

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

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SUBJECT: Addendum to Attached Memorandums, Policies and Guidance

The Atlanta MA office moved to a new location effective July 21, 2003. The attached memorandum will have the office letterhead with the location from which it was originally issued.

The attached memorandum concerning policies and guidance is currently still in effect.

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Market Administrator

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Federal Order No. 7 – Southeast Marketing Area

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Clarification of pool distributing plant qualification provisions of the Florida and Southeast Federal Milk Orders--Plants qualifying under multiple orders

Sections 1006.7(a) and 1007.7(a) of the Orders state that distributing plants qualify for regulation if 50% or more of the fluid milk products physically received at the plant are sold as packaged Class I products and if at least 25% of those packaged Class I products are distributed within the order's geographic marketing area. If a distributing plant qualifies for regulation under more than one order, geographic location will determine its regulatory status, regardless of the preponderance of sales clause found in sections 1006.7(g)(4) and 1007.7(g)(4). That is to say, a pool distributing plant will be locked into pool plant status under the order in which it is geographically located.

A non-UHT distributing plant that fails to sell at least 25% of its packaged Class I products within the marketing area in a given month will cease to be regulated. Federal order regulation will be based upon the pool plant qualification provisions of the order in which the plant has a preponderance of its Class I sales. Thus, immediately upon failing to qualify as a pool distributing plant, pool plant status is lost in the order in which the plant is geographically located.

A distributing plant regulated under an order in which it is not geographically located that subsequently sells at least 25% of its packaged Class I products within the marketing area in which it is located for three consecutive months will shift regulation to the order in which it is located. Thus, only upon meeting the 25% sales threshold within the marketing area in which it is located for three consecutive months will a distributing plant's regulatory status change.

A change in a distributing plant's regulatory status takes effect only after a three-month period because any shift in regulatory status based on packaged Class I sales must be substantiated in the marketplace. This policy is intended to prevent potential disorderly marketing conditions created when a plant's regulatory status is subject to frequent and spurious shifts in a short period of time. Such changes would be disruptive to producers and the competitive environment for distributing plants.

April 9, 2003