



February 17, 2017

Erik Rasmussen  
Market Administrator  
Federal Milk Marketing Order 1  
89 South Street  
Boston, MA 02205-1478

Dear Mr. Rasmussen,

On January 12, Dairy Farmers of America, Inc. (DFA) requested that Federal Milk Marketing Order FMMO 1, Section 1001.12 (b) (5) and (6) be interpreted and applied for the period April 1, 2017 until September 30, 2017, in a manner which conforms strictly with its purpose while allowing the marketers of milk critical flexibility in marketing. Our request would allow a handler to pool, or not pool, all or any portion of a delivery to a non-pool plant in these months without losing the ability to pool the producer the following month. Additionally, this would allow the handler the ability to pay for the milk delivered to the non-pool plant a return that reflects the value of the milk.

DFA continues to believe current market conditions will become even more disorderly if our request is not implemented. However, upon learning last week of the lack of support from segments of the industry, we made the determination to respectfully withdraw our request to temporarily change the "Dairy Farmers for Other Markets Provision" (DFOM) of the Northeast Milk Marketing Order.

DFA's motivation in our recent request to the Market Administrator to temporarily relax the interpretation of pooling rules for Order 1 was to create fairness and treat all dairy producers in an equitable manner. By doing so, all farmers in the Northeast would have access to the best milk price available, subject to prevailing marketing conditions. However, without support from the entire industry, we understand this request could create additional division and anxiety in an already challenged marketplace.

Our proposal would have allowed the sharing of balancing costs to buffer the effects to any one group and maintain a more orderly process as the market finds its new equilibrium during this six-month period. Our requested interpretation would not only carry out the intent of the DFOM provision under present market conditions, it would also allow milk marketers more flexibility in balancing supplies of milk with demand. This would have minimized the financial impact to independents as we attempted to make payments equitable for all dairy farmers.

We will continue to do everything possible to increase processing capacity, provide stability in the marketplace, and to do our best to provide a fair and equitable return for dairy farmers in the region.

Thank you for your consideration and for accepting our withdrawal of this request. We are available to answer any questions or provide any further information you may need.

Sincerely,

A handwritten signature in black ink that reads 'Elvin Hollon'.

Elvin Hollon  
Vice President, Fluid Marketing/Economic Analysis