

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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August 21, 2003

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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October 31, 2001

TO: Handlers and Interested Parties, Federal Order No. 6

FROM: Market Administrator, Atlanta, Georgia

SUBJECT: Notice of Decision to Revise Diversion Percentage Limits for the Operator of a Pool Plant or Cooperative Association to Nonpool Plants

On October 9, 2001, the Market Administrator received a request to decrease diversion percentage limitations from Southeast Milk, Inc.(SMI), based in Belleview, Florida. SMI is a dairy farmer cooperative marketing the overwhelming majority of producer milk on the Florida Federal Order. On October 19, 2001, after an initial investigation revealed the requested change might be appropriate, the Market Administrator issued notice that a revision was being considered and solicited written comments from all handlers and interested parties. No written comments, either in support or in opposition to the proposal, were received.

The Market Administrator's investigation found the potential for financial damage exists for producers regularly supplying the Florida Marketing Area given current diversion percentages. The lowered diversion percentages would reduce the exposure of said producers to the adverse financial effects of pooling milk not needed to meet the fluid demands of the market. Diversion percentage limits as revised do not interfere with the present or projected supply and demand conditions in Federal Order 6, allowing the needs of the market to be met in both flush and short seasons. Further, the proposal was offered by 89 percent of the producers supplying 97 percent of the producer milk on the Florida Market. No opposing comments were offered. In summary, the investigation revealed adequate supplies of milk for fluid consumption would be available and the potential for financial harm to Federal Order 6 producers reduced under the revised diversion percentages.

Therefore, the request is granted. **Effective November 1, 2001**, pursuant to Section 1006.13(d)(6), which provides authority to the Market Administrator to adjust diversion percentages to assure orderly marketing and efficient handling of milk in the marketing area, the diversion percentage limits as specified in Section 1006.13(d)(2) and Section 1006.13(d)(3) of the ORDER REGULATING THE HANDLING OF MILK IN THE FLORIDA MARKETING AREA are: **July – November 10%, December – February 15%, and March – June 20%.**

/s/ Sue L. Mosley
Sue L. Mosley
Market Administrator

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Guidelines for Qualifying Diverted Milk as Producer Milk
Federal Order No. 6, Florida Marketing Area

Daily Delivery Requirements (see 7 CFR §1006.13(d)(1))

A producer's milk must be physically received at pool plant(s) for the equivalent of not less than ten (10) days' production in all months of the year in order for diverted milk from that farm to nonpool plants to be qualified as producer milk. This can be accomplished by either taking all of the production for any 10 days of the month **as long as market association has been established - see market association guidelines** and delivering said production to qualified pool plant(s), or by ensuring that the equivalent of 10 full days production (based on a daily simple average) for that month has been received by the qualified pool plant(s).

Example

For any month of the year, in order to qualify any diversions of a producer with production for the pooling month of 4,800,000 pounds (or a daily average of 160,000 pounds for a thirty day month), the producer's milk must be delivered to Federal Order 6 pool plants for 10 actual days of production or equivalent deliveries of 1,600,000 pounds. ***Please note that when diversion decisions are being made it may not be known what the actual production for a particular producer will be for the month. This is particularly true if a farmer's production has increased from previous months due to an increase in herd size. It is prudent to error on the side of caution when determining the amount to be delivered to pool plants in order to qualify diversions.***

Percent Limitations (see 7CFR §1006.13(d)(2)&(3))

The total quantity of milk diverted to nonpool plants during the month by a **cooperative association** shall not exceed 20%^{1/} during the months of July through November, 25%^{1/} during the months of December through February, and 40%^{1/} during all other months, of the producer milk that the cooperative association caused to be delivered to, and physically received at, pool plants during the month.

The **operator of a pool plant that is not a cooperative association** may divert to nonpool plants any milk that is not under the control of a cooperative association that diverts milk during the month pursuant to 7 CFR §1006.13(d). The total quantity of milk so diverted during the month shall not exceed 20%^{1/} during the months of July through November, 25%^{1/} during the months of December through February, and 40%^{1/} during all other months, of the producer milk physically received at such plant (or such unit of plants in the case of plants that pool as a unit pursuant to 7 CFR §1006.7(d)) during the month, excluding the quantity of producer milk received from a handler described in 7 CFR §1000.9(c).

Producers With Multiple Tanks

For purpose of meeting the delivery day requirements, a farm location with multiple tanks is considered one production unit.

Producers Who Own Multiple Farms

For purpose of meeting the delivery day requirements, each farm location will be considered as a separate unit.

^{1/} The delivery day requirements and percent limitations may be increased or decreased by the market administrator if the market administrator finds that such revision is necessary to assure orderly marketing and efficient handling of milk in the marketing area. If you are not sure what the current delivery day requirements are in Federal Order Nos. 6 or 7, please contact the Market Administrator office at (770)448-1194.

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Guidelines for Establishing and Maintaining Market Association
for the Purpose of Qualifying Diversions

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

To establish market association on either Federal Order 6 or 7, the *equivalent* of a full day' s production for a producer must be delivered to one or more pool plants regulated by that Federal Order. ***Market association must be established separately for each Order.*** This can be accomplished by either taking all of the production for one day and delivering said production to pool plant(s), or by adding partial daily deliveries to pool plant(s) until at least the equivalent of a full days production (based on a daily simple average) has been received by the pool plant(s). When using the equivalent day method, any milk that is diverted prior to achieving at least the equivalent full day production level in a particular market will not qualify for pooling.

A producer will maintain market association on either Federal Order No. 6 or 7 provided that an entire day' s production (meaning a physical day, not an equivalent day) is not pulled from the market and delivered to a plant or outlet not participating in the pool for that Order. ***Market association must be maintained separately for each Order.*** If the production for an entire day goes to a plant or outlet not participating in the pool for that Order, the producer will need to re-establish association before again being allowed to divert.

In the case of a producer who has multiple pickups, one full pickup delivered to a pool plant regulated on that Order will re-establish the association. Milk degraded by a state certified laboratory will not count towards losing association with a market.

Example

A producer with four pick-ups per day for a daily average of 160,000 pounds per day can initially qualify on the market by delivering an entire day' s production to pool plant(s) (all four pickups) or by accumulating at least the equivalent of 160,000 pounds of deliveries to pool plant(s). If market association is accomplished by delivering an entire production day, the pounds would not necessarily have to equal the 160,000 pound daily average. Once the producer establishes association with the market, association will be maintained as long as an entire day' s production (all four loads) is not delivered to a plant or outlet not associated with the marketing area.

If the producer loses association, re-association may be established by delivery, within the same month, of one pick-up (approximately 40,000 pounds assuming the pick-ups are equal) to pool plant(s). In the case of a 160,000 pound per day producer, the delivery of a token amount of milk (in this case, something far less than 40,000 pounds) would not be enough to reestablish association with the market.

By using the equivalent method, it is possible for a large producer with more than one tank to qualify on more than one Order. This could be done by meeting the delivery day requirements on both Order 6 and 7 ***see guidelines for qualifying diverted milk as producer milk*** while maintaining market association at all times in both Orders. *It should be noted, however, that the same milk may not be pooled on more than one Order.*

(over)

Producers With Multiple Tanks

For purposes of market association, a farm location with multiple tanks is considered one production unit. The only exception to this is when a producer loses market association. One full pick up delivered to a pool plant regulated on the Order may be used to re-establish association with the market.

Producers Who Own Multiple Farms

For purposes of market association, each farm location will be considered as a separate unit.