



UPPER MIDWEST MARKETING AREA
Federal Order No. 30

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July 30, 2001

TO: Handlers and Interested Persons

SUBJECT: Shipping Percentage and Diversion Limit for August 2001

For the month of August 2001, the minimum shipping percentage for supply plants, supply plant systems and cooperative §1030.9(c) handlers will remain unchanged at 10%. The maximum quantity of producer milk that may be diverted to nonpool plants by a cooperative §1030.9(c) handler during August 2001 will remain unchanged at 90%.

On July 23, handlers and interested persons were notified of a proposed revision of the pooling requirements for August 2001. The proposal would have increased to 15% or more the minimum percentage of producer milk receipts that must be shipped by supply plants, supply plant systems and cooperative §1030.9(c) handlers to pool distributing plants. A corresponding decrease would have been made in the cooperative §.9(c) diversion limit. The proposed action was based on a reported need for milk for Class I use at distributing plants operated by Marigold Foods, Inc. at Minneapolis and Rochester, Minnesota. Section 1030.7(g) of the Upper Midwest Order provides the Market Administrator authority to adjust these pooling standards.

In the July 23 notification, all handlers operating pool distributing plants, pool supply plants, and cooperative handlers pursuant to §.9(c) were required to provide data to the Market Administrator with respect to their expected receipts and dispositions of milk during August 2001. Forms were provided for this purpose and data was to be received by the Market Administrator by July 27, 2001. Persons were also invited to submit additional data, views and arguments with respect to the proposed action. These were also to have been received by July 27, 2001.

Handlers responded to the request for data on their expected receipts and dispositions of milk during August 2001. The data were evaluated for completeness and reasonableness. Reported movements of fluid milk products between handlers were cross-checked for agreement and consistency.

Four handlers submitted written comments supporting the proposed increase in the shipping level and decrease in §.9(c) diversion limit. Three of the handlers submitted their comments prior to the July 23 industry notification and one handler submitted written comments after the notification. Each of the handlers cited tightening milk supply/demand

conditions in the market and requested that the Market Administrator exercise his authority pursuant to §.7(g) to adjust pooling standards. These comments were carefully considered in the decision-making process.

Since the July 23 industry notification, there have been some adjustments in buyer-seller supply arrangements in the market and some additional supplies have become available to fluid handlers.

After investigating current market conditions and reviewing the most recent data submitted by handlers, it has been concluded that with the current 10% shipping requirement, there will be adequate milk supplies available to meet the expected Class I needs of Federal Order 30 distributing plant handlers for August 2001. Therefore, the supply plant, supply plant system and cooperative §.9(c) shipping requirement for August 2001 will not change from its current level of 10%. Accordingly, the maximum diversion limit for cooperative §.9(c) handlers will not change from its current level of 90%.

Your cooperation, and the accuracy of your reports, on such short notice was greatly appreciated. Data provided on these reports was essential in making the determination that pooling standards should not be changed at this time.

/s/ H. Paul Kyburz
Market Administrator