

**United States Department of Agriculture
Agricultural Marketing Service, Dairy Programs**

Market Administrator

Federal Order No. 6 – Florida Marketing Area
Federal Order No. 7 – Southeast Marketing Area

Phone: 770-682-2501
Fax: 770-822-1038
E-mail: smosley@fmmlatlanta.com
Home Page: www.fmmlatlanta.com

Mailing Address
1550 North Brown Road Suite 120
Lawrenceville, GA 30043

May 28, 2010

TO: Handlers – Southeast Marketing Area

FROM: Market Administrator, Atlanta, Georgia

SUBJECT: REQUEST TO EXTEND TRANSPORTATION CREDIT PAYOUT PERIOD
TO JUNE 2010 APPROVED

Summary of Action:

The Atlanta Market Administrator has approved a request to extend the Transportation Credit Balancing Fund (TCBF) payout period to June 2010. Section 1007.82(b) of the Order Regulating the Handling of Milk in the Southeast Marketing Area provides regulatory authority to the Market Administrator for this action.

Background:

On May 12, 2010, the Atlanta Market Administrator received a request to add the month of June 2010 to the TCBF payout period. The request was made by the Southern Marketing Agency, Inc. (SMA) on behalf of Arkansas Dairy Cooperative Association, Dairy Farmers of America, Inc., Dairymen's Marketing Cooperative, Inc., LANCO-Pennland Quality Milk Producers, Inc., Lone Star Milk Producers, Inc., Maryland & Virginia Milk Producers Cooperative Association, Inc. and Premier Milk, Inc. The Market Administrator provided notice to all handlers in the Southeast Marketing Area and invited written data, views and comments regarding the request. The request was also posted on the Market Administrator website. Two written comments were received in opposition and are available for viewing at www.fmmlatlanta.com under the 'What's New' link.

In accordance with Section 1007.82(b) of the Order Regulating the Handling of Milk in the Southeast Marketing Area, the Market Administrator may extend the transportation credit payout period to June if, "...after conducting an independent investigation finds that such extension is necessary to assure the market of an adequate supply of milk for fluid use." After conducting such an investigation, the Market Administrator finds the inclusion of June to the 2010 transportation credit payout period is warranted. All other requirements of Section 1007.82(b) were satisfied.

According to Market Administrator data, milk production from farms located inside the marketing area remains insufficient to meet demand for fluid use. Through the first quarter of 2010 (data on milk production not yet available for April and May), in-area milk production pooled on any Federal order was 1.010 billion pounds while milk pooled on the Southeast Order was 758.8 million pounds. Class I use by plants regulated by the Southeast Order was 1.193 billion pounds. The difference, 183.0 million pounds or 433.8 million pounds, depending on which measure of available local supply is used, was met by supplemental supplies from outside the marketing area. (The lower figure is a conservative estimate of the local deficit assuming all milk produced locally was available for fluid use, whereas the higher figure assumes milk pooled on other Federal orders was not a viable source of supply for fluid milk plants on the Southeast Order.) Neither of these estimates considers the usual fluid balancing requirements, which would necessarily increase the need for supplemental milk supplies.

A similar request for extension of the TCBF into the month of June was made, and granted, in 2009. The milk production and plant utilization records revealed a substantial shortfall between Class I use by regulated plants and milk produced by farms located inside the marketing area during the first quarter of 2009, and indeed, during June 2009 itself.

Two written comments were received in opposition to the extension of the TCBF payout period to June 2010. A fully regulated pool distributing plant operator commented that the TCBF did not benefit his plant and that raw milk procurement would not be problematic during June. Also commenting was a dairy producer that stated the TCBF reduces the value of milk produced inside the marketing area and questioned if the TCBF could be used to increase local production.

The overriding concerns placed under the authority of this office are to ensure an adequate fluid milk supply for the marketing area and prevent wherever possible inequitable milk marketing conditions. That an individual operation has not experienced milk procurement difficulties is unpersuasive given the marketwide supplemental needs cited previously.

If you have any questions concerning this announcement, please contact this office.

A handwritten signature in black ink that reads "Sue L. Mosley". The signature is written in a cursive, flowing style.

Sue L. Mosley
Market Administrator