



FEDERAL MILK ORDER No. 1

Northeast Marketing Area

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October 18, 2018

TO: Fully and Partially Regulated Handlers, Federal Order 1
FROM: Acting Market Administrator, John Marcucci
SUBJECT: Implementation of California Federal Order

Earlier this year, USDA announced that California dairy producers voted to approve a Federal Milk Marketing Order (FMMO) for the entire state of California. The new California FMMO (FO 51) became effective October 17, 2018, and all affected parties will be required to adhere to the regulations beginning November 1, 2018.

With the implementation of the new FMMO, there may be reporting and other considerations that affect handlers currently associated with the Northeast FMMO.

Packaged Sales:

Currently, route dispositions to California are included with all unregulated areas. Effective November 1, all route dispositions to California should be reported separately as going to Federal Order 51. While this is a statistical change for fully regulated handlers, this new FMMO may have financial and regulatory implications for partially regulated distributing plants. Effective November 1, route dispositions into California from partially regulated distributing plants are subject to compensatory charges, as outlined in §1000.76(a) and §1000.76(b).

California FMMO Pool Distributing Plant Qualification:

Please be advised that the California FMMO's pool distributing plant qualification parameters are similar to those in the Northeast FMMO. A plant that processes at least 25 percent of the total milk it receives into beverage milk products, with at least 25 percent of the plant's beverage milk products sold into California, will qualify as a fully regulated distributing plant on the California FMMO, *regardless of the physical location of the plant.*

Changes in Plant Status:

Currently, plants in California are not subject to regulation by a Federal Order. Effective November 1, they could become fully regulated under Federal Order 51. Receipts from regulated plants are allocated differently than those from unregulated sources. See §1000.44 for the full description of classification of producer milk. Therefore, plants regulated by the Northeast FMMO could be affected by a change in regulatory status for California plants with whom they transact.

If you have any questions please contact our office in Albany NY listed above. For more information on the new California FMMO, please see the California FMMO web page: www.cafmмо.com.

Sincerely,

John Marcucci
Acting Market Administrator