

Maine Dairy Industry Association  
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Annie Watson, President  
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April 24, 2023

Mr. Bruce Summers Administrator  
Agricultural Marketing Service  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Administrator Summers:

I write on behalf of the Maine Dairy Industry Association to request the rejection of the stand-alone manufacturing allowance petitions that have been submitted for FMMO hearing. USDA must instead convene a hearing that considers comprehensive Order reform and modernization, and that accounts for the producer interest in continued federal milk market regulation.

MDIA was created by state law to represent the interests of all Maine dairy producers. Maine dairy farms provide essentially all of the raw product supply for the two fluid milk plants located in Portland Maine, which in turn supply Class I dairy products for almost all Maine consumers as well as additional consumers in the Boston part of FMMO 1's marketing area. Reflecting this Class I market positioning, MDIA advocates for the producer interest in the development of milk market regulation and policy, at both the state and federal levels.

National Milk has informed you by letter of its imminent intent to file a petition that will propose the updating of a number of "outdated pricing factors in the federal order program". After the passage of nearly a quarter century since the 2000 federal Order reform, their petition for a "comprehensive national federal order hearing to modernize FMMOs is precisely what is now required, and instead of the stand-alone, single-issue hearing proposed by IDFA.

In reply to National Milk's letter, IDFA suggests that USDA may resolve this concern by issuing a notice of hearing that "inviti[es] others to submit proposals as well". Respectfully, having the proposed recalculation of costs associated with converting raw milk into commodity dairy products be the lead issue for a FMMO price formulation hearing is, at best, backwards, if not more like the tail trying to wag the dog.

MDIA also adds its voice to all the others speaking out in protest of a hearing that would, by definition, result in a reduction of producer prices. Such a hearing outcome would be completely contrary to the program's central purpose of ensuring stable and orderly milk marketing.

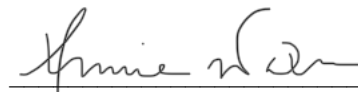
The primary importance of National Milk's proposed increases to the national Class I pricing surface cements all of these points. National Milk's re-employment of the Class I surfacing model has identified the need for an updated increase of almost \$1.50 per hundredweight, on average, nationally, across the FMMO program's Class I differentials. If there is need to increase but one single pricing factor, or if one factor is to be highlighted as the lead consideration for a hearing to modernize a federal program devoted to "facilitating the complex process of marketing fresh milk",<sup>1</sup> it is this factor, which assures the program's orderly supply of Class I milk.

Moreover, accounting for these needed increases to the Class I pricing factor would provide for systemic balancing and offset against the decrease in producer pricing likely to be caused by an increase in manufacturing allowances. In sum, consideration of all factors must occur together, and in comprehensive fashion.

Finally, MDIA echoes the point made by Edge Dairy Farmer Cooperative, that Federal Orders should promote regional flexibility. We look forward to their submission of proposals to advance this objective.

For these reasons, MDIA requests the rejection of the petitions for a stand-alone make allowance hearing, and consideration instead of National Milk's petition for comprehensive reform, once submitted.

Sincerely,



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Annie Watson, President  
Maine Dairy Industry Association

cc: Dana H. Coale, Deputy Administrator, Dairy Programs, AMS/USDA  
Erin Taylor, Director, Order Formulation and Enforcement Division, USDA AMS-Dairy Programs

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<sup>1</sup> <https://www.ams.usda.gov/rules-regulations/moa/dairy>