



United
States
Department
Of
Agriculture

Agricultural Marketing
Service
Dairy Programs

FEDERAL MILK ORDER No. 1

Northeast Marketing Area

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302A Washington Avenue Ext.
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Alexandria:

P.O. Box 25828
Alexandria, VA 22313-5828
Tel.: (703) 549-7000
Fax: (703) 549-7003

February 17, 2017

TO: Handlers Pooled on the Northeast Order

FROM: Erik F. Rasmussen, Market Administrator

SUBJECT: Handler Request Regarding Dairy Farmer for Other Markets Provision - **Withdrawn**

On February 17, 2017, Dairy Farmers of America, Inc. (DFA) submitted a request to *withdraw* their previously requested temporary administrative interpretation of Section 1001.12(b) (5) and (6) of the Order – referred to as the “*dairy farmer for other markets*” provision. Therefore, our review of DFA’s initial request has ceased and a temporary administrative re-interpretation of this section of the Order is no longer under consideration.

During the period in which industry input was invited on DFA’s proposal, remarks were submitted by a representative of Progressive Agriculture Organization (Pro-Ag). The remarks included the suggestion to allow DFA to deduct from individual independent producer milk checks an amount to cover their proportional cost associated with balancing the milk supply. Any change to the pricing provisions of the Order that could result in independent/non-member producers receiving less than Federal Order minimum prices would require a formal Federal Milk Market Order hearing. Therefore, this request cannot be considered in this format.

Any input that has been received, regarding the DFA request, has been posted to the Northeast Order’s website under the Latest News and Announcements Heading of the homepage - www.fmmone.com.

If you have any questions on this matter, please email or contact Peter Fredericks at:

pfredericks@fedmilk1.com

518-452-4410 – ext. 1628



Erik F. Rasmussen
Market Administrator



February 17, 2017

Erik Rasmussen
Market Administrator
Federal Milk Marketing Order 1
89 South Street
Boston, MA 02205-1478

Dear Mr. Rasmussen,

On January 12, Dairy Farmers of America, Inc. (DFA) requested that Federal Milk Marketing Order FMMO 1, Section 1001.12 (b) (5) and (6) be interpreted and applied for the period April 1, 2017 until September 30, 2017, in a manner which conforms strictly with its purpose while allowing the marketers of milk critical flexibility in marketing. Our request would allow a handler to pool, or not pool, all or any portion of a delivery to a non-pool plant in these months without losing the ability to pool the producer the following month. Additionally, this would allow the handler the ability to pay for the milk delivered to the non-pool plant a return that reflects the value of the milk.

DFA continues to believe current market conditions will become even more disorderly if our request is not implemented. However, upon learning last week of the lack of support from segments of the industry, we made the determination to respectfully withdraw our request to temporarily change the "Dairy Farmers for Other Markets Provision" (DFOM) of the Northeast Milk Marketing Order.

DFA's motivation in our recent request to the Market Administrator to temporarily relax the interpretation of pooling rules for Order 1 was to create fairness and treat all dairy producers in an equitable manner. By doing so, all farmers in the Northeast would have access to the best milk price available, subject to prevailing marketing conditions. However, without support from the entire industry, we understand this request could create additional division and anxiety in an already challenged marketplace.

Our proposal would have allowed the sharing of balancing costs to buffer the effects to any one group and maintain a more orderly process as the market finds its new equilibrium during this six-month period. Our requested interpretation would not only carry out the intent of the DFOM provision under present market conditions, it would also allow milk marketers more flexibility in balancing supplies of milk with demand. This would have minimized the financial impact to independents as we attempted to make payments equitable for all dairy farmers.

We will continue to do everything possible to increase processing capacity, provide stability in the marketplace, and to do our best to provide a fair and equitable return for dairy farmers in the region.

Thank you for your consideration and for accepting our withdrawal of this request. We are available to answer any questions or provide any further information you may need.

Sincerely,

A handwritten signature in black ink that reads 'Elvin Hollon'.

Elvin Hollon
Vice President, Fluid Marketing/Economic Analysis

Agri-Mark, Inc.

P.O. Box 5800, Lawrence, MA 01842
Office Location: 40 Shattuck Rd., Suite 301
Andover, MA 01810



agrimark.coop

P. 978.552.5500

February 15, 2017

Mr. Erik Rasmussen
Market Administrator
89 South St., Suite 301
Boston, MA 02111

Dear Mr. Rasmussen,

RE: Input regarding the DFA request to change the interpretation and application
of the "Dairy Farmers for Other Markets Provision" of the Northeast Milk Marketing Order

The following input is provided regarding the request of Dairy Farmers of America (DFA) to change the "Dairy Farmers for Other Markets" provision of the Northeast Milk Marketing Order. This input is given on behalf of, and is authorized by, Agri-Mark Inc., Upstate Niagara Cooperative Inc., Maryland & Virginia Milk Producers Cooperative Association and Cayuga Marketing L.L.C. (the "Four Cooperatives").

The Northeast Milk Marketing Area has had serious milk marketing problems for the past two years. Rising farm milk production in the Northeast milk shed, declining Class I beverage milk sales pooled under the Order, and reduced net dairy manufacturing capacity throughout the region have all combined to create a significant surplus of milk. We concur with the description of this situation provided by DFA in their request. This has caused severe milk handling and financial issues at all of our Four Cooperatives as well as at DFA.

The causes of, and solutions to, these problems lie with milk supply and plant capacity in the region. Our Four Cooperatives have worked to address these causes and have been taking appropriate actions.

However, the changes requested by DFA do not address these problems in the marketplace, would likely further exaggerate disorderly marketing conditions, and make inappropriate changes in long standing and fundamental provisions of the Northeast Order. It is for these reasons that **we Four Cooperatives respectfully oppose the DFA request**. Specific inputs outlining our concerns are as follows:

1. Pooling and minimum pricing provisions are fundamental to the purposes of the Order. The milk pooling provisions of the Northeast Federal Order have been in place for decades. These provisions establish obligations to the pool and the marketplace for producer milk reported by handlers that benefit from its inclusion in the pool. Penalties triggered by depooling help keep that milk in the Order. Changing those provisions should only be considered through the established hearing process, particularly since the requested change would specifically be used to circumvent established minimum pricing provisions.
2. There are strong concerns on a procedural basis about a short term re-interpretation of long standing order language with the specific intent to then de-interpret that change after six months. That sets a very dangerous precedent and could open the Order to litigation.



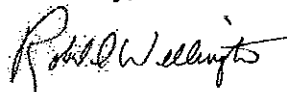
Owned by the farm families of Agri-Mark who provide
their farm fresh milk to their award-winning brands.
agrimark.coop | cabotcheese.coop | mccadam.coop

3. Instead of reducing disorderly marketing as suggested by DFA, it is likely that the changes requested by DFA will increase disorderly marketing. If DFA depools their 900 independent producers and markets that milk to Class III manufacturers at the Class III price, the producer price differential is lost to those farmers, but does not benefit DFA. If DFA is to gain revenue to offset their balancing costs, they must pay the producers below the Class III price charged to plants for the milk. There is no limit on the milk price reduction DFA passes along to the independent producers. In addition, in order to increase sales to Class III manufacturers, DFA would likely have to sell the depooled milk below the Class III milk. Both these price reductions will likely have negative affects throughout the regional markets and create disorderly marketing.
4. DFA implies that they will use the requested change sparingly, but the fact is there would be no limit or penalty relative to the amount of time the producers are depooled and the severity of the price reduction incurred by those farmers. In addition, the change would not just apply to DFA, but all handlers in the Order could now take advantage of these changes, further leading to potential disorderly marketing.
5. DFA requests that the re-interpretation be in place through the end of September 2017. However, there has not been any surplus or significant marketing losses in August and September as shown by the DFA charts. In fact, those months have required greater obligations to the pool. This included a higher Class I shipping minimum than in the winter and spring, and significantly larger penalties for depooling. Although we oppose the entire request, we particularly have concerns about including those months.
6. The problems described by DFA have been occurring for more than two years, yet DFA limits the effective changes for six months. However, we are not aware of any significant changes in producer milk supplies or plant capacity by the end of that period. What will change by September 30th that will eliminate the need for the re-interpretation? Will the request be extended or re-instated to cover months like December and January when surplus milk has been the greatest? We are concerned that this action will be repeated regularly and provide greater uncertainty in the marketplace.

While the Four Cooperatives agree with DFA that there have been serious problems marketing milk in the Northeast and that the burden has fallen disproportionately on cooperatives such as theirs and ours, the request does not address the causes of the problems. The action they request is inappropriate on a procedural basis and would contribute to disorderly marketing conditions.

All Four Cooperatives have authorized me to submit this input on their behalf. They thank you for providing this opportunity to provide input on this request.

Sincerely,



Robert D. Wellington
Senior V.P. of Economics,
Communications & Legislative Affairs



**NATIONAL DAIRY
PRODUCERS
ORGANIZATION, INC.**

"Our number one priority is producer profitability for sustainability"

BOARD OF DIRECTORS

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Erik Rasmussen, Market Administrator

Federal Milk Marketing Order I

89 South Street

Boston, MA 02205

Dear Market Administrator,

The National Dairy Producers Organization (NDPO) for and on behalf of its dairy farmer members who ship milk to handlers regulated under the Northeast Order, OPPOSE the requested action by DFA as requested by letter dated January 12, 2017.

DFA markets 30% of U.S. milk production in 9 of the 10 FMMOs in the U.S. and its existing management is uniquely qualified to be recognized as the primary cause for the loss of one-half of the number of dairy farmers that existed in 1998 when DFA was organized.

DFA comingles milk from different cooperatives and independent farms with its own member's milk to achieve the MINIMUM price paid to U.S. dairy farmers for their milk. While this conduct has worked to the financial benefit of the management of DFA, it has helped to financially destroy thousands of dairy farm families and the national milk producing infrastructure of the U.S.

In the past, DFA has petitioned the FMMO system to change pooling regulations, these proposed changes were designed by the DFA management to gain more control over the marketing of milk, and payment of raw milk to dairy farmers resulting in the lowest possible prices paid to dairy farmers. DFA's current and past history is adulterated with numerous anti-trust violations, accusations, and litigations resulting in many lawsuits.

The requested action is an attempt by DFA management to shift the blame for the anticipated loss of over a thousand small dairy farms to USDA agriculture marketing service and you should not allow the market administrator to be so manipulated. This destruction of dairy farm families will continue if DFA's request is approved.

While DFA may be a qualified Capper Volstead cooperative on paper, its management conduct does not reflect the cooperative goals and objectives of marketing dairy farmer members' milk to its highest value and returning profits back to its members.



**NATIONAL DAIRY
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ORGANIZATION, INC.**

"Our number one priority is producer profitability for sustainability"

DFA management has consistently pursued monopolistic actions of purchasing and closing competitive milk processing facilities all to the detriment of the U.S. dairy farmer and dairy consumer. DFA management along with New Zealand's Fonterra created Dairy Concepts for the sole purpose of replacing U.S. made milk ingredients with cheap foreign ingredients all to the detriment of the U.S dairy farmer and dairy consumer.

The reason for DFA's request is "unprecedented milk supply and demand imbalances" resulting from milk production at record levels in all 9 of its FMMO marketing areas, including FMMO I presently under consideration. DFA's request would allow it to pay for milk delivered at a price "that reflects the value of the milk", which because of the "unprecedented milk supply and demand imbalances" would be far less than the dairy farmers cost to make the milk. This continued financial destruction of dairy farm families should NOT be the solution to solving a milk supply in excess of profitable demand.

USDA, Agricultural Marketing Service, Dairy Programs should assist and require the management of DFA to help balance the U.S. milk supply with profitable demand by reducing its acceptance of milk from all sources in all 9 of the FMMOs it does business in by sufficient amount so that all dairy farmers who provide its sources of milk will share in the task of balancing the milk supply with profitable demand. This action would allow the dairy farmers who make the milk to receive a price greater than its cost and would help preserve as many of our remaining dairy farmers as possible, our existing national milk producing infrastructure and our ability to feed our citizens.

The members of NDPO do not believe that a handful of surviving corporate milk makers and the loss of most of the remaining 40,000 dairy farmers and our national milk producing infrastructure is sustainable agriculture. This country and its citizens will be better off if we preserve as much of our national milk producing infrastructure and as many of our remaining dairy farmers that we can, rather than continue to shrink this country's milk producing abilities down to a handful of large milk makers located in a handful of locations.

Maintaining our existing national milk making abilities spread throughout most of the country is a better way to preserve our food security than continuing to reduce our milk making abilities down to a very small group of producers in a very few locations. Nationwide diversification promotes competition which in turn improves product quality, access to local milk products and preservation of infrastructure supporting jobs and the local economy. A diversified national food producing industry is far superior and more reliable than a concentrated monopolistic food producing industry.

You should DENY DFA's requested action.

Sincerely,

Chairman, NDPO

NDPO Board Members

Mike Eby

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(717)799-0057
meby@wdac.com

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Vice Chairman
Dairy Producer --- Wisconsin
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Tom Montietz

Retired --- Massachusetts



"We pledge to thoroughly and immediately review and study each of the issues that impact the price of milk paid to producers in order to determine and facilitate needed changes that may be required to reach our stated purpose of producer profitability, for now and in the future."

Tuesday National Calls:
8 PM East - 5 PM West
Live Calls:

(712)775-7035

Recorded Calls:

(712)775-7039

Pin: 330090#

NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

Producer's Voice

January/February 2017

www.NationalDairyProducersOrganization.com

CO-OP MANAGEMENT SAYS

- 1) That a concerted effort to limit production and balance milk supply with profitable demand will not happen
- 2) That they must do our marketing for the dairy farmer, because it has gotten so complicated and difficult
- 3) That if the dairy farmer wants a better price, get it through hedging or exports, even if it pays less than the cost to make the milk
- 4) That dairy farmers MUST ACCEPT this over supplied milk market where the table is always tilted away from them and where there is always going to be someone in the world who can make milk cheaper.
- 5) That dairy farmers in America must continue to invest hundreds of millions of dollars in plants to become a world milk supplier

NDPO rejects what co-op management has said and says instead that dairy farmers CAN achieve sustainable profitability IF THEY SO CHOOSE, and here is how it can be done:

- 1) Producers must insist that all co-op board members pledge:
- 2) Require that ALL board meeting agenda's first topic should always be acquiring and maintaining producer/member sustainable farm gate prices.
- 3) Implement a pro-rata across-the-board reduction in acceptance of milk from all sources for processing and marketing until the milk supply is balanced with profitable demand that will provide co-op members with a sustainable farm gate milk price
- 4) Do not own, construct or operate any milk processing facility, process any dairy product, or chase any dairy market that will not return a sustainable farm gate price to the co-op members
- 5) Use the National Dairy Producers Organizations' "100% USA Milk" trademark on all co-op made products to promote U.S. dairy farmer milk.

Dairy Farmer—it is your milk, your co-op and your board of directors, insist on changing "Co-op management says" to "The Board of Directors" says, and go back to managing our co-ops in the way intended, for "producer profitability for sustainability".

Your co-op only works as well as the board members you elect and the management they hire. Whether your co-op promotes your profitability is entirely up to you, the dairy farmer co-op owner member. You can manage your co-op or let your co-op manage you!

OFFICE 949-375-4450 • FAX 949-650-9585

LOWER PRICES, WE ADD COWS - HIGHER PRICES, WE ADD COWS

Mike North, President, Commodity Risk Management Group, in his article in the October 19 2016 issue of Progressive Dairyman highlights the US dairy farmers irrational conduct when he states "The U.S. herd has grown to 9.36 million head --- the largest since 1996. The message to the market was clear. When prices go lower, we add cows. When prices go higher, we add cows. Between increasing herds and increasing productivity per cow, milk production will now likely eclipse the 2 percent year-over-year growth."

In this oversupplied milk market with the resulting price of milk being less than its cost to make, basic market economics dictates that dairy farmers must either cull some cows and balance the milk supply with PROFITABLE demand OR continue to cull U.S. dairy farmers.

THE MILK SUPPLY DETERMINES THE MILK PRICE.

IT IS A DAIRY FARMER CHOICE --- either share in the culling of some cows OR continue culling dairy farmers, right down to a handful of mega- corporate milk making enterprises.

BE THE SOLUTION NOT THE PROBLEM --- join and implement the policies of the NATIONAL DAIRY PRODUCERS ORGANIZATION (NDPO). Your membership application is on page 3.

HOW NDPO PROMOTES MARKET RECOVERY

Mark Gould, analyst for Dairy and Food Market Analyst, INC., reports in the October 21, 2016 issue of the Lancaster Farming that there are three ways the milk market recovers --- "supply decreases, demand increases, or government intervention."

NDPO Promotes:

1. Dairy farmer sharing in milk supply decreases sufficient to balance the milk supply with PROFITABLE demand.
2. Profitable milk demand increases through the use of NDPO's 100% USA MILK TRADEMARKED LOGO (www.100percentUSA.org)
3. Global demand ONLY IF the global demand for dairy products is profitable for the U.S dairy farm, i.e.; when the products needed pay a milk price greater than the US dairy farmers cost to make the milk.
4. Basic market economics and does not encourage government intervention as its programs rarely benefit the dairy farmer, ONLY the dairy processor and retailers.
5. Since dairy farmers make the milk and they can create a profitable producer price for it by managing the milk supply to be balanced with profitable demand. If one voice can change a room then the voice of dairy farmers can change their co-op management goals and/or personnel.

THE REMAINING DAIRY FARMS CAN SURVIVE IF THEY CAN ONLY HANDLE THE TRUTH

MILK COMES FROM YOUR COWS!

There is too much milk, NOT because we have too many dairy farmers, BUT, because the remaining dairy farmers have too many cows. It is a choice – cull cows or cull dairy farmers.

Progressive Agriculture Organization (Like us on FACEBOOK!)
1300 Rattlesnake Hill Road Meshoppen, PA 18630 Phone 570-833-5776
progressiveagricultureorg@gmail.com

February 7, 2017

To: Eric Rasmussen; Administrator of Federal Order #1

Peter Fredericks – Chief Economist

Gentlemen:

I have read five times the letter that DFA submitted to 900 Dairy Farmers. I still fail to see where the dairy farmers will be assured of a market for their milk at a later date, and I fail to see where these dairy farmers will receive a price for their milk that is comparable to DFA's members.

Dairy farmers should not have to be facing these unknown factors. I'm not aware of the circumstances that necessitated 900 dairy farmers to have their milk marketed through DMS.

I'm sure some of these producers were let go by private handlers. Whatever the reasons may be as to why DMS is marketing this milk, I have to assume that no one had a gun to their head forcing them to market the 900 dairy farmers' milk.

I strongly suggest that DFA not be allowed to DE pool these dairy farmers.

I would strongly suggest that you propose to DFA for the co-op to develop assignment papers to these dairy farmers where these dairy farmers would allow deductions from their milk check that is equal to any deductions taken from DFA members including any and all deductions labeled as marketing cost. Hopefully these deductions would allow DFA or DMS to market the milk of these 900 dairy farmers.

The last thing I would ordinarily propose is taking money away from any dairy farmer when in reality all dairy farmers need more money.

However, the present circumstances dictate that something must be done.

Our request that a special deduction authorization be granted is nothing new.

I very well remember the middle 1970's when proprietary handlers either voided milk contracts with dairy co-ops or they cut loose many other producers. This is when Eastern Milk Producers marketed hundreds of independent dairy farmers under special arrangements and marketing costs were levied on these producers for a few months and then they were offered an opportunity to join Eastern.

Also, at one time, Pollio Cheese Company was allowed to create special deduction assignments from dairy farmers, especially in Pennsylvania.

Also, for years, Amish farmers in Pennsylvania would not sign a membership contract with a co-op, so a special religious contract was developed that their bishops agreed to and the Order #2 Administrator allowed this practice to exist.

Gentlemen, as you know I'm a strong supporter of the Pennsylvania Milk Marketing Board, and I've always supported the Federal Milk Marketing Orders.

What I'm proposing is not a new idea and I strongly urge you to give sincere consideration to my proposal and not throw these dairy farmers to the whims of DFA-DMS.

DMS certainly must have agreed to market the milk of these 900 dairy farmers at one time and morally they still have the responsibility to market this milk.

However, I also strongly believe these 900 dairy farmers must bear the cost of handling their milk as DFA members are paying.

I understand that possibly DFA has submitted the 30 days termination letter to some of these dairy farmers.

Dairy farmers have always existed under the 30 day termination letter, but never in my wildest dreams did I ever think a dairy co-op would use the same practice.

Gentlemen, I understand the predicament you are in, however, one reason the Federal Milk Marketing Orders were established was to stabilize the marketing of dairy farmers' milk. DE pooling the milk of 900 dairy farmers is not why we have Federal Orders.

The best to all of you and please give our suggestion worthy consideration.

Sincerely,

Arden Tewksbury, Manager, Pro-Ag, and Chair of the Dairy Sub-Committee of the National Family Farm Coalition of Washington DC

Producer letter Received - February 1, 2017

RISER

Radiate

LEVITATE

Please lets donot ~~suspend~~ the
Depooling and Repooling Rules for
DFA and DMS. They have too
Much control over the fluid milk
Market already. We as Dairy men in
the USA ought to have more say to
What happens to our valuable product
the we produce. We are the
Producers. ~~the~~ The Cooperatives are not
Please let's do what we can to make
our small family farms profitable

Thank you

Producer Letter Received - February 3, 2017

January, 1, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in Westminster MD, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

W. S.

Producer Letter Received - February 6, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

Quarryville PA
I am a dairy farmer in City, State, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
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6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Producer Letter Received - February 7, 2017

February 7, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in Hagerstown, MD, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
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6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Please Don't Let DFA Bully
You Into Doing Something that will
kill the Last Dairy Farmers!

Dear Mr. Rasmussen,

Feb. 8-2017

I am a dairy farmer in Christiansburg, PA, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "Dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through Sept. 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independent's volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirements for timely payment to independent dairy farmers that DFA markets on Order 1 on the independent's volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.

4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Producer Letter Received - February 13, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in Quincyville PA and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.

6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

By Allowin g DFA to dePool milk as they want
will put more finical Presure on dairy Farmers and lost
of many dairy Farmers dePooling milk means only less
money for dairy Farmers and more money for the DFA coop
which is All they Are Looking For

DFA Keeps Advertising how they are such a farmer
freindly coop Is dePooling milk called farmer freindly

DFA is Already undercutting other coops in the
market Place wich is a Result of less Premiums on our
milkchecks and now they want to dePool milk to lower our
milk Price even more which should not be Allowed

DFA should Rather be straighten out and made
to work For Farmers Rather than working against the

Thank You for not allowing DFA to do this

Producer letter Received - February 13, 2017

Date : 2-10-17

Mr. Erik Rasmussen Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
PO BOX 51478
Boston MA 02205-1478

Dear Mr. Rasmussen

I am a dairy farmer in Quarryville, PA, and I oppose Dairy Farmers of America Inc. (DFA)'s request to change the current administrative interpretation of the "dairy Farmer for Other Markets" (DFOM) provision

The DFA proposal to change the way the DFOM provision in order 1, if administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA Markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the the farmers for the milk they pulled off the pool.

cont. →

4. Allow DFA or any other handler to pool milk on order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Feb- 9th, 2017
Market Administrator

Page 1.

I am a dairy farmer in Holtwood P.A. and I oppose DFA's request to change the current administrative interpretation of the DFO M provision.

The DFA proposal to change the way the DFO M provision in Order 1 is administered would or could:

- ① Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through Sept. 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
- ② Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independent's volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.

- ③ Remove any requirements for timely payment to independent dairy farmers that DFA markets on Order 1 on independent's volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmer for the milk they pulled off the pool.
- ④ Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
- ⑤ Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other market provision would reduce the order 1 blend prices for all Order 1 producers.
- ⑥ The proposal would not make it any easier to dispose of surplus milk, nor reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's D FOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Mr. Erik Rasmussen
Milk Market Administrator

Date: 2/10/17

Producer Letter Received February 13,
2017

Dear Mr. Rasmussen,

I am a dairy farmer in Lanc. PA. and I oppose Dairy Farmers of America, Inc's (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the (DFOM) provision in Order 1 is administered would or could:

- 1) Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through Sept. 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
- 2) Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the requested Order 1 blend price to the independent producers.
- 3) Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool - DFA could wait as long as they like before paying the farmers for the milk pulled off the pool.
- 4) Allow DFA or any handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting the new milk ride the pool without properly qualifying for pooling.
- 5) Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
- 6) The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

Cont. →

I appreciate the market administrator affording me the opportunity to comment on this proposal.
If you need additional information, please let me know.

Sincerely,

Feb 10 2017

I'm writing to comment on DFA - DMS wanting to depool in Order 1. There was just a lawsuit on DFA not reporting proper prices to the order and an on going one about the amount of control and concentration of DFA on the market. No one should have more than 49% control - in some place DFA is the only market.

This now is an attempt to destroy or weaken the order. Look back Parmalat took control of Farmhand, Welsh, Sunnydale etc then went under - these were independent markets - gone now. DMS provided milk for Farmhand - went in winter of 2015 - now Elmhurst went in November of 2016. DFA joined up with Dargyle - instead of setting up processing to make up for the loss of Farmhand and Elmhurst. Both DFA and Land-O-Lake had record returns which should of been used to put back processing ability.

The farmers in New York faces \$12/ minimum wage - here \$9 to \$12 in Pa, this plus reduction in income from depooling - where will the farmer recover - he won't. Add on the "Farm" Animal care ~~also~~ Audit - which they want a "Hilton" Farm with stockmanship and facilities. They fund it just like organic - value added

this is special production - robust free and animal care. What about farmer care?

Myself I operated at a \$27000 loss and I see my milk income is down \$2000 Range this year from last. Last year 36% to 40% made a profit - what of this year - 10% to 20%? ~~Thinks~~ a healthy market? We need 80% to 90% of farms to have a ~~healthy~~ healthy return to survive. Just below me in 2002 a 100 cow dairy + replacement burned out. A couple years later with London-~~lake~~ ~~help~~ a state of the art Farm - stockmanship plus facility for 600 cows, replacements, a milking parlor, manure system etc. Today the wind blows threw a stripped facility. He drives truck and his wife works for the post office. I think the farm is in ERP for its not cut. What happened it didn't survive - more cost than return. Too much return to the coops and stores but less and less to producers. There is a need to do away with the control, concentration and blood sucking of PFA, DMS. Its time to put DFA in its place! As a Readington Farms independent - this is an attack on my income! Food for thought.

I am a dairy farmer in Leola, PA. and I oppose Dairy Farms of America (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months April through September 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA Markets on Order 1 any price DFA chooses on the Independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers

3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independent's volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool

4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling

5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers

6. The proposal would not make it any easier to dispose of surplus milk or reduce the costs of disposing of surplus milk

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision
Sincerely,

Dear Mr. Rasmussen

I am a concerned Dairy Farmer in Peach Bottom, Pa and I oppose DFA's Request to change the Current administrative Interpretation of the Dairy Farmer for other Markets Provision

as follows:

The DFA Proposal To change the way the "Dairy Farmer for other Markets Provision in order 1 is administered would or could

1. Allow DFA To pull Independent dairy Farmers off the order 1 Pool for the month of April thru Sept. 2017 after those Farmers Served Class 1 marketplace last fall + qualified for full pooling this year

2. Allow DFA to pay Independent Dairy Farmers that DFA markets on order 1 any price DFA Chooses on the Independents Volume of Milk that DFA pulled from the Pool DFA would be Able to pay less than the required order 1 Blend price to the Independent Producers

3. Remove any requirement for timely Payment To Independent dairy Farmers that DFA Markets on order 1 on the Independents Volume of Milk that DFA Pulled from the Pool DFA could wait as long as they like before paying the Farmers for The Milk they Pulled of the pool

4. Allow DFA or any other handler to Pool milk on order 1 this spring that did not Serve the class 1 Marketplace Last fall, Letting this new Milk ride the Pool without properly qualifying for Pooling

5. Any new milk riding the pool as a result of the Temporary Setting aside of the dairy farmer for other Markets provision would Reduce the order 1 Blend prices for all order 1 Producers

6. The proposal would not make it any easier To dispose of Surplus Milk or reduce the Costs of disposing of Surplus milk

Continued on other Side



for these reasons I oppose the request for a change
in the administrative interpretation of order 1's DFOM provision

I appreciate the market administrator affording me the
opportunity to comment on this proposal. If you need
more information please let me know.

Sincerely

Dear Mr. Rasmussen,

I am a dairy farmer in Christiansburg, PA, and I oppose Dairy Farmers of America Inc (DFA) request to change the current administrative interpretation of the Dairy farmer for other Markets (DFOM) provision.

The DFA ~~has~~ ~~proposed~~ proposal to change the way the dairy farmer for other markets provision in Order 1 is administered would or could...

1. Allow DFA to pull independent dairy farmers off the order 1 ~~pool~~ pool for the months of April through September 2017, after those farmers ^{received} the Class 1 ~~into~~ marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on order 1 any price DFA chooses on the independent's volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required order 1 blend price to the independent producers.
3. Remove any requirements for timely payment to independent dairy farmers that DFA markets on order 1 on the independent's volume of milk that DFA ~~pulls~~ pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.

over

4 Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling!

5 Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the order 1 blend prices for all order 1 producers.

6 The proposal would not make it any easier to ~~dispose~~ dispose of surplus milk, or reduce the costs of disposing of ~~surplus~~ surplus milk!

For the foregoing reasons I oppose the request for a change in the administrative interpretation of order 1's DFOM provision. I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know. Sincerely,

Producer Letter Received February 15, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in ^{Pa. Christiana} ~~City, State~~, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Dear :

Greetings! I am a dairy farmer in Drumore, PA and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the "Dairy Farmer for Other Markets" provision in ~~the Order~~ Order.

The DFA proposal to change the way the "dairy farmer for other markets" (DFMO) provision in Order 1 is administered would or could:

1. Allow "DFA" to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
 2. Allow "DFA" to pay independent dairy farmers that "DFA" markets on Order 1 any price (DFA) chooses on the independent volume of milk that "DFA" pulled from the pool. "DFA" would be able to pay less than the required Order 1 blend price to the independent producers.
 3. Remove any requirement for timely payment to independent dairy farmers that "DFA" markets on Order 1 on the independent volume of milk that "DFA" pulled from the pool. "DFA" could wait as long as they like before paying the farmers for the milk they pulled off the pool.
 4. Allow "DFA" or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
 5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
 6. The proposal would not make it any easier to dispose of surplus milk, or reduce the cost of disposing of surplus milk.
- (please see reverse side)

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's "DFOM" provision. I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely

Date 2-14-17

Producer letter Received - February 17, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in Lancaster, PA, and I oppose

- Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision. The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:
1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
 2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
 3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
 4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
 5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
 6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Producer Letter Received - February 17, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478
Boston, MA 02205-1478

Dear Mr. Rasmussen,

I am a dairy farmer in City, State, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class I marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

My hope is that the market administrator realizes that DFA is trying to farther manipulate the price of milk so they pocket more profits rather than pay a fair price to the hard-working dairy farmer who should at least be paid the cost of production

Respectfully submitted

Dear Mr. Rasmussen

I am a dairy Farmer in Holtwood Pa (Lanc. Co) and I oppose Dairy Farmers of America inc's request to change the current administrative interpretation of the dairy farmer for other markets (DFOM) provision the DFA proposal to change the way the dairy farmer for other markets provision in order 1 is administered would or could.

(1) Allow DFA to pay independent dairy farmers that DFA markets off the Order 1 pool for the month of April through Sept 2017 after the farmers served the class 1 marketplace last fall and qualified for full pooling this year

(2) Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents volume of milk that DFA pulled from the pool DFA would be able to pay less than the required order blend price to independent producers

(3) Remove any requirement for timely payment to independent dairy farmers that DFA markets on order 1 on the independents volume of milk that DFA pulled from the pool. DFA could pay whenever they want

(4) Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last Fall. letting this new milk ride the pool without properly qualifying for pooling

(5) Any new milk ^{farmer} riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the order 1 blend prices for all order 1 producers

(6) the proposal would not make it any easier to dispose of surplus milk or reduce the cost of disposing surplus milk. (thank you

Dear

I am a dairy farmer in Hegins, Pa. and I oppose Dairy Farmers of America, Inc's (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class I

cont →

2. marketplace last fall and qualified for full pooling this year.

2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.

3. Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled from the pool.

4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.

3.

5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.

6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know. Sincerely

Erik Rasmussen Market Administrator

302A Washington Ave. EXT.
Albany NY 12203

Dear Market Administrator

As independent Dairy Producers marketing our milk
Thru Dairy Marketing Services LLC (DMS). We are OP-
POSED to the Request DFA has requested you By letter

Dated Jan 12, 2017

By granting DFA ^{permission} to depool portions or All of
our milk. We will suffer increased price volatility at a time
we are already stretched to the limit.

I spoke with the field representatives of several other Milk
Producer Cooperatives and they all expressed concern That if DFA is
Permitted to Depool ~~milk~~ at their whim it will open up
chaos for every Body.

Please consider us in this matter

Thank You

2-16-17

Dear Mr. Rasmussen,

I am a dairy farmer in Oxford, PA and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independant dairy farmers off the Order 1 pool for the months of April through September 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independant dairy farmers that DFA markets on Order 1 any price DFA chooses on the independant's volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independant producers.
3. Remove any requirement for timely payment to independant dairy farmers that DFA markets on Order 1 on the independant's volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.

2-16-17

5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.

6. The proposal would not make it any easier to dispose of surplus milk, or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's D.F.O.M. provision. I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Sincerely,

Dear

I am a Dairy Farmer in New Providence
PA, and oppose to any request that
DFA Inc. makes to change the current
administrative interpretation of the
DFOM provision.

The DFA 'proposal' could allow them
to pull independent Dairy Farmers off
the Order 1 pool, and allow them to
pay the farmer any price they choose
on their milk pulled out of Order 1.
It would also give them the freedom
to pay the farmer whenever they
want to for the milk outside
of order 1.

The proposal would not make any
changes to the benefit of the
farmer in my point of view !!
Sincerely,

2-22-17

Producer Letter Received - February 27, 2017

Mr. Erik Rasmussen, Milk Market Administrator
Northeast Federal Milk Marketing Order, No. 1001
P.O. Box 51478 Boston MA 02208-1478

Dear Mr. Rasmussen,

I am a dairy farmer in Lancaster, PA and I oppose DFA's request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the ^{way the} "dairy farmer for other markets" provision in Order 1 is administered would or could:

- ① Allow DFA to pull independent dairy farmers off the Order 1 pool for the months of April through September 2017 after those farmers serve the Class 1 marketplace last fall and qualified for full pooling this year.
- ② Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independent's volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producers.
- ③ Remove any requirement for timely payment to independent dairy farmers that DFA markets on Order 1 on the independent's volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
- ④ Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
- ⑤ Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other markets provision would reduce the Order 1 blend prices for all Order 1 producers.
- ⑥ The proposal would not make it any easier to dispose of surplus milk or reduce the costs of disposing of surplus milk.

For the ~~following~~ foregoing reasons I oppose the request for a change in the administrative ^{interpretation} of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal.

Sincerely

2-23-17

Producer Letter Received - February 27, 2017

Mr. Erik Rasmussen, Milk market administrator
Northeast federal milk marketing order, No 1001

Dear Mr. Rasmussen,

I am a dairy farmer in Quarryville, Pennsylvania, and I oppose Dairy Farmers of America, Inc.'s (DFA) request to change the current administrative interpretation of the Dairy Farmer for Other Markets (DFOM) provision.

The DFA proposal to change the way the "dairy farmer for other markets" provision in Order 1 is administered would or could:

1. Allow DFA to pull independent dairy farmers off the order 1 pool for the months of April - Sept. 2017, after those farmers served the Class 1 marketplace last fall and qualified for full pooling this year.
2. Allow DFA to pay independent dairy farmers that DFA markets on Order 1 any price DFA chooses on the independents' volume of milk that DFA pulled from the pool. DFA would be able to pay less than the required Order 1 blend price to the independent producer.
3. Remove any requirements for timely payment to independent dairy farmers that DFA markets on Order 1 on the independents' volume of milk that DFA pulled from the pool. DFA could wait as long as they like before paying the farmers for the milk they pulled off the pool.
4. Allow DFA or any other handler to pool milk on Order 1 this spring that did not serve the Class 1 marketplace last fall, letting this new milk ride the pool without properly qualifying for pooling.
5. Any new milk riding the pool as a result of the temporary setting aside of the dairy farmer for other market provisions would reduce the Order 1 blend prices for all Order 1 producers.
6. The proposal would not make it any easier to dispose of surplus milk or reduce the costs of disposing of surplus milk.

For the foregoing reasons I oppose the request for a change in the administrative interpretation of Order 1's DFOM provision.

I appreciate the market administrator affording me the opportunity to comment on this proposal. If you need additional information, please let me know.

Dairy Farmer Fact Sheet

CEO makes more money than our president
cost of living increases, bonus, vacation Etc.
Salary is no way tied to job performance

many CEO & directors get paid by us twice
because they serve on (NMPF) or other
boards.

Farmers get paid bare minimum set
by milk market Administration monthly
plus a penalty or bonus. (see Attached)

Farmers sell hay, straw, grain
cull cows and calves to keep going
most have second job in family

Downfall of Dairy Farmers

When CO-OP - became Processors
Now CEO wants to buy milk as
cheaply as possible to make profit
in processing plants. That translates
to bonus money for CEO Farmer never
shares in this money.

Directors are hand picked paid yes men
who vote to go along with CEO. We
have fake nominations and counts by
members. CEO picks who they want
and you are outed if you don't go
Along.

We use to be Able to choose a hauler and negotiate a price. A couple of years Ago the Co-op took over And told us who our hauler was and how much we would be paying and took it from our checks.

Last year "See Attached" they sent letter charging for tolls, miles hook up fees. Our hauler said he sees little of this money. We asked him

DFA is in multiple LAW Suits

If you de pool milk the poor farmers will be paying to haul their milk to a place where it is worth less. Our CEO's will be making more money and will be laughing at U.S.

In 1984 we had 117 dairy farmers in our county Now 20

make the Co-ops Seperate from processing plants and we may have a chance.

Note: Attachments Received
and held in Northeast Order
Office.



United
States
Department
Of
Agriculture

Agricultural Marketing
Service
Dairy Programs

FEDERAL MILK ORDER No. 1
Northeast Marketing Area
89 South Street, Suite 301, Boston, MA 02111-2671

Mailing Address:

P.O. Box 51478
Boston, MA 02205-1478
Phone: 617-737-7199 --- Fax: 617-737-8002
E-mail: NortheastOrder@fedmilk1.com
Website: <http://www.fmmone.com>

Albany:

302A Washington Avenue Ext.
Albany, NY 12203-7303
Tel.: (518) 452-4410
Fax: (518) 464-6468

Alexandria:

P.O. Box 25828
Alexandria, VA 22313-5828
Tel.: (703) 549-7000
Fax: (703) 549-7003

January 30, 2017

TO: Handlers Pooled on the Northeast Order

FROM: Market Administrator, Boston, Massachusetts

SUBJECT: 30 Day Extension to Time Period for Submitting Comments regarding Handler Requested
Application of Dairy Farmer for Other Markets Provision

The deadline for providing input on the recent request made by pool handler Dairy Farmers of America, Inc. (DFA) seeking a temporary administrative interpretation of Section 10001.12(b) (5) and (6) of the Order — know as the dairy farmer for other markets provision **has been extended by 30 days**. DFA's request can be accessed on the home page of the Northeast Order — www.fmmone.com under the "Order News" heading.

Please mail, email, or fax any input by the close of business **March 10, 2017** to:

Market Administrator
302A Washington Avenue Extension
Albany, NY 12203
Attn: Peter Fredericks

Fax: 518-464-6468

Email: pfredericks@fedmilk1.com

/s/ Erik F. Rasmussen



United
States
Department
Of
Agriculture

Agricultural Marketing
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FEDERAL MILK ORDER No. 1
Northeast Marketing Area
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Alexandria:

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Fax: (703) 549-7003

January 13, 2017

TO: Handlers Pooled on the Northeast Order

FROM: Erik F. Rasmussen, Market Administrator

SUBJECT: Handler Request Regarding Dairy Farmer for Other Markets Provision

On January 12, 2017, pool handler Dairy Farmers of America, Inc. (DFA) submitted the attached request seeking a temporary administrative interpretation of Section 1001.12(b) (5) and (6) of the Order – known as the “*dairy farmer for other markets*” provision – for the period April 1, 2017, through September 30, 2017. The request explains that this action is being sought in light of unprecedented milk supply and demand imbalances and will allow marketers of milk critical flexibility in marketing.

The requested action would effectively allow handlers to partially “depool” producer milk during a given month without incurring a penalty on when depooled milk could be returned to the marketwide pool.

We are seeking input from handlers regulated under the Northeast Order regarding this request and will make a determination after evaluating market conditions together with any input that is received.

Please mail, email, or fax any input by the close of business February 10, 2017, to:

Market Administrator
302A Washington Avenue Extension
Albany, NY 12203
Attn: Peter Fredericks

Fax: 518-464-6468

Email: pfredericks@fedmilk1.com

/s/ Erik F. Rasmussen



January 12, 2017

Erik Rasmussen
Market Administrator
Federal Milk Marketing Order 1
89 South Street
Boston, MA 02205-1478

Dear Market Administrator,

Because of the significant and unprecedented imbalance between supply and demand in the Federal Milk Marketing Order FMMO 1 marketing area, Dairy Farmers of America, Inc. (DFA) is requesting that FMMO 1, Section 1001.12 (b) (5) and (6) be interpreted and applied for the period April 1, 2017 until September 30, 2017, in a manner which conforms strictly with its purpose while allowing the marketers of milk critical flexibility in marketing. Our request would allow a handler to pool, or not pool, all or any portion of a delivery to a non-pool plant in these months without losing the ability to pool the producer the following month. Additionally, this would allow the handler the ability to pay for the milk delivered to the non-pool plant a return that reflects the value of the milk.

Without the requested flexibility it is highly probable that many producers, and especially those qualifying as small businesses, will lose their market for milk during the early months of 2017 or be forced to accept a significant reduction in the price they will be paid for milk. Additionally, the cost to serve Order 1 markets will increase noticeably as milk assembly and transport systems will be significantly revised into less economic units to accommodate new but necessary market realities.

DFA is a qualified Capper Volstead Cooperative. We market approximately 22% of the nation's milk supplies from 8,448 members. Also, through our relationships with other cooperatives and businesses, we market an additional 8% of the nation's milk production (for a total of 30% of U.S.). In FMMO 1 DFA markets well over 700 loads of milk daily from more than 4,700 member-owners and other producers who are associated with affiliated cooperatives or not members of any cooperative. Specifically, and included in the above total, we market in excess of 80 million pounds of milk per month from more than 900 independent producers through various marketing agreements. In total, the milk we market is delivered to approximately 100 plants owned by more than 60 different firms. We also own and operate three fluid bottling plants and three manufacturing plants in the Order.

USDA defines a dairy farm as a small business if it markets less than 750,000 pounds of milk per year. Following this guideline, there are approximately 460 small business non-member dairy farms that we market and payroll each month and another 440 non-member dairy farms that we market that do not meet the small business definition. If we include our own members and marketing arrangements with other cooperatives, an additional 1,440 farms would be classified as small businesses. If the entire burden of dealing with the market's supply and demand imbalance were to be borne solely by cooperative members their livelihood would be severely impacted.

DFA markets milk in 9 of the 10 FMMOs in the U.S. We are uniquely qualified to comment on milk marketing conditions across the entire country. Multiple factors including the supply-demand imbalance in FMMO 1 with milk supplies greatly exceeding current market demand, the highly variable demand and delivery system for serving the Class I needs of this market, the increasingly variable daily run-time schedules, and the lack of available balancing capacity, are combining to creating severe disorderly marketing conditions. From our vantage point, these conditions are much worse in FMMO 1 than in the other FMMOs. It will take some time for this

imbalance to correct itself. Market conditions as we see them will become even more disorderly if our request is denied.

The FMMO 1 marketing area is a very diverse market. The states that comprise the marketing area are Connecticut, Delaware, Massachusetts, Maryland, New Hampshire, New Jersey, Rhode Island, Vermont and portions of New York, Pennsylvania and Virginia. This geographic area represents 70.3 million people or 21.9% of the U.S. population. (<http://www.census.gov/popest/data/state/totals/2015/index.html>) Six of the largest U.S. Metropolitan Statistical Areas are located within these 11 states. They include the metro areas of New York City, Washington DC, Philadelphia, Boston and Baltimore, totaling approximately 40 million people. (<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>) The population density requires extensive market balancing to serve the population's demands for dairy products.

The October FMMO 1 handler/plant list identifies 318 plants which received pool milk during the month. During the month of October 2016, 11,509 producers were pooled on the Order. The processing plants in FMMO 1 manufacture significant quantities of products including all of the FMMO classifications. The diversity of the Order 1 dairy sector is both a positive marketing opportunity and a significant challenge to supply and balance. Increasingly, plants that historically operated six and seven days per week now seek to process fewer days resulting in additional supplies needed to fill an unchanged total demand but now squeezed into fewer days. The result is more milk to balance on "down days" during the week and specifically, on weekends.

Many of the Order's manufacturing plants now run less than full weekly schedules. More plants now take extended down time on holidays in order to accommodate both their work schedules and to balance their product inventories. Several of the manufacturing plants we serve have days, or in some cases weeks, in the month devoted to manufacturing non-dairy items. Milk suppliers are working to meet these changes. We comingle milk from different cooperatives and independent farms to achieve maximum transportation and marketing efficiencies.

A new concern is that Canada's dairy regulatory system has recently put in place policies that will effectively close off the market for U.S. (primarily Northeast region produced) ultra-filtered (UF) milk. In a November 5, 2016 *Cheese Reporter* article New York Governor Andrew M. Cuomo voiced his concerns over Canada's milk pricing policies in a letter to Canadian Prime Minister Justin Trudeau.

Cuomo told Trudeau that he was "distressed" to hear that Ontario and the Canadian Milk Supply Management Committee have embarked on regulatory regimes, including a proposed new National Ingredient Strategy, that "could effectively block" New York exports of (UF) milk, potentially violating World Trade Organization commitments.

Industry analysts estimate that manufacturers in New York alone are selling in excess of 300 million pounds of skim milk equivalent on an annualized basis of UF milk. If this policy remains in place, that milk will be seeking a market outlet in an already surplus market.

Market Conditions - Milk Supplies

Milk production is at record levels in the FMMO 1 marketing area. A quick review of National Agricultural Statistical Service (NASS) and FMMO 1 data documents this point. NASS publishes the *Milk Production* report monthly. It contains data on cow numbers, milk production per cow and total milk production for the 23 largest milk production states. MAP 1 **YTD U.S. Milk Production (attached)** depicts the NASS January – October year-to-date milk production for the Top – 23 states. This includes the Top – 3 milk production states in FMMO 1 – New York, Pennsylvania and Vermont. These three states accounted for 89.9% of the Order's total milk production in calendar year 2015. Through ten months of 2016, production in these three states increased over the prior year 4.6% in New York, 0.5% in Pennsylvania and 2.0% in Vermont. Collectively, the increase from the three states was 3.0%.

Focusing on the most recent month's data – October 2016, Map 2 **U.S. Milk Production (attached)** shows New York with a 4.7% increase in milk production, Pennsylvania a 2.2% increase and Vermont a 3.2% increase. Averaged together, the three states production grew by 3.6% October to October, or 82 million pounds of additional milk.

A “day-to-day” method to view the data is to express the changes in terms of loads of milk per day that must be marketed. NASS publishes production data for all states on a quarterly basis. For the third quarter of 2016 versus 2015 total production in the eleven states comprising FMMO 1 showed an increase of 140.2 million pounds. Using a typical load weight for the market of 60,000 pounds and 92 days in the third quarter, each day had 25 more loads per day to be marketed than the third quarter of 2015. Note this is an average per day and does not reflect the weekly demand patterns, particularly the fluid-use market demand patterns. If the variations of the Class I use demand were factored in, this average would trend higher on weekends and lower during the week. As we look to the 2017 flush production months, the pressure of the “25 more loads” will increase.

Chart 1 **FMMO 1 - Total Milk Pooled (attached)** plots FMMO 1 total milk pooled since 2006 and shows a steady upward trend with a compound annual growth rate (CAGR) of 1.2%. The increasing milk production shown by the NASS *Milk Production* report is largely being pooled on FMMO 1.

Chart 2 **NASS Quarterly Milk Production (attached)** plots the quarterly NASS milk production trends for the eleven states from 2006Q1 through 2016Q3. Noticeably there is a change in the CAGR trend beginning in 2013 where the slope of the trend line begins to increase. This increasing trend is not slowing and continues to pressure marketing conditions in FMMO 1.

Lastly, Chart 3 **Pounds at Minimum Price Class Utilization (attached)** displays the milk marketed each month in the “minimum class price use”. Typically, this volume reflects milk accounted for in 1000.40 (d) “Other Uses described as “...used for animal feed, destroyed, or lost by a handler in a vehicular accident, flood, fire, or similar occurrence beyond the handler's control...”. As noted in Chart 3, there is some milk that fits the standard definition every month. FMMO 1 published data shows an average of 6.4 million pounds was pooled via this provision in January – March 2016.

Since the spring flush season of 2014 the Market Administrator has allowed milk to be pooled but dumped at a farm under certain circumstances, if proper documentation is presented. This allowance was in response to market requests for assistance to deal with the serious imbalance between milk supplies and milk demand. The allowance enabled milk to be pooled while avoiding the cost of transportation, receiving and in-plant disposal. All milk meeting the reporting requirements was able to be pooled and receive the difference between the lowest class price and the Statistical Uniform Price. Note that while this payment was better than the zero return from dumping the milk without the pooling benefit, the return was well below any commercially-based return. For example, in FMMO 1 this provision was in effect for the period April 1 – August 15, 2016. The payment per hundredweight received if the reporting requirements were met was April - \$2.17, May - \$1.97, June - \$1.79, July - \$1.38 and August - \$2.32. This is the value in the base zone of the Order. All payments would be adjusted based on the location differential of the farm and in all cases would be lower. Thus, a marketer would only utilize this option if no other return was available.

Handlers are also processing portions of their milk supplies by separating and selling the cream and then marketing the remaining skim wherever possible. Many times the return from marketing the skim is the dumped milk value. However, this return -- while above the return from disposing milk at the farm and gaining only the difference between the lowest Class price and the Statistical Uniform Price -- is still well below the prevailing applicable class price. In June of 2016, a month in which significant volumes of cream were marketed in this manner, the return on the 100 pounds of milk producing the cream and skim was \$7.43 per cwt versus a lowest Class price of \$13.22 – not a scenario any marketer would choose if there was a better alternative.

In spite of these minimal returns, Chart 3 shows sizable quantities of milk were marketed using one of these two methods. After making an adjustment for the “typical usage in this category” of 6.4 million pounds and using the 60,000-pound typical volume for an FMMO 1 load of milk, an estimated 578 loads of milk were pooled in June of 2016 under the temporary allowance. This further indicates the severity of the FMMO 1 market’s supply and demand situation.

Marketing Conditions – Sales and Balancing Capacity

The market must balance milk production with milk sales. This means for the Class I and associated Class II markets recognizing the variation in milk demands within a week (more needed Tuesday thru Friday and less Saturday thru Monday), variation across the weeks of a month (generally based on Government food assistance payments and variation seasonally with flush and short production and holiday needs). Balancing these demands for milk is inextricably tied to varying demands in the manufacturing products markets (non-fluid associated Class II, Class III and Class IV markets). Those variations are heavily influenced by the seasonality of cheese and butter demands.

As a part of the balancing equation, available plant capacity is a key factor. The FMMO 1 market has significant plant capacity as noted earlier. DFA operates plants at Reading PA, Middlebury Center PA and Linwood NY with milk pooled on FMMO 1. Reading and Middlebury Center market condensed milk products and milk powders. At peak milk balancing times, holiday periods and the flush production months of the year, our plants run at full capacity like many other cooperative plants in the market. Other plants in the Marketing Area may not be able to run at full capacity due to a lack of sale for the product produced, a proprietary claim on the use of the capacity, labor, equipment and perhaps expertise limitations. Some plants choose not to take any additional milk volumes because the products they produce from the additional milk can’t be marketed profitably at a future date. In many cases the risk of inventorying the product outweighs the possible gain from a future sale. Unless the milk can be discounted significantly into the plant, plant operators are unwilling to make additional capacity available, even if they have any.

Putting aside the just outlined reasons, while there may be physical capacity available for balancing milk at stress times, the fact that significant volumes of milk have been dumped at the farm or skimmed, the cream sold, and the remaining skim marketed at a significant decrease in revenue, demonstrates that capacity is difficult to secure.

There have been notable losses and some additions to milk processing capacity in all Class uses in the FMMO 1 market in recent years. Our survey of the FMMO 1 marketplace notes that the following plants have closed or reduced or redirected production volumes to other markets since 2013. The list of plants includes:

Class I Plants

Grants Dairy / Portland, ME
Marcus Dairy/ Danbury, CT
Oaktree Dairy / East Northport, NY
Farmland Dairies / Wallington, NJ,
Rosenberger’s Dairy (HP Hood) / Hatfield, PA
Elmhurst Dairy (Worcester Dairy) / Jamaica, NY
Shenandoah’s Pride / Springfield, VA

Class II Plants

Chobani / South Edmeston, NY
Quaker-Mueller / Batavia, NY

Class III

Kraft – Pollio / Campbell, NY

Our estimate of the closed or reduced capacity is 325,000,000 pounds of milk per month.

Over this same period, plants manufacturing Class II - Fage/ Johnstown, NY, Class III - Kraft – Heinz / Lowville, NY, Yancy's Fancy, Pembroke NY and Multiple Classes - Cayuga/ NY have expanded capacity. The sum of the new capacity at these plants is estimated at 161,000,000 pounds per month.

Obviously, not all "closed capacity" is completely eliminated and not all expanded capacity is completely filled. However, even if adjusted for "not closed" or "not filled" there has been much more capacity lost than gained. Again, it is important to note that balancing capacity for Class I and associated fluid use Class II markets is intertwined with the capacity available for processing the other Class use markets. Retrofitting or expanding processing capacity requires capital expenditures, and perhaps even more time and effort to develop and expand markets for additional milk production. These decisions are not made quickly.

We continue to seek outlets outside the Order boundaries to balance milk. However, these balancing sales come with significantly higher transportation costs and lower sales prices. It is becoming more difficult to locate capacity even when reaching into the Mideast and Upper Midwest Orders where DFA has current marketing arrangements.

We expect that as the market conditions described previously continue to deteriorate, the immediate solution will be for marketers to sever milk purchase relationships with producers. This has already occurred in Order 1. Media and newspaper reports have reported recently that Byrne Dairy, Queensboro Farms, Fleur de Lait-East, Cloverland – Greenspring Dairy, Midland Farms and Harrisburg Dairies have all released producers / farms from their milk supplies. Industry estimates are that 15 – 20 million pounds of milk was affected.

While some of these producers may have located new markets, some have ceased dairy farming entirely. In the near term we expect there to be very few options for new markets. In some cases, a producer who loses a market will seek to displace some of the supply of other producers in the closest available plant, causing a ripple effect of the displaced milk looking for a home, that milk displacing other milk, and on and on throughout the market. What we seek here is greater market stability throughout this period of rebalancing supply with demand. If a marketer is able to depool some milk voluntarily in order to pay all its producers a price reflecting the current market value these extraordinary balancing costs are shared. Our proposal will allow the sharing of balancing costs to buffer the effects to any one group and maintain a more orderly process as the market finds its new equilibrium during this six-month period.

Requested Application of DFOM Provision

Sections 1001.12(b) (5) and (6) of Order 1 are known as the "Dairy Farmer for Other Markets" provision. The purpose of this Order provision, was explained in the Market Administrator's "Reminder" dated October 23, 2007 (posted at: http://www.fmmone.com/Misc_Docs/DFOMReminder0907.pdf): *"This provision addresses the issue of "riding" the Federal order pool to balance supply and discourages handlers from voluntarily depooling producer milk to take advantage of inverted class price relationships."* In other words, these provisions discourage, by limiting the ability of producers to voluntarily pool and depool their milk, transactions which financially benefit individual producers at the expense of all pool participants. Historically the precedent for this practice, sometimes referred to as "pool riding", involved producers making higher-valued deliveries to unregulated Class I plants outside of the Order and then pooling lower-valued, balancing Class II/III/IV deliveries onto the Order. More recently, the same financial result could be possible when Class II/III/IV prices were "inverted" i.e. possibly higher than pool blend prices and occasionally higher than Class I prices and the DFOM language effectively discouraged these inequitable transactions also.

As this explanation makes clear, the DFOM language was never intended to discourage, or limit, the voluntary non-pooling of deliveries which do not add value to the pool but, in fact, reduce the value of the pool for all producers. Unfortunately, in current market conditions if the language were to be applied without nuance it will

have the unintended consequence of essentially prohibiting voluntary depooling of portions of the current extraordinary surpluses of producer milk and thereby exacerbate those disorderly conditions.

In view of these circumstances, we are requesting that for the months of April to September 2017, the DFOM provisions of Order 1 be interpreted and applied so as to allow a producer and any portion of such producer's milk to be pooled even if a portion of such producer's milk is disposed to low-valued Class II/III/IV utilization and not reported for pooling. If such application and interpretation is not made, the provisions will literally force all milk to be included in the Order pool every day of every month in order to retain pool status for the producer for any volumes; or excluded from the pool every day of every month until the start of the next marketing year even if it might be feasible and beneficial to not pool only a portion of the month.

Given the existing market supply / demand imbalance, current application of DFOM provisions limits market flexibility and, unless the provisions are interpreted as we request to carry out their intent, disorderly marketing conditions will greatly increase. Our requested interpretation will not only carry out the intent of the DFOM provision under present market conditions, it will allow milk marketers more flexibility in balancing supplies of milk with demand. The expected response when an existing supply relationship is terminated with a producer due to the inability of the marketer to process the milk is either that the producer will not be able to secure a new market, displace supply into an existing market by undercutting the existing market pricing, or be forced to accept a market where the milk is never pooled (per the current DFOM provisions) and the available returns from this marketing are paid to the producer. Applying the DFOM provision in accordance with its intent will allow marketing solutions that can mitigate all of the above disorderly marketing situations.

This temporary application of the DFOM provision will have the following salutary effects in the present marketplace and promote orderly marketing:

1. It will equate payments for milk with the returns from milk and better enable milk buyers to retain supply relationships with dairy farmers.
2. It will enable milk buyers to formulate a milk price, equitable to all producers, that is representative of market returns and lessens the pressure to terminate supply relationships.
3. It will enable a producer to retain the Order prices for a majority of their deliveries while losing some of the value for a few days instead of losing the entire month's value.
4. It will enable the alignment of daily milk deliveries with monthly milk pooling regulations and avoid the situation where milk would need to be pooled for an entire month in order to be eligible to be included in the pool.
5. It may enable marketers to incent a plant to take additional milk by delivering and pricing milk reflective of market conditions to a non-pool plant.
6. It will allow marketers to avoid damaging efficient milk assembly and transport routes that may arise if marketers are forced to terminate supply relationships.
7. It will retain the FMMO 1 DFOM provision by structuring this action as a temporary interpretation so long as current marketing conditions exist.
8. In an effort to help and support the independent producers, DFA will continue marketing the independent milk, for a minimum period of 6 months, and potentially longer, without providing termination notices, provided that required quality standards are maintained.

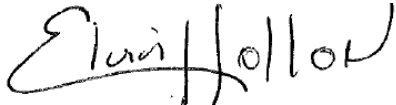
This application of the DFOM provision will mean that for milk delivered to non-pool plants the handler would have the option to not pool all or some portion of the delivery and not be required to pay the minimum order value to the producer for the non-pooled portion of the delivery. If some or all of a producer's milk is not pooled in a given month that producer's milk can return to the pool in the following month provided the other pooling requirements as established by the Order are met.

As the market supply/demand relationships converge to a more balanced position this temporary interpretation will not be necessary and the Order can revert back to the current DFOM provision/interpretation as the proper methodology to manage pooling relationships in FMMO 1.

We are requesting that this action be taken for the period April – September 2017 and that it be accomplished in the most efficient manner possible, while providing due notice to the industry in Order 1.

Thank you for your consideration of our request. We are available to answer any questions or provide any further information which you may need.

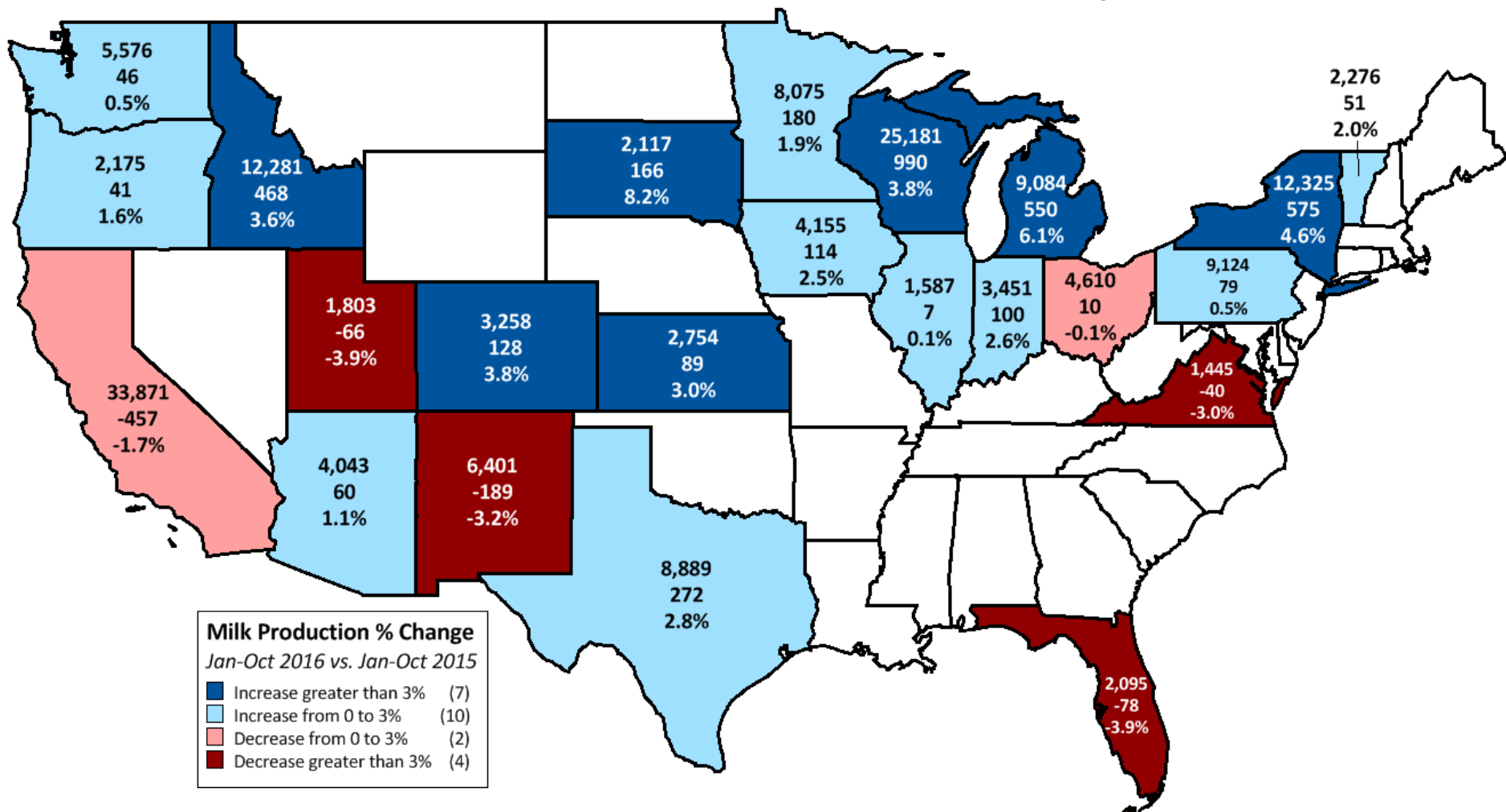
Sincerely,

A handwritten signature in black ink, appearing to read "Elvin Hollon". The signature is written in a cursive, flowing style with a large initial "E" and a stylized "H".

Elvin Hollon
Vice President, Fluid Marketing/Economic Analysis

Map 1: YTD U.S. Milk Production

Jan-Oct 2016 vs. Jan-Oct 2015 (million pounds)



Select 23 state milk production was up
1.6%* year to date

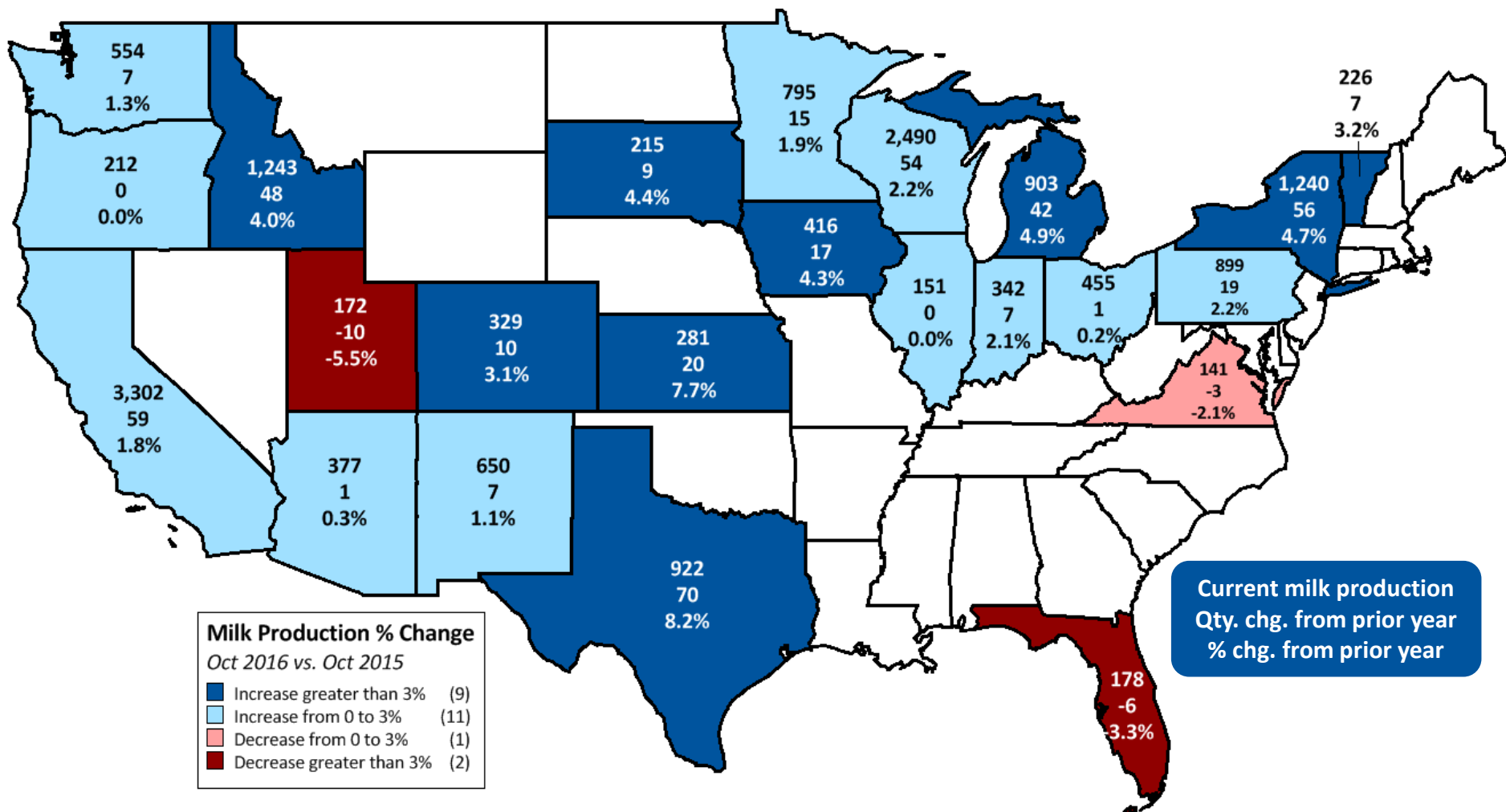
YTD 2016 milk production
Qty. chg. from prior year
% chg. from prior year*

Source: USDA National Agricultural Statistics Service

*Leap-year adjusted

Map 2: U.S. Milk Production

October 2016 vs. October 2015 (million pounds)



Select 23 state milk production was up 2.7% from prior year

Current milk production Qty. change from prior year % change from prior year

Chart 1: FMMO-1 Total Milk Pooled

monthly

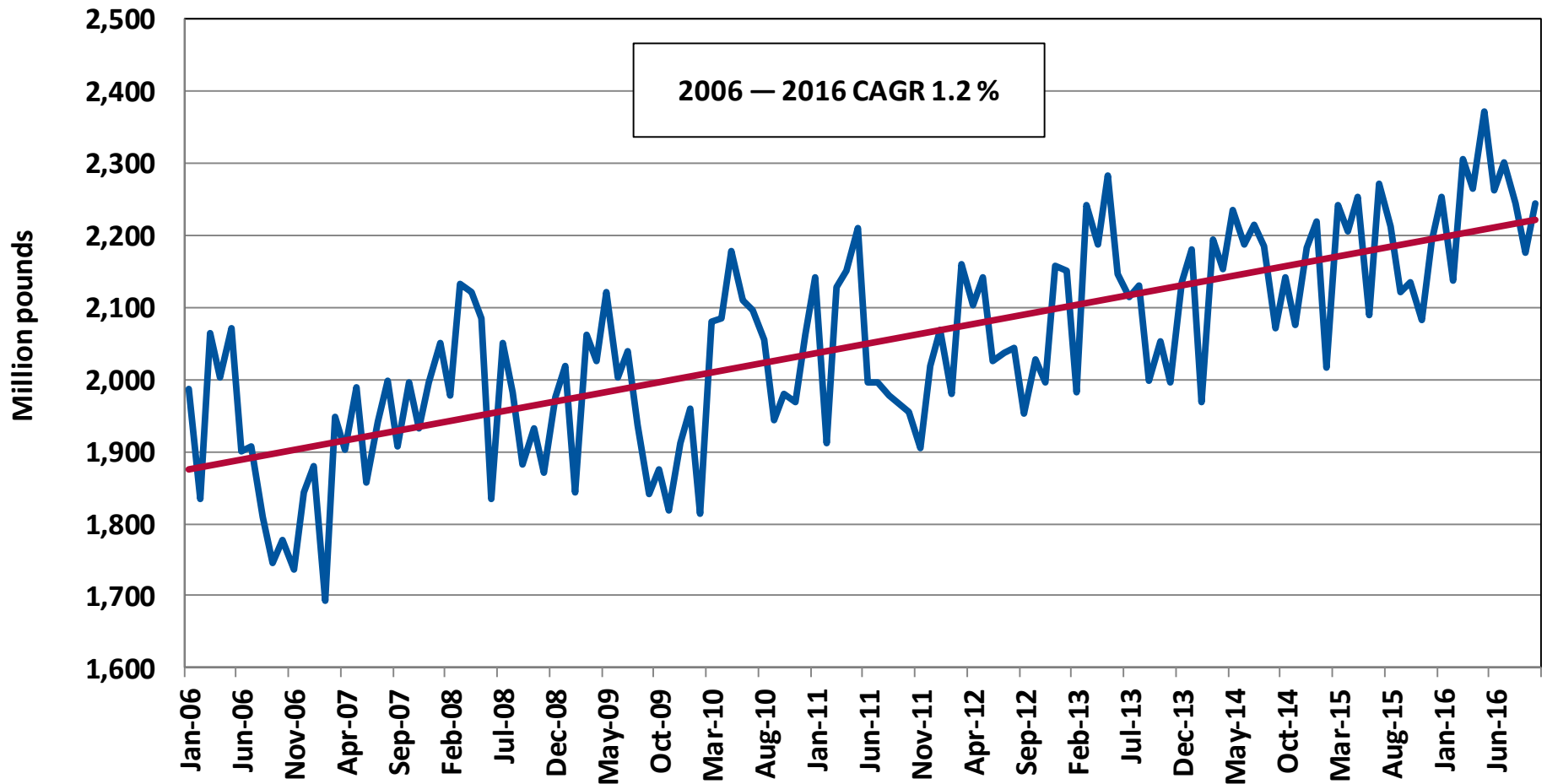


Chart 2: NASS Quarterly Milk Production

All FMO 1 states

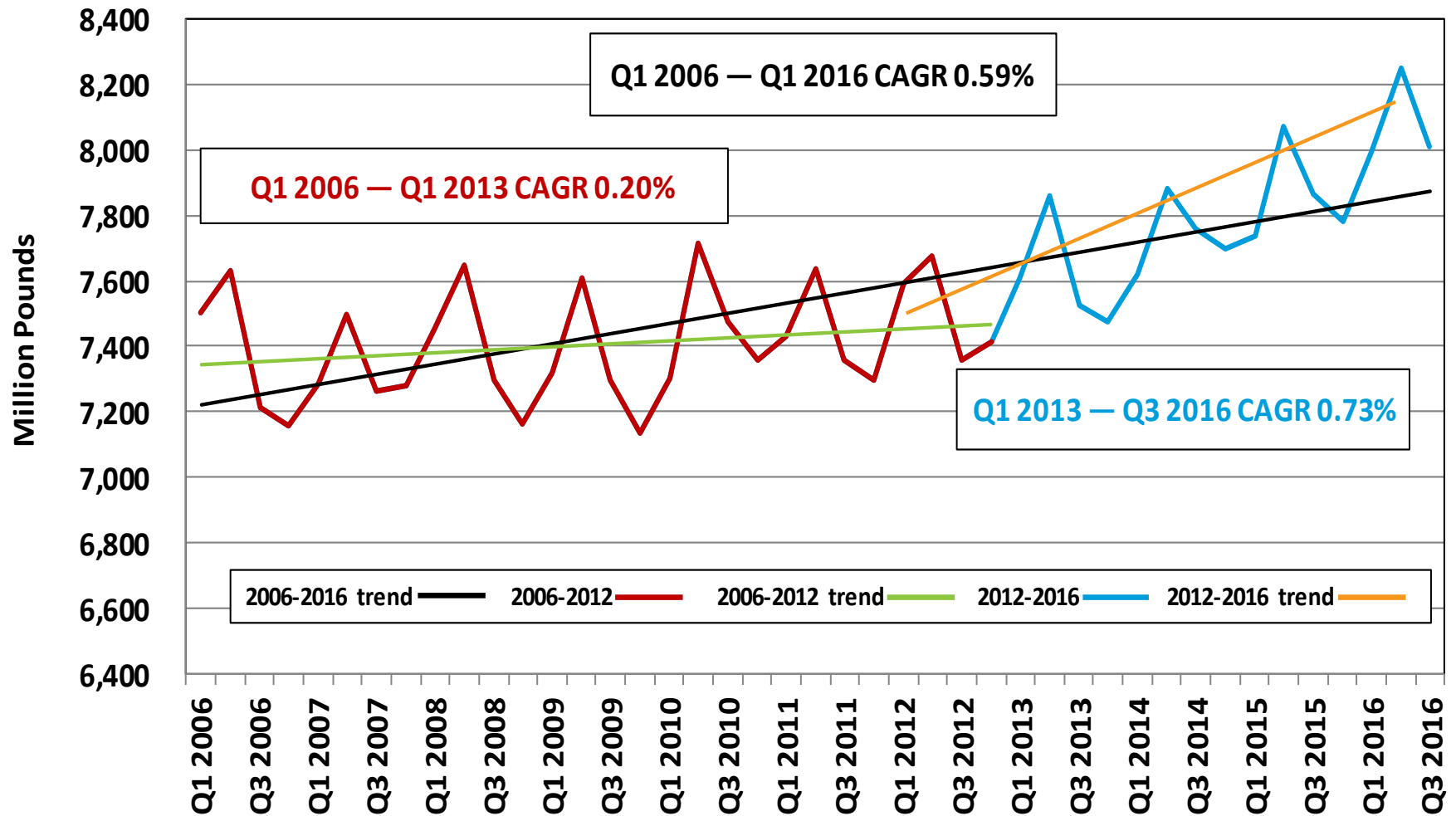


Chart 3: FMMO-1 Milk Pooled at Minimum Class Price

monthly

