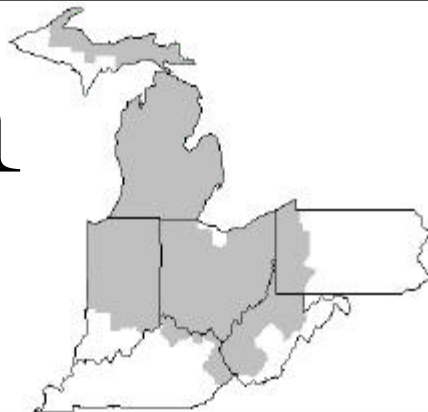


# Mideast Market Administrator's Bulletin



## Federal Order No. 33

David Z. Walker, Market Administrator

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October 2004

### CLEVELAND OFFICE MOVING

The Cleveland office of the Mideast Market Administrator will be relocating to Brunswick, Ohio, on October 19, 2004. The new mailing address, telephone numbers and fax numbers are as follows:

Mideast Market Administrator  
1325 Industrial Parkway North  
P.O. Box 5102  
Brunswick, OH 44212

Telephone: (330) 225-4758  
Toll Free: (888) 751-3220  
Office Fax: (330) 220-6675  
Laboratory Fax: (330) 220-6732

### USDA HOLDS HEARING ON PROPOSED AMENDMENTS TO THE APPALACHIAN, FLORIDA, AND SOUTHEAST FEDERAL MILK MARKETING ORDERS

The U. S. Department of Agriculture held a public hearing on an emergency basis, to consider a proposal to amend the Appalachian, Florida, and Southeast Federal milk marketing orders. The hearing began at 9 a.m. on Thursday, October 7, 2004 at the Sheraton Gateway Atlanta Airport Hotel, Atlanta, Georgia.

The hearing considered a proposal that would implement a temporary supplemental charge on Class I milk which would be disbursed through a marketwide service payment provision in the three Southeastern orders. The proposal would help dairy cooperatives and dairy manufacturers offset some of the financial losses experienced as a result of recent hurricanes. Evidence was taken at the hearing to determine whether marketing conditions exist that warrant omission of a recommended decision for the proposal.

The hearing notice appeared in the September 30<sup>th</sup> edition of the *Federal Register*. Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231. The hearing notice is also available on AMS' web site, at: [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

### TIME EXTENDED SUBMISSION OF ADDITIONAL PROPOSALS CONCERNING HEARING REQUESTED TO AMEND ALL FEDERAL MILK ORDERS (Northeast, et al.)

The U.S. Department of Agriculture is extending the time period for interested parties to submit additional proposals for consideration with a public hearing request currently under review that would

amend the fluid milk product definition in all Federal milk marketing orders. The public hearing request was submitted by Dairy Farmers of America (DFA). **The deadline for submitting proposals (announced in our February 3, 2004 letter) is hereby extended from September 30, 2004, to January 31, 2005.**

Copies of the DFA proposal may be obtained at <http://www.ams.usda.gov/dairy/> by selecting "Request for Class I Proposals, Northeast, et. al." or from Antoinette Carter, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231-Room 2971, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 690-3465, e-mail address: [Antoinette.Carter@usda.gov](mailto:Antoinette.Carter@usda.gov).

Proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP-0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by January 31, 2005. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. The statement will be used in deciding whether the proposal should be considered if a hearing to amend the orders is held.

A hearing would be limited to proposals included in the hearing notice. However, appropriate modifications of the proposals included in the notice also may be considered at the hearing if the modifications would not enlarge the marketing area or regulate persons not now subject to the order. Any proposals that would extend regulation should be accompanied by the names and addresses of persons who proponents believe would be affected by the proposed extension and an estimate of the number of additional dairy farmers involved.

(continued on Page 3)

### SEPTEMBER 2004 POOL SUMMARY

#### Classification of Producer Milk

		Percent
Class I	556,136,714	41.6
Class II	234,879,130	17.6
Class III	484,859,096	36.3
Class IV	60,603,530	4.5
Total	1,336,478,470	100.0

#### Producer Prices

Producer Price Differential	\$ 0.34 /cwt
Butterfat Price	1.9354 /lb
Protein Price	2.5431 /lb
Other Solids Price	0.0589 /lb
Somatic Cell Adjustment Rate	0.00079 /cwt
Statistical Uniform Price	15.06 /cwt

**ANNOUNCEMENT OF PRODUCER PRICES**

Federal Order No. 33

**SEPTEMBER 2004****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			545,853,261			\$ 9.96 / cwt	\$ 54,366,984.77
Class I Butterfat		10,283,453				1.8090 / lb	18,602,766.49
Class I Location Differential	556,136,714						(314,965.36)
Class II SNF Value				19,859,537		0.7900 / lb	15,689,034.23
Class II Butterfat		15,178,681				1.9424 / lb	29,483,069.99
Class III Protein Value			14,709,288			2.5431 / lb	37,407,190.30
Class III Other Solids Value					27,679,138	0.0589 / lb	1,630,301.24
Class III Butterfat		16,407,641				1.9354 / lb	31,755,348.38
Class IV SNF Value				4,895,125		0.7167 / lb	3,508,336.11
Class IV Butterfat		6,394,099				1.9354 / lb	12,375,139.20
Somatic Cell Value II / III / IV							<u>366,427.38</u>
<b>TOTAL PRODUCER MILK VALUE</b>	<b>1,336,478,470</b>	<b>48,263,874</b>	<b>40,471,750</b>		<b>76,064,673</b>		<b>\$ 204,869,632.73</b>
Overages						\$ 34,140.55	
Beginning Inventory						71,584.02	
<b>TOTAL ADJUSTMENTS</b>							<b>\$ 105,724.57</b>
<b>TOTAL HANDLER OBLIGATIONS</b>							<b>\$ 204,975,357.30</b>
Total Protein Value			40,471,750 lbs	@	\$25431		\$(102,923,707.44)
Total Other Solids Value			76,064,673 lbs	@	00589		(4,480,209.22)
Butterfat Value			48,263,874 lbs	@	19354		(93,409,901.75)
Total Somatic Cell Values							<u>(586,912.01)</u>
<b>TOTALS</b>							<b>\$ 3,574,626.88</b>
Net Producer Location Adjustments							\$ 877,160.16
1/2 Unobligated Balance Producer Settlement Fund							<u>689,000.00</u>
Total - Divided by Total Pounds			1,336,478,470 lbs		0.3846517		\$ 5,140,787.04
Rate of Cash Reserve					<u>(00446517)</u>		<u>(596,760.36)</u>
<b>PRODUCER PRICE DIFFERENTIAL at Cuyahoga County, OH*</b>			1,336,478,470		<b>\$ 0.34 cwt</b>		<b>\$ 4,544,026.68</b>

**COMPONENT PRICES**

September

	<u>2004</u>	<u>2003</u>
Butterfat Price	\$19354 / lb	\$12218 / lb
Protein Price	25431 / lb	33180 / lb
Other Solids Price	00589 / lb	00170 / lb
Somatic Cell Adjustment Rate	0.00079 / cwt	0.00080 / cwt
Nonfat Solids Price	07167 / lb	06644 / lb

**COMPUTATION OF UNIFORM PRICE**

September

	<u>2004</u>	<u>2003</u>
Class III Price - 3.5% BF	\$ 14.72	\$ 14.30
Producer Price Differential*	<u>0.34</u>	<u>(0.37)</u>
Statistical Uniform Price	\$15.06	\$13.93

**CLASS PRICES**

September

	<u>2004</u>	<u>2003</u>
Class I*	\$1594	\$1571
Class II	1366	1076
Class III	1472	1430
Class IV	1300	1005

**CLASSIFICATION OF PRODUCER MILK**

September

	<u>2004</u>	<u>2003</u>
Class I	556,136,714	550,838,355
Class II	234,879,130	248,701,436
Class III	484,859,096	156,159,388
Class IV	<u>60,603,530</u>	<u>50,532,590</u>
Total	1,336,478,470	1,006,231,769

\* Subject to Location Adjustment.

**ORDER 33 MARKET SUMMARY**

The Producer Price Differential for the Midwest Marketing Area for September 2004 was \$0.34 and the Statistical Uniform Price was \$15.06 for the month. The Statistical Uniform Price is \$0.45 higher than last month, and is \$1.13 higher than September 2003.

The Producer Butterfat Price of \$1.9354 per pound increased 14.13 cents from August 2004 and is up 71.36 cents from a year ago. The Protein Price of \$2.5431 is up 7.68 cents from last month and is down 77.49 cents from September 2003. The Other Solids Price in September was \$0.0589 per pound, a decrease from last month's price of \$0.0676 and an increase of 4.19 cents from last September. The Somatic Cell Adjustment rate for September was \$0.00079.

September producer receipts of 1.34 billion pounds were 13.6 percent lower than August 2004, and 32.8 percent higher than September 2003 production of 1.01 billion pounds. Producer milk allocated to Class I accounted for 41.6 percent of the total producer milk in September 2004, more than the 34.5 percent in August and less than the 54.8 percent in September 2003. A total of 10,224 producers were pooled on the Midwest Order compared to 10,601 producers pooled in September 2003.

The market average content of producer milk was as follows: Butterfat 3.61%; Protein 3.03%; Other Solids 5.69% and Nonfat Solids 8.72%.

(continued from Front Page)

If USDA concludes that a hearing should be held, all known interested persons will be mailed a copy of the hearing notice. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Once a hearing notice is issued and until the issuance of a final decision, USDA employees involved in the decisional process may not discuss the merits of a proceeding on an ex parte basis with any persons having an interest in the proceeding. For this purpose, the Market Administrators and their staffs are considered to be involved in the decisional process. Thus, it is suggested that any discussions that you may wish to have with USDA personnel regarding hearing proposals be initiated soon. Procedural matters may be discussed at any time.

If you have any questions concerning the filing of the proposals or desire a copy of the present order, please contact The Mideast Market Administrator's office.

### AUGUST MILK PRODUCTION UP 1.5 PERCENT

Milk production in the 20 major States during August totaled 12.4 billion pounds, up 1.5 percent from August 2003. July revised production, at 12.5 billion pounds, was up 1.0 percent from July 2003. The July revision represented an increase of 36 million pounds or 0.3 percent from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,595 pounds for August, 24 pounds above August 2003. The number of cows on farms in the 20 major States was 7.77 million head, 5,000 head less than August 2003, but 7,000 head more than July 2004.

The Mideast Marketing Area has four states represented in the 20 major states used above. They are Indiana, Michigan, Ohio, and Pennsylvania. Milk production in these Mideast states during August totaled 2.0 billion pounds, down 27 million pounds or 1.3 percent from August 2003.

Production per cow in the Mideast states averaged 1,570 pounds for August, eight pounds below August 2003. The number of cows on farms in the Mideast states was 1.3 million head, 9,000 head less than August 2003.

### USDA ANNOUNCES FINAL DECISION TO AMEND ALL FEDERAL MILK MARKETING ORDERS

The U. S. Department of Agriculture announced a final decision that permanently adopts amendments to the classification of milk provisions in all 10 Federal milk marketing orders. These provisions were previously implemented on an interim basis. This decision is based on testimony and evidence from a public hearing held October 21, 2003, in Alexandria, Virginia.

This decision adopts changes that reclassify milk used to produce evaporated milk or sweetened condensed milk in consumer-type packages from Class III to Class IV. A proposal to classify monthly bulk milk ending inventories to the low est priced class of Class III or Class IV is not adopted in this final decision.

The final decision was published in the September 24 Federal Register. USDA will conduct a vote within 30 days to determine whether dairy farmers approve the proposed amended orders. If approved, a final rule will follow to implement these changes.

Additional information about the decision may be obtained from The Mideast Market Administrator Office: David Z. Walker, USDA/AMS/Dairy Programs, P.O. Box 5102, Brunswick, OH 44212, Tel. (330)225-4758; e-mail: [dwalker@fmmaclev.com](mailto:dwalker@fmmaclev.com).

### AUGUST FLUID MILK SALES

During August, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2 percent lower than August 2003. After adjusting for calendar composition, sales in August 2004 were 1.2 percent lower than August 2003. On an individual product basis, after adjusting for calendar composition, sales of fat-free (skim) milk and flavored fat-reduced milk increased from August 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, and buttermilk decreased from a year earlier. Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areales.htm>

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

State	August 2004						August 2003				
	Number of Producers	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)	Pounds of Milk (000)	Butterfat	Protein	Other Solids	SCC (000)
Michigan	2,323	483215	3.53	2.99	5.72	299	435818	3.47	2.92	5.71	315
Wisconsin	2,012	328296	3.61	2.97	5.73	292	38601	3.55	2.88	5.69	343
Ohio	2,562	326875	3.61	3.01	5.70	328	239,134	3.61	2.94	5.68	381
Indiana	1,272	134220	3.63	3.00	5.71	332	124915	3.61	2.95	5.69	366
New York	503	121693	3.52	2.94	5.69	263	77,796	3.52	2.89	5.67	279
Pennsylvania	1,319	110542	3.64	3.00	5.67	394	77,085	3.61	2.94	5.63	438
Illinois	95	17,697	3.57	2.97	5.78	286	**				
West Virginia	72	5,115	3.65	3.07	5.66	448	4,841	3.57	3.00	5.63	488
Other	172	19,878	3.62	3.00	5.73	318	9,766	3.58	2.96	5.70	384
Total/Average *	10330	1,547,531	3.58	2.99	5.71	311	1,007,957	3.54	2.93	5.69	346

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

\*\* Included with "Other".



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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 14th and Independence Avenue SW. Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an Equal Opportunity provider and employer.

**FEDERAL ORDER DATA  
SEPTEMBER 2004**

<u>Marketing Area</u> <sup>1/</sup>	<u>Producer Milk</u>		<u>Class I</u>	<u>Producer</u>	<u>Statistical</u>
	<u>Total</u> (000)	<u>Class I</u> (000)	<u>Percent</u> %	<u>Price Differential</u>	<u>Uniform Price</u>
FO 1 Northeast - (Boston)	1,788,270	914,580	51.1	\$1.34	\$16.06
FO 5 Appalachian - (Charlotte)	491,747	362,942	73.8	<sup>2/</sup>	16.52
FO 6 Florida - (Tampa)	190,661	169,419	88.9	<sup>2/</sup>	17.69
FO 7 Southeast - (Atlanta)	559,693	393,790	70.4	<sup>2/</sup>	16.43
FO 30 Upper Midwest - (Chicago)	1,290,344	375,187	29.1	0.13	14.85
FO 32 Central - (Kansas City)	759,355	369,264	48.6	0.21	14.93
<b>FO 33 Mideast - (Cleveland)</b>	<b>1,336,478</b>	<b>556,137</b>	<b>41.6</b>	<b>0.34</b>	<b>15.06</b>
FO 124 Pacific Northwest - (Seattle)	481,232	182,379	37.9	(0.28)	14.44
FO 126 Southwest - (Dallas)	743,907	356,160	47.9	1.03	15.75
FO 131 Arizona-Las Vegas - (Phoenix)	217,527	82,281	37.8	<sup>2/</sup>	15.18

<sup>1/</sup> Names in parentheses are principal points of markets.

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

**MINIMUM PARTIAL PAYMENT PRICE FOR OCTOBER 2004 ..... \$13.00 /cwt.**

