

December 7, 2006

Hearing Clerk  
United States Department of Agriculture  
STOP 9200 – Room 1031  
1400 independence Avenue, SW  
Washington, DC 20250-9200

USDA  
OALJ/OHC

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RE: Proposal to amend the Federal milk marketing orders, Docket No. AO-14-A74, et al.,

On behalf of the Mississippi Farm Bureau Federation and its 235,125 members, I am submitting the following comments concerning the proposal to amend the Federal milk marketing orders.

The Mississippi Farm Bureau would like to address the critical need of amending the Class I price differentials to more closely reflect the cost of moving/transporting milk. Dairy farmers in Mississippi, the Southeast and all across the U.S. are suffering extreme economic and financial stresses caused by a series of events that have eliminated all potential for profits, eroded equity in their farming operations, and forced farmers to consider ceasing dairy production. The events contributing to the distress on U.S. dairy farms are due to:

1. Tremendous increases in energy and feed costs
2. Recent decline in farm revenues due to plummeting milk prices
3. Additional financial burdens on dairy farmers to pay for milk shipping costs due to the continuing geographic separation between rural and/or western locations where milk is produced and urban and/or eastern population centers

Each of these factors has played a role in creating an economic environment that has caused tremendous business and personal strains for dairy farmers. The attached proposal has been designed to increase farm prices through a Class I price differential transportation cost adjuster. The Class I adjuster would enhance the price of milk used in bottled/fluid dairy products only and would be implemented in all states and locations under the Federal milk marketing order system.

Mississippi Farm Bureau Federation proposal and an explanation of the differential adjustment in various cities throughout the country is enclosed.

Respectfully submitted

David Waide  
President  
Mississippi Farm Bureau Federation

LOCATION	CLOVIS, NM MILES	EAU CLAIRE MILES	CLASS I ADJUSTER	CLASS I UTILIZATION	BLEND PRICE IMPACT	AVG BLEND BY STATE
<b>SouthEast FO ==&gt; Average Increase in Blend Milk Price =</b>						<b>\$1.44</b>
ATLANTA, GA	1,233	1,039	\$2.99	60%	\$1.80	
MACON, GA	1,297	1,124	\$3.21	60%	\$1.92	\$1.97
SAVANNAH, GA	1,461	1,288	\$3.63	60%	\$2.18	
BIRMINGHAM, AL	1,085	984	\$2.85	60%	\$1.71	
HUNTSVILLE, AL	1,041	903	\$2.65	60%	\$1.59	\$1.73
MOBILE, AL	1,092	1,240	\$3.13	60%	\$1.88	
NEW ORLEANS, LA	987	1,210	\$2.86	60%	\$1.72	
SHREVEPORT, LA	639	1,143	\$1.98	60%	\$1.19	\$1.42
ALEXANDRIA, LA	755	1,208	\$2.27	60%	\$1.36	
LITTLE ROCK, AR	717	935	\$2.17	60%	\$1.30	
FAYETTEVILLE, AR	583	755	\$1.83	60%	\$1.10	\$1.22
EL DORADO, AR	676	1,049	\$2.07	60%	\$1.24	
JACKSON, MS	856	1,023	\$2.53	60%	\$1.52	
TUPELO, MS	935	932	\$2.72	60%	\$1.63	\$1.60
HATTIESBURG, MS	942	1,112	\$2.75	60%	\$1.65	
ST. LOUIS, MO	862	531	\$1.70	30%	\$0.51	
SPRINGFIELD, MO	647	682	\$2.00	60%	\$1.20	\$0.74
KANSAS CITY, MO	715	519	\$1.67	30%	\$0.50	

<b>Appalachian FO ==&gt; Average Increase in Blend Milk Price =</b>						<b>\$1.84</b>
CHARLOTTE, NC	1,461	1,102	\$3.15	65%	\$2.05	
RALEIGH, NC	1,581	1,182	\$3.36	65%	\$2.18	\$2.21
WILMINGTON, NC	1,629	1,310	\$3.68	65%	\$2.39	
SPARTANBURG, SC	1,410	1,032	\$2.97	65%	\$1.93	
COLUMBIA, SC	1,428	1,121	\$3.20	65%	\$2.08	\$2.09
CHARLESTON, SC	1,535	1,230	\$3.48	65%	\$2.26	
NASHVILLE, TN	1,039	792	\$2.36	60%	\$1.42	
MEMPHIS, TN	828	815	\$2.42	60%	\$1.45	\$1.51
KNOXVILLE, TN	1,218	860	\$2.54	65%	\$1.65	
LOUISVILLE, KY	1,120	615	\$1.91	65%	\$1.24	
PADUCAH, KY	943	659	\$2.03	65%	\$1.32	\$1.31
LEXINGTON, KY	1,197	691	\$2.11	65%	\$1.37	
ROANOKE, VA	1,477	1,040	\$3.00	65%	\$1.95	
RICHMOND, VA	1,651	1,115	\$3.19	65%	\$2.07	\$2.08
NORFOLK, VA	1,745	1,202	\$3.41	65%	\$2.22	

<b>Florida FO ==&gt; Average Increase in Blend Milk Price =</b>						<b>\$3.40</b>
TAMPA, FL	1,607	1,495	\$4.15	82%	\$3.41	
TALLAHASSEE, FL	1,334	1,285	\$3.62	82%	\$2.97	\$3.40
MIAMI, FL	1,811	1,702	\$4.68	82%	\$3.84	

<b>SouthWest FO ==&gt; Average Increase in Blend Milk Price =</b>						<b>\$0.46</b>
DALLAS, TX	424	1,073	\$1.43	40%	\$0.57	
HOUSTON, TX	678	1,313	\$2.07	40%	\$0.83	\$0.55
LUBBOCK, TX	101	1,251	\$0.61	40%	\$0.24	
CLOVIS, NM	0	1233	\$0.35	40%	\$0.14	
ALBUQUERQUE, NM	222	1446	\$0.91	40%	\$0.37	\$0.37
LAS CRUCES, NM	443	1667	\$1.48	40%	\$0.59	

Transport Costs  
per mile per cwt.

AVERAGE TRANSPORT COST	\$0.0049017
MINUS CLASS I DIFFERENTIAL	
PLUS TRANSPORT CREDIT	\$0.0023583
CLASS I PRICE ADJUSTER	\$0.0025435

**ADDED 35¢ PER CWT TO CLASS I ADJUSTER**

35¢ was added to account for the anticipated increase in Make Allowances that will decrease farm-level milk prices

**CLOVIS AND EAU CLAIRE MILES**

Used the MapQuest website to lookup highway mileages between the various locations

**CLASS I ADJUSTER IS CALCULATED AS FOLLOWS:**

Multiply the shorter distance between Clovis & Eau Claire times the Class I Price Adjuster (\$.0023682) ... then added the 35¢ increase to all Class I differentials

**CLASS I UTILIZATION**

Approx. 2005 Average Class I utilization (USDA data)

**BLEND PRICE IMPACT CALCULATION**

Multiplied Class I Adjuster times Class I Utilization ... is the expected increase in farm level milk prices

**AVG BLEND IMPACT BY STATE**

Simple average of the Blend Price Impact for the 3 cities in each State ... or avg increase in farm milk price for state

**AVG BLEND IMPACT BY FEDERAL ORDER (FO)**

Simple average of the Blend Price Impact for ALL the States in each FO ... or avg increase in farm milk price for FO

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**Intent of Legislation to Adjust Class I Price Differentials via a "Class I Price Differential Transportation Cost Adjuster"**

1. Adjust Class I price differentials to more closely reflect the cost of moving/transporting milk
2. Adjust Class I differentials using one of two base locations where surplus milk exists, and where the base point is the closest to the deficit destination (see footnote below):
  - a. Clovis, New Mexico
  - b. Eau Claire, Wisconsin

The Class I price differential Adjuster is calculated as follows:

Average Transportation Cost = \$0.0025435 per mile per cwt.  
(or 25.435 cents per cwt per 100 miles ... see footnote below)

Average 5-City 2006 Transport Cost = \$0.0049017 per mile per cwt  
Less Class I Differential + Trans Credit = \$0.0023583 per mile per cwt  
Calculated Transport Cost Adjuster = \$0.0025435 per mile per cwt

3. Add 35¢ per cwt. to ALL Class I price differentials to offset the changes in Make Allowances for Class III and Class IV products

**Footnote:**

The Class I Price Differential Transportation Cost Adjuster was estimated using the following procedure for a 5-city average of :

- a) Multiplied the costs of shipping milk from Clovis, NM to 5 Cities in Southeast by 0.9... or, represents 90% actual shipping costs.  
→ Estimated to be \$0.0049017 per cwt per mile
- b) Subtracted the 5-City Average of the Transportation Credit (TC), where the TC was calculated by multiplying mileage less 85 miles times .0035¢/cwt/mile times Class I utilization ... 60% and also subtracted the difference in Class I Price differentials between various locations (i.e. Clovis vs. Atlanta is \$1.00 per cwt)  
→ Estimated to be \$0.0023583 per cwt per mile
- c) Used the MapQuest website to determine the highway mileage or distances between two origins of milk ... Clovis, NM and Eau Claire, WI ... selected destination cities.

<b>NorthEast FO ==&gt;</b>	<b>Average Increase in Blend Milk Price =</b>					<b>\$1.50</b>
BOSTON, MA	2,054	1,302	\$3.66	45%	\$1.65	
SPRINGFIELD, MA	1,969	1,217	\$3.45	45%	\$1.55	\$1.57
PITTSFIELD, MA	1,930	1,177	\$3.34	45%	\$1.51	
PITTSBURGH, PA	1,462	778	\$2.33	45%	\$1.05	
HARRISBURG, PA	1,645	975	\$2.83	45%	\$1.27	\$1.24
PHILADELPHIA, PA	1,747	1,077	\$3.09	45%	\$1.39	
NEW YORK, NY	1,811	1,107	\$3.16	45%	\$1.42	
BUFFALO, NY	1,606	854	\$2.52	45%	\$1.13	\$1.28
SYRACUSE, NY	1,747	995	\$2.88	45%	\$1.30	
MANCHESTER, NH	2092	1340	\$3.76	45%	\$1.69	
LEBANON, NH	2004	1252	\$3.53	45%	\$1.59	\$1.66
BERLIN, NH	2116	1340	\$3.76	45%	\$1.69	
RUTLAND, VT	1954	1202	\$3.41	45%	\$1.53	
MONTPELIER, VT	2021	1269	\$3.58	45%	\$1.61	\$1.58
NEWPORT, VT	2081	1269	\$3.58	45%	\$1.61	
NEWARK, NJ	1802	1097	\$3.14	45%	\$1.41	
TRENTON, NJ	1767	1097	\$3.14	45%	\$1.41	\$1.42
VINELAND, NJ	1787	1117	\$3.19	45%	\$1.44	
PROVIDENCE, RI	2015	1295	\$3.64	45%	\$1.64	
NEW PORT, RI	2016	1286	\$3.62	45%	\$1.63	\$1.63
WOONSOCKET, RI	2035	1283	\$3.61	45%	\$1.63	
PORTLAND, ME	2154	1402	\$3.92	45%	\$1.76	
BANGOR, ME	2282	1530	\$4.24	45%	\$1.91	\$1.87
PRESQUE ISLE, ME	2935	1565	\$4.33	45%	\$1.95	
BALTIMORE, MD	1698	1019	\$2.94	45%	\$1.32	
CUMBERLAND, MD	1560	895	\$2.63	45%	\$1.18	\$1.32
SALISBURY, MD	1803	1125	\$3.21	45%	\$1.44	
BRIDGEPORT, CT	1895	1165	\$3.31	45%	\$1.49	
HARTFORD, CT	1938	1208	\$3.42	45%	\$1.54	\$1.53
NEW LONDON, CT	1960	1230	\$3.48	45%	\$1.57	
WILMINGTON, DE	1739	1069	\$3.07	45%	\$1.38	
DOVER, DE	1782	1119	\$3.20	45%	\$1.44	\$1.42
GEORGETOWN, DE	1790	1111	\$3.18	45%	\$1.43	

<b>MidEast FO ==&gt;</b>	<b>Average Increase in Blend Milk Price =</b>					<b>\$0.69</b>
CINCINNATI, OH	1,212	616	\$1.92	35%	\$0.67	
CLEVELAND, OH	1,418	661	\$2.03	35%	\$0.71	\$0.70
COLUMBUS, OH	1,278	675	\$2.07	35%	\$0.72	
EVANSVILLE, IN	1,032	620	\$1.93	35%	\$0.67	
INDIANAPOLIS, IN	1,103	502	\$1.63	35%	\$0.57	\$0.60
FORT WAYNE, IN	1,232	478	\$1.56	35%	\$0.55	
CHARLESTON, WV	1,366	813	\$2.42	35%	\$0.85	
CLARKSBURG, WV	1,489	879	\$2.59	35%	\$0.90	\$0.91
MARTINSBURG, WV	1,639	961	\$2.79	35%	\$0.98	
ISHPEMING, MI	1508	319	\$1.16	35%	\$0.41	
DETROIT, MI	1411	599	\$1.87	35%	\$0.66	\$0.54
GRAND RAPIDS, MI	1307	495	\$1.61	35%	\$0.56	

<b>Upper MidWest FO ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$0.22</b>
MINNEAPOLIS, MN	1,150	92	\$0.59	20%	\$0.12	
MOORHEAD, MN	1,300	325	\$1.18	20%	\$0.24	\$0.19
WORTHINGTON, MN	1,067	293	\$1.09	20%	\$0.22	
MILWAUKEE, WI	1241	246	\$0.98	20%	\$0.20	
WAUSAU, WI	1326	102	\$0.61	20%	\$0.12	\$0.13
EAU CLAIRE, WI	1233	0	\$0.35	20%	\$0.07	
FARGO, ND	1299	328	\$1.18	20%	\$0.24	
BISMARK, ND	1206	519	\$1.67	20%	\$0.33	\$0.34
WILLISTON, ND	745	1361	\$2.24	20%	\$0.45	

<b>Central FO ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$0.45</b>
CHICAGO, IL	1,157	317	\$1.16	25%	\$0.29	
SPRINGFIELD, IL	961	435	\$1.46	25%	\$0.36	\$0.36
EAST ST. LOUIS, IL	864	528	\$1.69	25%	\$0.42	
SIOUX CITY, IA	975	384	\$1.33	30%	\$0.40	
DES MOINES, IA	907	326	\$1.18	30%	\$0.35	\$0.35
DAVENPORT, IA	1076	267	\$1.03	30%	\$0.31	
OMAHA, NE	881	461	\$1.52	30%	\$0.46	
NORTH PLATTE, NE	617	737	\$1.92	30%	\$0.58	\$0.56
SCOTTSBLUFF, NE	704	881	\$2.14	30%	\$0.64	
SIOUX FALLS, SD	1060	353	\$1.25	30%	\$0.37	
PIERRE, SD	879	569	\$1.80	30%	\$0.54	\$0.52
RAPID CITY, SD	903	692	\$2.11	30%	\$0.63	
TOPEKA, KS	659	581	\$1.83	30%	\$0.55	
WICHITA, KS	523	718	\$1.68	30%	\$0.50	\$0.51
COLBY, KS	482	811	\$1.58	30%	\$0.47	
MUSKOGEE, OK	499	814	\$1.62	30%	\$0.49	
OKLAHOMA CITY, OK	361	872	\$1.27	30%	\$0.38	\$0.38
GUYMON, OK	227	937	\$0.93	30%	\$0.28	
DENVER, CO	498	997	\$1.62	30%	\$0.48	
PUEBLO, CO	384	1111	\$1.33	30%	\$0.40	\$0.50
GRAND JUNCTION, CO	670	1237	\$2.05	30%	\$0.62	

<b>Arizona-Las Vegas ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$0.75</b>
TUCSON, AZ	725	1948	\$2.19	30%	\$0.66	
PHOENIX, AZ	685	1909	\$2.09	30%	\$0.63	\$0.60
FLAGSTAFF, AZ	524	1766	\$1.68	30%	\$0.50	
LAS VEGAS, NV	793	1743	\$2.37	30%	\$0.71	
RENO, NV	1241	1910	\$3.51	30%	\$1.05	\$0.89
ELKO, NV	1067	1621	\$3.06	30%	\$0.92	

<b>Pacific Northwest ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$1.00</b>
MEDFORD, OR	1617	2097	\$4.46	25%	\$1.12	
PORTLAND, OR	1605	1822	\$4.43	25%	\$1.11	\$1.06
LA GRANDE, OR	1346	1726	\$3.77	25%	\$0.94	
SPOKANE, WA	1589	1472	\$4.09	25%	\$1.02	
SEATTLE, WA	1680	1750	\$4.62	25%	\$1.16	\$1.07
RICHLAND, WA	1476	1617	\$4.10	25%	\$1.03	
BOISE, ID	1178	1559	\$3.35	25%	\$0.84	
LEWISTON, ID	1609	1492	\$4.14	25%	\$1.04	\$0.87
POCATELLO, ID	1003	1329	\$2.90	25%	\$0.73	

<b>Western States not in FO ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$0.64</b>
CHEYENNE, WY	597	955	\$1.87	25%	\$0.47	
GREEN RIVER, WY	862	1225	\$2.54	25%	\$0.64	\$0.59
SHERIDAN, WY	920	931	\$2.69	25%	\$0.67	
CEDAR CITY, UT	821	1573	\$2.44	25%	\$0.61	
SALT LAKE CITY, UT	840	1392	\$2.49	25%	\$0.62	\$0.59
PRICE, UT	721	1400	\$2.18	25%	\$0.55	
BILLINGS, MT	1048	931	\$2.72	25%	\$0.68	
MISSOULA, MT	1392	1275	\$3.59	25%	\$0.90	\$0.74
GLASGOW, MT	1328	862	\$2.54	25%	\$0.64	

<b>California not in FO ==&gt;</b>		<b>Average Increase in Blend Milk Price =</b>				<b>\$0.89</b>
REDDING, CA	1472	2105	\$4.09	25%	\$1.02	
SACRAMENTO, CA	1311	2044	\$3.68	25%	\$0.92	\$0.89
LOS ANGELES, CA	1007	2011	\$2.91	25%	\$0.73	