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Part III

Department of Agriculture

Agricultural Marketing Service

7 CFR Part 1000, et al.
Milk in the Northeast and Other Marketing Areas; Interim Amendment of Orders; Interim Rule
DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 1000, 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126, 1131, and 1135

[Docket No. AO–14–A69, et al.; DA–00–03]

Milk in the Northeast and Other Marketing Areas; Interim Amendment of Orders

FOR FURTHER INFORMATION CONTACT:
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SUPPLEMENTARY INFORMATION: This administrative rule is governed by the provisions of Sections 556 and 557 of Title 5 of the United States Code and, therefore, is excluded from the requirements of Executive Order 12866.

This interim final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any state or local laws, regulations, or policies, unless they present an irreconcilable conflict with the rule.

The Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may request modification or exemption from such order by filing with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with the law. A handler is afforded the opportunity for a hearing on the petition. After a hearing, the Secretary would rule on the petition. The Act provides that the District Court of the United States in any district in which the handler is an inhabitant, or has its principal place of business, has jurisdiction in equity to review the Secretary’s ruling on the petition. A bill in equity is filed not later than 20 days after the date of the entry of the ruling.

Small Business Consideration

Pursuant to the requirements set forth in the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), the Agricultural Marketing Service (AMS) considered the economic impact of the changes to the Federal milk marketing order program implemented by this interim final rule on small entities and prepared a regulatory flexibility analysis that was included in the tentative decision (65 FR 76832). The analysis indicates that the Department minimized the significant economic impacts of the regulations on small entities to the fullest extent reasonably possible while adhering to the stated objectives. The Department reviewed the regulatory and financial burdens resulting from the regulations and determined, to the fullest extent possible, the impact on small businesses’ abilities to compete in the market place. The Department reviewed the regulations from both the small producer and small processor perspectives, attempting to maintain a balance between these competing interests. Neither small producers nor small handlers should experience any particular disadvantage as a result of the interim amendments.

No additional information collection or reporting requirements will be necessitated by the amendments.

An analysis of the economic effects of the alternatives selected was done and summarized in the tentative final decision. A complete economic analysis is available upon request from Howard McDowell, Senior Economist, USDA/AMS/Dairy Programs, Office of the Chief Economist, Room 2753, South Building, U.S. Department of Agriculture, Washington, DC 20250, (202) 720–7091, e-mail address howard.mcduell@usda.gov.

Civil Rights Impact Statement

Pursuant to Departmental Regulation (DR) 4300–4, a comprehensive Civil Rights Impact Analysis (CRIA) was conducted and published with the final decision on Federal milk order consolidation and reform. The conclusion of that analysis disclosed no potential for affecting dairy farmers in protected groups differently than the general population of dairy farmers. This issue was reconsidered in the tentative decision (65 FR 76832) with regard to the interim amendments, and the conclusion has not changed.

Copies of the Civil Rights Impact Analysis done in the final decision on Federal milk order consolidation and reform can be obtained from AMS Dairy Programs at (202) 720–4392; any Milk Market Administrator office; or via the Internet at www.ams.usda.gov/dairy/

Prior documents in this proceeding:

Notice of Hearing: Issued April 6, 2000; published April 14, 2000 (65 FR 20094).


Findings and Determinations

The findings and determinations hereinafter set forth supplement those that were made when the aforesaid orders were first issued and when they were amended. The previous findings and determinations are hereby ratified and confirmed, except where they may conflict with those set forth herein.

The following findings and determinations are hereby made with respect to each of the aforesaid orders:

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim amendment of rules.

SUMMARY: This interim rule amends, on an emergency basis, the Class III and Class IV pricing formulas used in Federal milk orders, effective for milk marketed on or after January 1, 2001. The rule thereby conforms to the Consolidated Appropriations Act, 2000, which mandated reconsideration of the Class III and Class IV pricing formulas included in the final rule for the consolidation and reform of Federal milk orders, with amendments to be effective January 1, 2001.

This rule reduces the cheese make allowance used in the Class III component price calculations, increases the make allowances used in the Class IV component price calculations, provides for separate Class III and Class IV butterfat prices, and removes the butterfat adjustment factor from the protein price formula.

More than the required number of producers in each of the aforesaid marketing areas have approved the issuance of the interim amendments.

amendments effective January 1, 2001. It cause exists for making these order
hereby found and determined that good
handlers. In view of the foregoing, it is
alteration in the method of operation for
extensive preparation or substantial
was issued on November 29, 2000.
proposed amendments to these orders
tentative final decision containing the
marketing areas.
115 Stat. 1501). Any delay beyond that
Appropriations Act, 2000 (P.L. 106±113,
requirements of the Consolidated
industrial and commercial activity
the handling of milk in the same
interest; and
(a) Findings upon the basis of the
hearing record. Pursuant to the
provisions of the Agricultural Marketing
Agreement Act of 1937, as amended (7
U.S.C. 601±674), and the applicable
rules of practice and procedure
governing the formulation of marketing
agreements and marketing orders (7 CFR
Part 900), a public hearing was held
upon certain proposed amendments to
the tentative marketing agreements and
to the orders regulating the handling of
milk in the Northeast and other
marketing areas.
Upon the basis of the evidence
introduced at such hearing and the
record thereof it is found that:
(1) The said orders, as hereby
amended on an interim basis, and all of
the terms and conditions thereof, will
tend to effectuate the declared policy of
the Act;
(2) The parity prices of milk, as
determined pursuant to section 2 of the
Act, are not reasonable in view of the
price of feeds, available supplies of
feeds, and other economic conditions
which affect market supply and demand
for milk in the marketing areas, and the
minimum prices specified in the orders,
as hereby amended, are such prices as
will reflect the aforesaid factors, insure
a sufficient quantity of pure and
wholesome milk, and be in the public
interest; and
(3) The said orders, as hereby
amended on an interim basis, regulate
the handling of milk in the same
manner as, and are applicable only to
persons in the respective classes of
industrial and commercial activity
specified in, marketing agreements upon
which a hearing has been held.
(b) Additional Findings. It is
necessary in the public interest to make
these interim amendments to the
Northeast and other orders effective
January 1, 2001, to meet the
requirements of the Consolidated
Appropriations Act, 2000 (P.L. 106–113,
115 Stat. 1501). Any delay beyond that
date would tend to disrupt the orderly
marketing of milk in the aforesaid
marketing areas.
The interim amendments to these
orders are known to handlers. The
marketing of milk in the aforesaid
orders is favored by at least two-thirds
the production of milk for sale in the
orders is the only practical means
amending the Northeast and other
orders is favored by at least two-thirds
producers as defined in the orders as
hereby amended;
(3) The issuance of the interim order
amending the Northeast and other
orders is favored by at least two-thirds
of the producers who were engaged in
the production of milk for sale in the
respective marketing areas.
List of Subjects in 7 CFR Parts 1000,
1001, 1005, 1006, 1007, 1030, 1032,
1033, 1124, 1126, 1131, and 1135
Marketing orders.
Order Relative to Handling
It is therefore ordered, that on and
after the effective date hereof, the
handling of milk in the Northeast and
other marketing areas shall be in
conformity to and in compliance with the
terms and conditions of the orders,
as amended, and as hereby further
amended on an interim basis, as follows:
The authority citation for 7 CFR Parts
1000, 1001, 1005, 1006, 1007, 1030,
1032, 1033, 1124, 1126, 1131, and 1135
continues to read as follows:
PART 1000—GENERAL PROVISIONS
OF FEDERAL MILK MARKETING
ORDERS

1. Section 1000.40 is amended by
removing and reserving paragraph
(c)(1)(i)(j) and revising paragraph
(d)(1)(i) to read as follows:
§ 1000.40 Classes of utilization.
* * * * * *
(c) * * *
(1) * * *
(ii) [Reserved]
* * * * * *
(d) * * *
(1) * * *
(i) Butter, plastic cream, anhydrous
milkfat, and butteroil; and
* * * * *
2. Section 1000.50 is amended by
revising the last sentence of the
introductory text and paragraphs (a), (b),
(c), (g), (h), (j), (l), (m), (n), (o), (p)(1),
and (q)(3) and adding paragraph
(q)(4) to read as follows:
§ 1000.50 Class prices, component prices,
and advanced pricing factors.
* * * * The price described in
paragraph (d) of this section shall be
derived from the Class II skim milk
price announced on or before the 23rd
day of the month preceding the month
to which it applies and the Class IV
butterfat price announced on or before
the 5th day of the month following the
month to which it applies.
(a) Class I price. The Class I price per
hundredweight shall be the adjusted
Class I differential specified in §1000.52
plus the higher of the advanced Class III
or advanced Class IV prices calculated in
paragraph (q)(4) of this section.
(b) Class I skim milk price. The Class
I skim milk price per hundredweight shall
be the adjusted Class I differential
specified in §1000.52 plus the advanced
Class III or advanced Class IV skim milk
price used in the calculation of the
higher of the advanced Class III or
advanced Class IV prices calculated in
paragraph (q)(4) of this section.
(c) Class I butterfat price. The Class
I butterfat price per pound shall be the
adjusted Class I differential specified in
§1000.52 divided by 100, plus the
advanced Class III or advanced Class IV
butterfat price used in the calculation of the
higher of the advanced Class III or
advanced Class IV prices calculated in
paragraph (q)(4) of this section.
* * * * (g) Class II butterfat price. The Class
II butterfat price per pound shall be the
Class IV butterfat price plus $.007.
(h) Class III price. The Class III price
per hundredweight, rounded to the
nearest cent, shall be .965 times the
Class III skim milk price plus 3.5 times the
Class III butterfat price.
* * * * *
(j) Class IV price. The Class IV price
per hundredweight, rounded to the
nearest cent, shall be .965 times the
Class IV skim milk price plus 3.5 times the
Class IV butterfat price.
* * * * *
(I) Class III and Class IV butterfat
prices. (1) The Class III butterfat price
per pound, rounded to the nearest one-
hundredth cent, shall be computed as
follows:
(i) Compute a weighted average of the
following prices:
(A) The U.S. average NASS survey price for 40-lb. block cheese reported by the Department for the month; and

(B) 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;

(ii) Subtract 16.5 cents from the price computed pursuant to paragraph (l)(1)(i) of this section and multiply the result by 1,582;

(2) The Class IV butterfat price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS AA butter survey price reported by the Department for the month less 11.5 cents, with the result divided by 0.82.

(m) Nonfat solids price. The nonfat solids price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS nonfat dry milk survey price reported by the Department for the month less 14 cents.

(a) Protein price. The protein price per pound, rounded to the nearest one-hundredth cent, shall be computed by subtracting 16.5 cents from the price computed pursuant to paragraph (l)(1)(i) of this section and multiplying the result by 1.405;

(o) Other solids price. The other solids price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS dry whey survey price reported by the Department for the month minus 14 cents, with the result divided by 0.968. The other solids price shall not be less than zero.

(p) * * *

§ 1001.60 Handler's value of milk.

1. Section 1001.60 is amended by revising paragraphs (c)(3), (d)(2), and (h) to read as follows:

2. Section 1001.61 is revised to read as follows:

§ 1001.61 Computation of producer butterfat price and producer price differential.

For each month, the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight for producer milk receipts. The report of any handler who has not made payments required pursuant to § 1001.71 for the preceding month shall not be included in the computation of these prices, and such handler's report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the aforementioned conditions, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to Class I pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1001.60(h) for other source milk allocated to Class I pursuant to § 1000.44(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) Producer price differential. (1) Combine into one total the values computed pursuant to § 1001.60 for all handlers required to file reports prescribed in § 1001.30;

(2) Subtract the total of the values obtained:

(i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler's producer milk for which an obligation was computed pursuant to § 1001.60(a) through (g) and § 1001.60(i) by the protein price, other solids price, and producer butterfat price, respectively;

(ii) By multiplying each handler's pounds of skim milk and butterfat for which a value is computed pursuant to § 1001.60(h) by the Class III skim milk price and the producer butterfat price, respectively;

(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to § 1001.75;

(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;

(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:
§ 1001.73 Payments to producers and to cooperative associations.

(a) The total hundredweight of producer milk; and

(ii) The total hundredweight for which a value is computed pursuant to § 1001.60(h); and

(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.

3. Section 1001.62 is amended by revising paragraphs (e) and (g) to read as follows:

§ 1001.62 Announcement of producer prices.

(e) The producer butterfat price; * * * * *

(g) The statistical uniform price computed by adding the following values:

(1) The Class III skim milk price computed in § 1000.50(i) multiplied by .965;

(2) The producer butterfat price computed in § 1001.61(a) multiplied by .35; and

(3) The producer price differential computed in § 1001.61(b).

4. Section 1001.71 is amended by revising paragraphs (b)(2) and (3) to read as follows:

§ 1001.71 Payments to the producer-settlement fund.

(b) * * *

(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively; and

(3) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to § 1001.60(h) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to § 1001.75 applicable at the location of the plant from which received.

5. Section 1001.73 is amended by revising paragraphs (a)(2)(i)(ii) and (b)(3)(vi) to read as follows:

§ 1001.73 Payments to producers and to cooperative associations.

(a) * * *

(2) * * *

(ii) Multiply the pounds of butterfat received by the producer butterfat price for the month;

* * * * *

(b) * * *

(3) * * *

(vi) Multiply the pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;

* * * * *

PART 1005—MILK IN THE APPALACHIAN MARKETING AREA

1. Section 1005.60 is amended by revising paragraph (e) to read as follows:

§ 1005.60 Handler’s value of milk.

* * * * *

(e) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.43(d) and § 1000.44(a)(3)(i) and the corresponding step of § 1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to § 1000.44(a)(6) and the corresponding step of § 1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order.

* * * * *

2. Section 1005.61 is amended by revising paragraphs (a) and (b)(4) to read as follows:

§ 1005.61 Computation of uniform prices.

* * * * *

(a) Uniform butterfat price. The uniform butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1005.60(e) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section;

* * * * *

(h) * * *

(4) Subtract the value of the total pounds of butterfat for all handlers. The butterfat value shall be computed by multiplying the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section by the butterfat price computed in paragraph (a) of this section;

* * * * *

PART 1006—MILK IN THE FLORIDA MARKETING AREA

1. Section 1006.60 is amended by revising paragraph (e) to read as follows:

§ 1006.60 Handler’s value of milk.

* * * * *

(e) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.43(d) and § 1000.44(a)(3)(i) and the corresponding step of § 1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to § 1000.44(a)(6) and the corresponding step of § 1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order; and

* * * * *

2. Section 1006.61 is amended by revising paragraphs (a) and (b)(4) to read as follows:

§ 1006.61 Computation of uniform prices.

* * * * *

(a) Uniform butterfat price. The uniform butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1006.60(e) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in
producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) * * *

(4) Subtract the value of the total pounds of butterfat for all handlers. The butterfat value shall be computed by multiplying the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section by the butterfat price computed in paragraph (a) of this section;

* * * * *

PART 1007—MILK IN THE SOUTHEAST MARKETING AREA

1. Section 1007.60 is amended by revising paragraph (e) to read as follows:

§ 1007.60 Handler's value of milk.

* * * * *

(e) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest regulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.43(d) and § 1000.44(a)(3)(i) and the corresponding step of § 1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to § 1000.44(a)(6) and the corresponding step of § 1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order; and

* * * * *

2. Section 1007.61 is amended by revising paragraphs (a) and (b)(4) to read as follows:

§ 1007.61 Computation of uniform prices.

* * * * *

(a) Uniform butterfat price. The uniform butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1007.60(e) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) * * *

(4) Subtract the value of the total pounds of butterfat for all handlers. The butterfat value shall be computed by multiplying the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section by the butterfat price computed in paragraph (a) of this section;

* * * * *

PART 1030—MILK IN THE UPPER MIDWEST MARKETING AREA

1. Section 1030.60 is amended by revising paragraphs (c)(3), (d)(2), and (i) to read as follows:

§ 1030.60 Handler's value of milk.

* * * * *

(c) * * *

(3) Add an amount obtained by multiplying the pounds of butterfat in Class III by the Class III butterfat price.

(d) * * *

(2) Add an amount obtained by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price.

(i) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.43(d) and § 1000.44(a)(3)(i) and the corresponding step of § 1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order; and

* * * * *

2. Section 1030.61 is revised to read as follows:

§ 1030.61 Computation of producer butterfat price and producer price differential.

For each month the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight for producer milk receipts. The report of any handler who has not made payments required pursuant to § 1030.71 for the preceding month shall not be included in the computation of these prices, and such handler's report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the conditions of this paragraph, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1030.60(i) for other source milk allocated to Class I pursuant to § 1000.44(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) Producer price differential. (1) Combine into one total the values computed pursuant to § 1030.60 for all handlers required to file reports prescribed in § 1030.30;

(2) Subtract the total of the values obtained:

(i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler’s producer milk for which an obligation was computed pursuant to § 1030.60(a) through (h) and § 1030.60(j) by the protein price, other solids price, and producer butterfat price, respectively, and the total value of the somatic cell adjustment pursuant to § 1030.30(a)(1) and (c)(1);

(ii) By multiplying each handler’s pounds of skim milk and butterfat for which a value is computed pursuant to § 1030.60(i) by the Class III skim milk price and the producer butterfat price, respectively;
(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to §1030.75:  
(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;  
(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:  
(i) The total hundredweight of producer milk; and  
(ii) The total hundredweight for which a value is computed pursuant to §1030.60(i); and  
(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.  
3. Section 1030.62 is amended by revising paragraphs (e) and (h) to read as follows:  
§1030.62 Announcement of producer prices.  
* * * * *  
(e) The producer butterfat price;  
* * * * *  
(h) The statistical uniform price computed in the following manner:  
(1) The Class III skim milk price computed in §1000.50(i) multiplied by .965;  
(2) The producer butterfat price computed in §1030.61(a) multiplied by 3.5; and  
(3) The producer price differential computed in §1030.61(b).  
4. Section 1030.71 is amended by revising paragraphs (b)(2) and (b)(4) to read as follows:  
§1030.71 Payments to the producer-settlement fund.  
* * * * *  
(b) * * *  
(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively:  
* * * * *  
(4) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to §1030.60(i) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to §1030.75 applicable at the location of the plant from which received.  
5. Section 1030.73 is amended by revising paragraphs (a)(2)(ii), (c)(2)(v), and (c)(3)(ii) to read as follows:  
§1030.73 Payments to producers and to cooperative associations.  
(a) * * *  
(2) * * *  
(ii) The pounds of butterfat received times the producer butterfat price for the month;  
* * * * *  
(c) * * *  
(2) * * *  
(v) The pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;  
* * * * *  
(3) * * *  
(ii) The pounds of butterfat received times the producer butterfat price for the month;  
PART 1032—MILK IN THE CENTRAL MARKETING AREA  
1. Section 1032.60 is amended by revising paragraphs (c)(3), (d)(2), and (i) to read as follows:  
§1032.60 Handler's value of milk.  
* * * * *  
(c) * * *  
(3) Add an amount obtained by multiplying the pounds of butterfat in Class III by the Class III butterfat price.  
(d) * * *  
(2) Add an amount obtained by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price.  
* * * * *  
(i) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to §1000.43(d) and §1000.44(a)(3)(i) and the corresponding step of §1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to §1000.44(a)(6) and the corresponding step of §1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order.  
* * * * *  
2. Section 1032.61 is revised to read as follows:  
§1032.61 Computation of producer butterfat price and producer price differential.  
For each month the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight for producer milk receipts. The report of any handler who has not made payments required pursuant to §1032.71 for the preceding month shall not be included in the computation of these prices, and such handler's report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the conditions of this paragraph, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:  
(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:  
(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to §1000.44(b) by the respective class butterfat prices;  
(2) Adding the butterfat value calculated in §1032.60(i) for other source milk allocated to Class I pursuant to §1000.43(d) and the steps of §1000.44(b) that correspond to §1000.44(a)(3)(i) and §1000.44(a)(8) by the Class I price; and  
(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.  
(b) Producer price differential. (1) Combine into one total the values computed pursuant to §1032.60 for all handlers required to file reports prescribed in §1032.30;  
(2) Subtract the total of the values obtained:  
(i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler's producer milk for which an obligation was computed pursuant to §1032.60(a) through (h) and §1032.60(j) by the protein price, other solids price, and producer butterfat price, respectively, and the total value of the somatic cell adjustment pursuant to §1032.30(a)(1) and (c)(1);  
(ii) By multiplying each handler's pounds of skim milk and butterfat for which a value is computed pursuant to §1032.60(i) by the Class III skim milk price and the producer butterfat price, respectively;
(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to § 1032.75:

(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;

(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:

(i) The total hundredweight of producer milk; and

(ii) The total hundredweight for which a value is computed pursuant to § 1032.60(i); and

(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.

3. Section 1032.62 is amended by revising paragraphs (e) and (h) to read as follows:

§ 1032.62 Announcement of producer prices.

* * * * *

(e) The producer butterfat price;

* * * * *

(h) The statistical uniform price computes by adding the following values:

(1) The Class III skim milk price computed in § 1000.50(i) multiplied by .965;

(2) The producer butterfat price computed in § 1032.61(a) multiplied by 3.5; and

(3) The producer price differential computed in § 1032.61(b).

4. Section 1032.71 is amended by revising paragraphs (b)(2) and (4) to read as follows:

§ 1032.71 Payments to the producer-settlement fund.

* * * * *

(b) * * * *

(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively;

* * * * *

(4) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to § 1032.60(i) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to § 1032.75 applicable at the location of the plant from which received.

5. Section 1032.73 is amended by revising paragraphs (a)(2)(ii), (c)(2)(v), and (c)(3)(ii) to read as follows:

§ 1032.73 Payments to producers and to cooperative associations.

(a) * * * *

(2) * * * *

(ii) The pounds of butterfat received times the producer butterfat price for the month;

* * * * *

(c) * * * *

(2) * * * *

(v) The pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;

* * * * *

(3) * * * *

(ii) The pounds of butterfat received times the producer butterfat price for the month;

* * * * *

PART 1033—MILK IN THE MIDEAST MARKETING AREA

1. Section 1033.60 is amended by revising paragraphs (c)(3), (d)(2), and (i) to read as follows:

§ 1033.60 Handler’s value of milk.

* * * * *

(c) * * * *

(3) Add an amount obtained by multiplying the pounds of butterfat in Class II by the producer butterfat price;

* * * * *

(d) * * * *

(2) Add an amount obtained by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price;

* * * * *

(i) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.43(d) and § 1000.44(b) and the corresponding step of § 1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to § 1000.44(a)(6) and the corresponding step of § 1000.44(a)(6), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order.

* * * * *

2. Section 1033.61 is revised to read as follows:

§ 1033.61 Computation of producer butterfat price and producer price differential.

For each month the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight for producer milk receipts. The report of any handler who has not made payments required pursuant to § 1033.71 for the preceding month shall not be included in the computation of these prices, and such handler’s report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the conditions of this paragraph, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in § 1033.60(i) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) Producer price differential. (1) Combine into one total the values computed pursuant to § 1033.60 for all handlers required to file reports prescribed in § 1033.30;

(2) Subtract the total of the values obtained:

(i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler’s producer milk for which an obligation was computed pursuant to § 1033.60(a) through (h) and § 1033.60(j) by the protein price, other solids price, and producer butterfat price, respectively, and the total value of the somatic cell adjustment pursuant to § 1033.30(a)(1) and (c)(1):

(ii) By multiplying each handler’s pounds of skim milk and butterfat for which a value is computed pursuant to § 1033.60(i) by the Class III skim milk price and the producer butterfat price, respectively;
(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to §1033.75;
(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;
(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:
   (i) The total hundredweight of producer milk; and
   (ii) The total hundredweight for which a value is computed pursuant to §1033.60(i);
(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.
3. Section 1033.62 is amended by revising paragraphs (e) and (h) to read as follows:

§1033.62 Announcement of producer prices.
* * * * *
  (e) The producer butterfat price;
  * * * * *
  (h) The statistical uniform price computed by adding the following values:
  (1) The Class III skim milk price computed in §1000.50(i) multiplied by .965;
  (2) The producer butterfat price computed in §1033.61(a) multiplied by 3.5; and
  (3) The producer price differential computed in §1033.61(b).
4. Section 1033.71 is amended by revising paragraphs (b)(2) and (4) to read as follows:

§1033.71 Payments to the producer-settlement fund.
* * * * *
  (b) * * *
  (2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively;
  * * * * *
  (4) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to §1033.60(i) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to §1033.75 applicable at the location of the plant from which received.
5. Section 1033.73 is amended by revising paragraphs (a)(2)(ii) and (b)(3)(v) to read as follows:

§1033.73 Payments to producers and to cooperative associations.
(a) * * *
  (2) * * *
  (ii) The pounds of butterfat received times the producer butterfat price for the month;
  * * * * *
  (h) * * *
  (3) * * *
  (v) The pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;
  * * * * *

PART 1124—MILK IN THE PACIFIC NORTHWEST MARKETING AREA

1. Section 1124.60 is amended by revising paragraphs (c)(3), (d)(2), and (h) to read as follows:

§1124.60 Handler’s value of milk.
* * * * *
  (c) * * *
  (3) Add an amount obtained by multiplying the pounds of butterfat in Class III by the Class III butterfat price. (d) * * *
  (2) Add an amount obtained by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price. * * * * *
  (h) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to §1000.43(d) and §1000.44(a)(3) and the corresponding step of §1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to §1000.44(a)(8) and the corresponding step of §1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced at Class I milk and is not used as an offset for any other payment obligation under any order. * * * * *
2. Section 1124.61 is revised to read as follows:

§1124.61 Computation of producer butterfat price and producer price differential.
For each month, the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight. The report of any handler who has not made payments required pursuant to §1124.71 for the preceding month shall not be included in these computations, and such handler’s report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the aforementioned conditions, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:
(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to §1000.44(b) by the respective class butterfat prices;
(2) Adding the butterfat value calculated in §1124.60(h) for other source milk allocated to Class I pursuant to §1000.43(d) and the steps of §1000.44(b) that correspond to §1000.44(a)(3)(i) and §1000.44(a)(8) by the Class I price; and
(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) Producer price differential. (1) Combine into one total the values computed pursuant to §1124.60 for all handlers required to file reports prescribed in §1124.30;
(2) Subtract the total of the values obtained:
   (i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler’s producer milk for which an obligation was computed pursuant to §1124.60(a) through (g) and §1124.60(i) by the protein price, other solids price, and producer butterfat price, respectively;
   (ii) By multiplying each handler’s pounds of skim milk and butterfat for which a value is computed pursuant to §1124.60(h) by the Class III skim milk price and the producer butterfat price, respectively;
(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to §1124.75;
(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;
(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:
   (i) The total hundredweight of producer milk; and
   (ii) The total hundredweight for which a value is computed pursuant to § 1124.60(h); and
   (6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.

3. Section 1124.62 is amended by revising paragraphs (e) and (g) to read as follows:

§ 1124.62 Announcement of producer prices.
* * * * *
(e) The producer butterfat price;
* * * * *
(g) The statistical uniform price computed by adding the following values:
   (1) The Class III skim milk price computed in § 1000.50(i) multiplied by .965;
   (2) The producer butterfat price computed in § 1124.61(a) multiplied by 3.5; and
   (3) The producer price differential computed in § 1124.61(b).

4. Section 1124.71 is amended by revising paragraphs (b)(2) and (3) to read as follows:

§ 1124.71 Payments to the producer-settlement fund.
* * * * *
(b) * * *
(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively; and
   (3) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to § 1124.60(h) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to § 1124.75 applicable at the location of the plant from which received.

5. Section 1124.73 is amended by revising paragraphs (a)(2)(ii), (c)(2)(v), and (c)(3)(ii) to read as follows:

§ 1124.73 Payments to producers and to cooperative associations.
(a) * * *
(2) * * *
   (ii) The pounds of butterfat received times the producer butterfat price for the month;
* * * * *
(c) * * *
(2) * * *
(v) The pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;
* * * * *
(3) * * *
(ii) The pounds of butterfat received times the producer butterfat price for the month;
* * * * *

PART 1126—MILK IN THE SOUTHWEST MARKETING AREA

1. Section 1126.60 is amended by revising paragraphs (c)(3), (d)(2), and (i) to read as follows:

§ 1126.60 Handler’s value of milk.
* * * * *
(c) * * *
(3) Add an amount obtained by multiplying the pounds of butterfat in Class III by the Class III butterfat price.
* * * * *
(d) * * *
(2) Add an amount by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price.
* * * * *
(i) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

2. Section 1126.61 is revised to read as follows:

§ 1126.61 Computation of producer butterfat price and producer price differential.

For each month, the market administrator shall compute a producer butterfat price per pound of butterfat and a producer price differential per hundredweight. The report of any handler who has not made payments required pursuant to § 1126.71 for the preceding month shall not be included in these computations, and such handler’s report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations. Subject to the aforementioned conditions, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) Producer butterfat price. The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:
   (1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;
   (2) Adding the butterfat value calculated in § 1126.60(i) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and
   (3) Dividing the sum of paragraphs (a)(1) and (a)(2) by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) Producer price differential. (1) Combine into one total the values computed pursuant to § 1126.60 for all handlers required to file reports prescribed in § 1126.30;
   (2) Subtract the total of the values obtained:
   (i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler’s producer milk for which an obligation was computed pursuant to § 1126.60(a) through (h) and § 1126.60(i) by the protein price, other solids price, and producer butterfat price, respectively, and the total value of the somatic cell adjustment pursuant to § 1126.30(a)(1) and (c)(1);
   (ii) By multiplying each handler’s pounds of skim milk and butterfat for which a value is computed pursuant to § 1126.60(i) by the Class III skim milk price and the producer butterfat price, respectively;
   (3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to § 1126.75;
   (4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;
(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:

(i) The total hundredweight of producer milk; and

(ii) The total hundredweight for which a value is computed pursuant to §1126.60(i); and

(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the producer price differential for the month.

3. Section 1126.62 is amended by revising paragraphs (e) and (h) to read as follows:

§1126.62 Announcement of producer prices.

* * * * *

(e) The producer butterfat price;

* * * * *

(h) The statistical uniform price computed by adding the following values:

(1) The Class III skim milk price computed in §1000.50(i) multiplied by .965;

(2) The producer butterfat price computed in §1126.61(a) multiplied by 3.5; and

(3) The producer price differential computed in §1126.61(b).

4. Section 1126.71 is amended by revising paragraphs (b)(2) and (4) to read as follows:

§1126.71 Payments to the producer-settlement fund.

* * * * *

(b) * * *

(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively;

* * * * *

(4) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to §1126.60(i) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to §1126.75 applicable at the location of the plant from which received.

5. Section 1126.73 is amended by revising paragraphs (a)(2)(ii) and (b)(3)(v) to read as follows:

§1126.73 Payments to producers and to cooperative associations.

(a) * * *

(2) * * *

(ii) Multiply the pounds of butterfat received times the producer butterfat price for the month;

* * * * *

(b) * * *

(3) * * *

(v) The pounds of butterfat in Class III and Class IV milk by the respective butterfat prices for the month;

* * * * *

PART 1131—MILK IN THE ARIZONA-LAS VEGAS MARKETING AREA

1. Section 1131.60 is amended by revising paragraph (e) to read as follows:

§1131.60 Handler’s value of milk.

* * * * *

(e) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to §1000.43(d) and §1000.44(a)(3)(i) and the corresponding step of §1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to §1000.44(a)(8) and the corresponding step of §1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order.

* * * * *

2. Section 1131.61 is amended by revising paragraphs (a) and (b)(4) to read as follows:

§1131.61 Computation of uniform prices.

* * * * *

(a) Uniform butterfat price. The uniform butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

(1) Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to §1000.44(b) by the respective class butterfat prices;

(2) Adding the butterfat value calculated in §1131.60(e) for other source milk allocated to Class I pursuant to §1000.44(d) and the steps of §1000.44(b) that correspond to §1000.44(a)(3)(i) and §1000.44(a)(8) by the Class I price; and

(3) Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) * * *

(4) Subtract the value of the total pounds of butterfat for all handlers. The butterfat value shall be computed by multiplying the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section by the butterfat price computed in paragraph (a) of this section.

* * * * *

PART 1135—MILK IN THE WESTERN MARKETING AREA

1. Section 1135.60 is amended by revising paragraphs (c)(3), (d)(2) and (h) to read as follows:

§1135.60 Handler’s value of milk.

* * * * *

(c) * * *

(3) Add an amount obtained by multiplying the pounds of butterfat in Class III by the Class III butterfat price.

(d) * * *

(2) Add an amount obtained by multiplying the pounds of butterfat in Class IV by the Class IV butterfat price.

* * * * *

(h) Multiply the Class I skim milk and Class I butterfat prices applicable at the location of the nearest unregulated supply plants from which an equivalent volume was received by the pounds of skim milk and butterfat in receipts of concentrated fluid milk products assigned to Class I pursuant to §1000.43(d) and §1000.44(a)(3)(i) and the corresponding step of §1000.44(b) and the pounds of skim milk and butterfat subtracted from Class I pursuant to §1000.44(a)(8) and the corresponding step of §1000.44(b), excluding such skim milk and butterfat in receipts of fluid milk products from an unregulated supply plant to the extent that an equivalent amount of skim milk or butterfat disposed of to such plant by handlers fully regulated under any Federal milk order is classified and priced as Class I milk and is not used as an offset for any other payment obligation under any order.

* * * * *

2. Section 1135.61 is revised to read as follows:

§1135.61 Computation of producer butterfat price and producer price differential.

For each month, the market administrator shall compute the producer butterfat price per pound of butterfat and a producer price differential per hundredweight. The report of any
handler who has not made payments required pursuant to § 1135.71 for the preceding month shall not be included in these computations, and such handler’s report shall not be included in the computation for succeeding months until the handler has made full payment of outstanding monthly obligations.

Subject to the conditions of this paragraph, the market administrator shall compute the producer butterfat price and the producer price differential in the following manner:

(a) **Producer butterfat price.** The producer butterfat price per pound, rounded to the nearest one-hundredth cent, shall be computed by:

1. Multiplying the pounds of butterfat in producer milk allocated to each class pursuant to § 1000.44(b) by the respective class butterfat prices;

2. Adding the butterfat value calculated in § 1135.60(h) for other source milk allocated to Class I pursuant to § 1000.43(d) and the steps of § 1000.44(b) that correspond to § 1000.44(a)(3)(i) and § 1000.44(a)(8) by the Class I price; and

3. Dividing the sum of paragraphs (a)(1) and (a)(2) of this section by the sum of the pounds of butterfat in producer milk and other source milk used to calculate the values in paragraphs (a)(1) and (a)(2) of this section.

(b) **Producer price differential.** (1) Combine into one total the values computed pursuant to § 1135.60 for all handlers required to file reports prescribed in § 1135.30;

(2) Subtract the total of the values obtained:

(i) By multiplying the total pounds of protein, other solids, and butterfat contained in each handler’s producer milk for which an obligation was computed pursuant to § 1135.60(a) through (g) and § 1135.60(i) by the protein price, other solids price, and producer butterfat price, respectively;

(ii) By multiplying each handler’s pounds of skim milk and butterfat for which a value is computed pursuant to § 1135.60(h) by the Class III skim milk price and the producer butterfat price, respectively;

(3) Add an amount equal to the minus location adjustments and subtract an amount equal to the plus location adjustments computed pursuant to § 1135.75;

(4) Add an amount equal to not less than one-half of the unobligated balance in the producer-settlement fund;

(5) Divide the resulting amount by the sum of the following for all handlers included in these computations:

(i) The total hundredweight of producer milk;

(ii) The total hundredweight for which a value is computed pursuant to § 1135.60(h); and

(6) Subtract not less than 4 cents nor more than 5 cents from the price computed pursuant to paragraph (b)(5) of this section. The result shall be known as the **producer price differential** for the month.

3. Section 1135.62 is amended by revising paragraphs (e) and (g) to read as follows:

§ 1135.62 **Announcement of producer prices.**

* * * * *

(e) The producer butterfat price;

* * * * *

(g) The statistical uniform price computed by adding the following values:

1. The Class III skim milk price computed in § 1000.50(i) multiplied by .965;

2. The producer butterfat price computed in § 1135.61(a) multiplied by 3.5; and

3. The producer price differential computed in § 1135.61(b).

* * * * *

4. Section 1135.71 is amended by revising paragraph (b)(2) and adding paragraph (b)(3) to read as follows:

§ 1135.71 **Payments to the producer-settlement fund.**

* * * * *

(b) * * *

(2) An amount obtained by multiplying the total pounds of protein, other solids, and butterfat contained in producer milk by the protein, other solids, and producer butterfat prices respectively;

(3) An amount obtained by multiplying the hundredweight, the pounds of skim milk, and the pounds of butterfat for which a value was computed pursuant to § 1135.60(h) by the producer price differential, the Class III skim milk price, and the producer butterfat price, respectively, as adjusted pursuant to § 1135.75 applicable at the location of the plant from which received; and

* * * * *

5. Section 1135.73 is amended by revising paragraphs (a)(2)(ii) and (b)(3)(v) to read as follows:

§ 1135.73 **Payments to producers and to cooperative associations.**

(a) * * *

(2) * * *

(ii) The pounds of butterfat received times the producer butterfat price for the month;

* * * * *

(b) * * *

(3) * * *

(v) The pounds of butterfat in Class III and Class IV milk times the respective butterfat prices for the month;


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