



September 28, 2006

Dana Coale  
Deputy Administrator  
USDA/AMS/ Dairy Programs  
South Building – Room 2968  
STOP 0225  
1400 Independence Avenue S.W.  
Washington, DC 20250-0225

RE: Request for Hearing on Make Allowances  
FR June 28, 2006 (Volume 71 – Number 124 – Page 36715)

Dear Deputy Administrator:

This proposal is submitted on behalf of the producer-members of Dairy Farmers of America. (DFA).

- 1) DFA requests that the section of the product formulas that deal with an adjustment for shrink be corrected for the algebraic error made in the construction of the existing formula. The end result of the correction is that the butterfat factor should be 1.215 and not 1.20.

This algebraic error cost producers an average of \$2,346,434.24 per month for the 43-month period January 2003 thru July 2006 or a total for the period of \$100,896,672.50.

The resulting language to implement Proposal 1 would be:

**Part 1000.50 Class prices, component prices, and advanced pricing factors.**

(a)

(l) Butterfat price. ... ,with the result multiplied by ~~1.20~~1.215.

Corporate Headquarters

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(q)(3) ... ,multiplying the result by ~~1.20~~ 1.215.

Any references to paragraphs (l) or (q)(3) or the *butterfat price* or the *advanced butterfat price* would substitute the revised calculation. We note that this error was not made in the protein calculation so no correction is needed.

- 2) In the protein calculation delete any references to barrel cheese. The calculation as is, calls for an adjustment to the barrel cheese price so as to approximate the block price. Our proposal would simplify the formula and reduce the items over which parties disagree about in regard to the formula.

The resulting language to implement Proposal 2 would be:

**Part 1000.50 Class prices, component prices, and advanced pricing factors.**

(a)

...

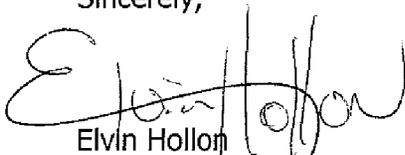
(n) Protein price

(1) ...

~~(ii) The U.S. average NASS survey price for 500 pound barrel cheddar cheese (38 percent moisture) reported by the Department for the month plus 3 cents;~~

If you have any questions about this proposal please call me at 816-801-6422.

Sincerely,



Elvin Hollon  
Director of Fluid Marketing and Economic Analysis