United States Department Of Agriculture
Agricultural Marketing Service
Dairy Programs

FEDERAL MILK ORDER No. 1

Northeast Marketing Area

89 South Street, Suite 301, Boston, MA 02111-2671

Mailing Address:
P.O. Box 51478
Boston, MA 02205-1478
Phone: 617-737-7199 --- Fax: 617-737-8002
E-mail: NortheastOrder@fedmilk1.com
Website: http: www.fmmone.com

Albany:
302A Washington Avenue Ext.
Albany, NY 12203-7303
Tel.: (518) 452-4410
Fax: (518) 464-6468

Alexandria:
P.O. Box 25828
Alexandria, VA 22313-5828
Tel.: (703) 549-7000
Fax: (703) 549-7003

July 18, 2025

TO: Pool Handlers on the Northeast Order

FROM: Steven G. Quadros, Acting Market Administrator

SUBJECT: Request to Reduce Fall-Month Shipping Percentages – **Approved 10 Percent for 2025**

On June 13, 2025, Lowville Producers Dairy Cooperative Inc. (Lowville), a cooperative pooled in the Northeast Marketing Area (Northeast Order) and owner of a unregulated supply plant in Canastota, NY, submitted a request that the shipping percentage specified in Section 1001.7 (c) (2) for the months of September, October, and November be lowered from 20 percent to 10 percent for pool supply plants regulated under the Northeast Order until further notice.

The shipping percentage during September, October, and November from 2018 through 2024 was adjusted to 10 percent in response to similar requests.

Section 1001.7 (g) of the Northeast Order states that the shipping percentages under the above provision may be increased or decreased by the Market Administrator if, after conducting an investigation and soliciting comments, the Market Administrator determines that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

Petition

In their 2025 petition, Lowville cited declining Class I sales and increased consumption of Class II, III, and IV products has made making additional shipments to meet the shipping percentage difficult. They state several new plants are under construction and several existing plants are planning to expand in the region, however, the milk needed for the additional production will be used in Classes II, III, and IV. They estimated an additional 36 million pounds of raw milk per day will be needed in New York State to fulfill the increase in demand, implying that this could cause more strain to cooperatives to satisfy the 20 percent shipping percentage. Lastly, Lowville stated they are unaware of any Pool Distributing Plants in the Northeast market that are short of milk and a 10 percent shipping requirement would be adequate to fulfill the Class I demand in the region.

Summarized Handler Comments Received

Agri-Mark, Inc, a cooperative handler under Section 1000.9(c) of the Northeast Order and operator of multiple pool supply plants, supports the request to reduce the shipping percentages from 20 to 10 percent for the applicable 2025 months. Additionally, the cooperative does not support an ongoing change due to upcoming and significant changes in the market, but prefer the requested change be assessed on an annual basis.

Cayuga Marketing LLC (Cayuga Marketing), a cooperative handler under Section 1000.9(c) of the Northeast Order, and operator of a nonpool plant, submitted comments in support of the reduction from 20 to 10 percent, for the months of September, October, and November, until further notice. They suggest market conditions may justify lowering the shipping percentage as low as 6-7 percent. Cayuga Marketing stated they have not changed their position from past years' requests to lower the shipping percentage. Cayuga Marketing states they would be forced into maintaining uneconomic milk sales to meet a 20 percent minimum pooling requirement for shipments during the months of September, October, and November, which will only serve to reduce their members' net milk price to meet shipping requirements.

National Farmers Organization (NFO), a cooperative handler under Section 1000.9(c) of the Northeast Order, submitted comments supporting reducing the shipping requirements from 20 percent to 10 percent in the months of September, October, and November. The cooperative states the expansion and construction of Class II, III, and IV plants in the region have cooperatives in long term contracts for milk supply, and having cooperatives divert part of their supply away from these plants for several months could have adverse effects on the producers, handlers, and orderly marketing. They continue to suggest a further reduction in the shipping percentage may be needed in the near future.

Upstate Niagara Cooperative, Inc. (Upstate Niagara), a cooperative handler under Section 1000.9(c) of the Northeast Order and operator of pool distributing plants, partially regulated pool distributing plants, and nonpool plants, submitted comments not opposing a reduction for the months of September, October, and November, but prefer the Market Administrator continue to review the matter regularly rather than issue an approval for "until further notice" due to the recent plant announcements in the region.

<u>Findings</u>

Monthly pool statistics continue to present a picture of declining Class I receipts for the Northeast Order, though there had been some slowing of this trend earlier in 2020s. The Class I receipts for the most recent pool, June 2025, at 594 million pounds were the second lowest volume for the month in 25 years, with June 2024 having the lowest. At 26.1 percent, Class I utilization in June was the lowest ever Class I utilization by percent for any month since the Order's inception. In 2000, the year in which the 20 percent fall month shipping percentages were adopted as part of Order Reform, the Class I utilization for the months of September, October, and November averaged 49.0 percent of the volume of milk pooled during those months. In 2024, Class I utilization for these same three months averaged 30.3 percent of the total pool – a drop of roughly 18.7 percentage points.

Chart 1 presents September-November Class I receipts as compared to that period during the year 2000. In 2024, Class I receipts for the September through November period were 27.0 percent below the same period during the first year of the Northeast Order, in 2000, showing how much less milk has been utilized as Class I in recent years compared to when the Order's shipping provisions were first adopted.

Chart 1

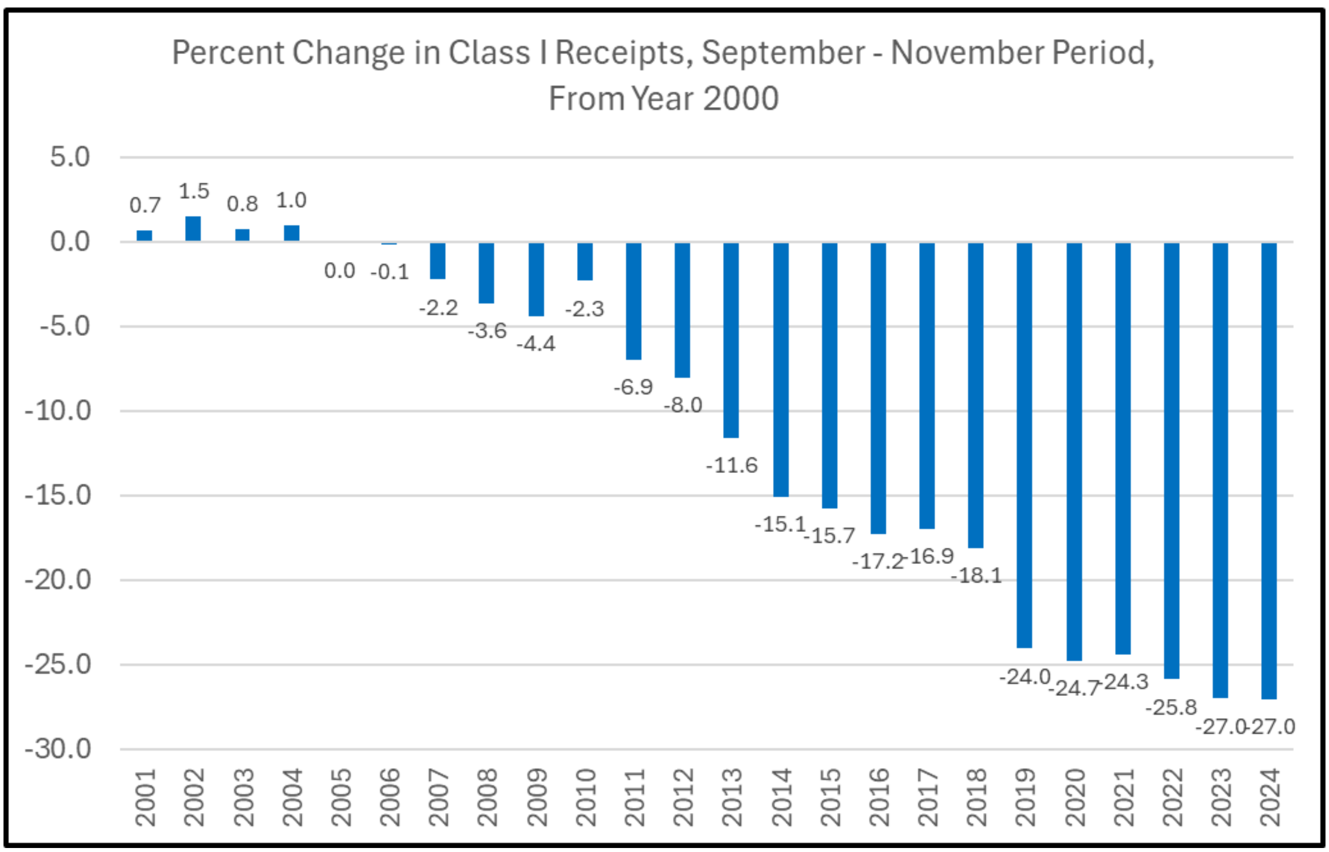
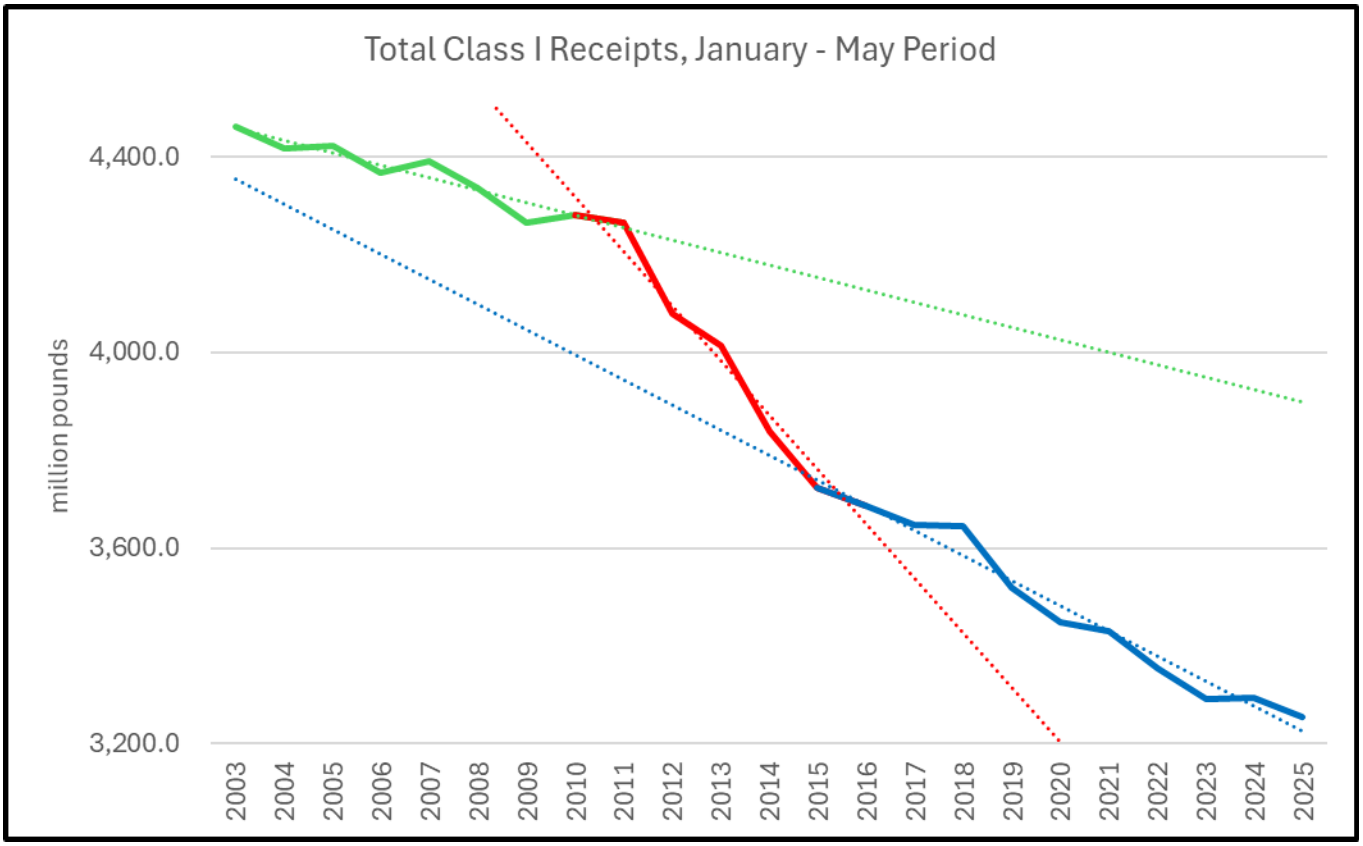


Chart 2 presents total Class I receipts for the period January through May of each year since 2000 (leap year adjusted). The trend lines in the chart highlight the more rapid decline in Class I receipts from 2011 to 2015 and a somewhat slower but still consistent decline from 2018 to 2025.

Chart 2



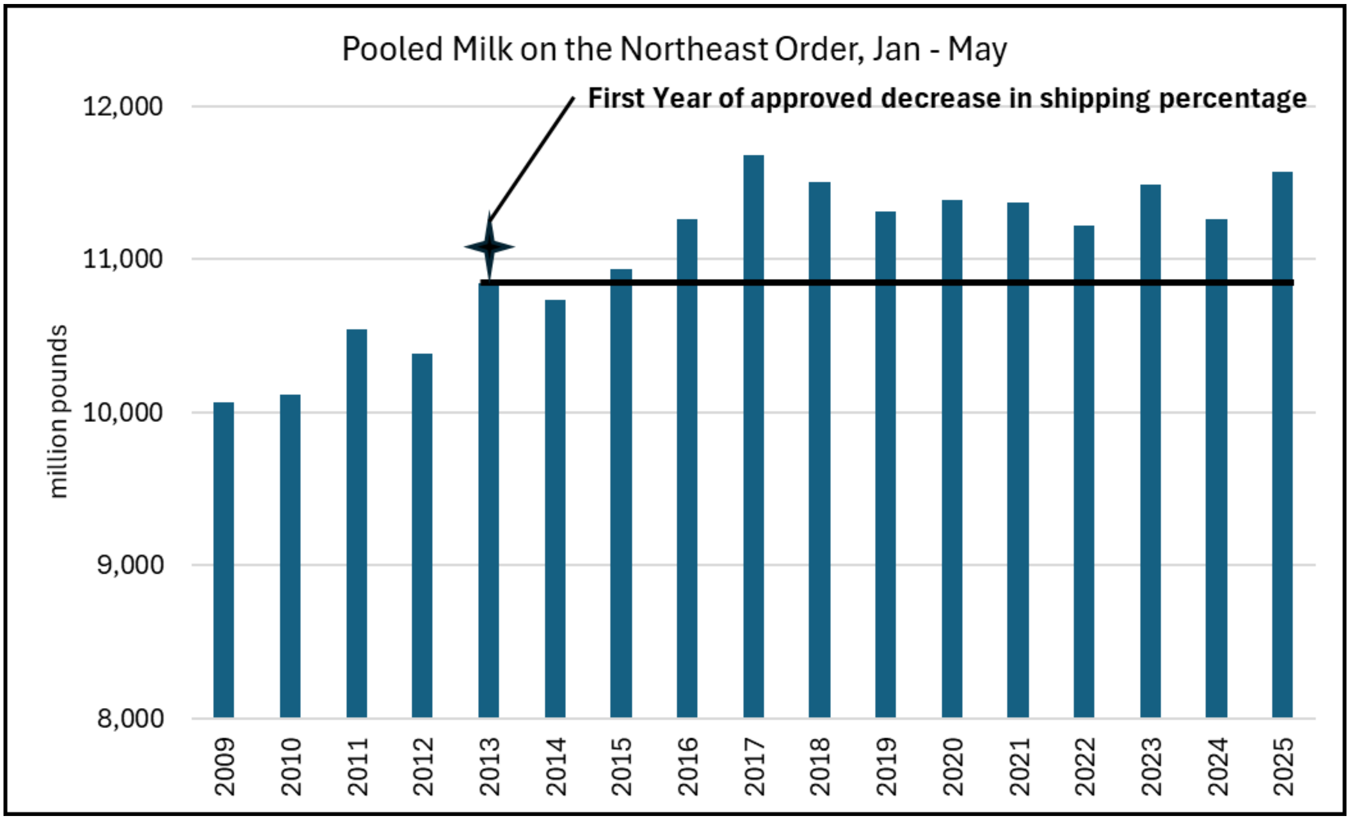
The following table presents average level of Class I receipts on the Northeast Order for a 3-month spring period and the immediately following 3-month fall period. The intent is to show a seasonal change as a simplistic expectation of where fall Class I receipts may be based on where the previous spring level was. The 2025 projection in the table is based on a Class I calendar composition and seasonal factors with current levels of Class I utilization. This projection shows a potential for a small decrease in fall month Class I utilization compared to spring. This would suggest a lack of need to return to a shipping percentage higher than has been approved in recent years, at least for fall 2025.

	Class I Utilization		
Year	Mar-May Avg	Sep-Nov Avg	% Difference
	million pounds		
2000	867	912	5.3
2001	900	919	2.1
2002	892	926	3.8
2003	892	920	3.1
2004	890	921	3.5
2005	890	912	2.5
2006	887	911	2.7
2007	885	892	0.9
2008	873	879	0.8
2009	860	873	1.4
2010	874	892	2.0
2011	847	849	0.2
2012	821	839	2.2
2013	807	807	0.0
2014	765	775	1.2
2015	742	769	3.7
2016	741	755	1.9
2017	735	758	3.1
2018	737	748	1.4
2019	705	693	-1.6
2020	702	687	-2.2
2021	691	690	-0.1
2022	674	677	0.4
2023	661	666	0.8
2024	660	666	0.9
2025	650	649	-0.2*

*Projection based on Class I Calendar, historical seasonal factors, and current utilization

The volume of milk pooled on the Order through the first 5 months of this year is slightly above the prior year, and roughly 2.2 percent above the most recent three-year average for the period. As depicted in Chart 3 below, the volume is above levels at which the first request to lower the shipping requirement was approved.

Chart 3



The data on current milk volumes and Class I demand, overall, and experiences with a 10 percent shipping requirement in the fall of recent years at similar production and utilization levels would indicate the reduction to the 10 percent level is appropriate.

Existing Provision

The shipping provisions of the Order (under Section 1001.7 (c) (1) and (2) stipulate that a supply plant (and this also applies to cooperatives operating as handlers under Section 1000.9(c)) must deliver milk to a distributing plant in order to meet the requirement. As noted in prior decisions, the option is not to "ask" whether the milk is needed or not, but instead, delivery to a pool distributing plant is stipulated. However, under Section 1001.7(g) the provision authorizes the Market Administrator to adjust the shipping percentage "to prevent uneconomic shipments", if so warranted. Thus, preventing the administratively required delivery of excessive milk to distributing plants, when order data and industry comments indicate a lower required shipping percentage is appropriate, is a measure that can and has been taken for the past eight years by the Market Administrator, following the receipt of similar industry requests to review the provision as a measure to prevent disorderly marketing and uneconomic shipments of milk.

Decision

After reviewing a variety of Northeast Order statistical data related to total pool volume, class utilization changes over time, fluid sales reports for the Order, and recent industry dynamics, together with comments submitted by parties responding to the call for comments on Lowville's request, **a reduction in the shipping percentage under Section 1001.7 (c) (2) of the Northeast Order from 20 to 10 percent for the three months of September, October, and November, is approved.**

The reduction in the shipping percentage to 10 percent will apply to September-November **for year 2025 only**. The impending changes in market dynamics brought on by regional processing expansion in the Northeast market warrant limiting the shipping percent change to a year. As provided under the terms of the Northeast Order under Section 1001.7 (g), **the Market Administrator may review the need for any further adjustment on his own initiative or at the request of interested parties.**

More Information

Complete copies of comments submitted by handlers regarding the requested shipping percentage reduction, along with Lowville's request, can be found on the Northeast Order website; www.fmmone.com or by contacting the Market Administrator's office at 518-452-4410.

Lowville Producers Dairy Co-op, Inc
7396 Utica Blvd
Lowville, NY 13367
315-376-3921

June 13, 2025

Dear Mr. Marcucci,

Lowville Producers Dairy Cooperative Inc. requests that the shipping requirements, under Section 1001.7(c) (2) of the order, be reduced from 20% to 10% for the months of September, October, and November until further notice.

As in previous years we are still faced with a declining trend in Class I Utilization and a large decrease in the number of Pool Supply Plants since the year 2000. Consumption of Class I milk has and most likely will continue to decline, while consumption of Class II, Class III, and Class IV products will continue to rise. The consequences of shipping percentages remaining at 20% will result in uneconomic shipping of milk and have an unfavorable effect on our producers who will bear the increased marketing costs, which will reduce their net milk price. There have been several expansions to existing plants in addition to new plants being built in our region over the next couple of years. It is estimated that once all expansions and new plants are at their full capacity, New York State is going to need up to an additional 36 million pounds (529 loads) of Class II, III, and IV milk per day. Further reduction and/or product re-classification may be needed in the near future to offset these trends.

Year after year it has been getting harder to find Pool Distributing Plants needing additional milk and for Cooperatives to find a place to make qualifying shipments. Unfortunately, I think that this trend is going to continue in the future and will create even larger challenges in the years to come. As of today, I have not heard of any Pool Distributing Plants in the Northeast market that are short of milk, and I believe that the Class I milk needs will be met comfortably with a lowered percentage of 10% until further notice.

Sincerely,

Andy Laslo

Andy Laslo
Lowville Producers Dairy Cooperative Inc.
General Manager

You may use the text below as our [brief] written response.

Agri-Mark has reviewed the request and is supportive of reducing the shipping requirements from 20 to 10 percent for September through November 2025. Considering upcoming and significant changes in the marketplace, Agri-Mark does not support an ongoing change, and suggests that the Market Administrator continue to review such requests annually.

Thank you!
C

Catherine de Ronde
V.P. Economics & Legislative Affairs
10 New England Business Center
Andover, MA 01810
P: +1 (978) 500-9383
C: +1 978-500-9383

Agri-Mark | Cabot Creamery | McCadam

cayuga marketing

Date: July 7, 2025

United States Department of Agriculture
Northeast Marketing Area
c/o Brian Riordan
302A Washington Avenue Extension
Albany, NY 12203-7303

RE: Fall 2025 Pooling Requirements

Dear Brian:

Cayuga Marketing LLC is in favor of lowering the shipping percentage from 20 percent to 10 percent for the months of September, October, and November *until further notice.* Under Section 1001.7(g) of the Order, the applicable shipping percentages may be increased or decreased by the Market Administrator if it is determined that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

We have not changed our position since 2019, when we recommended a 10% shipping requirement during the September to November timeframe. For 2025 and beyond, we are recommending maintaining the shipping requirement from September to November at 10%. The data that we have reviewed would suggest the shipping requirement from September to November could be as low as 6%-7% by utilizing the same logic we employed in 2019. The same market dynamics still exist in 2025 that have justified the fall percentage to be reduced to 10% since 2019. In 2025 and beyond, Cayuga Marketing will be forced into maintaining uneconomic milk sales to maintain its Class I sales above 20% during the months of September, October, and November. This will have a detrimental effect on our producers who will bear the increased marketing costs, which will reduce their net milk price. Our objective is to maximize our members' return on their milk through the orderly marketing of their milk to its highest and best use. By maintaining a 20% pooling requirement, we would not be able to meet our objective.

Cayuga Marketing supports the request by Lowville Producers/Canastota Dairy Products for the reduction of the fall shipping requirements to 10%. Please feel free to contact me directly regarding any additional questions or concerns.

Sincerely,

Mark Stevenson

Mark Stevenson

Cayuga Marketing LLC
SVP Milk Division
315-759-3123

National Farmers
528 Billy Sunday Road, Suite 100
P.O. Box 2508
Ames, IA 50010-2508
515-292-2000
nationalfarmers.com

PRESIDENT
Paul Olson

VICE-PRESIDENT
Jim Hayes

June 18, 2025

Dear Mr. Marcucci,

National Farmers (NFO) is in support of lowering the shipping percentages under Section 1001.7 (c) (2) from 20% to 10% as requested by Lowville Producers Dairy Cooperative.

We have seen an increase in consumer demand for Class II, III, and IV products across the country, and specifically in the Northeast. As the trend for non-fluid products continues to grow, processors are eager to meet the demands and multiple plant expansions and new builds are in the works in this region. As these plants are expanding, they are locking in multi-year contracts for milk supply, to guarantee their needs are met. If cooperatives had to pull part of their supply away from these plants for multiple months at a time, that would not only cause adverse effects to the producers' net milk price but also hurt their ability to secure a contract, which adds security and stability to the market. It would also hurt the processing plant's ability to consistently make their products at the necessary volumes. To Mr. Laslo's point in his request, I also believe that a further reduction to the shipping requirements to Pool Distributing Plants may be needed in the near future.

Thank you,

Lesley Ollies

Lesley Ollies
National Farmers Director of Dairy Sales

General Office:

PHYSICAL ADDRESS:
368 Pleasant View Drive
Lancaster, NY 14086

MAILING ADDRESS:
P.O. Box 268
Lancaster, NY 14086

Membership Division:
700 Ellicott Street, Suite 2
Batavia, NY 14020

Buffalo Fluid Plant:
1730 Dale Road
Buffalo, NY 14225

Rochester Fluid Plant:
45 Fulton Avenue
Rochester, NY 14608

Upstate Farms Dairy, LLC:
240 Oneida Street
Syracuse, NY 13202

Valley Farms Dairy, LLC:
1860 East Third Street
Williamsport, PA 17701

Cultured Products Plant:
3300 North America Drive
West Seneca, NY 14224

North Country Dairy, LLC:
22 County Route 52
North Lawrence, NY 12967

Upstate Farms
Cultured Products, LLC:
5011 Ag Park Drive West
Batavia, NY 14020

O-AT-KA Milk Products, LLC:
700 Ellicott Street
Batavia, NY 14020

July 14, 2025

Mr. Brian Riordan
Federal Milk Order No. 1
Northeast Marketing Area
Sent via email to: briordan@fedmilk1.com

Mr. Riordan,

Upstate Niagara is writing in response to your invitation for comment on the request from a pool handler, regulated under the provisions of the Northeast Marketing Order, to lower the shipping percentage specified in Section 1001.7 (c) (2) for the months of September, October, and November from 20 percent to 10 percent until further notice. We believe that the request should be considered in two parts. First, the request to lower the shipping percentages. Second, the 'until further notice' portion of the request.

Lowering Shipping Percentages

The long-term downward trend in Class I markets is well-documented. In the spirit of preventing disorderly marketing, we do not oppose the request for a reduction in shipping percentage.

Until Further Notice

We recommend the Market Administrator continue to review this matter regularly rather than approving a change that would include 'until further notice'. This is especially true as recent plant announcements indicate that there is likely to be additional demand in the region. Upstate Niagara Cooperative, Inc. would be comfortable with the previous cadence where this was reviewed every two years.

To summarize, Upstate Niagara does not oppose the request to reduce shipping requirements for the months of September, October, and November with review regularly rather than 'until further notice'.

Sincerely,

Jodi Smith Krzysiak

Jodi Smith Krzysiak
VP Economics & Industry Affairs