



United
States
Department
Of
Agriculture

Agricultural Marketing
Service
Dairy Programs

FEDERAL MILK ORDER No. 1
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April 3, 2019

TO: Northeast Order Pool Handlers
FROM: Peter Fredericks, Acting Market Administrator
SUBJECT: Request to Allow Temporary Dumping of Surplus Milk – *Approved 4/14/19-7/7/19*

On March 13, 2018, pool handler Dairy Farmers of America, Inc. (DFA) requested a temporary authorization allowing pool handlers to dispose of surplus milk at a farm or non-plant location, with said milk retaining the status of pooled producer milk. The period covered by this action would be April 14, 2019, through July 7, 2019. Pool handlers Land O'Lakes, Inc. and St. Albans Cooperative Creamery, Inc. submitted remarks in support of DFA's request. Pool handlers Agri-Mark, Inc., Maryland and Virginia Milk Producers Cooperative Association, Inc., and Upstate Niagara Cooperative, Inc. did not oppose the request or indicated a neutral position.

During the past five years, pool handlers have requested similar authorizations on several occasions. The current request is similar to a temporary authorization approved last year for the period March 1, 2018, through July 15, 2018, and follows a temporary authorization in place during the December 22, 2018–January 6, 2019 holiday period. It is significant to note that during many of the prior authorizations, no raw milk was reported by handlers as dumped at a farm with handlers ultimately finding a processing option. As a result, the vast majority of the volumes reported in the *Northeast Marketing Area's Monthly Statistical Report* utilization table as "Minimum Price Class, Animal, Feed, Dumpage, and Other Uses" represents milk that was delivered to a plant and processed to some degree (such as separating the milk retaining the butterfat and discarding the skim portion, or condensing the milk and discarding the skim portion), milk lost in plant manufacturing issues, and route returns of packaged milk returned to a plant for disposal. Such utilizations are acceptable uses under the plant utilization provisions of the Northeast Order and do not require the on-farm dumping authorization that is now being requested. However, all such dumped milk volumes are collectively reported under the same utilization category.

As noted in the request by DFA, fairly strong milk production gains have been the case in New York, averaging 2.5 percent year-over-year growth since November 2018. According to USDA's February 2019 *Milk Production* report, New York's year over year milk production for the month increased by 2.8 percent, far above the 0.6 percent year-over-year increase reported by USDA for the top 23 dairy states. Vermont averaged 1 percent growth in January and February of this year, after more than a year of declines. In addition, industry contacts have indicated that seasonal milk production increases are underway; that there are already some challenges in finding plants with excess capacity willing to process additional milk; and we have been notified that some producers may soon be released with the stated reason that the handler is no longer able to find a buyer for the farms' milk. Additionally, we have heard some discussion that milk marketing conditions may be challenging in the Northeast through the year.

In consideration of the aforementioned factors, the Market Administrator agrees to temporarily authorize the pooling of milk disposed of or "dumped" at farm or other non-plant locations for the requested period of **April 14, 2019–July 7, 2019**, provided the following conditions are met:

- Handlers and/or their producers that utilize this temporary policy must have been pooled on the Northeast Order for all of their commercially marketed production for the months of May through October 2018.

- The milk must be picked up at the farm, measured and sampled for payment. The tanker test will be a weighted average of the producer tests.
- Notification should be given to the Market Administrator's office by the next business day, or as soon as practicable, when the milk is dumped. At pool time a separate list must be submitted of all producers whose milk was dumped, along with the component tests of the applicable milk (if available), and the physical location and address of where the milk was dumped.

Any such requested dumps will be subject to audit verification by the Market Administrator as a condition to be included as pooled producer milk during the respective pool period.

/s/ Peter Fredericks