



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: MaBoston@fedmilk1.com

Website: <http://www.fmmone.com>

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

E-mail: MaAlbany@fedmilk1.com

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

E-mail: MaAlexandria@fedmilk1.com

September 15, 2011

TO: Pool Handlers on the Northeast Order
FROM: Erik Rasmussen Market Administrator, Boston, Massachusetts
SUBJECT: Shipping Requirements under Section 1001.7 (g)

This notice is in response to a request made August 15, 2011, to increase the shipping percentage, under Section 1001.7 (c) (2) of the Northeast Order, to “*at least 30 percent for the months of September, October, and November of 2011.*” After soliciting input from pool handlers and conducting an internal review of pool milk utilization trends, this office determined that an increase for the month of *September* was not necessary nor in the interest of preventing uneconomic shipments of milk. As a result, a temporary increase for the month of September was denied on August 23, 2011; however, pool handlers were invited to submit comments by September 12 concerning the need to make future adjustments for the months of October and November.

Handler Comments

The Greater Northeast Milk Marketing Agency (GNEMMA) whose members are: Agri-Mark, Inc., Dairylea Cooperative Inc., Land O’Lakes, Inc., Maryland and Virginia Milk Producers Cooperative Association, Inc., St Albans Cooperative Creamery, Inc., Upstate Niagara Cooperative, Inc., and Dairy Marketing Services, LLC submitted comments stating that in their opinion no action was needed nor should be taken to adjust upward the shipping percentages for October and November 2011. Their statement was based on a review of their milk marketing obligations and upon the commitment of suppliers to meet the needs of the Order’s pool distributing plants during this period. GNEMMA’s members collectively pool in excess of 60 percent of the milk on the Northeast Order. A separate, but complimentary, statement from Dairy Marketing Services (DMS), the original requestor for the temporary adjustment, indicated that the milk supply/demand situation had changed and that they no longer were asking for a change in October or November’s percentages.

Pool handler Queensboro Farms Products, Inc. (Queensboro) submitted comments in opposition to any increase in the shipping percentages for the months of October and November, 2011. Queensboro noted that in their previous letter commenting on proposed changes for September, they typically would receive calls from customers seeking additional Class I milk, but had not had any such calls for September and that the condition for upcoming months had not changed. Queensboro continued to contend that any regulated increase in Class I shipping percentages beyond the 20 percent level would, in fact, cause uneconomical milk movements.

Determination

In reviewing the percentage change in the volume of milk pooled on the Northeast Order between July and August – a period when the month-to-month change for the years 2000 to 2010 has averaged a negative 3 percent, the July to August 2011 decline was only 0.9 percent, or about one-third of the normal decline. In fact, this was the lowest July to August decline in pool volumes for the 12 years that the Northeast Order has existed and is an indication of an increased milk supply, for the Northeast Order, during August. While there was some increase in the volume of milk utilized in Class I during August 2011, the volume was 35 million pounds below the average volume utilized in Class I for the prior 11 years (2000 to 2010). In fact, it was the second lowest volume of milk utilized in Class I during August since the inception of the Northeast Order.

In consideration of the submitted handler comments; the absence of any comments from pool handlers requesting an increase in the shipping percentage for October and November; and pool utilization data supporting the contention of adequate milk available for Class I utilization, there will not be a temporary adjustment in either the October or November shipping percentages in the Northeast Order. The shipping percentages for the months will remain 20 percent, which is the requirement under Section 1001.7 (c) (2) of the Northeast Order.

Thank you for your cooperation.

/s/ Erik F. Rasmussen