of 13.60 cents from last July. The Somatic Cell Adjustment rate for July was \$0.00055.

July producer receipts of 1.43 billion pounds were down 12.3 percent from June 2002, and decreased 13.4 percent from July 2001 production of 1.65 billion pounds. Producer milk allocated to Class I accounted for 36.6 percent of the total producer milk in July 2002 above the 29.2 percent in June and the 30.9 percent in July 2001. A total of 11,349 producers were pooled in the Mideast Order with an average daily delivery of 4,065 pounds compared to 12,150 producers pooled in July 2001 with an average daily delivery of 4,384 pounds.

The market average content of producer milk was as follows: Butterfat 3.52%; Protein 2.90%; Other Solids 5.72% and Nonfat Solids 8.62%.

USDA ANNOUNCES AMENDMENTS TO THE FLUID MILK ORDER

The U.S. Department of Agriculture announced that it is amending certain provisions of the Fluid Milk Promotion Order to conform with the recently enacted Farm Security and Rural Investment Act of 2002.

Under the amendments, the definition of fluid milk product will be modified to be consistent with the term as defined under Federal milk marketing orders. The "fluid milk processor" definition, will be revised to increase the exemption standard from 500,000 pounds to 3 million pounds per month of fluid milk products that are processed and marketed commercially in consumer-type packages in the 48 contiguous United States and the District of Columbia. In addition, the exemption standard now excludes fluid milk products that are delivered directly to consumer residences.

The program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk products processed and marketed in consumer-type packages by fluid milk processors in the 48 contiguous states and the District of Columbia. Under the amendments, fluid milk processors who exceed the exemption standard will be charged the assessment.

Details of the changes were published as a final rule in the August 1st *Federal Register*.

Copies of the rule and additional information may be obtained from David R. Jamison, Dairy Programs, AMS, USDA, 1400 Independence Avenue, SW, Stop 0233, Washington, D.C. 20250-0233; Tel. (202) 720-6909.

PUBLIC HEARING TO AMEND THE NORTHEAST MILK MARKETING ORDER

The United States Department of Agriculture announced a public hearing to consider changes to the Northeast Federal milk marketing order. The hearing will begin at 8:30 a.m. on September 10, 2002, at the Embassy Suites Hotel Alexandria, 1900 Diagonal Road, Alexandria, Virginia 22314.

Proposals will include establishing marketwide service payments to offset the costs of balancing the market's Class I needs, establishing year-round shipping standards for supply plant pool qualification, establishing a standard that at least two-days' milk production of a dairy farmer be physically received at a pool plant before the balance of production is eligible for diversion, establishing limits on the amount of milk that a pool plant may divert, eliminating the "split plant" feature for pool supply plants, and making minor changes to reporting and payment dates.

For additional information contact: Erik F. Rasmussen, Northeast Market Administrator; USDA/AMS/Dairy Programs; P. O. Box 1478 (Fort Point Station) Boston, MA 02205-1478; Tel. (617) 542-1478; e-mail: maboston@fedmilk1.com.

USDA AMENDS GENERAL SPECIFICATIONS FOR DAIRY PLANTS APPROVED FOR USDA INSPECTION AND GRADING SERVICE

The United States Department of Agriculture has amended its "General Specifications for Dairy Plants Approved for USDA Inspection and Grading Service" document.

USDA made the following changes for all producer herd milk including both cow's and goat's milk:

- The maximum allowable bacterial estimate for producer herd milk has been lowered from 1,000,000 per milliliter to 500,000 per milliliter.
- The follow-up procedure when producer herd milk exceeds the maximum allowable bacterial estimate has been modified.
- The maximum permitted bacterial estimate in commingled milk has been lowered from 3,000,000 per milliliter to 1,000,000 per milliliter.

For producer herd milk for cow's milk only, USDA lowered the maximum allowable somatic cell count in cow's milk from 1,000,000 per milliliter to 750,000 per milliliter.

Weighted Averages - Butterfat, Protein, Other Solids, Somatic Cell Count by State Federal Order No. 33

State	June 2002*						June 2001				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,646	467,679	3.53	2.92	5.76	273	439,965	3.52	2.93	5.73	301
Wisconsin	2,736	421,618	3.65	2.92	5.71	282	422,531	3.61	2.90	5.71	296
Ohio	2,581	308,032	3.60	2.98	5.73	318	289,856	3.59	2.98	5.70	344
Pennsylvania	1,477	134,999	3.63	2.98	5.72	359	135,523	3.63	2.99	5.70	384
Indiana	1,202	120,225	3.59	2.95	5.73	320	149,012	3.56	2.96	5.73	311
New York	406	98,302	3.61	2.90	5.69	258	77,267	3.57	2.92	5.70	260
California	23	46,137	3.57	2.99	5.71	292	0				
Illinois	111	13,544	3.59	2.95	5.76	342	13,944	3.53	2.95	5.75	378
West Virginia	84	6,193	3.52	3.02	5.70	356	5,785	3.54	2.98	5.68	464
Minnesota	38	3,501	3.57	3.03	5.76	464	20,715	3.67	2.95	5.73	419
Other	110	8,632	3.63	3.00	5.73	351	28,973	3.58	3.00	5.76	378
Total/Average	11,414	1,628,861	3.59	2.94	5.73	296	1,583,573	3.58	2.94	5.72	318

* Totals may not add due to rounding. Data provided on a one month delay basis.



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Department of
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**FEDERAL ORDER DATA
JULY 2002**

Marketing Area	1/	Producer Milk		Class I Percent %	Producer Price Differential	Statistical Uniform Price
		Total (000)	Class I (000)			
FO 1	Northeast - <i>(Boston)</i>	2,188,038	861,811	39.4	2.72	\$12.05
FO 5	Appalachian - <i>(Charlotte)</i>	529,180	368,167	69.6	2/	12.88
FO 6	Florida - <i>(Tampa)</i>	215,763	194,499	90.1	2/	14.19
FO 7	Southeast - <i>(Atlanta)</i>	607,406	380,268	62.6	2/	12.55
FO 30	Upper Midwest - <i>(Chicago)</i>	1,512,635	321,311	21.2	0.80	10.13
FO 32	Central - <i>(Kansas City)</i>	1,588,738	387,264	24.4	1.11	10.44
FO 33	Mideast - <i>(Cleveland)</i>	1,430,120	522,928	36.6	1.52	10.85
FO 124	Pacific Northwest - <i>(Seattle)</i>	677,456	173,122	25.6	1.33	10.66
FO 126	Southwest - <i>(Dallas)</i>	827,852	325,032	39.3	2.48	11.81
FO 131	Arizona-Las Vegas - <i>(Phoenix)</i>	240,119	77,870	32.4	2/	10.87
FO 135	Western - <i>(Salt Lake City)</i>	436,056	89,693	20.6	0.93	10.26

1/ Names in parentheses are principal points of markets.

2/ Producers in these markets are paid on the basis of a uniform skim and butterfat price.

MINIMUM PARTIAL PAYMENT PRICE FOR AUGUST 2002 \$9.33 /cwt.