

Federal
Milk
Marketing
Order
Reform

New England, et al.
Final Decision

Regulatory Impact
Analysis

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Final Regulatory Impact Analysis
of
Federal Milk Marketing Order Consolidation and Reform

I. STATEMENT OF NEED FOR THE FINAL ACTION

A. Statutory Directive

Section 143 of the Federal Agriculture Improvement and Reform Act of 1996, Public Law 104-127-APR. 4, 1996 (1996 Act) mandates consolidation and authorizes reform of Federal Milk Marketing Orders. The Secretary is to amend such orders to limit the number to not less than 10 and not more than 14. One order must be reserved for the State of California should dairy farmers in that State choose to petition the Secretary to have their marketings of milk regulated under the Federal Milk Marketing Order Program. All consolidated orders will be subject to dairy farmer approval before they are implemented.

In the process of consolidation, the Secretary is authorized to review other aspects of the order program such as (1) “the use of utilization rates and multiple basing points for the pricing of fluid milk” and (2) “the use of uniform multiple component pricing when developing one or more basic formula prices for manufacturing milk.”

The final decision consolidates the current 31 marketing order areas into 11 marketing order areas. It also adds some previously unregulated areas (counties) into the new marketing order areas. Decisions on the consolidation of marketing order areas and the inclusion of previously unregulated areas were based on structural factors, reflecting movements of milk, numbers of handlers in markets, natural boundaries and existing institutional or market arrangements, such as cooperative membership areas. In addition, numerous public comments received on the proposed rule were considered in arriving at the final consolidation. The final decision provides the rationale for the consolidated marketing order areas.

In addition to establishing 11 marketing order areas, the final decision also classifies milk into four classes according to the products made from such milk. Milk used to produce defined fluid milk products is classified as Class I milk. Milk used to produce defined soft manufactured products is classified as Class II milk. Class III is for milk used to produce cream cheese and defined hard manufactured cheeses, and Class IV is for milk used to produce butter and all milk powders.

The minimum monthly price for milk classified as Class I is equal to the Class I differential specified for each marketing order plus the Class I price mover announced on or before the 23rd day of the month preceding the month for which the price is being announced. The Class I price mover is equal to the higher result from the formulas used to establish Class III and Class IV prices using weighted averages of the prices for manufactured products as published by the

National Agricultural Statistics Service (NASS) for the most recent two weeks preceding the 23rd of the month. Weekly prices are weighted by sales volumes reported by NASS.

The final decision adopts a Class I pricing structure that provides incentives for greater structural efficiencies in the assembly and shipment of milk for fluid milk products. The adopted pricing surface is the result of consideration of public comments received on the options set forth in the proposed rule and further evaluation by the U.S. Department of Agriculture (USDA) in light of the objectives of the Agricultural Marketing Agreement Act of 1937, as amended (the 1937 Act; 7 U.S.C. 601 et seq.). The final decision Class I pricing structure utilizes the U.S. Dairy Sector Simulator, Version 97.3 (USDSS), a Cornell University model developed to determine the relative values of milk at various geographic locations. The model results, adjusted for all known plant locations, establish differential levels that will generate sufficient revenue to assure an adequate supply of milk while maintaining equity among handlers in the minimum prices they pay for milk bought from dairy farmers. A Class I differential is established for each county in the 48 contiguous States.

The final decision also revises the proposed minimum Class II pricing formula, as well the minimum pricing formulas for milk used in Class III and Class IV dairy products. Revisions were based upon comments received, as well as upon further USDA evaluation of the proposed formulas in light of intervening conditions.

The objectives of the final decision are: (1) to comply with the requirements of the 1996 Act which mandated marketing order area consolidation and (2) to make other changes in order provisions consistent with the objectives and requirements of the 1937 Act. The focus of these changes is to enhance the efficiencies of fluid milk markets while maintaining equity among processors of fluid milk selling in marketing order areas and among dairy farmers supplying milk for fluid markets.

This document, the Final Regulatory Impact Analysis of Federal Milk Marketing Order Consolidation and Reform (RIA), is prepared in compliance with the provisions of Executive Order 12866. The purpose of this final RIA is to evaluate the costs and benefits of the selected option as well as other viable alternatives considered in the development of the final decision.

B. Methods of Analysis

The evaluation of the comments on the proposed rule and the development of the final decision took several paths. USDA's Agricultural Marketing Service's Dairy Programs had established four committees composed of Federal Milk Marketing Order Administrators and staff, and Washington, D.C. Dairy Programs staff to assist in the development of the proposed rule. The four committees were: (1) the Identical Provisions Committee, (2) the Price Structure Committee, (3) the Basic Formula Price (BFP) Committee, and (4) the Classification of Milk Committee. These Committees which had established criteria to evaluate the numerous proposals received, reviewed the relevant comments and recommended changes where appropriate.

For the purpose of providing a quantitative evaluation, the USDA interagency dairy analysis team, under the chairmanship of USDA's Chief Economist, evaluated the impacts of the final decision and the significant alternatives.

A multi-regional model of the U.S. dairy sector was used to generate a "model baseline" against which impacts of the final decision's order consolidation and pricing alternatives were compared. The model is specified to generate long term supply, demand and price projections that are consistent with USDA's official baseline projections for the dairy sector. Appendix B details the specifications of the dairy model.

USDA's dairy baseline projects that the relative shortfall of butterfat experienced in 1998 as evidenced by higher than normal butter prices, will persist through 2000. As a result, projected net returns from the production of butter and nonfat dry milk exceed those from the production of cheese until 2001. The long-run baseline assumption is that returns from the production of butter and nonfat dry milk and those from the production of cheese will equalize. For information on USDA's official baseline, see USDA Agricultural Baseline Projections to 2008, Interagency Agricultural Projections Committee, U.S. Department of Agriculture, Office of the Chief Economist, World Agricultural Outlook Board, Staff Report WAOB-99-1.

For analytical purposes, the model baseline assumes the continuation of the Tennessee Valley marketing order that was terminated on October 1, 1997. Nearly all the plants and milk regulated under the Tennessee Valley order became regulated under adjacent Federal orders after it was terminated. All the plants and milk of the former order will be regulated under the newly consolidated orders. In order to estimate the effects of order consolidation and reform on producers formerly associated by the Tennessee Valley order, estimates of milk marketings for orders regulating milk that was formerly regulated under the Tennessee Valley order were reduced in the baseline and those estimates of marketings that would have been regulated by the Tennessee Valley order were combined to represent the continuation of that order.

The model divides the 48 contiguous States into 36 areas: 32 Federal order marketing areas (including Tennessee Valley) and 4 non-Federally regulated areas (California, Unregulated Western Counties, certain Unregulated New York and New England areas, and other Unregulated Eastern Counties). The demarcation between the non-Federally regulated Western and Eastern counties follows a line extending north to south on the eastern State borders of North and South Dakota, Nebraska, Kansas, Oklahoma and Texas. For this analysis, the Unregulated New York and New England areas exclude the area of western New York in which milk marketing is regulated by the State government. Under the final decision, this New York State order area will not become Federally regulated, therefore it has been included in the other Unregulated Eastern Counties for this analysis. Under the proposed rule, the New York State order area would have become Federally regulated.

The final decision consolidation will merge 33 (the 31 current Federal marketing order areas, the terminated Tennessee Valley area, and the Unregulated New York and New England areas) of

these 36 areas into 11 marketing order areas. The final Class I pricing structure and the final Class II, Class III, and Class IV pricing formulas are analyzed with this geographical configuration. The two alternatives to the final Class I pricing structure also were similarly analyzed. The output from the model included annual changes in supply, demand and price from the baseline levels.

The model is not able to consider inter- or intra-order movements of milk. Also, as an annual model, the effects of seasonal changes in production, consumption, and price cannot be analyzed.

The model estimates milk production via milk per cow and number of cows, both on a total U.S. basis and individually for the 36 defined areas. Current milk prices and feed costs, and past net returns (a measure of profitability) are considered in estimating milk production. National and regional returns and costs of production are used to determine producer response to changes in farm milk prices. Milk marketings are a function of the model's milk production estimates.

Once the volume of milk marketings is determined, it is distributed to seven uses: bottled whole milk, bottled low-fat milk, soft manufactured dairy products, American cheese, other cheese, butter, and nonfat dry milk. Each of the seven uses has retail demand equations. Generally, the demand for the specific product is a function of income, the retail price or the Consumer Price Index (CPI) for the product and for a product substitute (e.g., margarine for butter).

Demands for raw milk for use in fluid milk products and soft manufactured dairy products have priority in the model, and such demands are filled regionally from the raw milk supply before the demands of the hard manufactured product markets are met. The supply of raw milk allocated to the four hard manufactured product uses equals total milk marketings less supplies allocated to fluid milk and soft manufactured product uses.

To estimate the impacts of the final decision Class I pricing surface and the two alternative pricing surfaces, specific policy parameters, such as class price formulas and class price differentials were introduced into the model beginning in 2000. For each alternative, the model is solved for cheese, butter, and nonfat dry milk prices that achieve market equilibrium between milk supply and product demands. The cheese, butter and nonfat dry milk markets are solved on a national level. The milk supply and the amount of milk used for fluid and soft manufactured products are balanced on a regional level. The model solves for price levels, milk production and demand, sequentially along the designated time path of 1998 through 2005. Estimated milk and product prices drive the demand equations (which use national demand elasticities) for the seven products for each year. The product of per capita Class I and Class II demands and each marketing area's population (adjusted yearly with per annum changes) results in Class I and Class II use for each region. The estimates of Class III and Class IV use for each region for a year are the previous year's use adjusted proportionally for the changes in the amounts of milk used nationally in Class III and Class IV from the previous year to the current year.

All model results are compared to the baseline over the period 2000 through 2005, and results are presented as changes from the baseline.

II. AN EXAMINATION OF SELECTED AND ALTERNATIVE OPTIONS

A. Number of Classes of Utilization and Class Prices

USDA received few comments which supported other than the proposed four-class classification system that will place milk used to produce cheese and milk used to produce butter and all milk powders in separate classes. Numerous comments, however, were received concerning the proposed classification of certain dairy products. The final decision provides the details of the product classification system and addresses the comments received regarding classification.

In general, the final decision classifies milk used to produce fluid milk and soft manufactured products the same as under the current system. Milk used to produce cheese (other than those varieties specified as Class II products) will be priced as Class III milk. A new class, Class IV, will price milk used to produce butter and all milk powders.

The minimum price for skim milk used in Class I products will be equal to the sum of the Class I differential for the specific market plus the Class I skim milk price mover announced on or before the 23rd of the preceding month. As previously described, the skim milk Class I price mover is equal to the higher result from the formulas used to establish Class III and Class IV skim milk prices, using the weighted averages of the prices for manufactured products as published by NASS for the most recent two weeks preceding the 23rd of the month. Weekly prices are weighted by sales volumes reported by NASS. The Class I butterfat price is equal to the value of butterfat during the same two-week period plus an amount equal to 0.01 times the Class I differential. Class I prices will be expressed in dollars per hundredweight of skim milk and per pound of butterfat in all markets.

Skim milk used in Class II products will be priced for the month by adding \$0.70 cents per hundredweight to the Class II skim milk price mover, announced on or before the 23rd of the preceding month. The Class II skim milk mover is equal to the value of the Class IV skim milk formula using the weighted average of the prices for nonfat dry milk as published by NASS for the most recent two weeks preceding the 23rd of the month. Weekly prices are weighted by sales volumes reported by NASS. The Class II butterfat price is based on the average butterfat price for the month announced on or before the 5th day following the end of the month plus \$0.007 per pound. In the seven markets adopting the multiple component pricing (MCP) system, the Class II price will be expressed in dollars per pound of butterfat and nonfat milk solids. In the four markets pricing skim milk and butterfat, the Class II price will be expressed in dollars per hundredweight of skim milk and dollars per pound of butterfat.

The minimum Class III milk price will be determined by a product price formula incorporating product yield factors, make allowances, and average product prices for Cheddar cheese packaged

in 40-pound blocks and 500-pound barrels, butter, and dry whey as announced weekly by NASS. Weekly prices reported since the last class price announcement are used and are weighted by sales volumes reported by NASS. The Class III price will be announced on or before the 5th day of the month following the month to which the price applies. The Class III price will be expressed in terms of dollars per pound of butterfat, true protein, and other solids in the seven MCP markets, and dollars per hundredweight of skim milk and per pound of butterfat in the other four markets.

The Class IV price for milk used to produce butter and milk powders will be determined by use of a product price formula incorporating product yield factors, make allowances and product prices for butter and nonfat dry milk as reported weekly by NASS. Weekly prices reported since the last class price announcement are used and are weighted by sales volumes reported by NASS. The Class IV price will be announced on or before the 5th day of the month following the month to which the price applies. The Class IV price will be expressed in terms of dollars per pound of butterfat and nonfat milk solids in the seven MCP markets, and dollars per hundredweight of skim milk and per pound of butterfat in the other four markets.

All class prices are minimum prices. See the final decision for additional detail on classification and pricing.

B. Class I Price Mover

The BFP for the second preceding month currently is used in all orders to establish Class I prices. Responding to public comments received prior to the proposed rule concerning (1) the volatility of milk prices in general, and (2) the impact of the volatile cheese market on Class I prices, the proposed option for moving the Class I price was a weighted six-month declining average of the higher of either the Class III or Class IV price in each month, starting with the second preceding month weighted by six, and reducing the weight by one for each preceding month. The announcement of Class I prices for the month on or before the 5th of the previous month would have provided the same 25-day advance notice as the present system.

Comments received and observation of marketing conditions which have existed since the proposed rule was published have shown that the proposed Class I price mover would result in disorderly marketing conditions by failing to reflect in Class I prices timely price signals during periods of rapidly rising prices in manufacturing markets. Thus, the proposed Class I price mover could act to mitigate the incentive needed to supply the Class I market, and would have contributed to class price inversion in five months of 1998. Class price inversion occurs when a market's regulated price for milk used in manufacturing exceeds the Class I milk price in a given month. The result of class price inversion is that there is a penalty, rather than an incentive, for servicing the Class I market, resulting in serious competitive inequities among dairy farmers and dairy cooperatives who have agreements to service the Class I market and among Class I handlers.

Classified pricing is based on the premise that there are extra costs of servicing the Class I market and that milk used for Class I purposes is able to command a higher price in the marketplace to cover those costs. The Class I price must be related to the price of milk for manufacturing since Class I handlers must compete with manufacturing plants for a supply of milk. Initially under Federal Milk Marketing Order regulation, the Class I price for a month was determined by adding a differential to the value of milk for manufacturing in that month. Over time, orders were amended to provide for advanced pricing of Class I milk. As a result of advanced pricing, the effective Class I differential varies monthly although it has remained generally positive except on rare occasions until recently.

Recent increased price volatility in manufactured product markets has resulted in increased instances of class price inversion, especially in markets with low Class I differentials. Appendix Tables and Charts 1 and 2 show, respectively, the level of class prices that occurred under the current price system and what would have occurred under the proposed rule pricing system. Appendix Tables and Charts 1A and 2A show the class prices on a skim basis, while Appendix Tables and Charts 1B and 2B show the class prices on a fat basis. These tables and charts illustrate the instances of class price inversion that occurred under the current price system and what would have occurred under the proposed rule pricing system at a location where the Class I differential is \$1.20 per hundredweight.

Under current order provisions, Class I and Class II prices are announced on or before the 5th day of the month and apply to milk purchased by handlers during the following month. However, the butterfat differential for the month is not announced until about the 5th day of the following month. As a result, under current provisions, Class I handlers do not know their minimum costs for butterfat or skim milk until after their products have been sold. Under the final decision, Class I handlers truly will have advanced pricing since they will know their costs for Class I skim milk and butterfat by the 23rd of the month preceding their milk purchases.

The final decision establishes Class I prices that are based on manufactured product markets that are much nearer in time to the month for which the Class I prices are being established. Class I prices will be announced on or before the 23rd of the month preceding the month for which the price is being established, and will be equal to the higher result from the formulas used to establish Class III and Class IV prices using weighted averages of the prices for manufactured products as published by NASS for the most recent two weeks preceding the 23rd of the month. Under the current system, the Class I price is announced on the 5th of the month prior to the month in which it is to be effective and reflects manufactured product prices five to nine weeks prior to the month the Class I price is effective. Thus, Class I prices resulting from the final decision will better reflect current market conditions.

C. Class I Differentials

The adopted Class I pricing surface utilizes the USDSS model adjusted for all known plant locations and establishes differential levels that will result in prices that generate sufficient revenue to assure an adequate supply of milk to meet fluid demand.

Other alternatives considered in developing the final decision were: (1) Option 1B, but modified based on comments and further evaluation by USDA, and (2) Option 1A, slightly modified from the proposed rule. Following is a description of the final decision's Class I pricing surface, modified Option 1B, and modified Option 1A which were analyzed quantitatively.

Appendix Table 4 presents, for selected locations, the current Class I differentials, the final decision Class I differentials, and the Class I differentials for Option 1B and Option 1A as modified.

1. Final Decision Class I Differentials

The Class I differentials established by the final decision use a pricing surface based on the results of the USDSS, a Cornell University model developed to determine the relative values of milk at various geographic locations. The model results represent data for May 1995.

The adopted Class I pricing surface was raised to a level that will assure an adequate supply of milk for fluid use and position the milk marketing order program to lead the industry toward what is judged to be a more efficient pattern of milk supply for Class I demand points throughout the milk marketing order system. This pricing surface is generally flatter throughout much of the country, reflecting that the Class I demand in many areas can be supplied with Grade A milk locally or from closer sources at prices relatively lower than those needed to attract milk from more distant surplus areas.

Neither the current level of Class I differentials nor the Option 1B levels were considered high enough to encourage the movement of Grade A milk into the Chicago and Minneapolis areas for fluid processing since the current price paid for Grade A milk used in the manufacture of cheese in Wisconsin and Minnesota exceeds the minimum Federal order Class III price. In studies conducted by the Upper Midwest and Chicago Regional Market Administrator offices, the prices paid to producers in Minnesota and Wisconsin for Grade A milk used primarily for manufacturing in selected plants averaged \$0.79 per hundredweight above the announced Class III price in the two orders during the 1991 through 1995 period. As a result, there is a substantial over-order price structure in the Upper Midwest that operates in conjunction with milk order provisions to move milk to where it is needed to satisfy fluid demand. Raising the Class I differential in the consolidated Upper Midwest area, coupled with increased use of transportation credits, is expected to promote greater market stability and pricing equity by reducing the volatility in the amount of milk pooled.

Also, raising the Class I differentials in the areas with lower Class I utilization in conjunction with about an 18-day shortening of the advance notice of Class I prices, will significantly reduce class price inversions in the future. See Appendix Tables 3, 3A, and 3B and Charts 3, 3A, and 3B. As noted earlier, class price inversion occurs when prices for manufacturing milk exceed the price for Class I milk in the same month. Class price inversion is contrary to the objectives of the 1937 Act, results in a penalty rather than an incentive for supplying the Class I market, and causes inequities among producers, cooperatives and Class I handlers.

The Upper Midwest is identified as an area where the production of Grade A milk is significantly in excess of the area's Class I demand. The Southwest and the Northwest, likewise, are identified as areas where the available milk supply significantly exceeds Class I demand. Prices in those areas were set at levels to reflect those conditions. In general, east of the Rocky Mountains, Class I prices increase north to south, and west to east along the pricing surface.

The final decision reduces Class I differentials from current levels in 18 markets, including the unregulated New York and New England areas. Reductions range from \$0.02 per hundredweight in Greater Kansas City (Kansas City) to \$1.18 in Eastern Colorado (Denver). For 13 markets the Class I differential is increased, ranging from \$0.10 in Eastern S. Dakota (Sioux Falls) and Indiana (Indianapolis) to \$0.57 per hundredweight in Southeastern Florida (Miami). The Class I differentials for the current Eastern Ohio-Western Pennsylvania (Cleveland) and Southern Michigan (Detroit) markets are unchanged from the current levels. See Appendix Table 4.

2. Option 1B, as Modified

Option 1B was the preferred option in the proposed rule. Based on comments received and on further evaluation by USDA personnel, the proposed Class I differentials for a number of counties were revised. County price changes ranged from -\$0.43 to \$0.40 per hundredweight. Prices at 31 of the 33 order pricing points were revised, with seventeen of the changes being \$0.05 or less and 25 being \$0.10 or less. In general, the revisions were made to reflect competitive conditions among plants in adjacent counties not recognized by the USDSS model solution.

Although it had been proposed that Option 1B would be phased in over a 5-year period, there were few comments that supported such an action. In addition, USDA expects in 2000 that the value of milk used to produce butter and nonfat dry milk will exceed the value of milk used to produce cheese. As a result, basing the Class I price on the higher value of either the Class III or Class IV formula will raise farm income in the initial year even under Option 1B. For this analysis, Option 1B Class I price levels were considered to be adopted immediately with implementation of the final decision.

Option 1B reduced Class I differentials from current levels in 29 markets, including the unregulated New York and New England areas. Reductions ranged from \$0.01 per hundredweight in Central Illinois (Peoria) to \$1.58 in Eastern Colorado (Denver). In seven markets, Class I differentials were reduced by \$1.00 or more. For two markets, Class I

differentials were increased, ranging from \$0.15 in Chicago Regional (Chicago) to \$0.17 per hundredweight in Southeastern Florida (Miami). Class I differentials for the current Upper Midwest (Minneapolis) and Iowa (Des Moines) markets were unchanged from current levels.

3. Option 1A, as Modified

Option 1A was modified only slightly from the proposed rule. A number of county Class I differentials were changed in the Northeast marketing area with adjustments ranging from -\$0.20 to \$0.20 per hundredweight. These changes, which did not affect prices at the three major pricing points in the Northeast area, were made in response to comments from the industry in the northeast. In Florida, Class I differentials were reduced by \$0.30 per hundredweight in seven counties to provide better alignment.

Option 1A was drawn from the report of the Price Structure Committee and is based partly on USDSS model results for 1993 (annual data), May 1995, and October 1995; partly on market knowledge of the Committee members, and partly on the current Class I pricing surfaces. For the Upper Midwest area, the Class I differential in Chicago was increased 40 cents per hundredweight above the current level and in Minneapolis the differential was increased by 50 cents.

In the southwest markets, Class I differentials were reduced from their current levels reflecting the increased supplies of milk in that area which are potentially available for fluid use. The New Mexico-West Texas area was identified as a base zone, an area with a supply of Grade A milk which is available to meet the demands of fluid milk processors in other marketing order areas. This base zone identification leads to a reduction in the Class I differentials in the consolidated Southwest market (pricing points at Dallas and El Paso). The Class I differential in the consolidated Arizona-Las Vegas market also was reduced for the same reason as for the Southwest market.

Option 1A, as modified, increased Class I differentials in 21 current markets including the terminated Tennessee Valley order, ranging from \$0.01 per hundredweight in New England (Boston), New York-New Jersey (New York City), and the unregulated New York and New England areas to \$0.50 in Upper Midwest (Minneapolis). Class I differentials in four markets were unchanged, and in eight markets, Class I differentials were reduced from \$0.04 per hundredweight in Ohio Valley (Columbus) to \$0.18 in Eastern Colorado (Denver).

D. Class II Price Mover

Presently the Class II price for the month is established by adding the Class II differential of \$0.30 per hundredweight to the BFP for the second preceding month. This price is announced on or before the 5th day of the month preceding the month for which the price is to be effective. Because of this pricing lag, the Class II price for a month rarely reflects current supply-demand conditions for milk, or the value of milk used in manufactured products. Thus, the relative costs to Class II handlers of using fresh milk versus manufactured dairy product ingredients to make

Class II products is constantly changing. The problem is further compounded by the current Class II formula which adds the Class II differential to the BFP price, which primarily reflects the price of Cheddar cheese.

The proposed rule would have established the Class II price for skim milk for the month by adding a differential of \$0.70 per hundredweight to the Class IV skim milk price for the month. The Class IV price is the price for milk used to produce butter and all milk powders--dairy components that can be substituted for fresh milk to make most Class II products. By linking the Class II price to the Class IV price, the relationship between the cost of alternative Class II ingredients would have been unchanged from month to month.

Responding to comments expressing concern about post-pricing of milk used in Class II products, the final decision specifies that the Class II skim milk price will be announced on or before the 23rd of the month preceding the month for which the price is being announced. Thus, the Class II skim milk price and Class I prices for skim milk and butterfat will be announced at least seven days in advance of their effective date, except in February.

III. ANALYSIS OF BENEFITS AND COSTS

A. Introduction

This section presents estimates of the impacts of consolidating the current 31 Federal milk marketing orders plus the terminated Tennessee Valley order and the unregulated New York and New England areas into 11 orders, and adopting the other elements of reform discussed above. For comparison, the impacts of two other levels of Class I differentials -- Options 1B and 1A, as modified -- in conjunction with the other elements of milk order consolidation and reform are presented.

These analyses assume that milk will be classified into four classes as detailed in the final decision. Class IV milk will be priced using the final decision's butter-nonfat dry milk product formula. Since sufficient historical data for the NASS survey product prices in this formula are not presently available, the Chicago Mercantile Exchange spot price for Grade AA butter and the average wholesale price for nonfat dry milk reported by USDA's Dairy Market News for the Western States were used to estimate Class IV prices. Class III milk will be priced using the final decision's cheese product price formula. The Class II milk price will be equal to the Class IV price plus 70 cents per hundredweight.

Impacts were measured as changes from the model baseline as adapted from the USDA dairy baseline. That baseline -- a national annual projection of the supply-demand-price situation for milk and dairy products -- was the basis for the market-by-market baseline model projection. Both the USDA baseline and the model baseline assume: (1) the price support program would end on December 31, 1999; (2) the Dairy Export Incentive Program would continue to be utilized; and (3) the Federal Milk Marketing Order Program would continue unchanged. National

assumptions for the cost of milk production, especially feed, and, the commercial utilization of milk and dairy products are adjusted to a regional basis. Model relationships are based on 40 years (1955-1994) of historical data.

All analyses assume that all parameters, except those associated with the changes in the Federal Milk Marketing Order Program, would remain unchanged. Appendix Table 6 presents selected baseline supply, demand and price projections made by the model for 2000 through 2005.

The indicators selected to measure impacts were: milk marketings, Class I use, Class I utilization, Class I price, prices of milk for manufacturing (Class II, Class III and Class IV), all milk price (defined as the weighted-average minimum use value including Class I over order premiums) and farm cash receipts from milk marketings. Changes in the all milk price and farm cash receipts indicate changes in farmers' ability and willingness to produce milk and the effects of those farm decisions are reflected in the change in milk marketings. Changes in milk marketings, Class I use, and other class prices provide measures of the adequacy of milk supplies to meet fluid needs and the effect on consumer expenditures for fluid and manufactured dairy products.

B. Impact on Dairy Farmers

To evaluate the impacts of the final decision and the other Class I alternatives, the model's analytical results were compared against the model baseline. As noted in the description of the model, the baseline estimates were constructed assuming that the current 31 orders, the constructed Tennessee Valley order, and the unregulated New York and New England areas would continue through the study period, 2000-2005. To make comparisons, pricing points (for Class I and blend prices) in the consolidated orders were identified to correspond with the major pricing points of the current marketing orders. For example, for the consolidated Northeast marketing area, New York City is designated as its major pricing point, and additional Class I and blend price estimates are provided for Boston and Philadelphia. These three pricing points correspond with the major pricing points of the three current marketing order areas that will be combined into the Northeast market. This assumption is consistent with the final decision pricing provisions in most Federal orders.

Even though the Tennessee Valley marketing order has been terminated, the analysis identifies Knoxville as a pricing point. Most plants and producer milk associated with the former Tennessee Valley market have become regulated under other Federal milk orders, and will be regulated under the consolidated orders.

These analyses assume that Class I differentials in California would remain unchanged. It also was assumed that all over-order premiums would remain unchanged.

1. Final Decision Class I Differentials

For all Federal order markets combined, marketings are projected to increase 1.6 billion pounds (1.4 percent) on average over the six-year analytical period primarily as a result of additional pooling of milk under the Chicago Regional order. In the Chicago Regional, the higher Class I differentials encourage the year-round pooling of milk that occasionally has not been pooled in recent years due to low blend prices relative to manufacturing use prices. See Appendix Table 5. In addition, the higher all milk price in 2000 (a result of the Class I price being set by the higher value of milk for butter-nonfat dry milk that year) stimulates additional milk production by producers delivering milk into the Federal order system.

Under the final decision, six current Federal order major pricing points will have Class I differentials lower than the Upper Midwest market's Class I differential recognizing that adequate supplies of milk can be attracted to these six Class I markets at lower costs. Under the current pricing system, the Upper Midwest market (Minneapolis) has the lowest Class I differential of the major Federal milk order pricing points.

The adopted Class I pricing surface recognizes several additional areas of milk production which can serve as alternative supplies for fluid milk markets where assuring local supplies would be more expensive. For fluid markets needing supplemental supplies of milk, Class I differentials reflect part of the cost of moving milk from the closest of these alternative supply areas.

The all milk price for all Federal order markets combined for the 2000-2005 period is expected to average \$0.02 per hundredweight lower under the final decision compared to the baseline. The estimated average all milk price for 13 current markets will increase from \$0.01 to \$0.52 per hundredweight. For 19 markets, the all milk price is estimated to decrease from \$0.01 to \$0.56 per hundredweight. For one market, the all milk price is estimated to average unchanged. In general under the final decision, all milk prices and cash receipts from milk marketings would decline most in markets located in the western, southwestern and northeastern areas of the country. See Appendix Table 7 and Appendix Maps 1 and 2.

The six markets with the greatest increases in the estimated all milk price, per hundredweight, were: Iowa (Des Moines: \$0.52), Tampa Bay (Tampa: \$0.50), Southeastern Florida (Miami: \$0.42), Nebraska-Western Iowa (Omaha: \$0.33), and Southern Michigan (Detroit) and Southwestern Idaho-Eastern Oregon (Boise) both \$0.23. The market with the greatest reduction in the all milk price was Greater Kansas City (Kansas City: -\$0.56), followed by Texas (Dallas: -\$0.50), Eastern Colorado (Denver: -\$0.48), Middle Atlantic (Philadelphia: -\$0.47), and the unregulated New York and New England areas (-\$0.40). The all milk price in a current Federal order area can be impacted considerably by the change in the Class I utilization due to consolidation of existing marketing areas, and by the alignment of Class I prices and blend prices within the new consolidated marketing areas.

To estimate changes in cash receipts from milk marketings, it was assumed that the milk associated with a current market continued to be associated with the same pricing point in the consolidated market. Over the period 2000-2005, the final decision resulted in higher estimated gross cash receipts from milk marketings in 15 markets compared to the baseline. Average annual receipts for producers in the current New York-New Jersey market increased by \$36.7 million. However, about half of this increase was the result of adding to the all milk price \$0.15 per hundredweight which is currently deducted from the producer settlement pool for transportation prior to the computation of the market minimum blend price. The consolidated Northeast order does not include the 15-cent transportation credit that was in the New York-New Jersey order. It is expected that this increase in dairy farmer receipts from the elimination of the transportation credit will be offset by an equivalent increase in transportation costs paid by the producer. Also, 83 percent of the \$249.8 million increase in cash receipts in the current Chicago Regional market is the result of pooling milk that was not pooled due to blend/Class III price relationships. The five markets with the largest average annual increases in gross cash receipts from milk marketings were Chicago Regional (Chicago: \$43.1 million, adjusted to remove additional pooled milk), New York-New Jersey (New York City: \$18.7 million, after adjustment for transportation credit), Iowa (Des Moines: \$17.5 million), Southern Michigan (Detroit: \$14.1 million), and Tampa Bay (Tampa: \$12.2 million).

Eighteen markets will have lower estimated annual average cash receipts from milk marketings during 2000-2005 compared to the baseline. Texas (Dallas: -\$39.7 million), Middle Atlantic (Philadelphia: -\$39.5 million), Eastern Colorado (Denver: -\$11.4 million), Southwest Plains (Oklahoma City: -\$11.3 million), and Arizona-Las Vegas (Phoenix: -\$10.4 million) will have the greatest reductions compared to the baseline.

2. Option 1B, as Modified

The Class I pricing surface under Option 1B, as modified, also recognized several additional areas of milk production which could serve as alternative supplies of milk for fluid milk markets. For areas needing supplemental supplies of milk for use in fluid milk products, Class I differentials reflected the cost of moving milk from the closest of these alternative supply areas.

Similar to the Class I pricing structure adopted by the final decision, six current Federal order major pricing points would have had Class I differentials lower than the Upper Midwest market's Class I differential, recognizing that these areas have adequate supplies of milk to meet their Class I needs at lesser costs. Under the current pricing system, the Upper Midwest market (Minneapolis) has the lowest Class I differential of all major Federal milk order pricing points.

Option 1B would have reduced producer income in total and would have reduced the proportion of the Class I value captured in Federal order pools. Greater reliance would have been placed on competitive market forces to assure markets were adequately supplied with fluid milk. Thus, the sharing of the Class I value among producers serving the fluid market could have been affected under this option.

In general under Option 1B, producers delivering to markets with greater proportions of milk used in manufactured products would have fared better than those delivering to markets with higher Class I utilization. Reduced producer revenue in high Class I use markets would have resulted in reduced marketings in those areas. The annual average milk marketings in the United States during 2000-2005 would have been reduced by 91.2 million pounds and Class I utilization would have been increased by 99.0 million pounds annually, thus slightly reducing the amount of milk available for manufacturing which averaged 106.3 billion pounds in the baseline.

The all milk price for all Federal order markets combined for the 2000-2005 period would have been expected to average \$0.10 per hundredweight lower with Option 1B Class I differentials compared to the baseline. The estimated average all milk price for 10 current markets would have increased from \$0.06 to \$0.42 per hundredweight. For 23 markets, the estimated all milk price would have decreased from less than \$0.01 to \$0.66 per hundredweight. See Appendix Table 8.

The five markets with the greatest increases in average all milk prices, per hundredweight, for the 2000-2005 period would have been: Iowa (Des Moines: \$0.42), Tampa Bay (Tampa: \$0.28), Nebraska-Western Iowa (Omaha: \$0.22), Chicago Regional (Chicago: \$0.22), and Southeastern Florida (Miami: \$0.21). The five markets with the greatest reductions in average all milk prices would have been: Greater Kansas City (Kansas City: -\$0.66), Texas (Dallas: -\$0.61), Eastern Colorado (Denver: -\$0.58), Middle Atlantic (Philadelphia: -\$0.55), and the unregulated New York and New England areas (-\$0.49).

Over the period 2000-2005, Option 1B would have lowered producer gross cash receipts from milk marketings in 22 of the current markets. The five current markets with the greatest average annual decreases would have been: Texas (Dallas: -\$48.4 million), Middle Atlantic (Philadelphia: -\$46.7 million), Southwest Plains (Oklahoma City: -\$15.2 million), Carolina (Charlotte: -\$14.1 million), and Southeast (Atlanta: -\$14.1 million). Gross cash receipts from milk marketings would have increased in 11 markets. The five markets with the largest increases would have been: Chicago Regional (Chicago: \$38.5 million), Iowa (Des Moines: \$14.1 million), Tampa Bay (Tampa: \$7.0 million), Southern Michigan (Detroit: \$6.9 million), and Southwestern Idaho-Eastern Oregon (Boise: \$6.0 million).

1. Option 1A, as Modified

The Class I pricing surface in Option 1A, as modified, was closest to the current pricing surface, but reflected changes in milk supplies and demand that occurred since Class I differentials were last reviewed in 1990. Option 1A also recognized additional basing points where changes in milk production have made some areas sources of reserve milk for other areas of the order system. Three base zones were identified: one in the Upper Midwest, one in the Southwest, and one in the West. For other areas, Class I differentials were established to reflect the cost of moving milk from these base zones to the principal fluid milk consumption centers.

The all milk price for all current Federal order markets combined would have averaged \$0.03 per hundredweight higher under Option 1A compared to the baseline during 2000-2005. The estimated average all milk price for 15 markets would have increased from \$0.01 to \$0.34 per hundredweight. For the 18 other markets, the all milk price would have decreased from less than \$0.01 to \$0.66 per hundredweight. See Appendix Table 9.

The five markets with the greatest increases in the estimated all milk price, per hundredweight, would have been: New York-New Jersey (New York City: \$0.34 including the additional \$0.15 resulting from the termination of the transportation credit), Eastern Colorado (Denver: \$0.32), Tampa Bay (Tampa: \$0.31), New Mexico-West Texas (El Paso: \$0.22), and Southwestern Idaho-Eastern Oregon (Boise: \$0.19). The markets with the greatest reduction in the all milk price would have been: Greater Kansas City (Kansas City) and Western Colorado (Grand Junction) at -\$0.66 per hundredweight, followed by Central Illinois (Peoria: -\$0.57), the unregulated New York and New England areas (-\$0.36), and Southern Illinois-Eastern Missouri (Alton: -\$0.20). Many of the larger changes in price, both increases and decreases, would have occurred in the markets destined to be merged into the Central market, reflecting the wide variation in Class I utilization that currently exists among those orders. The realignment of Class I prices within consolidated areas also affects blend prices by comparable amounts.

Over the period 2000-2005, Option 1A would have resulted in higher estimated gross cash receipts from milk marketings in 18 markets compared to the baseline. Average annual receipts for producers in the current New York-New Jersey market (New York City) would have increased the most -- \$48.4 million after adjustment for the transportation credit; followed by Chicago Regional (Chicago: \$14.3 million adjusted for the additional pooling), Southern Michigan (Detroit: \$8.2 million), Eastern Colorado (Denver: \$7.8 million), and Tampa Bay (Tampa: \$7.7 million).

Gross cash receipts in the current Chicago Regional and Upper Midwest markets would have increased more under Option 1A, but the flatter Class I surface in these areas necessitated the use of additional transportation credits to move milk for fluid purposes. Thus, additional transportation credits were deducted from the producer settlement pool prior to the calculation of blend prices. These additional credits were expected to use 20 percent of the dollars generated by the higher Class I differentials.

Fifteen markets would have had lower estimated annual average cash receipts from milk marketings during 2000-2005 compared to the baseline. The largest declines in cash receipts would have been in: Middle Atlantic (Philadelphia: -\$10.3 million), Texas (Dallas: -\$5.7 million), Great Basin (Salt Lake City: -\$4.6 million), Southern Illinois-Eastern Missouri (Alton: -\$4.6 million), and Greater Kansas City (Kansas City: -\$2.4 million).

Under Option 1A, the estimated average annual gross cash receipts for all Federal order markets combined would have increased by \$105 million (adjusting New York-New Jersey for the

transportation credit and Chicago Regional and Upper Midwest for additional pooling) compared to the baseline for the 2000-2005 period.

C. Impact on Fluid Milk Processors and Dairy Product Manufacturers

Impacts on fluid milk processors and soft dairy product manufacturers will result from changes in the minimum Class I and Class II prices that are the handlers' obligations under the Federal milk order system. Those fluid processors facing higher Class I differentials (See Appendix Table 4) will see their monthly obligations to the markets' producer settlement funds increase, while those facing lower Class I differentials will see their obligations decrease. Milk processors in areas with increases in Class I differentials may see Class I use decline, while those in areas with decreases in Class I differentials may see Class I use increase. See Appendix Tables 7, 8, and 9 and Appendix Map 3. On average, fluid milk processors in the Federal milk orders system will see their Class I obligations decline. Manufacturers of Class II products likely will see their pool obligations increase.

Estimated changes in Class II, Class III, and Class IV prices are shown in Appendix Table 10. For analytical purposes, Class IV prices are compared with Class III-a prices.

1. Final Decision Class I Differentials

Fluid processors in 13 of the current Federal order markets will face increased Class I differentials at major pricing points under the final decision compared with Class I differentials under the baseline. Two markets, Eastern Ohio-Western Pennsylvania (Cleveland) and Southern Michigan (Detroit) will see no change. The remaining 17 markets will see decreases in Class I differentials at major pricing points compared with the baseline. The increases in Class I differentials ranged from \$0.10 per hundredweight in Eastern S. Dakota (Sioux Falls) and Indiana (Indianapolis) to \$0.57 per hundredweight in the Southeastern Florida (Miami). Decreases in Class I differentials, which will occur primarily in the western and southwestern areas, will range from -\$0.02 per hundredweight in Greater Kansas City (Kansas City) to -\$1.18 per hundredweight in Eastern Colorado (Denver). The estimated weighted average Class I differential for all current Federal order markets will decrease by \$0.29 per hundredweight. See Appendix Table 16.

The all-market average Federal order Class I price will decrease, on average, \$0.19 per hundredweight during 2000-2005 from the baseline, ranging from \$0.20 in 2000 to -\$0.29 in 2002.

The volume of milk available nationally for manufacturing will average 23.0 million pounds (about -0.02 percent) lower under this final decision during 2000-2005 compared with baseline volumes. Since the final decision is expected to have minor effects on where milk is produced, little impact is expected on processors or manufacturers of dairy products. The average value of

milk for manufacturing in the United States will increase by \$82.5 million per year during the six-year analytical period. See Appendix Table 17.

Appendix Map 4 shows expected average changes in milk marketings for 2000-2005.

2. Option 1B, as Modified

Option 1B, as modified, would have lowered Class I differentials at major pricing points for fluid processors in 29 markets compared with Class I differentials under the baseline. For two of the current markets, the Class I differentials would have been unchanged, and for the remaining two markets, Class I differentials would have increased compared with the baseline.

The estimated weighted average Class I differential for all current Federal order markets would have declined \$0.69 per hundredweight over the 2000-2005 period. Under this option, the all-market average Class I price for fluid milk handlers would have declined, on average, by \$0.49 per hundredweight during 2000-2005 compared to the baseline, ranging from a decline of \$0.12 per hundredweight in 2000 to a decline of \$0.61 in 2004. Lower Class I prices would have been expected to increase sales of fluid milk in Federal order markets by an average of 106.8 million pounds annually. Fluid handlers would have benefitted from lower Class I prices and higher fluid milk sales.

The volume of milk available nationally for manufacturing would have averaged 190.2 million pounds less annually under this option during 2000-2005 compared with baseline volumes. The value of milk used to manufacture dairy products would have increased an average of \$119.8 million, annually.

3. Option 1A, as Modified

Fluid processors in 21 of the current Federal order markets would have faced higher Class I differentials at major pricing points under Option 1A compared with Class I differentials under the baseline. Four of the current markets would have seen no change in Class I differentials. The remaining eight markets would have seen decreases in Class I differentials compared with the baseline. The increases in Class I differentials would have ranged from \$0.01 per hundredweight in the Northeast markets to \$0.50 per hundredweight in the Upper Midwest (Minneapolis). Decreases in Class I differentials, which would have occurred primarily in the western and southwestern markets, would have ranged from \$0.04 per hundredweight in Ohio Valley (Columbus) to \$0.18 per hundredweight in Eastern Colorado (Denver). The estimated weighted average Class I differential for all current markets would have increased \$0.04 per hundredweight.

The all-market average Federal order Class I price would have increased, on average, \$0.08 per hundredweight during 2000-2005 from the baseline, ranging from -\$0.01 in 2002, 2003, and 2005 to \$0.46 in 2000.

The volume of milk available nationally for manufacturing would have averaged 144 million pounds higher annually under this option during 2000-2005 compared with baseline volumes. Since this option would not have altered significantly where milk is produced, little impact would have been expected on processors or manufacturers of dairy products. The value of milk for manufacturing would have been virtually unchanged.

D. Effects on Consumers, Retail Prices

The potential impact of the final decision and alternatives on retail prices, and thus consumers, is somewhat less certain than the other impacts considered. In general, changes in farm milk and wholesale product prices are passed through to consumers, but how fast price changes are passed on to consumers continues to be a point of debate. It has been assumed for this evaluation that all changes in fluid processor costs and the wholesale costs of manufactured products would be passed through immediately to the retail level without any changes in the processor-retail or wholesale-retail margins.

Under the final decision, consumers of manufactured products will find that the prices of products made from milk priced in Class II may increase, while the prices of those products made from milk priced in Class III or Class IV may be virtually unchanged on average for the 2000-2005 period. See Appendix Table 10.

Appendix A provides information of the impacts of the final decision and Option 1B and 1A on the cost of programs administered by the Food and Nutrition Service.

1. Final Decision Class I Differentials

Since the final decision results in a decrease in the annual all Federal order market average Class I price for the period 2000-2005, the average impact on retail prices is a decrease of \$0.02 per gallon. In some markets, however, the change in Class I prices will have a noticeable effect on retail prices. Consumers in the current Chicago Regional (Chicago) and Southeastern Florida (Miami) markets would see the retail price of a gallon of milk increase by an average of \$0.06 during the 2000-2005 period. In the Upper Midwest (Minneapolis), Iowa (Des Moines), Central Illinois (Peoria), and Tampa Bay (Tampa) markets, the retail price of a gallon of milk would increase by an average of \$0.04 for the six-year period. However, consumers in Eastern Colorado (Denver) would see prices decline by an average of \$0.09 per gallon. Texas (Dallas) consumers would see an \$0.08 per gallon decline, while those in Arizona-Las Vegas (Phoenix) and Middle Atlantic (Philadelphia) would see a drop of \$0.07 per gallon. And, a \$0.06 per gallon price decline would be seen by consumers in Southwest Plains (Oklahoma City). See Appendix Table 11.

Federal order consumers would spend, on average, \$80.4 million less on fluid milk products annually during 2000-2005 compared to the baseline. Consumption of fluid milk products will be virtually unchanged, increasing 42.1 million pounds annually for the period. Sales of dairy

products manufactured with Federal order milk will decrease by an average of 34.1 million pounds, milk equivalent, annually during 2000-2005 compared to the baseline. Expenditures on manufactured products would average \$77.6 million per year higher for the six-year analytical period compared to the baseline, primarily because of the expected increase in the prices of Class II products. See Appendix Table 16.

2. Option 1B, as Modified

Option 1B would have resulted in a \$0.04 per gallon reduction of the average retail price of milk during the 2000-2005 period compared to the baseline. For all Federal order markets, the average price per gallon would have been \$0.01 below the baseline in 2000, and \$0.05 below baseline in 2002-2005 period. The five markets with the greatest average decreases in retail prices per gallon would have been: Eastern Colorado (Denver: -\$0.12), Texas (Dallas: -\$0.11), Arizona-Las Vegas (Phoenix: -\$0.10), and Middle Atlantic (Philadelphia) and Southwest Plains (Oklahoma City: -\$0.09). Retail prices for a gallon of milk in the Chicago Regional (Chicago) and Southeastern Florida (Miami) markets would have increased by \$0.03, while consumers in Iowa (Des Moines), Upper Midwest (Minneapolis), and Central Illinois (Peoria) would have seen average increases of \$0.02 per gallon. See Appendix Table 12.

As a result of the minimum price decrease of fluid milk products, consumers of Federal order fluid milk products would have spent, on average, \$215.6 million less and consumed 106.8 million pounds more during the analytical period. Average annual consumer expenditures on Federal order manufactured products would have increased \$86.9 million per year for 2000-2005 compared to the baseline. Consumers would have consumed, on average, 237.9 million pounds, milk equivalent, less dairy products manufactured with Federal order milk. See Appendix Table 16.

3. Option 1A, as Modified

Option 1A would have increased average retail prices of milk by \$0.01 per gallon during the 2000-2005 period compared to the baseline. For all Federal order markets, the average price per gallon would have been \$0.04 above the baseline in 2000, and dropped to less than \$0.005 below the baseline in 2002-2005 period. The markets with the greatest average decreases in retail prices per gallon would have been: Eastern Colorado (Denver), Southwest Plains (Oklahoma City), Texas (Dallas), and Arizona-Las Vegas (Phoenix) at -\$0.01 per gallon. Retail prices for a gallon would have increased in the Upper Midwest (Minneapolis: \$0.05), Michigan Upper Peninsula (Marquette: \$0.04) and Chicago Regional (Chicago: \$0.04), Eastern South Dakota (Sioux Falls: \$0.03), and Iowa (Des Moines: \$0.03) markets. See Appendix Table 13.

As a result of the slight price increase of fluid milk products, consumers of Federal order fluid milk products would have spent \$36.4 million more and consumed 16.6 million pounds less. Average annual consumer expenditures on dairy products manufactured with Federal order milk would have been increased by \$68.5 million per year for 2000-2005 compared to the baseline.

Consumers would have consumed, on average, 165.6 million pounds, milk equivalent, more dairy products manufactured with Federal order milk than under the baseline. See Appendix Table 16.

E. International Trade Impacts

Because of the bulky and perishable nature of packaged fluid (Class I) milk and most soft manufactured (Class II) products, most international trading of dairy products is in hard manufactured products -- butter, milk powders, and cheese. Appendix Table 15 details USDA's baseline estimates of international and domestic prices for butter, nonfat dry milk and cheese. For the period 2000-2005, domestic butter prices are expected to average 45 percent above international prices, while domestic nonfat dry milk prices are expected to average 70 percent above international prices. The final decision is not expected to have a significant impact on domestic prices of butter and nonfat dry milk, thus, little change in international trade is expected. Little change also would have been expected had Option 1A or Option 1B Class I pricing structures been selected.

International trade of raw milk and fluid milk products between the United States, Mexico, and Canada should be unaffected by the final decision, and also would have been unaffected by the selection of either Option 1A or Option 1B as the Class I pricing surface. Even though the final decision would reduce Class I differentials in the southwest Federal order markets, such reductions should not increase the attractiveness of the Mexican market. However, lower Class I prices in the southwest markets would reduce the attractiveness of the American market to Mexican fluid milk processors. Lower Class I prices in the southwest also may reduce the incentive for the construction of fluid milk processing plants just south of the Mexican border to process U.S. milk for sale back into the United States to avoid Federal regulation.

Higher Class II prices expected under the final decision may dampen exports of soft manufactured products to Mexico and other countries.

F. Summary

A summary of the average six-year impacts of the final decision and Options 1A and 1B for all Federal milk order markets is presented in Appendix Table 16.

Under the final decision, the all-market average Class I differential is reduced an estimated \$0.29 per hundredweight. Since the Class I price mover is based on the higher of the Class III or Class IV value, the Class I price is expected to average down only \$0.19 per hundredweight. As a result, milk used in Class I products is estimated to increase an average of 42.1 million pounds annually for the 2000-2005 period. Even though consumption of Class I products increases, price decreases result in \$80.4 million less costs annually to consumers and less revenue to dairy farmers delivering to Federal order markets. On the other hand, primarily because of the increase in the Class II price, consumers spend \$77.6 million more for manufactured dairy products even though 34.1 million pounds less Federal order milk is sold in manufactured products.

Changes in Federal order markets impact the U. S. dairy situation. Appendix Table 17 presents the six-year impacts of the final decision and Options 1B and 1A, as modified, for the United States.

Over the 2000-2005 period, the final decision has very minor impacts on the overall production and consumption of milk and dairy products in the United States. U.S. cash receipts to producers for milk marketings will be virtually unchanged as will annual U.S. milk marketings. Consumers of Class I products will see their costs reduced modestly while consumers of soft and hard manufactured products will see their costs increase modestly. Thus, slightly more milk will be consumed as fluid products because of slightly lower prices, but slightly less milk will be consumed as manufactured products because of slightly higher prices -- mainly those of Class II products.

IV. REASONS FOR OPTION PREFERRED

USDA believes the final decision sets the stage for the U.S. dairy industry to gradually adopt what is believed to be the most efficient system of supplying the demand for fluid milk in the United States. The Class I price mover which has been made more representative of current market conditions, along with the higher Class I differentials provided in markets with lower Class I utilization, should virtually eliminate class price inversion which recently has lead to market instability and inequities among producers and cooperatives supplying the Class I market and among Class I processors.

It is USDA's conclusion that the objectives of the 1937 Act will be met by the adoption of the final decision. The public would continue to be assured of an adequate supply of pure and wholesome milk at reasonable prices. In addition, the public welfare also would be enhanced by moving toward a more efficient system of meeting the needs of Class I markets. Under the final decision, handlers will know their costs for Class I skim milk and butterfat and their cost for Class II skim milk by the 23rd of the month preceding their purchases. The transparency of the formulas used to establish Class I skim and butterfat prices and Class II skim milk prices will enable processors to track and better estimate these prices prior to announcement. In addition, processors can continue to use futures markets for milk and dairy products to protect themselves against price volatility.

APPENDIX CHARTS AND TABLES

APPENDIX TABLE 1:

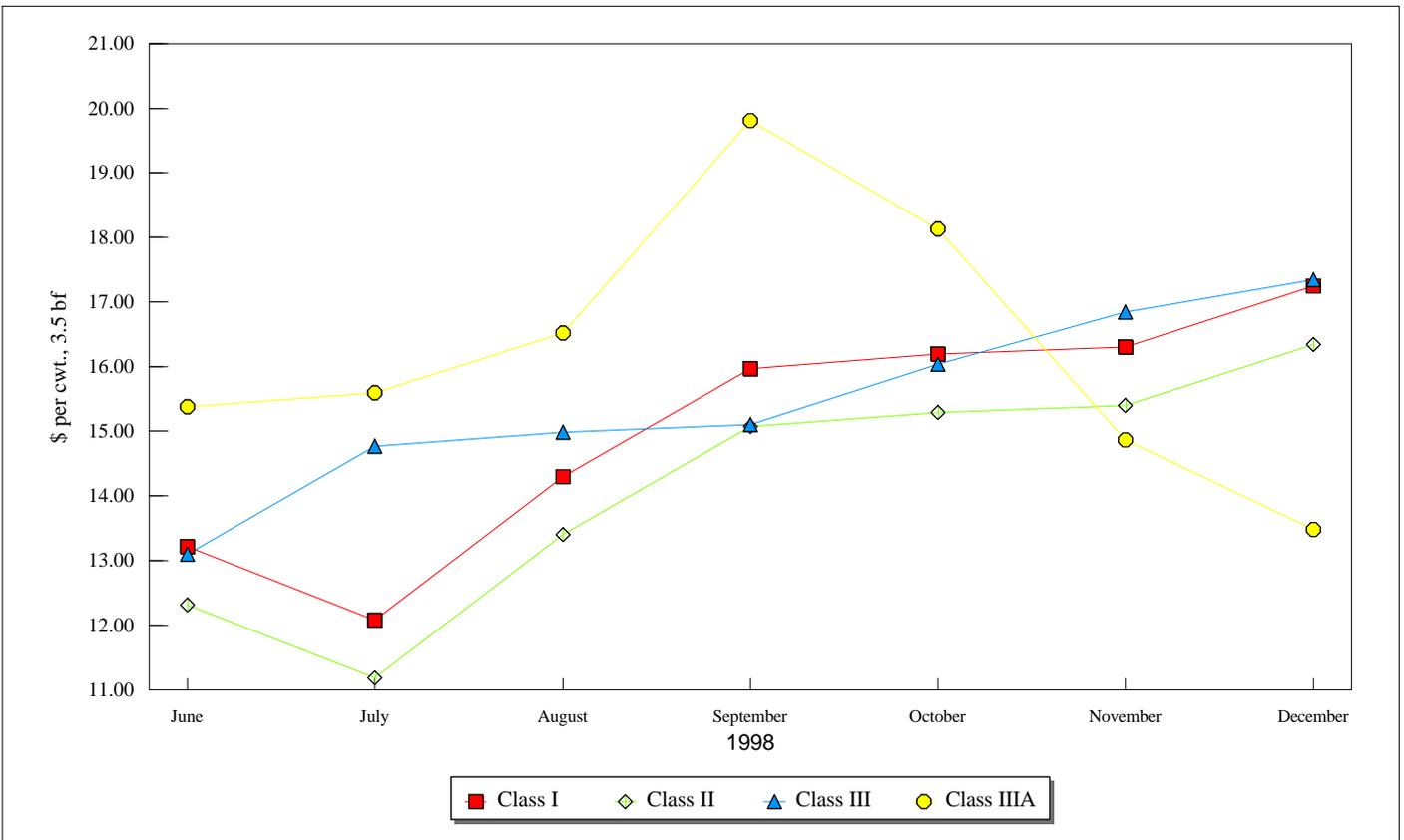
Comparison of Class Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	Dol. / Cwt.	13.21	12.08	14.30	15.97	16.19	16.30	17.24
Class II	Dol. / Cwt.	12.31	11.18	13.40	15.07	15.29	15.40	16.34
Class III	Dol. / Cwt.	13.10	14.77	14.99	15.10	16.04	16.84	17.34
Class IIIA	Dol. / Cwt.	15.38	15.59	16.52	19.81	18.13	14.87	13.48

1/ Class I Price includes differential (\$1.20 per cwt).
 Class II Price includes differential (\$0.30 per cwt).

CHART 1:

Comparison of Class Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.



APPENDIX TABLE 1A:

Comparison of Class Skim Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / cwt	5.62	4.28	5.73	4.60	6.64	10.07	12.62
Class II	dol / cwt	4.72	3.38	4.83	3.70	5.74	9.17	11.72
Class III	dol / cwt	5.51	6.97	6.42	3.73	6.49	10.61	12.72
Class IIIA	dol / cwt	7.79	7.79	7.95	8.44	8.58	8.64	8.86

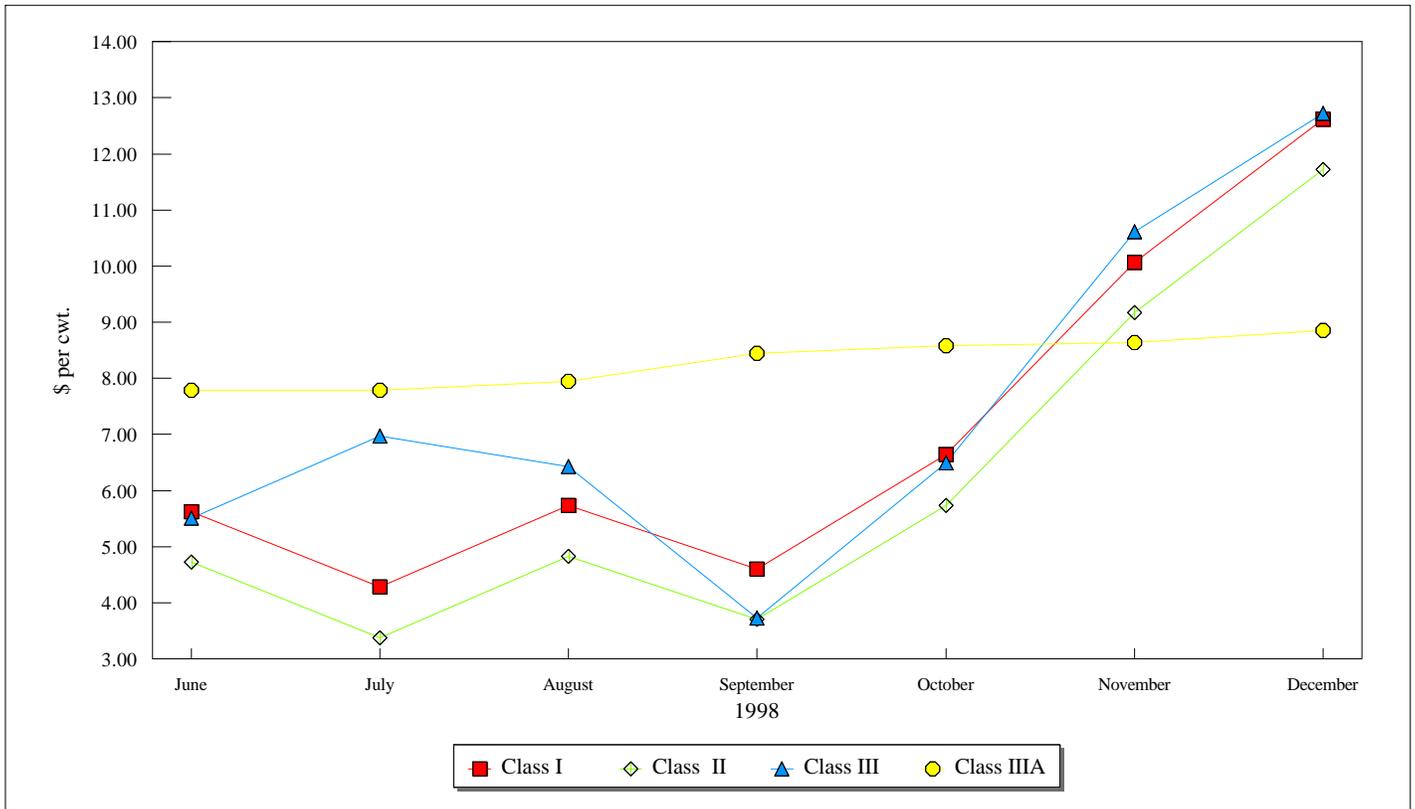
1/ Class I skim includes differential (\$1.20 per cwt).

Class II skim includes differential (\$0.30 per cwt).

Class I, II, III & III-A skim calculated with a butterfat differential announced on the 5th of the month following the effective month.

CHART 1A:

Comparison of Class Skim Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.



APPENDIX TABLE 1B:

Comparison of Class Fat Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / lb	2.2262	2.2728	2.5073	3.2960	2.7964	1.8807	1.4462
Class II	dol / lb	2.2172	2.2638	2.4983	3.2874	2.7874	1.8717	1.4372
Class III	dol / lb	2.2251	2.2997	2.5142	3.2873	2.7949	1.8861	1.4472
Class IIIA	dol / lb	2.2479	2.3079	2.5295	3.3344	2.8158	1.8664	1.4086

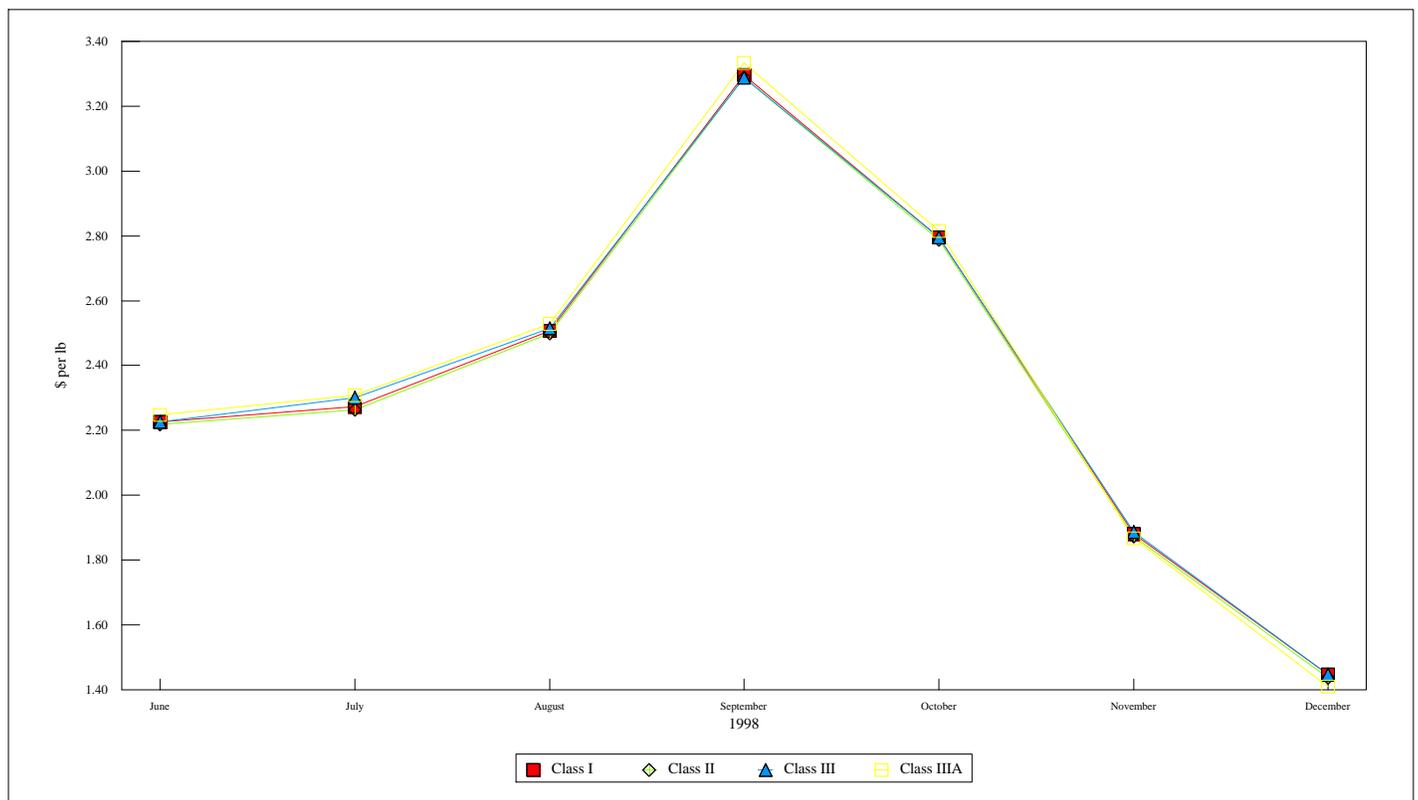
1/ Class I fat includes differential (\$0.012 per pound).

Class II fat includes differential (\$0.003 per pound).

Class I, II, III & III-A fat calculated with a butterfat differential announced on the 5th of the month following the effective month.

CHART 1B:

Comparison of Class Fat Prices as Established Under the Current Pricing System Using the Basic Formula Price, by Month, June-December 1998.



APPENDIX TABLE 2:

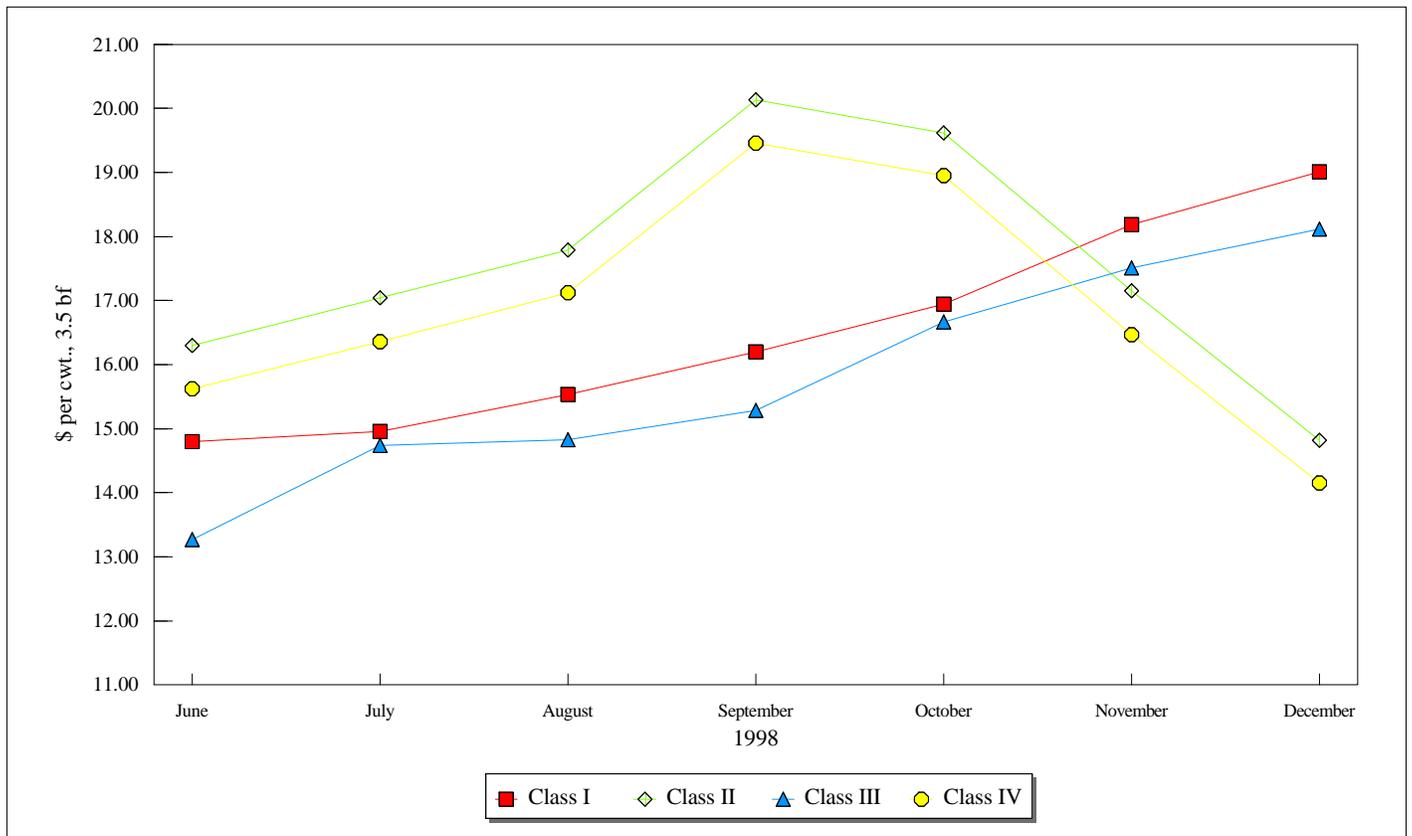
Comparison of Class Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	Dol. / Cwt.	14.80	14.96	15.53	16.20	16.94	18.19	19.01
Class II	Dol. / Cwt.	16.30	17.04	17.79	20.13	19.62	17.15	14.82
Class III	Dol. / Cwt.	13.27	14.74	14.83	15.28	16.67	17.51	18.12
Class IV	Dol. / Cwt.	15.62	16.36	17.12	19.46	18.95	16.47	14.15

1/ Class I Price includes differential (\$1.20 per cwt).
 Class II Price includes differential (\$0.70 per cwt).

CHART 2:

Comparison of Class Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover, by Month, June-December 1998.



APPENDIX TABLE 2A:

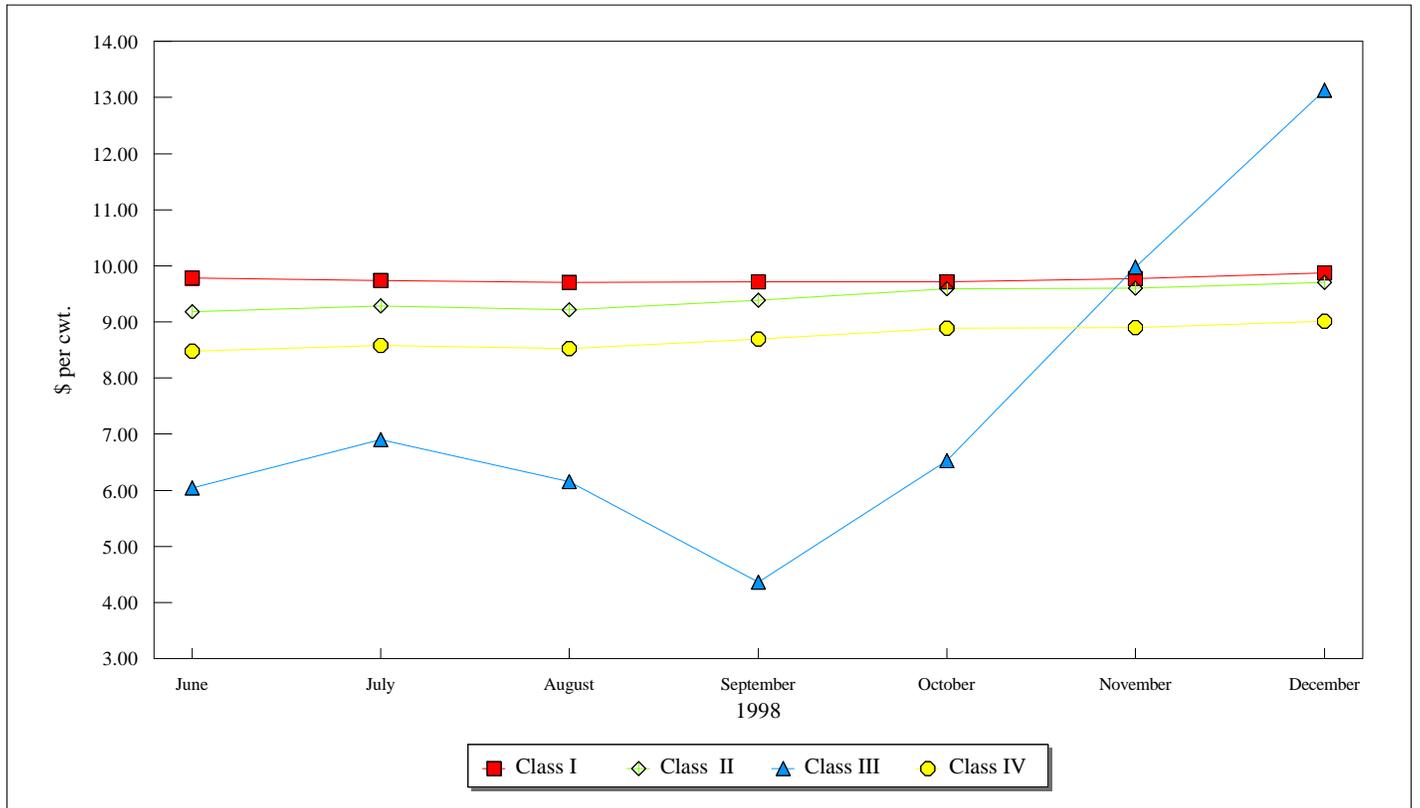
Comparison of Class Skim Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / cwt	9.78	9.74	9.71	9.72	9.72	9.77	9.87
Class II	dol / cwt	9.18	9.28	9.22	9.39	9.59	9.60	9.71
Class III	dol / cwt	6.04	6.90	6.15	4.36	6.53	9.98	13.13
Class IV	dol / cwt	8.48	8.58	8.52	8.69	8.89	8.90	9.01

- 1/ Class I skim includes differential (\$1.20 per cwt).
- Class II skim includes differential (\$0.70 per cwt).
- Class I skim announced on the 5th of the month preceding the effective month (6 month declining average).
- Class II skim announced on the 5th of the month following the effective month, based on Class IV skim.
- Class III & IV skim announced on the 5th of the month following the effective month.

CHART 2A:

Comparison of Class Skim Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover , by Month, June-December 1998.



APPENDIX TABLE 2B:

Comparison of Class Fat Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / lb	1.5308	1.5902	1.7595	1.9498	2.1611	2.5042	2.7110
Class II	dol / lb	2.1254	2.3088	2.5417	3.1629	2.9623	2.2524	1.5577
Class III	dol / lb	2.1254	2.3088	2.5417	3.1629	2.9623	2.2524	1.5577
Class IV	dol / lb	2.1254	2.3088	2.5417	3.1629	2.9623	2.2524	1.5577

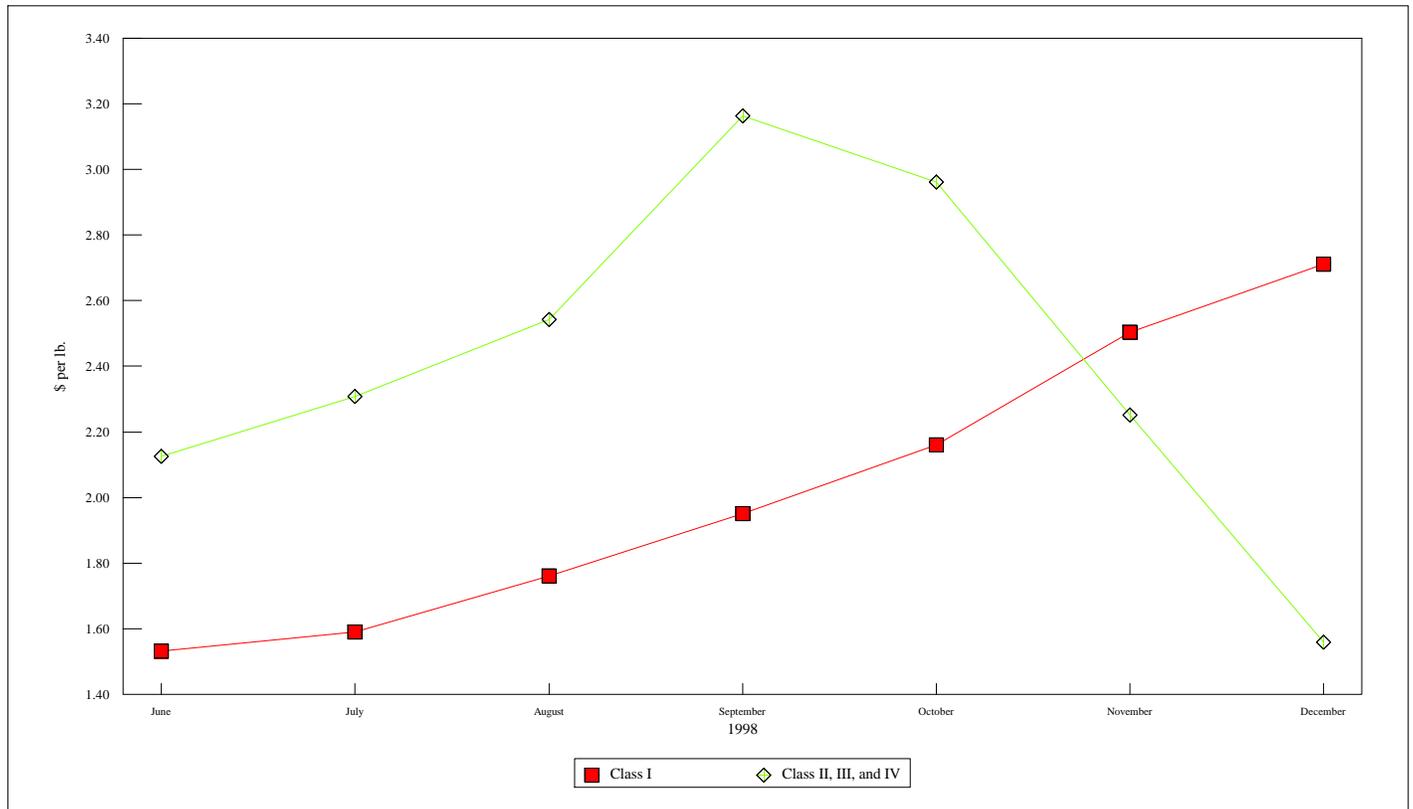
1/ Class I fat includes differential (\$0.012 per pound).

Class I fat announced on the 5th of the month preceding the effective month (6 month declining average).

Class II, III & IV fat announced on the 5th of the month following the effective month (1 month of prices).

CHART 2B:

Comparison of Class Fat Prices as Established Under the Proposed Rule Using a Six-Month Declining Average of the Higher of the Class III and Class IV Prices as the Class I Price Mover, by Month, June-December 1998.



APPENDIX TABLE 3:

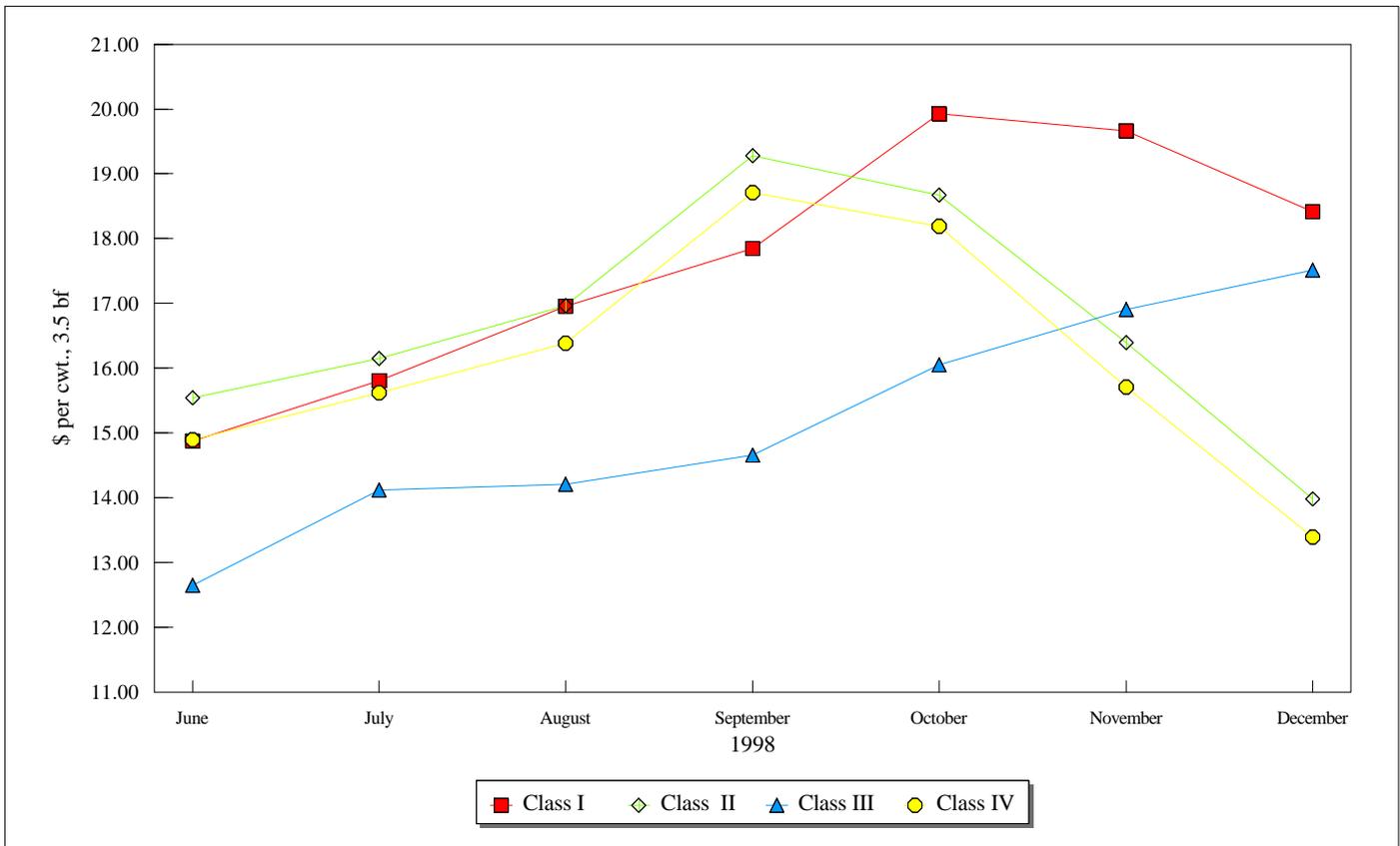
Comparison of Class Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	Dol. / Cwt.	14.87	15.80	16.95	17.85	19.92	19.66	18.42
Class II	Dol. / Cwt.	15.54	16.15	16.96	19.28	18.67	16.39	13.98
Class III	Dol. / Cwt.	12.65	14.12	14.21	14.66	16.05	16.90	17.51
Class IV	Dol. / Cwt.	14.89	15.62	16.38	18.71	18.19	15.71	13.39

1/ Class I Price includes differential (\$1.60 per cwt).
 Class II Price includes differential (\$0.70 per cwt)

CHART 3:

Comparison of Class Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.



APPENDIX TABLE 3A:

Comparison of Class Skim Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / cwt	9.42	9.39	9.39	9.54	9.63	9.84	10.30
Class II	dol / cwt	8.52	8.49	8.49	8.64	8.73	8.94	8.97
Class III	dol / cwt	5.55	6.41	5.66	3.87	6.04	9.50	12.65
Class IV	dol / cwt	7.88	7.97	7.91	8.07	8.26	8.27	8.38

1/ Class I skim includes differential (\$1.60 per cwt).

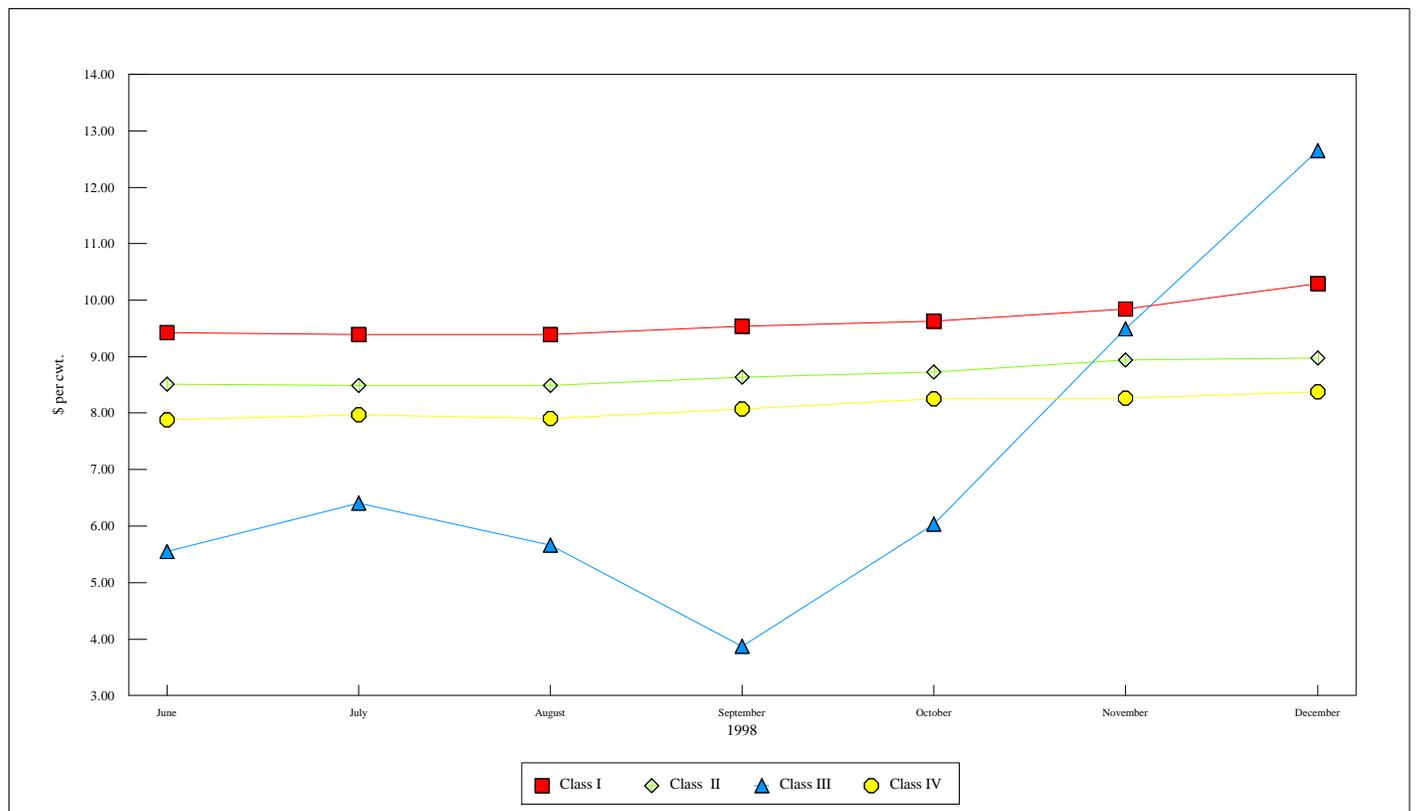
Class II skim includes differential (\$0.70 per cwt).

Class I & II skim announced on the 23rd of the month preceding the effective month (2 weeks of prices).

Class III & IV skim announced on the 5th of the month following the effective month (1 month of prices).

CHART 3A:

Comparison of Class Skim Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.



APPENDIX TABLE 3B:

Comparison of Class Fat Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.

Class Prices 1/	Units	June	July	August	September	October	November	December
Class I	dol / lb	1.6520	1.9258	2.2534	2.4687	3.0377	2.9048	2.4244
Class II	dol / lb	2.0897	2.2731	2.5060	3.1272	2.9266	2.2168	1.5220
Class III	dol / lb	2.0827	2.2661	2.4990	3.1202	2.9196	2.2098	1.5150
Class IV	dol / lb	2.0827	2.2661	2.4990	3.1202	2.9196	2.2098	1.5150

1/ Class I fat includes differential (\$0.016 per pound).

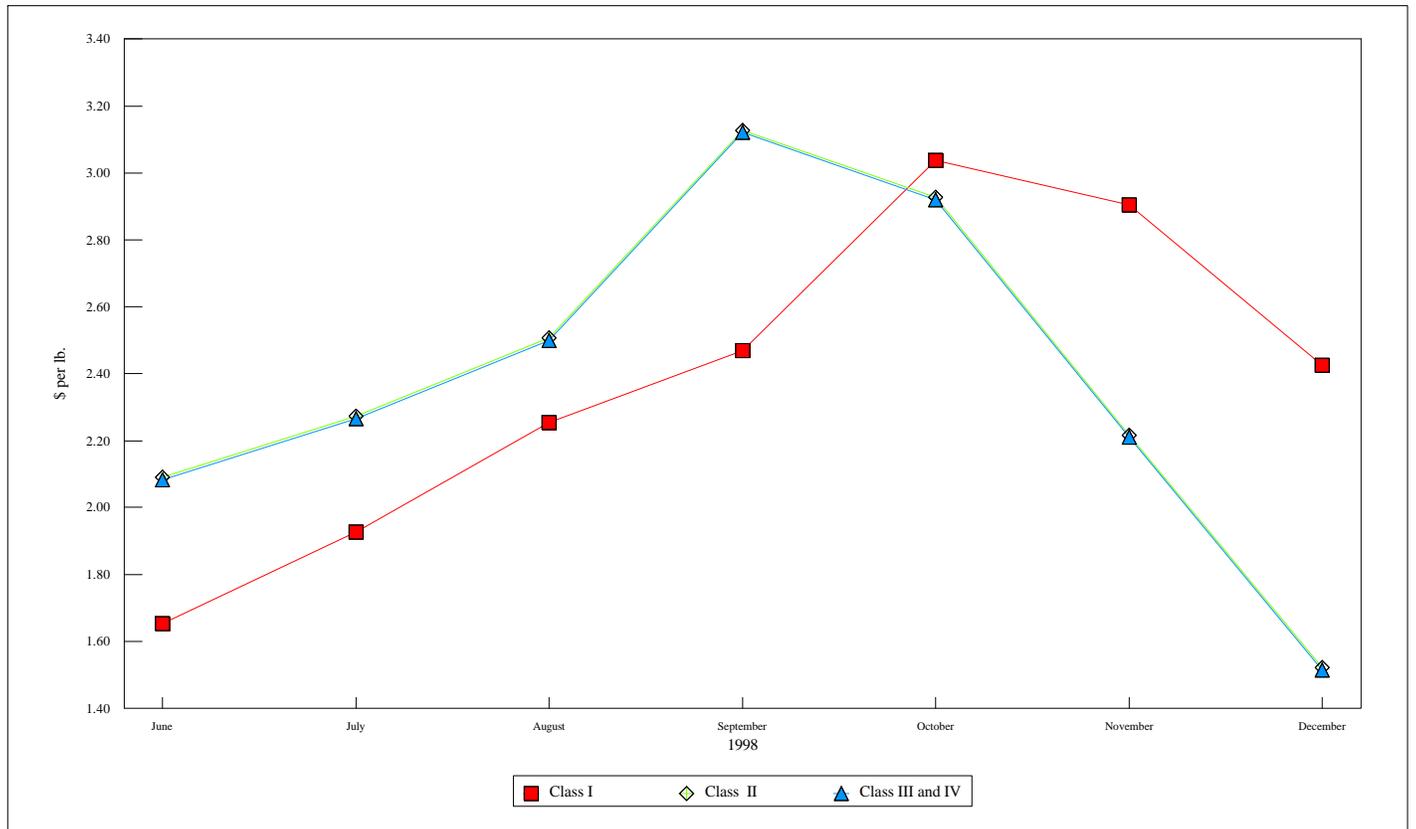
Class II fat includes differential (\$0.007 per pound).

Class I fat announced on the 23rd of the month preceding effective the month (2 weeks of prices).

Class II, III & IV fat announced on the 5th of the month following the effective month (1 month of prices).

CHART 3B:

Comparison of Class Fat Prices as Established Under the Final Decision Using a Class I Price Mover Announced on the 23rd of the Preceding Month, by Month, June-December 1998.



APPENDIX TABLE 4:

Class I Differentials Under Current System; Final Decision; Modified Option 1B;
and Modified Option 1A.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	Current	Final Decision	Modified Option 1B	Modified Option 1A
<u>Northeast (New York City)</u>					
New England (Boston)	dol. / cwt	3.24	2.75	2.35	3.25
New York-New Jersey (New York City)	dol. / cwt	3.14	2.50	2.10	3.15
Middle Atlantic (Philadelphia)	dol. / cwt	3.09	2.20	1.80	3.00
Unregulated NY and New England	dol. / cwt	2.54	2.05	1.65	2.55
<u>Appalachian (Charlotte)</u>					
Carolina (Charlotte)	dol. / cwt	3.08	2.55	2.15	3.10
Tennessee Valley (Knoxville)	dol. / cwt	2.77	2.25	1.85	2.80
Louisville-Lexington-Evansville (Louisville)	dol. / cwt	2.11	1.95	1.55	2.20
<u>Southeast (Atlanta)</u>					
	dol. / cwt	3.08	2.90	2.50	3.10
<u>Florida (Tampa)</u>					
Upper Florida (Jacksonville)	dol. / cwt	3.58	3.80	3.40	3.70
Tampa Bay (Tampa)	dol. / cwt	3.88	4.20	3.80	4.00
Southeastern Florida (Miami)	dol. / cwt	4.18	4.75	4.35	4.30
<u>Mideast (Cleveland)</u>					
Michigan Upper Peninsula (Marquette)	dol. / cwt	1.35	1.50	1.10	1.80
Southern Michigan (Detroit)	dol. / cwt	1.85	1.85	1.45	1.80
E. Ohio-W. Pennsylvania (Cleveland)	dol. / cwt	2.00	2.00	1.60	2.00
Ohio Valley (Columbus)	dol. / cwt	2.04	2.00	1.60	2.00
Indiana (Indianapolis)	dol. / cwt	1.90	2.00	1.60	2.00
<u>Upper Midwest (Chicago)</u>					
Chicago Regional (Chicago)	dol. / cwt	1.40	1.95	1.55	1.80
Upper Midwest (Minneapolis)	dol. / cwt	1.20	1.60	1.20	1.70
<u>Central (Kansas City)</u>					
Iowa (Des Moines)	dol. / cwt	1.55	1.95	1.55	1.80
Nebraska-Western Iowa (Omaha)	dol. / cwt	1.75	2.00	1.60	1.85
Eastern S. Dakota (Sioux Falls)	dol. / cwt	1.50	1.60	1.20	1.75
Central Illinois (Peoria)	dol. / cwt	1.61	2.00	1.60	1.80
Southern Illinois-Eastern Missouri (Alton)	dol. / cwt	1.92	2.10	1.70	2.00
Southwest Plains (Oklahoma City)	dol. / cwt	2.77	1.95	1.55	2.60
Eastern Colorado (Denver)	dol. / cwt	2.73	1.55	1.15	2.55
Western Colorado (Grand Junction)	dol. / cwt	2.00	2.20	1.80	2.00
Greater Kansas City (Kansas City)	dol. / cwt	1.92	1.90	1.50	2.00
<u>Southwest (Dallas)</u>					
Texas (Dallas)	dol. / cwt	3.16	2.10	1.70	3.00
New Mexico-West Texas (El Paso)	dol. / cwt	2.35	1.75	1.35	2.25
<u>Western (Salt Lake City)</u>					
Southwestern Idaho-Eastern Oregon (Boise)	dol. / cwt	1.50	1.35	0.95	1.60
Great Basin (Salt Lake City)	dol. / cwt	1.90	1.50	1.10	1.90
<u>Arizona-Las Vegas (Phoenix)</u>					
	dol. / cwt	2.52	1.55	1.15	2.35
<u>Pacific Northwest (Seattle)</u>					
	dol. / cwt	1.90	1.45	1.05	1.90

APPENDIX TABLE 5:

Differences Between the Blend Price and Class III Price, and Estimated Milk Usually Pooled That Is Not Pooled Primarily Because of the Small Differences Between the Blend Price and Class III Prices, Chicago Regional and Upper Midwest Federal Milk Orders, January 1996 Through December 1998.

Year / Month	Chicago Regional		Upper Midwest	
	Blend Price Minus Class III Price	Milk Usually Pooled, Not Pooled	Blend Price Minus Class III Price	Milk Usually Pooled, Not Pooled
	Per Cwt	Mil Lbs	Per Cwt	Mil Lbs
1996				
January	\$0.41	---	\$0.21	---
February	\$0.44	---	\$0.21	---
March	\$0.37	250	\$0.14	35
April	\$0.21	600	\$0.05	615
May	(\$0.16)	1,000	(\$0.26)	677
June	\$0.24	600	\$0.07	280
July	\$0.28	500	\$0.11	208
August	(\$0.02)	650	\$0.05	579
September	\$0.23	650	\$0.11	219
October	\$0.61	---	\$0.48	---
November	\$1.27	---	\$1.00	---
December	\$1.00	---	\$0.73	---
1997				
January	\$0.37	225	\$0.17	33
February	(\$0.07)	850	\$0.01	535
March	\$0.32	400	\$0.13	168
April	\$0.62	---	\$0.41	---
May	\$0.79	---	\$0.57	---
June	\$0.54	---	\$0.35	56
July	\$0.41	150	\$0.23	47
August	(\$0.13)	650	(\$0.16)	626
September	(\$0.45)	750	(\$0.58)	596
October	\$0.26	550	\$0.11	75
November	\$0.38	200	\$0.22	10
December	\$0.33	300	\$0.15	62
1998				
January	\$0.37	250	\$0.16	33
February	\$0.43	30	\$0.22	6
March	\$0.52	30	\$0.31	9
April	\$0.70	30	\$0.47	28
May	\$0.80	25	\$0.58	30
June	\$0.13	950	\$0.00	613
July	(\$1.83)	850	(\$2.29)	756
August	(\$0.52)	850	(\$0.65)	748
September	\$0.40	350	\$0.21	54
October	(\$0.07)	800	\$0.10	614
November	(\$0.45)	900	(\$0.48)	696
December	(\$0.32)	800	(\$0.43)	760

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)								
Marketings	Mil. Lb.	5,633.4	5,633.8	5,648.2	5,662.2	5,697.8	5,686.1	5,660.3
Class I Utilization	Percent	44.9	44.3	43.7	43.1	42.5	42.2	43.4
Class I Use	Mil. Lb.	2,527.0	2,494.3	2,468.0	2,442.3	2,418.8	2,399.5	2,458.3
Class I Price	Dol. / Cwt.	15.15	16.11	16.72	17.37	17.88	18.14	16.89
All Milk Price	Dol. / Cwt.	13.93	14.79	15.36	15.99	16.46	16.71	15.54
Cash Receipts	Mil. Dol.	784.6	833.5	867.4	905.3	937.9	950.2	879.8
New York-New Jersey (New York City)								
Marketings	Mil. Lb.	12,038.2	12,005.0	12,005.4	12,007.3	12,056.9	12,006.2	12,019.8
Class I Utilization	Percent	37.8	37.4	36.9	36.4	35.9	35.7	36.7
Class I Use	Mil. Lb.	4,556.1	4,486.8	4,430.1	4,375.1	4,324.6	4,281.9	4,409.1
Class I Price	Dol. / Cwt.	15.05	16.01	16.62	17.27	17.78	18.04	16.79
All Milk Price	Dol. / Cwt.	13.31	14.24	14.83	15.47	15.95	16.20	15.00
Cash Receipts	Mil. Dol.	1,584.5	1,691.4	1,762.3	1,839.2	1,904.9	1,927.2	1,784.9
Middle Atlantic (Philadelphia)								
Marketings	Mil. Lb.	6,702.3	6,703.0	6,719.5	6,738.5	6,787.3	6,775.7	6,737.7
Class I Utilization	Percent	43.7	43.4	43.1	42.9	42.4	42.4	43.0
Class I Use	Mil. Lb.	2,926.3	2,908.7	2,897.9	2,887.6	2,879.5	2,876.2	2,896.0
Class I Price	Dol. / Cwt.	15.00	15.96	16.57	17.22	17.73	17.99	16.74
All Milk Price	Dol. / Cwt.	13.92	14.77	15.34	15.98	16.46	16.73	15.53
Cash Receipts	Mil. Dol.	932.8	990.1	1,030.6	1,076.9	1,117.5	1,133.3	1,046.9
Unregulated NY and New England								
Marketings	Mil. Lb.	494.6	496.6	496.2	497.8	503.1	504.2	498.7
Class I Utilization	Percent	85.5	84.5	84.1	83.3	82.0	81.6	83.5
Class I Use	Mil. Lb.	422.9	419.5	417.1	414.7	412.7	411.3	416.4
Class I Price	Dol. / Cwt.	14.45	15.41	16.02	16.67	17.18	17.44	16.19
All Milk Price	Dol. / Cwt.	13.23	14.09	14.66	15.29	15.76	16.01	14.84
Cash Receipts	Mil. Dol.	65.4	70.0	72.7	76.1	79.3	80.7	74.0
Appalachian (Charlotte)								
Carolina (Charlotte)								
Marketings	Mil. Lb.	2,948.4	2,956.9	2,968.6	2,978.3	2,999.7	2,994.7	2,974.4
Class I Utilization	Percent	75.1	74.6	74.3	74.1	73.6	73.9	74.3
Class I Use	Mil. Lb.	2,213.4	2,207.1	2,206.4	2,206.2	2,207.8	2,213.1	2,209.0
Class I Price	Dol. / Cwt.	14.99	15.95	16.56	17.21	17.72	17.98	16.73
All Milk Price	Dol. / Cwt.	15.40	16.31	16.90	17.54	18.02	18.30	17.08
Cash Receipts	Mil. Dol.	454.0	482.3	501.6	522.4	540.6	547.9	508.2
Tennessee Valley (Knoxville)								
Marketings	Mil. Lb.	1,442.6	1,445.0	1,448.9	1,452.9	1,464.5	1,461.3	1,452.5
Class I Utilization	Percent	75.0	74.8	74.6	74.5	74.1	74.5	74.6
Class I Use	Mil. Lb.	1,081.5	1,080.2	1,081.5	1,082.8	1,085.0	1,089.0	1,083.3
Class I Price	Dol. / Cwt.	14.68	15.64	16.25	16.90	17.41	17.67	16.42
All Milk Price	Dol. / Cwt.	15.06	16.00	16.60	17.25	17.74	18.02	16.78
Cash Receipts	Mil. Dol.	217.3	231.2	240.5	250.6	259.8	263.3	243.8
Louisville-Lexington-Evansville (Louisville)								
Marketings	Mil. Lb.	1,156.2	1,151.3	1,149.3	1,149.0	1,155.9	1,150.0	1,152.0
Class I Utilization	Percent	75.7	75.9	76.2	76.4	76.1	76.8	76.2
Class I Use	Mil. Lb.	874.8	874.4	875.9	877.5	879.6	883.2	877.6
Class I Price	Dol. / Cwt.	14.02	14.98	15.59	16.24	16.75	17.01	15.76
All Milk Price	Dol. / Cwt.	14.38	15.34	15.96	16.62	17.11	17.40	16.14
Cash Receipts	Mil. Dol.	166.3	176.6	183.4	191.0	197.8	200.1	185.9

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Southeast (Atlanta)								
Marketings	Mil. Lb.	5,658.7	5,662.5	5,672.2	5,683.5	5,725.0	5,708.3	5,685.0
Class I Utilization	Percent	73.7	73.7	73.8	73.9	73.7	74.3	73.9
Class I Use	Mil. Lb.	4,173.1	4,174.5	4,186.6	4,199.8	4,216.9	4,241.4	4,198.7
Class I Price	Dol. / Cwt.	14.99	15.95	16.56	17.21	17.72	17.98	16.73
All Milk Price	Dol. / Cwt.	14.85	15.78	16.39	17.05	17.54	17.83	16.57
Cash Receipts	Mil. Dol.	840.5	893.8	929.6	968.9	1,004.3	1,017.7	942.5
Florida (Tampa)								
Upper Florida (Jacksonville)								
Marketings	Mil. Lb.	332.3	341.4	348.4	356.5	367.4	375.3	353.6
Class I Utilization	Percent	91.1	91.1	91.9	92.3	92.2	93.1	92.0
Class I Use	Mil. Lb.	302.9	311.0	320.0	329.2	338.9	349.4	325.2
Class I Price	Dol. / Cwt.	15.49	16.45	17.06	17.71	18.22	18.48	17.23
All Milk Price	Dol. / Cwt.	17.27	18.23	18.88	19.56	20.06	20.37	19.06
Cash Receipts	Mil. Dol.	57.4	62.2	65.8	69.8	73.7	76.5	67.6
Tampa Bay (Tampa)								
Marketings	Mil. Lb.	1,715.8	1,748.4	1,782.6	1,815.6	1,856.0	1,880.9	1,799.9
Class I Utilization	Percent	78.6	78.6	78.8	79.1	79.1	79.9	79.0
Class I Use	Mil. Lb.	1,348.5	1,375.1	1,405.2	1,435.9	1,468.0	1,503.0	1,422.6
Class I Price	Dol. / Cwt.	15.79	16.75	17.36	18.01	18.52	18.78	17.53
All Milk Price	Dol. / Cwt.	17.12	18.07	18.69	19.36	19.87	20.18	18.88
Cash Receipts	Mil. Dol.	293.8	316.0	333.2	351.5	368.7	379.6	340.5
Southeastern Florida (Miami)								
Marketings	Mil. Lb.	1,146.2	1,173.8	1,202.2	1,229.8	1,262.5	1,284.9	1,216.6
Class I Utilization	Percent	88.2	88.2	88.4	88.8	88.8	89.8	88.7
Class I Use	Mil. Lb.	1,010.6	1,035.4	1,063.3	1,091.8	1,121.8	1,154.2	1,079.5
Class I Price	Dol. / Cwt.	16.09	17.05	17.66	18.31	18.82	19.08	17.83
All Milk Price	Dol. / Cwt.	18.17	19.12	19.74	20.42	20.93	21.26	19.94
Cash Receipts	Mil. Dol.	208.3	224.4	237.3	251.1	264.2	273.2	243.1
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)								
Marketings	Mil. Lb.	67.1	66.7	66.5	66.3	66.4	65.9	66.5
Class I Utilization	Percent	76.3	76.5	76.5	76.6	76.5	77.1	76.6
Class I Use	Mil. Lb.	51.1	51.0	50.9	50.8	50.8	50.8	50.9
Class I Price	Dol. / Cwt.	13.26	14.22	14.83	15.48	15.99	16.25	15.00
All Milk Price	Dol. / Cwt.	14.16	15.12	15.73	16.39	16.89	17.17	15.91
Cash Receipts	Mil. Dol.	9.5	10.1	10.5	10.9	11.2	11.3	10.6
Southern Michigan (Detroit)								
Marketings	Mil. Lb.	4,514.1	4,532.0	4,562.7	4,593.7	4,643.6	4,658.0	4,584.0
Class I Utilization	Percent	45.1	44.7	44.3	43.8	43.2	43.1	44.0
Class I Use	Mil. Lb.	2,037.0	2,025.8	2,019.2	2,012.8	2,007.9	2,006.2	2,018.2
Class I Price	Dol. / Cwt.	13.76	14.72	15.33	15.98	16.49	16.75	15.50
All Milk Price	Dol. / Cwt.	13.34	14.25	14.83	15.48	15.96	16.22	15.01
Cash Receipts	Mil. Dol.	602.2	645.8	676.8	711.0	741.2	755.4	688.7
E. Ohio-W. Pennsylvania (Cleveland)								
Marketings	Mil. Lb.	3,333.6	3,306.1	3,289.6	3,273.5	3,270.9	3,240.7	3,285.7
Class I Utilization	Percent	51.3	51.4	51.4	51.4	51.2	51.5	51.4
Class I Use	Mil. Lb.	1,711.2	1,698.9	1,690.5	1,682.1	1,674.9	1,670.4	1,688.0
Class I Price	Dol. / Cwt.	13.91	14.87	15.48	16.13	16.64	16.90	15.65
All Milk Price	Dol. / Cwt.	13.58	14.54	15.15	15.80	16.30	16.57	15.32
Cash Receipts	Mil. Dol.	452.7	480.6	498.3	517.3	533.2	537.0	503.2

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Ohio Valley (Columbus)								
Marketings	Mil. Lb.	3,067.0	3,047.1	3,036.4	3,026.7	3,030.4	3,007.3	3,035.8
Class I Utilization	Percent	54.1	54.3	54.5	54.6	54.6	55.1	54.5
Class I Use	Mil. Lb.	1,658.6	1,654.4	1,653.7	1,653.1	1,653.5	1,656.6	1,655.0
Class I Price	Dol. / Cwt.	13.95	14.91	15.52	16.17	16.68	16.94	15.69
All Milk Price	Dol. / Cwt.	13.99	14.95	15.56	16.22	16.73	17.01	15.74
Cash Receipts	Mil. Dol.	429.0	455.4	472.5	491.0	506.8	511.4	477.7
Indiana (Indianapolis)								
Marketings	Mil. Lb.	1,989.0	1,978.8	1,974.5	1,970.7	1,975.6	1,963.0	1,975.3
Class I Utilization	Percent	61.9	62.3	62.7	63.0	63.1	63.8	62.8
Class I Use	Mil. Lb.	1,231.2	1,233.0	1,237.2	1,241.5	1,246.4	1,253.4	1,240.5
Class I Price	Dol. / Cwt.	13.81	14.77	15.38	16.03	16.54	16.80	15.55
All Milk Price	Dol. / Cwt.	14.27	15.24	15.86	16.53	17.03	17.32	16.04
Cash Receipts	Mil. Dol.	283.9	301.5	313.1	325.7	336.5	340.0	316.8
Upper Midwest (Chicago)								
Chicago Regional (Chicago)								
Marketings	Mil. Lb.	13,062.4	13,075.8	13,128.0	13,188.7	13,313.8	13,327.1	13,182.6
Class I Utilization	Percent	21.4	21.4	21.4	21.3	21.2	21.3	21.3
Class I Use	Mil. Lb.	2,798.7	2,800.3	2,807.7	2,815.1	2,824.2	2,837.8	2,814.0
Class I Price	Dol. / Cwt.	13.31	14.27	14.88	15.53	16.04	16.30	15.05
All Milk Price	Dol. / Cwt.	12.70	13.66	14.26	14.92	15.42	15.68	14.44
Cash Receipts	Mil. Dol.	1,658.8	1,785.6	1,872.4	1,967.3	2,052.4	2,089.5	1,904.4
Upper Midwest (Minneapolis)								
Marketings	Mil. Lb.	8,756.6	8,756.1	8,782.2	8,813.6	8,886.9	8,887.6	8,813.8
Class I Utilization	Percent	21.1	21.3	21.4	21.5	21.5	21.7	21.4
Class I Use	Mil. Lb.	1,850.9	1,862.2	1,877.0	1,891.6	1,907.2	1,925.8	1,885.8
Class I Price	Dol. / Cwt.	13.11	14.07	14.68	15.33	15.84	16.10	14.85
All Milk Price	Dol. / Cwt.	12.52	13.48	14.09	14.75	15.25	15.52	14.27
Cash Receipts	Mil. Dol.	1,096.1	1,180.1	1,237.3	1,299.8	1,355.3	1,379.1	1,258.0
Central (Kansas City)								
Iowa (Des Moines)								
Marketings	Mil. Lb.	2,724.8	2,695.1	2,674.8	2,656.0	2,649.6	2,619.8	2,670.0
Class I Utilization	Percent	31.5	31.9	32.2	32.5	32.7	33.2	32.3
Class I Use	Mil. Lb.	859.2	859.7	861.7	863.7	866.2	869.9	863.4
Class I Price	Dol. / Cwt.	13.46	14.42	15.03	15.68	16.19	16.45	15.20
All Milk Price	Dol. / Cwt.	12.96	13.90	14.51	15.18	15.69	15.96	14.70
Cash Receipts	Mil. Dol.	353.0	374.5	388.2	403.1	415.6	418.2	392.1
Nebraska-Western Iowa (Omaha)								
Marketings	Mil. Lb.	1,645.4	1,636.8	1,633.4	1,630.6	1,634.7	1,624.8	1,634.3
Class I Utilization	Percent	39.9	40.2	40.3	40.5	40.6	41.0	40.4
Class I Use	Mil. Lb.	656.7	657.3	659.1	660.8	663.0	666.2	660.5
Class I Price	Dol. / Cwt.	13.66	14.62	15.23	15.88	16.39	16.65	15.40
All Milk Price	Dol. / Cwt.	13.37	14.25	14.84	15.50	16.00	16.28	15.04
Cash Receipts	Mil. Dol.	220.0	233.2	242.3	252.7	261.6	264.5	245.7
Eastern S. Dakota (Sioux Falls)								
Marketings	Mil. Lb.	228.1	227.2	227.0	227.0	228.2	227.2	227.5
Class I Utilization	Percent	53.9	54.5	54.9	55.3	55.5	56.3	55.1
Class I Use	Mil. Lb.	123.0	123.8	124.7	125.6	126.6	127.8	125.3
Class I Price	Dol. / Cwt.	13.41	14.37	14.98	15.63	16.14	16.40	15.15
All Milk Price	Dol. / Cwt.	13.54	14.51	15.13	15.80	16.31	16.59	15.31
Cash Receipts	Mil. Dol.	30.9	33.0	34.4	35.9	37.2	37.7	34.8

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Central Illinois (Peoria)								
Marketings	Mil. Lb.	190.4	189.8	189.8	189.7	190.6	189.7	190.0
Class I Utilization	Percent	78.2	78.3	78.4	78.4	78.1	78.7	78.4
Class I Use	Mil. Lb.	148.9	148.7	148.7	148.8	148.9	149.3	148.9
Class I Price	Dol. / Cwt.	13.52	14.48	15.09	15.74	16.25	16.51	15.26
All Milk Price	Dol. / Cwt.	14.75	15.71	16.32	16.97	17.47	17.75	16.49
Cash Receipts	Mil. Dol.	28.1	29.8	31.0	32.2	33.3	33.7	31.3
Southern Illinois-Eastern Missouri (Alton)								
Marketings	Mil. Lb.	1,972.1	1,959.4	1,952.6	1,946.6	1,949.4	1,934.6	1,952.4
Class I Utilization	Percent	53.3	53.5	53.6	53.7	53.6	54.0	53.6
Class I Use	Mil. Lb.	1,051.0	1,047.5	1,046.2	1,044.9	1,044.2	1,045.1	1,046.5
Class I Price	Dol. / Cwt.	13.83	14.79	15.40	16.05	16.56	16.82	15.57
All Milk Price	Dol. / Cwt.	13.96	14.92	15.53	16.19	16.69	16.97	15.71
Cash Receipts	Mil. Dol.	275.3	292.4	303.3	315.2	325.4	328.3	306.6
Southwest Plains (Oklahoma City)								
Marketings	Mil. Lb.	3,107.0	3,085.2	3,071.6	3,060.1	3,064.9	3,039.3	3,071.4
Class I Utilization	Percent	47.1	47.3	47.4	47.5	47.4	47.9	47.4
Class I Use	Mil. Lb.	1,464.1	1,458.3	1,455.9	1,453.8	1,452.9	1,454.4	1,456.6
Class I Price	Dol. / Cwt.	14.68	15.64	16.25	16.90	17.41	17.67	16.42
All Milk Price	Dol. / Cwt.	13.63	14.59	15.21	15.87	16.37	16.64	15.39
Cash Receipts	Mil. Dol.	423.6	450.3	467.1	485.6	501.7	505.9	472.3
Eastern Colorado (Denver)								
Marketings	Mil. Lb.	1,832.2	1,894.1	1,950.2	2,014.6	2,093.4	2,160.3	1,990.8
Class I Utilization	Percent	41.5	40.8	40.3	39.7	38.9	38.4	39.9
Class I Use	Mil. Lb.	760.5	772.0	785.4	799.0	813.4	829.3	793.3
Class I Price	Dol. / Cwt.	14.64	15.60	16.21	16.86	17.37	17.63	16.38
All Milk Price	Dol. / Cwt.	13.16	14.08	14.67	15.31	15.78	16.03	14.84
Cash Receipts	Mil. Dol.	241.1	266.7	286.1	308.3	330.4	346.3	296.5
Western Colorado (Grand Junction)								
Marketings	Mil. Lb.	124.7	128.2	132.3	136.3	140.9	144.6	134.5
Class I Utilization	Percent	78.9	77.9	76.8	75.9	74.8	74.3	76.4
Class I Use	Mil. Lb.	98.3	99.9	101.6	103.4	105.3	107.4	102.7
Class I Price	Dol. / Cwt.	13.91	14.87	15.48	16.13	16.64	16.90	15.65
All Milk Price	Dol. / Cwt.	13.73	14.65	15.22	15.85	16.33	16.58	15.39
Cash Receipts	Mil. Dol.	17.1	18.8	20.1	21.6	23.0	24.0	20.8
Greater Kansas City (Kansas City)								
Marketings	Mil. Lb.	289.2	292.3	295.8	299.6	305.3	307.6	298.3
Class I Utilization	Percent	82.8	81.8	80.9	80.0	78.6	78.3	80.4
Class I Use	Mil. Lb.	239.5	239.2	239.4	239.6	240.0	240.8	239.8
Class I Price	Dol. / Cwt.	13.83	14.79	15.40	16.05	16.56	16.82	15.57
All Milk Price	Dol. / Cwt.	14.82	15.72	16.28	16.91	17.36	17.61	16.45
Cash Receipts	Mil. Dol.	42.9	45.9	48.2	50.7	53.0	54.2	49.1
Southwest (Dallas)								
Texas (Dallas)								
Marketings	Mil. Lb.	6,482.7	6,442.9	6,414.2	6,382.9	6,376.7	6,312.1	6,401.9
Class I Utilization	Percent	51.6	52.0	52.5	53.0	53.4	54.3	52.8
Class I Use	Mil. Lb.	3,342.6	3,350.5	3,366.9	3,384.1	3,404.3	3,430.5	3,379.8
Class I Price	Dol. / Cwt.	15.07	16.03	16.64	17.29	17.80	18.06	16.81
All Milk Price	Dol. / Cwt.	13.88	14.85	15.47	16.15	16.67	16.96	15.66
Cash Receipts	Mil. Dol.	900.0	956.5	992.5	1,030.8	1,062.8	1,070.8	1,002.2

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
New Mexico-West Texas (El Paso)								
Marketings	Mil. Lb.	2,262.4	2,292.9	2,333.5	2,373.1	2,420.2	2,450.5	2,355.4
Class I Utilization	Percent	28.9	28.4	27.9	27.5	27.0	26.8	27.8
Class I Use	Mil. Lb.	652.8	651.6	652.2	652.9	654.3	656.8	653.4
Class I Price	Dol. / Cwt.	14.26	15.22	15.83	16.48	16.99	17.25	16.00
All Milk Price	Dol. / Cwt.	12.81	13.71	14.29	14.93	15.42	15.68	14.47
Cash Receipts	Mil. Dol.	289.8	314.3	333.5	354.4	373.3	384.2	338.2
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)								
Marketings	Mil. Lb.	2,435.6	2,488.3	2,553.6	2,620.3	2,697.3	2,756.6	2,591.9
Class I Utilization	Percent	8.1	8.1	8.1	8.1	8.1	8.2	8.1
Class I Use	Mil. Lb.	198.2	202.8	208.0	213.2	218.8	224.8	211.0
Class I Price	Dol. / Cwt.	13.41	14.37	14.98	15.63	16.14	16.40	15.15
All Milk Price	Dol. / Cwt.	12.06	13.01	13.62	14.28	14.78	15.04	13.80
Cash Receipts	Mil. Dol.	293.7	323.8	347.9	374.1	398.7	414.7	358.8
Great Basin (Salt Lake City)								
Marketings	Mil. Lb.	2,531.7	2,566.6	2,613.8	2,662.2	2,721.7	2,760.2	2,642.7
Class I Utilization	Percent	37.9	38.4	38.7	39.1	39.4	40.0	38.9
Class I Use	Mil. Lb.	959.6	984.8	1,012.6	1,041.3	1,071.4	1,104.0	1,028.9
Class I Price	Dol. / Cwt.	13.81	14.77	15.38	16.03	16.54	16.80	15.55
All Milk Price	Dol. / Cwt.	12.75	13.72	14.33	15.00	15.51	15.78	14.51
Cash Receipts	Mil. Dol.	322.8	352.0	374.6	399.3	422.0	435.6	384.4
Arizona-Las Vegas (Phoenix)								
Marketings	Mil. Lb.	2,706.5	2,775.1	2,857.4	2,940.2	3,032.8	3,107.9	2,903.3
Class I Utilization	Percent	40.5	40.3	40.0	39.8	39.5	39.6	39.9
Class I Use	Mil. Lb.	1,095.3	1,118.2	1,144.1	1,170.7	1,198.7	1,229.4	1,159.4
Class I Price	Dol. / Cwt.	14.43	15.39	16.00	16.65	17.16	17.42	16.17
All Milk Price	Dol. / Cwt.	13.05	13.93	14.50	15.16	15.65	15.91	14.70
Cash Receipts	Mil. Dol.	353.2	386.5	414.5	445.6	474.6	494.5	428.1
Pacific Northwest (Seattle)								
Marketings	Mil. Lb.	7,122.2	7,295.7	7,504.2	7,715.6	7,955.6	8,145.9	7,623.2
Class I Utilization	Percent	31.7	31.4	31.1	30.8	30.4	30.3	31.0
Class I Use	Mil. Lb.	2,258.0	2,293.9	2,334.8	2,376.3	2,419.9	2,467.9	2,358.4
Class I Price	Dol. / Cwt.	13.81	14.77	15.38	16.03	16.54	16.80	15.55
All Milk Price	Dol. / Cwt.	12.86	13.67	14.22	14.87	15.36	15.62	14.43
Cash Receipts	Mil. Dol.	915.8	997.3	1,067.3	1,147.5	1,222.2	1,272.3	1,103.7
All Federal Order Markets								
Marketings	Mil. Lb.	109,713.5	110,050.0	110,685.7	111,359.8	112,524.9	112,758.3	111,182.0
Class I Utilization	Percent	42.6	42.4	42.3	42.2	41.9	42.0	42.2
Class I Use	Mil. Lb.	46,683.5	46,700.6	46,829.5	46,967.7	47,146.4	47,406.7	46,955.7
Class I Price	Dol. / Cwt.	14.48	15.43	16.04	16.70	17.20	17.46	16.22
All Milk Price	Dol. / Cwt.	13.53	14.45	15.05	15.70	16.19	16.46	15.23
Cash Receipts	Mil. Dol.	14,844.1	15,905.8	16,656.2	17,482.7	18,220.2	18,557.9	16,944.5
State of California								
Marketings	Mil. Lb.	30,595.2	31,314.3	32,185.4	33,060.4	34,044.5	34,826.6	32,671.1
Class I Utilization	Percent	19.9	19.3	18.8	18.3	17.8	17.4	18.6
Class I Use	Mil. Lb.	6,079.5	6,058.7	6,052.5	6,047.2	6,046.8	6,056.5	6,056.9
Class I Price	Dol. / Cwt.	14.71	15.67	16.28	16.93	17.44	17.70	16.45
All Milk Price	Dol. / Cwt.	12.71	13.49	14.02	14.67	15.15	15.40	14.24
Cash Receipts	Mil. Dol.	3,887.4	4,223.6	4,513.8	4,848.8	5,157.5	5,362.1	4,665.5

APPENDIX TABLE 6:

Baseline: Selected Supply-Demand-Price Estimates From the USDA Model Baseline, Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
United States								
Marketings	Mil. Lb.	161,452.9	162,487.1	164,045.3	165,646.1	167,928.4	169,293.6	165,142.2
Class I Utilization	Percent	36.3	36.0	35.8	35.5	35.1	35.0	35.6
Class I Use	Mil. Lb.	58,568.4	58,540.5	58,651.7	58,773.2	58,944.0	59,215.2	58,782.2
All Milk Price	Dol. / Cwt.	13.03	13.92	14.57	15.21	15.67	15.96	14.73
Cash Receipts	Mil. Dol.	21,034.7	22,623.9	23,896.0	25,199.1	26,317.5	27,016.3	24,347.9

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)								
Marketings	Mil. Lb.	5.6	4.7	3.5	2.9	2.7	2.7	3.7
Class I Utilization 1/	Percent	(2.9)	(2.6)	(2.4)	(2.3)	(2.1)	(2.0)	(2.4)
Class I Use	Mil. Lb.	(0.1)	4.9	5.5	5.1	4.9	4.7	4.2
Class I Price	Dol. / Cwt.	0.01	-0.42	-0.48	-0.47	-0.46	-0.45	-0.38
All Milk Price	Dol. / Cwt.	0.18	-0.03	-0.04	-0.02	-0.01	-0.00	0.01
Cash Receipts	Mil. Dol.	10.7	(1.0)	(1.9)	(0.9)	(0.1)	0.4	1.2
New York-New Jersey (New York City)								
Marketings	Mil. Lb.	15.7	13.5	9.3	6.2	3.5	1.2	8.2
Class I Utilization 1/	Percent	4.1	4.3	4.4	4.4	4.4	4.5	4.4
Class I Use	Mil. Lb.	3.4	13.1	14.1	13.2	12.7	12.2	11.4
Class I Price	Dol. / Cwt.	-0.14	-0.57	-0.63	-0.62	-0.61	-0.60	-0.53
All Milk Price 2/	Dol. / Cwt.	0.38	0.12	0.08	0.09	0.10	0.11	0.15
Cash Receipts 3/	Mil. Dol.	66.2	33.8	28.7	30.1	30.6	31.0	36.7
Cash Receipts, Net Transportation Adjustment 4/	Mil. Dol.	48.1	15.8	10.7	12.1	12.6	13.0	18.7
Middle Atlantic (Philadelphia)								
Marketings	Mil. Lb.	(11.5)	(28.6)	(44.9)	(60.3)	(75.4)	(89.6)	(51.7)
Class I Utilization 1/	Percent	(1.7)	(1.7)	(1.9)	(2.0)	(2.1)	(2.3)	(2.0)
Class I Use	Mil. Lb.	5.5	11.0	11.6	11.1	10.7	10.4	10.1
Class I Price	Dol. / Cwt.	-0.39	-0.82	-0.88	-0.87	-0.86	-0.85	-0.78
All Milk Price	Dol. / Cwt.	-0.31	-0.50	-0.51	-0.50	-0.49	-0.49	-0.47
Cash Receipts	Mil. Dol.	(22.1)	(37.4)	(40.9)	(43.0)	(45.6)	(47.9)	(39.5)
Unregulated NY and New England								
Marketings	Mil. Lb.	(0.7)	(1.9)	(2.9)	(3.9)	(4.9)	(5.8)	(3.3)
Class I Utilization 1/	Percent	(43.5)	(42.8)	(42.8)	(42.5)	(41.7)	(41.4)	(42.5)
Class I Use	Mil. Lb.	(0.0)	0.8	0.9	0.8	0.8	0.8	0.7
Class I Price	Dol. / Cwt.	0.01	-0.42	-0.48	-0.47	-0.46	-0.45	-0.38
All Milk Price	Dol. / Cwt.	-0.25	-0.45	-0.46	-0.43	-0.41	-0.40	-0.40
Cash Receipts	Mil. Dol.	(1.3)	(2.5)	(2.7)	(2.7)	(2.8)	(2.9)	(2.5)
Appalachian (Charlotte)								
Carolina (Charlotte)								
Marketings	Mil. Lb.	1.8	(1.4)	(4.9)	(7.9)	(10.8)	(13.5)	(6.1)
Class I Utilization 1/	Percent	0.0	0.5	0.7	0.9	1.0	1.2	0.7
Class I Use	Mil. Lb.	0.4	5.0	5.6	5.3	5.1	5.0	4.4
Class I Price	Dol. / Cwt.	-0.03	-0.46	-0.52	-0.51	-0.50	-0.49	-0.42
All Milk Price	Dol. / Cwt.	0.12	-0.23	-0.27	-0.25	-0.24	-0.23	-0.18
Cash Receipts	Mil. Dol.	3.8	(6.9)	(8.7)	(8.7)	(9.0)	(9.2)	(6.5)
Tennessee Valley (Knoxville)								
Marketings	Mil. Lb.	0.6	(1.4)	(3.6)	(5.5)	(7.5)	(9.2)	(4.4)
Class I Utilization 1/	Percent	0.1	0.3	0.4	0.5	0.6	0.6	0.4
Class I Use	Mil. Lb.	0.1	2.2	2.5	2.3	2.3	2.2	1.9
Class I Price	Dol. / Cwt.	-0.02	-0.45	-0.51	-0.50	-0.49	-0.48	-0.41
All Milk Price	Dol. / Cwt.	0.08	-0.29	-0.34	-0.32	-0.32	-0.31	-0.25
Cash Receipts	Mil. Dol.	1.2	(4.4)	(5.5)	(5.6)	(5.9)	(6.1)	(4.4)
Louisville-Lexington-Evansville (Louisville)								
Marketings	Mil. Lb.	1.4	0.8	(0.1)	(0.8)	(1.6)	(2.3)	(0.4)
Class I Utilization 1/	Percent	(0.6)	(0.8)	(1.1)	(1.4)	(1.5)	(1.7)	(1.2)
Class I Use	Mil. Lb.	(1.3)	0.3	0.6	0.5	0.5	0.4	0.2
Class I Price	Dol. / Cwt.	0.34	-0.09	-0.15	-0.14	-0.13	-0.12	-0.05
All Milk Price	Dol. / Cwt.	0.26	-0.12	-0.19	-0.18	-0.18	-0.17	-0.10
Cash Receipts	Mil. Dol.	3.2	(1.3)	(2.2)	(2.2)	(2.3)	(2.4)	(1.2)

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Southeast (Atlanta)								
Marketings	Mil. Lb.	8.9	7.8	5.6	3.8	2.2	0.7	4.8
Class I Utilization 1/	Percent	(0.2)	(0.1)	(0.0)	0.0	0.0	0.0	(0.0)
Class I Use	Mil. Lb.	(6.5)	2.1	3.4	3.0	2.9	2.7	1.3
Class I Price	Dol. / Cwt.	0.32	-0.11	-0.17	-0.16	-0.15	-0.14	-0.07
All Milk Price	Dol. / Cwt.	0.30	-0.04	-0.09	-0.08	-0.07	-0.06	-0.01
Cash Receipts	Mil. Dol.	18.2	(1.1)	(4.2)	(3.6)	(3.7)	(3.5)	0.3
Florida (Tampa)								
Upper Florida (Jacksonville)								
Marketings	Mil. Lb.	0.5	0.3	0.1	(0.2)	(0.4)	(0.7)	(0.1)
Class I Utilization 1/	Percent	(8.5)	(8.4)	(9.0)	(9.2)	(9.2)	(9.3)	(8.9)
Class I Use	Mil. Lb.	(1.1)	(0.4)	(0.3)	(0.4)	(0.4)	(0.4)	(0.5)
Class I Price	Dol. / Cwt.	0.72	0.29	0.23	0.24	0.25	0.26	0.33
All Milk Price	Dol. / Cwt.	0.29	-0.10	-0.18	-0.17	-0.17	-0.16	-0.08
Cash Receipts	Mil. Dol.	1.0	(0.3)	(0.6)	(0.6)	(0.7)	(0.7)	(0.3)
Tampa Bay (Tampa)								
Marketings	Mil. Lb.	7.7	11.8	15.2	18.6	22.1	25.6	16.8
Class I Utilization 1/	Percent	4.0	4.1	4.1	4.0	3.9	3.9	4.0
Class I Use	Mil. Lb.	(5.3)	(2.6)	(2.1)	(2.3)	(2.3)	(2.4)	(2.8)
Class I Price	Dol. / Cwt.	0.82	0.39	0.33	0.34	0.35	0.36	0.43
All Milk Price	Dol. / Cwt.	0.86	0.47	0.41	0.42	0.41	0.42	0.50
Cash Receipts	Mil. Dol.	16.1	10.4	10.2	11.3	12.2	13.1	12.2
Southeastern Florida (Miami)								
Marketings	Mil. Lb.	4.7	7.0	9.0	10.9	12.9	14.8	9.9
Class I Utilization 1/	Percent	(5.5)	(5.5)	(5.6)	(5.7)	(5.8)	(6.0)	(5.7)
Class I Use	Mil. Lb.	(5.6)	(3.4)	(3.1)	(3.2)	(3.3)	(3.4)	(3.6)
Class I Price	Dol. / Cwt.	1.07	0.64	0.58	0.59	0.60	0.61	0.68
All Milk Price	Dol. / Cwt.	0.78	0.40	0.34	0.34	0.33	0.33	0.42
Cash Receipts	Mil. Dol.	9.9	6.1	5.8	6.5	7.0	7.4	7.1
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)								
Marketings	Mil. Lb.	0.0	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)	(0.2)
Class I Utilization 1/	Percent	(24.9)	(25.1)	(25.3)	(25.5)	(25.6)	(26.0)	(25.4)
Class I Use	Mil. Lb.	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Class I Price	Dol. / Cwt.	0.65	0.22	0.16	0.17	0.18	0.19	0.26
All Milk Price	Dol. / Cwt.	0.01	-0.30	-0.35	-0.34	-0.34	-0.33	-0.28
Cash Receipts	Mil. Dol.	0.0	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)
Southern Michigan (Detroit)								
Marketings	Mil. Lb.	11.8	16.5	20.2	24.2	28.5	32.9	22.3
Class I Utilization 1/	Percent	6.2	6.7	7.0	7.3	7.6	8.0	7.1
Class I Use	Mil. Lb.	(4.7)	(0.7)	(0.1)	(0.2)	(0.2)	(0.3)	(1.0)
Class I Price	Dol. / Cwt.	0.50	0.07	0.01	0.02	0.03	0.04	0.11
All Milk Price	Dol. / Cwt.	0.46	0.19	0.16	0.18	0.19	0.20	0.23
Cash Receipts	Mil. Dol.	22.4	11.1	10.5	12.2	13.5	14.9	14.1
E. Ohio-W. Pennsylvania (Cleveland)								
Marketings	Mil. Lb.	7.9	10.6	12.5	14.4	16.3	18.0	13.3
Class I Utilization 1/	Percent	0.0	(0.0)	(0.1)	(0.2)	(0.3)	(0.5)	(0.2)
Class I Use	Mil. Lb.	(3.8)	(0.5)	(0.0)	(0.2)	(0.2)	(0.2)	(0.8)
Class I Price	Dol. / Cwt.	0.50	0.07	0.01	0.02	0.03	0.04	0.11
All Milk Price	Dol. / Cwt.	0.50	0.19	0.14	0.15	0.15	0.16	0.22
Cash Receipts	Mil. Dol.	17.8	8.0	6.6	7.4	7.7	8.1	9.3

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Ohio Valley (Columbus)								
Marketings	Mil. Lb.	5.4	6.2	6.3	6.5	6.7	6.8	6.3
Class I Utilization 1/	Percent	(2.7)	(2.9)	(3.2)	(3.5)	(3.7)	(4.0)	(3.3)
Class I Use	Mil. Lb.	(3.4)	(0.2)	0.2	0.1	0.1	0.0	(0.5)
Class I Price	Dol. / Cwt.	0.46	0.03	-0.03	-0.02	-0.01	-0.00	0.07
All Milk Price	Dol. / Cwt.	0.37	0.06	0.01	0.02	0.02	0.01	0.08
Cash Receipts	Mil. Dol.	12.2	2.9	1.3	1.6	1.6	1.6	3.5
Indiana (Indianapolis)								
Marketings	Mil. Lb.	2.8	2.6	2.1	1.6	1.1	0.6	1.8
Class I Utilization 1/	Percent	(10.6)	(10.9)	(11.4)	(11.8)	(12.2)	(12.8)	(11.6)
Class I Use	Mil. Lb.	(3.1)	(0.9)	(0.5)	(0.6)	(0.6)	(0.6)	(1.1)
Class I Price	Dol. / Cwt.	0.60	0.17	0.11	0.12	0.13	0.14	0.21
All Milk Price	Dol. / Cwt.	0.29	-0.01	-0.07	-0.06	-0.07	-0.07	0.00
Cash Receipts	Mil. Dol.	6.3	0.2	(1.0)	(1.0)	(1.1)	(1.3)	0.3
Upper Midwest (Chicago)								
Chicago Regional (Chicago)								
Marketings 5/	Mil. Lb.	2,943.2	1,285.6	1,303.3	1,322.0	1,347.7	1,362.6	1,594.1
Class I Utilization 1/	Percent	(2.7)	(1.3)	(1.2)	(1.2)	(1.1)	(1.1)	(1.5)
Class I Use	Mil. Lb.	(12.6)	(7.3)	(6.4)	(6.4)	(6.3)	(6.4)	(7.6)
Class I Price	Dol. / Cwt.	1.05	0.62	0.56	0.57	0.58	0.59	0.66
All Milk Price 6/	Dol. / Cwt.	0.17	0.16	0.15	0.16	0.17	0.18	0.16
Cash Receipts 7/	Mil. Dol.	400.2	199.0	207.6	220.1	232.5	239.7	249.8
Cash Receipts, Net Pooling 8/	Mil. Dol.	52.0	37.1	37.2	40.3	44.2	47.6	43.1
Upper Midwest (Minneapolis)								
Marketings	Mil. Lb.	(0.7)	(3.5)	(6.7)	(9.6)	(12.1)	(14.2)	(7.8)
Class I Utilization 1/	Percent	(2.4)	(1.1)	(1.2)	(1.3)	(1.4)	(1.5)	(1.5)
Class I Use	Mil. Lb.	(6.6)	(3.4)	(2.9)	(2.9)	(2.9)	(3.0)	(3.6)
Class I Price	Dol. / Cwt.	0.90	0.47	0.41	0.42	0.43	0.44	0.51
All Milk Price 6/	Dol. / Cwt.	-0.04	-0.09	-0.11	-0.10	-0.09	-0.08	-0.09
Cash Receipts	Mil. Dol.	(3.9)	(8.5)	(10.2)	(10.2)	(9.8)	(9.5)	(8.7)
Central (Kansas City)								
Iowa (Des Moines)								
Marketings	Mil. Lb.	9.5	15.3	20.3	25.1	29.8	34.2	22.4
Class I Utilization 1/	Percent	13.0	12.8	12.5	12.2	11.9	11.7	12.3
Class I Use	Mil. Lb.	(3.1)	(1.6)	(1.3)	(1.4)	(1.4)	(1.4)	(1.7)
Class I Price	Dol. / Cwt.	0.90	0.47	0.41	0.42	0.43	0.44	0.51
All Milk Price	Dol. / Cwt.	0.73	0.51	0.47	0.48	0.48	0.48	0.52
Cash Receipts	Mil. Dol.	21.2	15.9	15.6	16.6	17.5	18.3	17.5
Nebraska-Western Iowa (Omaha)								
Marketings	Mil. Lb.	3.6	5.8	7.7	9.5	11.4	13.2	8.5
Class I Utilization 1/	Percent	4.6	4.5	4.4	4.2	4.0	3.9	4.3
Class I Use	Mil. Lb.	(2.0)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(0.9)
Class I Price	Dol. / Cwt.	0.75	0.32	0.26	0.27	0.28	0.29	0.36
All Milk Price	Dol. / Cwt.	0.47	0.30	0.29	0.30	0.30	0.31	0.33
Cash Receipts	Mil. Dol.	8.2	5.8	5.9	6.4	6.8	7.2	6.7
Eastern S. Dakota (Sioux Falls)								
Marketings	Mil. Lb.	0.1	(0.0)	(0.2)	(0.4)	(0.5)	(0.7)	(0.3)
Class I Utilization 1/	Percent	(9.4)	(9.8)	(10.2)	(10.6)	(10.9)	(11.4)	(10.4)
Class I Use	Mil. Lb.	(0.3)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.60	0.17	0.11	0.12	0.13	0.14	0.21
All Milk Price	Dol. / Cwt.	0.10	-0.15	-0.19	-0.19	-0.18	-0.18	-0.13
Cash Receipts	Mil. Dol.	0.2	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Central Illinois (Peoria)								
Marketings	Mil. Lb.	0.0	(0.1)	(0.3)	(0.5)	(0.6)	(0.8)	(0.4)
Class I Utilization 1/	Percent	(33.7)	(33.7)	(33.6)	(33.7)	(33.6)	(33.8)	(33.7)
Class I Use	Mil. Lb.	(0.5)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Class I Price	Dol. / Cwt.	0.89	0.46	0.40	0.41	0.42	0.43	0.50
All Milk Price	Dol. / Cwt.	0.04	-0.20	-0.24	-0.22	-0.21	-0.21	-0.17
Cash Receipts	Mil. Dol.	0.1	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)
Southern Illinois-Eastern Missouri (Alton)								
Marketings	Mil. Lb.	3.0	3.6	3.9	4.3	4.7	5.1	4.1
Class I Utilization 1/	Percent	(8.8)	(8.8)	(8.8)	(8.9)	(9.0)	(9.2)	(8.9)
Class I Use	Mil. Lb.	(3.0)	(1.1)	(0.8)	(0.8)	(0.8)	(0.9)	(1.2)
Class I Price	Dol. / Cwt.	0.68	0.25	0.19	0.20	0.21	0.22	0.29
All Milk Price	Dol. / Cwt.	0.32	0.08	0.04	0.05	0.06	0.06	0.10
Cash Receipts	Mil. Dol.	6.8	2.1	1.4	1.7	1.9	2.1	2.6
Southwest Plains (Oklahoma City)								
Marketings	Mil. Lb.	(1.3)	(5.7)	(10.3)	(14.4)	(18.4)	(22.1)	(12.0)
Class I Utilization 1/	Percent	(2.6)	(2.6)	(2.7)	(2.7)	(2.8)	(3.0)	(2.7)
Class I Use	Mil. Lb.	2.3	5.2	5.5	5.3	5.1	5.0	4.7
Class I Price	Dol. / Cwt.	-0.32	-0.75	-0.81	-0.80	-0.79	-0.78	-0.71
All Milk Price	Dol. / Cwt.	-0.08	-0.33	-0.37	-0.36	-0.35	-0.35	-0.31
Cash Receipts	Mil. Dol.	(2.8)	(11.0)	(12.8)	(13.2)	(13.7)	(14.2)	(11.3)
Eastern Colorado (Denver)								
Marketings	Mil. Lb.	(2.6)	(6.7)	(10.9)	(14.9)	(19.0)	(22.9)	(12.8)
Class I Utilization 1/	Percent	3.0	3.9	4.5	5.1	5.7	6.5	4.8
Class I Use	Mil. Lb.	2.3	3.7	3.9	3.8	3.8	3.8	3.6
Class I Price	Dol. / Cwt.	-0.68	-1.11	-1.17	-1.16	-1.15	-1.14	-1.07
All Milk Price	Dol. / Cwt.	-0.32	-0.53	-0.54	-0.51	-0.49	-0.46	-0.48
Cash Receipts	Mil. Dol.	(6.2)	(11.0)	(12.2)	(12.6)	(13.1)	(13.5)	(11.4)
Western Colorado (Grand Junction)								
Marketings	Mil. Lb.	(0.1)	(0.2)	(0.4)	(0.5)	(0.7)	(0.8)	(0.4)
Class I Utilization 1/	Percent	(34.4)	(33.2)	(32.1)	(31.1)	(30.2)	(29.4)	(31.7)
Class I Use	Mil. Lb.	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.70	0.27	0.21	0.22	0.23	0.24	0.31
All Milk Price	Dol. / Cwt.	-0.11	-0.31	-0.32	-0.28	-0.26	-0.23	-0.25
Cash Receipts	Mil. Dol.	(0.1)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)
Greater Kansas City (Kansas City)								
Marketings	Mil. Lb.	(0.6)	(1.3)	(2.0)	(2.7)	(3.3)	(3.9)	(2.3)
Class I Utilization 1/	Percent	(38.3)	(37.2)	(36.2)	(35.2)	(34.0)	(33.4)	(35.7)
Class I Use	Mil. Lb.	(0.5)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.1)
Class I Price	Dol. / Cwt.	0.48	0.05	-0.01	0.00	0.01	0.02	0.09
All Milk Price	Dol. / Cwt.	-0.42	-0.62	-0.63	-0.59	-0.56	-0.53	-0.56
Cash Receipts	Mil. Dol.	(1.3)	(2.0)	(2.2)	(2.2)	(2.3)	(2.3)	(2.0)
Southwest (Dallas)								
Texas (Dallas)								
Marketings	Mil. Lb.	(9.0)	(25.6)	(42.1)	(57.6)	(72.7)	(87.0)	(49.0)
Class I Utilization 1/	Percent	(5.7)	(5.9)	(6.1)	(6.4)	(6.7)	(7.1)	(6.3)
Class I Use	Mil. Lb.	9.8	16.6	17.4	16.8	16.5	16.2	15.5
Class I Price	Dol. / Cwt.	-0.56	-0.99	-1.05	-1.04	-1.03	-1.02	-0.95
All Milk Price	Dol. / Cwt.	-0.25	-0.51	-0.56	-0.56	-0.56	-0.57	-0.50
Cash Receipts	Mil. Dol.	(17.5)	(36.5)	(42.1)	(44.4)	(47.3)	(50.1)	(39.7)

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
New Mexico-West Texas (El Paso)								
Marketings	Mil. Lb.	3.0	4.2	5.3	6.5	8.0	9.6	6.1
Class I Utilization 1/	Percent	17.0	17.7	18.4	19.1	19.7	20.5	18.7
Class I Use	Mil. Lb.	0.4	1.9	2.0	1.9	1.9	1.8	1.7
Class I Price	Dol. / Cwt.	-0.10	-0.53	-0.59	-0.58	-0.57	-0.56	-0.49
All Milk Price	Dol. / Cwt.	0.35	0.15	0.14	0.17	0.19	0.22	0.20
Cash Receipts	Mil. Dol.	8.3	4.0	4.0	5.0	5.9	6.9	5.68
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)								
Marketings	Mil. Lb.	3.4	5.6	7.6	9.8	12.1	14.6	8.9
Class I Utilization 1/	Percent	15.1	15.4	15.5	15.6	15.7	16.0	15.6
Class I Use	Mil. Lb.	(0.3)	0.1	0.1	0.1	0.1	0.1	0.0
Class I Price	Dol. / Cwt.	0.35	-0.08	-0.14	-0.13	-0.12	-0.11	-0.04
All Milk Price	Dol. / Cwt.	0.32	0.21	0.20	0.21	0.22	0.23	0.23
Cash Receipts	Mil. Dol.	8.2	5.9	6.0	6.8	7.7	8.6	7.2
Great Basin (Salt Lake City)								
Marketings	Mil. Lb.	(1.4)	(3.8)	(6.2)	(8.6)	(11.1)	(13.4)	(7.4)
Class I Utilization 1/	Percent	(14.6)	(14.9)	(15.1)	(15.3)	(15.5)	(15.9)	(15.2)
Class I Use	Mil. Lb.	(0.4)	1.3	1.6	1.6	1.6	1.5	1.2
Class I Price	Dol. / Cwt.	0.10	-0.33	-0.39	-0.38	-0.37	-0.36	-0.29
All Milk Price	Dol. / Cwt.	-0.15	-0.27	-0.29	-0.28	-0.28	-0.28	-0.26
Cash Receipts	Mil. Dol.	(4.0)	(7.4)	(8.4)	(8.9)	(9.2)	(9.7)	(7.9)
Arizona-Las Vegas (Phoenix)								
Marketings	Mil. Lb.	(1.7)	(5.5)	(9.4)	(13.1)	(16.9)	(20.7)	(11.2)
Class I Utilization 1/	Percent	0.1	0.2	0.3	0.3	0.4	0.4	0.3
Class I Use	Mil. Lb.	2.4	4.4	4.8	4.7	4.7	4.7	4.3
Class I Price	Dol. / Cwt.	-0.47	-0.90	-0.96	-0.95	-0.94	-0.93	-0.86
All Milk Price	Dol. / Cwt.	-0.15	-0.33	-0.34	-0.33	-0.32	-0.31	-0.30
Cash Receipts	Mil. Dol.	(4.2)	(9.9)	(11.1)	(11.6)	(12.3)	(13.0)	(10.4)
Pacific Northwest (Seattle)								
Marketings	Mil. Lb.	1.7	(1.1)	(3.8)	(6.1)	(8.4)	(10.6)	(4.7)
Class I Utilization 1/	Percent	(0.0)	0.1	0.1	0.1	0.1	0.1	0.1
Class I Use	Mil. Lb.	(0.4)	3.5	4.1	3.9	3.9	3.8	3.1
Class I Price	Dol. / Cwt.	0.05	-0.38	-0.44	-0.43	-0.42	-0.41	-0.34
All Milk Price	Dol. / Cwt.	0.05	-0.10	-0.09	-0.08	-0.07	-0.07	-0.06
Cash Receipts	Mil. Dol.	4.0	(7.2)	(7.5)	(7.1)	(7.1)	(7.4)	(5.4)
All Federal Order Markets								
Marketings 5/	Mil. Lb.	3,012.8	1,315.1	1,283.1	1,259.0	1,245.2	1,224.2	1,556.6
Class I Utilization 1/	Percent	(1.2)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Class I Use	Mil. Lb.	(38.6)	52.7	65.1	60.1	57.9	55.2	42.1
Class I Price	Dol. / Cwt.	0.20	-0.22	-0.29	-0.27	-0.27	-0.26	-0.19
All Milk Price	Dol. / Cwt.	0.14	-0.05	-0.07	-0.06	-0.06	-0.05	-0.02
Cash Receipts 9/	Mil. Dol.	582.6	155.5	127.8	145.2	157.1	163.6	222.0
Cash Receipts, Net Transportation Adjustment and Pooling 10/	Mil. Dol.	216.3	(24.4)	(60.6)	(52.5)	(49.2)	(46.5)	(2.8)
State of California								
Marketings	Mil. Lb.	(6.9)	(9.7)	(8.2)	(5.7)	(2.0)	2.2	(5.1)
Class I Utilization 1/	Percent	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0
Class I Use	Mil. Lb.	0.7	(0.0)	(0.2)	(0.3)	(0.7)	(0.9)	(0.2)
Class I Price	Dol. / Cwt.	-0.02	0.00	0.01	0.01	0.03	0.04	0.01
All Milk Price	Dol. / Cwt.	-0.05	-0.02	0.01	0.02	0.03	0.04	0.01
Cash Receipts	Mil. Dol.	(16.5)	(7.9)	3.7	6.6	10.7	12.5	1.5

APPENDIX TABLE 7:

Final Decision: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
United States								
Marketings	Mil. Lb.	82.7	55.5	21.1	(5.0)	(24.9)	(40.4)	14.8
Class I Utilization 1/	Percent	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Class I Use	Mil. Lb.	(40.9)	48.7	60.8	55.7	52.7	49.5	37.8
Class I Price	Dol. / Cwt.	0.15	-0.18	-0.23	-0.22	-0.21	-0.20	-0.15
All Milk Price	Dol. / Cwt.	0.11	-0.02	-0.03	-0.02	-0.02	-0.01	0.00
Cash Receipts 11/	Mil. Dol.	213.9	(12.7)	(35.6)	(22.9)	(11.5)	(3.9)	21.2
Cash Receipts, Net Transportation Adjustment 12/	Mil. Dol.	195.8	(30.7)	(53.6)	(41.0)	(29.5)	(21.9)	3.2

1/ Changes in Class I utilization compare the total Class I utilization for the consolidated market with baseline utilizations for the individual current markets.

2/ All milk price in New York-New Jersey reflects the termination of a \$0.15 per cwt reduction in pool value for the transportation credit.

3/ Cash receipts reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit.

4/ Cash receipts do not reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit.

5/ Chicago Regional marketings include additional milk that would be expected to be pooled due to favorable price relationships.

The amount of additional milk pooled by year: 2000: 2,928.6 mil. lbs.; 2001: 1,257.7 mil. lbs.; 2002: 1,263.8 mil. lbs.; 2003: 1,270.8 mil. lbs.; 2004: 1,284.0 mil. lbs., and 2005: 1,286.5 mil. lbs.

6/ All milk price in Chicago and Minneapolis is reduced by \$0.03 per cwt to account for funding transportation credits.

7/ Cash receipts include the income obtained from the additional pooled milk.

8/ Cash receipts exclude the income from additional pooled milk, and reflect only the milk supply either lost or gained in response to change in all milk price.

9/ Cash receipts reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey and the additional pooled milk in the Chicago Regional.

10/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey, exclude the income from the additional pooled milk in Chicago Regional, and reflect only the milk supply either lost or gained in response to change in all milk price.

11/ Cash receipts reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey.

12/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey.

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)								
Marketings	Mil. Lb.	2.3	(1.0)	(4.1)	(6.6)	(9.2)	(11.4)	(5.0)
Class I Utilization 1/	Percent	(2.8)	(2.5)	(2.3)	(2.2)	(2.0)	(1.9)	(2.3)
Class I Use	Mil. Lb.	3.8	8.4	8.7	8.4	8.6	8.2	7.7
Class I Price	Dol. / Cwt.	-0.31	-0.71	-0.77	-0.76	-0.80	-0.79	-0.69
All Milk Price	Dol. / Cwt.	0.07	-0.12	-0.12	-0.09	-0.10	-0.09	-0.07
Cash Receipts	Mil. Dol.	4.5	(6.7)	(7.2)	(6.4)	(7.5)	(6.9)	(5.0)
New York-New Jersey (New York City)								
Marketings	Mil. Lb.	8.7	1.3	(7.0)	(14.1)	(21.9)	(28.6)	(10.3)
Class I Utilization 1/	Percent	4.2	4.4	4.5	4.5	4.6	4.7	4.5
Class I Use	Mil. Lb.	11.1	19.9	20.4	19.6	19.8	19.0	18.3
Class I Price	Dol. / Cwt.	-0.46	-0.86	-0.92	-0.91	-0.95	-0.94	-0.84
All Milk Price 2/	Dol. / Cwt.	0.28	0.03	0.00	0.02	0.00	0.02	0.06
Cash Receipts 3/	Mil. Dol.	52.9	21.9	17.4	18.5	15.1	15.6	23.6
Cash Receipts, Net Transportation Adjustment 4/	Mil. Dol.	34.8	3.8	(0.6)	0.5	(3.0)	(2.3)	5.5
Middle Atlantic (Philadelphia)								
Marketings	Mil. Lb.	(15.3)	(35.3)	(53.9)	(71.4)	(89.4)	(106.1)	(61.9)
Class I Utilization 1/	Percent	(1.6)	(1.6)	(1.8)	(1.9)	(2.0)	(2.1)	(1.8)
Class I Use	Mil. Lb.	9.9	15.1	15.4	14.9	15.0	14.6	14.1
Class I Price	Dol. / Cwt.	-0.71	-1.11	-1.17	-1.16	-1.20	-1.19	-1.09
All Milk Price	Dol. / Cwt.	-0.41	-0.58	-0.58	-0.57	-0.59	-0.58	-0.55
Cash Receipts	Mil. Dol.	(29.4)	(44.0)	(47.1)	(49.4)	(54.1)	(56.4)	(46.7)
Unregulated NY and New England								
Marketings	Mil. Lb.	(1.0)	(2.4)	(3.6)	(4.8)	(5.9)	(7.0)	(4.1)
Class I Utilization 1/	Percent	(43.4)	(42.7)	(42.7)	(42.3)	(41.6)	(41.2)	(42.3)
Class I Use	Mil. Lb.	0.6	1.4	1.4	1.4	1.4	1.4	1.3
Class I Price	Dol. / Cwt.	-0.31	-0.71	-0.77	-0.76	-0.80	-0.79	-0.69
All Milk Price	Dol. / Cwt.	-0.35	-0.54	-0.53	-0.51	-0.51	-0.49	-0.49
Cash Receipts	Mil. Dol.	(1.9)	(3.0)	(3.2)	(3.2)	(3.5)	(3.6)	(3.0)
Appalachian (Charlotte)								
Carolina (Charlotte)								
Marketings	Mil. Lb.	(1.5)	(7.5)	(13.3)	(18.7)	(24.4)	(29.5)	(15.8)
Class I Utilization 1/	Percent	0.2	0.7	1.1	1.3	1.5	1.7	1.1
Class I Use	Mil. Lb.	3.9	8.2	8.6	8.3	8.6	8.3	7.7
Class I Price	Dol. / Cwt.	-0.35	-0.75	-0.81	-0.80	-0.84	-0.83	-0.73
All Milk Price	Dol. / Cwt.	-0.10	-0.42	-0.45	-0.43	-0.46	-0.44	-0.38
Cash Receipts	Mil. Dol.	(3.1)	(13.6)	(15.4)	(16.0)	(18.0)	(18.5)	(14.1)
Tennessee Valley (Knoxville)								
Marketings	Mil. Lb.	(1.0)	(4.4)	(7.7)	(10.8)	(14.1)	(17.1)	(9.2)
Class I Utilization 1/	Percent	0.3	0.6	0.7	0.8	1.0	1.1	0.8
Class I Use	Mil. Lb.	1.7	3.6	3.8	3.7	3.8	3.7	3.4
Class I Price	Dol. / Cwt.	-0.34	-0.74	-0.80	-0.79	-0.83	-0.82	-0.72
All Milk Price	Dol. / Cwt.	-0.14	-0.48	-0.52	-0.51	-0.54	-0.52	-0.45
Cash Receipts	Mil. Dol.	(2.1)	(7.6)	(8.8)	(9.2)	(10.3)	(10.6)	(8.1)
Louisville-Lexington-Evansville (Louisville)								
Marketings	Mil. Lb.	0.2	(1.3)	(3.0)	(4.6)	(6.4)	(8.0)	(3.8)
Class I Utilization 1/	Percent	(0.4)	(0.6)	(0.8)	(1.0)	(1.0)	(1.2)	(0.8)
Class I Use	Mil. Lb.	(0.1)	1.4	1.6	1.6	1.7	1.6	1.3
Class I Price	Dol. / Cwt.	0.02	-0.38	-0.44	-0.43	-0.47	-0.46	-0.36
All Milk Price	Dol. / Cwt.	0.04	-0.32	-0.37	-0.36	-0.40	-0.39	-0.30
Cash Receipts	Mil. Dol.	0.6	(3.8)	(4.7)	(4.9)	(5.7)	(5.8)	(4.1)

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Southeast (Atlanta)								
Marketings	Mil. Lb.	2.6	(3.7)	(10.5)	(16.6)	(23.5)	(29.6)	(13.6)
Class I Utilization 1/	Percent	(0.0)	0.2	0.3	0.4	0.5	0.5	0.3
Class I Use	Mil. Lb.	(0.1)	8.0	8.9	8.6	9.2	8.9	7.3
Class I Price	Dol. / Cwt.	0.00	-0.40	-0.46	-0.45	-0.49	-0.48	-0.38
All Milk Price	Dol. / Cwt.	0.09	-0.23	-0.27	-0.26	-0.29	-0.28	-0.21
Cash Receipts	Mil. Dol.	5.3	(13.7)	(16.9)	(17.5)	(20.6)	(21.0)	(14.1)
Florida (Tampa)								
Upper Florida (Jacksonville)								
Marketings	Mil. Lb.	0.1	(0.4)	(1.0)	(1.6)	(2.2)	(2.8)	(1.3)
Class I Utilization 1/	Percent	(8.3)	(8.1)	(8.6)	(8.8)	(8.7)	(8.7)	(8.5)
Class I Use	Mil. Lb.	(0.6)	0.0	0.1	0.1	0.1	0.1	(0.0)
Class I Price	Dol. / Cwt.	0.40	-0.00	-0.06	-0.05	-0.09	-0.08	0.02
All Milk Price	Dol. / Cwt.	0.05	-0.31	-0.37	-0.37	-0.40	-0.38	-0.30
Cash Receipts	Mil. Dol.	0.2	(1.1)	(1.5)	(1.6)	(1.9)	(2.0)	(1.3)
Tampa Bay (Tampa)								
Marketings	Mil. Lb.	5.6	7.8	9.7	11.5	13.1	14.7	10.4
Class I Utilization 1/	Percent	4.3	4.4	4.4	4.4	4.5	4.5	4.4
Class I Use	Mil. Lb.	(3.3)	(0.7)	(0.3)	(0.3)	(0.0)	(0.2)	(0.8)
Class I Price	Dol. / Cwt.	0.50	0.10	0.04	0.05	0.01	0.02	0.12
All Milk Price	Dol. / Cwt.	0.62	0.26	0.21	0.22	0.18	0.19	0.28
Cash Receipts	Mil. Dol.	11.7	6.0	5.6	6.2	5.9	6.6	7.0
Southeastern Florida (Miami)								
Marketings	Mil. Lb.	3.3	4.4	5.3	6.1	6.8	7.5	5.6
Class I Utilization 1/	Percent	(5.3)	(5.2)	(5.2)	(5.2)	(5.3)	(5.4)	(5.3)
Class I Use	Mil. Lb.	(4.0)	(1.8)	(1.6)	(1.6)	(1.4)	(1.5)	(2.0)
Class I Price	Dol. / Cwt.	0.75	0.35	0.29	0.30	0.26	0.27	0.37
All Milk Price	Dol. / Cwt.	0.55	0.19	0.14	0.14	0.10	0.11	0.21
Cash Receipts	Mil. Dol.	6.9	3.1	2.8	3.0	2.7	3.0	3.6
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)								
Marketings	Mil. Lb.	(0.0)	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)	(0.3)
Class I Utilization 1/	Percent	(24.8)	(25.0)	(25.1)	(25.3)	(25.4)	(25.8)	(25.2)
Class I Use	Mil. Lb.	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Class I Price	Dol. / Cwt.	0.33	-0.07	-0.13	-0.12	-0.16	-0.15	-0.05
All Milk Price	Dol. / Cwt.	-0.13	-0.42	-0.45	-0.44	-0.47	-0.46	-0.40
Cash Receipts	Mil. Dol.	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.3)
Southern Michigan (Detroit)								
Marketings	Mil. Lb.	8.3	10.2	11.5	13.2	14.5	16.0	12.3
Class I Utilization 1/	Percent	6.3	6.8	7.2	7.5	7.8	8.2	7.3
Class I Use	Mil. Lb.	(1.7)	2.0	2.4	2.3	2.6	2.5	1.7
Class I Price	Dol. / Cwt.	0.18	-0.22	-0.28	-0.27	-0.31	-0.30	-0.20
All Milk Price	Dol. / Cwt.	0.32	0.08	0.06	0.08	0.05	0.07	0.11
Cash Receipts	Mil. Dol.	15.7	4.9	4.3	5.5	4.9	6.1	6.9
E. Ohio-W. Pennsylvania (Cleveland)								
Marketings	Mil. Lb.	5.8	6.8	7.3	7.9	8.1	8.3	7.4
Class I Utilization 1/	Percent	0.1	0.1	0.0	(0.1)	(0.1)	(0.2)	(0.0)
Class I Use	Mil. Lb.	(1.4)	1.6	2.0	1.9	2.1	2.0	1.4
Class I Price	Dol. / Cwt.	0.18	-0.22	-0.28	-0.27	-0.31	-0.30	-0.20
All Milk Price	Dol. / Cwt.	0.37	0.08	0.04	0.05	0.02	0.03	0.10
Cash Receipts	Mil. Dol.	13.0	3.5	2.4	2.8	1.9	2.3	4.3

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Ohio Valley (Columbus)								
Marketings	Mil. Lb.	3.4	2.7	1.5	0.5	(0.8)	(2.0)	0.9
Class I Utilization 1/	Percent	(2.6)	(2.8)	(3.0)	(3.3)	(3.5)	(3.8)	(3.2)
Class I Use	Mil. Lb.	(1.1)	1.9	2.2	2.1	2.4	2.2	1.6
Class I Price	Dol. / Cwt.	0.14	-0.26	-0.32	-0.31	-0.35	-0.34	-0.24
All Milk Price	Dol. / Cwt.	0.24	-0.05	-0.09	-0.09	-0.12	-0.11	-0.04
Cash Receipts	Mil. Dol.	7.7	(1.2)	(2.6)	(2.5)	(3.7)	(3.8)	(1.0)
Indiana (Indianapolis)								
Marketings	Mil. Lb.	1.5	0.4	(1.0)	(2.2)	(3.7)	(5.1)	(1.7)
Class I Utilization 1/	Percent	(10.4)	(10.8)	(11.2)	(11.7)	(12.0)	(12.5)	(11.5)
Class I Use	Mil. Lb.	(1.5)	0.6	0.9	0.8	1.0	0.9	0.5
Class I Price	Dol. / Cwt.	0.28	-0.12	-0.18	-0.17	-0.21	-0.20	-0.10
All Milk Price	Dol. / Cwt.	0.16	-0.13	-0.17	-0.17	-0.20	-0.20	-0.12
Cash Receipts	Mil. Dol.	3.4	(2.5)	(3.6)	(3.7)	(4.6)	(4.8)	(2.6)
Upper Midwest (Chicago)								
Chicago Regional (Chicago)								
Marketings	Mil. Lb.	23.4	39.0	53.3	68.5	84.0	99.7	61.3
Class I Utilization 1/	Percent	(0.2)	(0.1)	(0.1)	(0.0)	0.0	0.0	(0.1)
Class I Use	Mil. Lb.	(8.8)	(3.9)	(3.2)	(3.1)	(2.6)	(2.8)	(4.1)
Class I Price	Dol. / Cwt.	0.73	0.33	0.27	0.28	0.24	0.25	0.35
All Milk Price 5/	Dol. / Cwt.	0.28	0.20	0.19	0.21	0.22	0.23	0.22
Cash Receipts	Mil. Dol.	40.1	31.1	32.7	38.6	41.9	46.5	38.5
Upper Midwest (Minneapolis)								
Marketings	Mil. Lb.	1.0	(2.1)	(5.4)	(7.6)	(9.8)	(11.3)	(5.9)
Class I Utilization 1/	Percent	0.1	0.0	(0.1)	(0.1)	(0.2)	(0.3)	(0.1)
Class I Use	Mil. Lb.	(4.3)	(1.3)	(0.9)	(0.9)	(0.6)	(0.7)	(1.4)
Class I Price	Dol. / Cwt.	0.58	0.18	0.12	0.13	0.09	0.10	0.20
All Milk Price 5/	Dol. / Cwt.	-0.01	-0.10	-0.11	-0.08	-0.08	-0.07	-0.07
Cash Receipts	Mil. Dol.	(0.8)	(8.9)	(10.0)	(8.5)	(8.8)	(7.9)	(7.5)
Central (Kansas City)								
Iowa (Des Moines)								
Marketings	Mil. Lb.	7.9	12.6	16.6	20.5	24.1	27.4	18.2
Class I Utilization 1/	Percent	13.1	12.9	12.6	12.4	12.0	11.8	12.5
Class I Use	Mil. Lb.	(2.0)	(0.6)	(0.4)	(0.4)	(0.3)	(0.3)	(0.7)
Class I Price	Dol. / Cwt.	0.58	0.18	0.12	0.13	0.09	0.10	0.20
All Milk Price	Dol. / Cwt.	0.61	0.41	0.38	0.39	0.37	0.38	0.42
Cash Receipts	Mil. Dol.	17.8	12.7	12.5	13.5	13.5	14.3	14.1
Nebraska-Western Iowa (Omaha)								
Marketings	Mil. Lb.	2.7	4.1	5.4	6.7	7.9	9.1	6.0
Class I Utilization 1/	Percent	4.7	4.6	4.5	4.4	4.2	4.0	4.4
Class I Use	Mil. Lb.	(1.2)	(0.1)	0.1	0.1	0.2	0.1	(0.1)
Class I Price	Dol. / Cwt.	0.43	0.03	-0.03	-0.02	-0.06	-0.05	0.05
All Milk Price	Dol. / Cwt.	0.35	0.20	0.20	0.21	0.19	0.20	0.22
Cash Receipts	Mil. Dol.	6.1	3.9	4.0	4.5	4.4	4.8	4.6
Eastern S. Dakota (Sioux Falls)								
Marketings	Mil. Lb.	(0.0)	(0.3)	(0.5)	(0.8)	(1.0)	(1.3)	(0.7)
Class I Utilization 1/	Percent	(9.3)	(9.7)	(10.1)	(10.5)	(10.8)	(11.2)	(10.3)
Class I Use	Mil. Lb.	(0.1)	0.1	0.1	0.1	0.1	0.1	0.0
Class I Price	Dol. / Cwt.	0.28	-0.12	-0.18	-0.17	-0.21	-0.20	-0.10
All Milk Price	Dol. / Cwt.	-0.02	-0.26	-0.29	-0.28	-0.30	-0.29	-0.24
Cash Receipts	Mil. Dol.	(0.1)	(0.6)	(0.7)	(0.7)	(0.8)	(0.9)	(0.6)

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Central Illinois (Peoria)								
Marketings	Mil. Lb.	(0.1)	(0.3)	(0.6)	(0.8)	(1.0)	(1.2)	(0.7)
Class I Utilization 1/	Percent	(33.6)	(33.6)	(33.5)	(33.5)	(33.4)	(33.7)	(33.6)
Class I Use	Mil. Lb.	(0.4)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.57	0.17	0.11	0.12	0.08	0.09	0.19
All Milk Price	Dol. / Cwt.	-0.08	-0.30	-0.33	-0.31	-0.32	-0.31	-0.27
Cash Receipts	Mil. Dol.	(0.2)	(0.6)	(0.7)	(0.7)	(0.8)	(0.8)	(0.6)
Southern Illinois-Eastern Missouri (Alton)								
Marketings	Mil. Lb.	1.9	1.7	1.3	1.0	0.6	0.3	1.1
Class I Utilization 1/	Percent	(8.7)	(8.7)	(8.7)	(8.8)	(8.8)	(9.0)	(8.8)
Class I Use	Mil. Lb.	(1.6)	0.2	0.4	0.4	0.5	0.5	0.1
Class I Price	Dol. / Cwt.	0.36	-0.04	-0.10	-0.09	-0.13	-0.12	-0.02
All Milk Price	Dol. / Cwt.	0.20	-0.03	-0.05	-0.04	-0.05	-0.04	-0.00
Cash Receipts	Mil. Dol.	4.3	(0.2)	(0.8)	(0.6)	(1.0)	(0.8)	0.2
Southwest Plains (Oklahoma City)								
Marketings	Mil. Lb.	(3.0)	(8.9)	(14.5)	(19.7)	(25.0)	(29.9)	(16.8)
Class I Utilization 1/	Percent	(2.5)	(2.5)	(2.5)	(2.6)	(2.7)	(2.8)	(2.6)
Class I Use	Mil. Lb.	4.6	7.3	7.5	7.2	7.3	7.1	6.8
Class I Price	Dol. / Cwt.	-0.64	-1.04	-1.10	-1.09	-1.13	-1.12	-1.02
All Milk Price	Dol. / Cwt.	-0.20	-0.43	-0.46	-0.45	-0.46	-0.46	-0.41
Cash Receipts	Mil. Dol.	(6.7)	(14.6)	(16.3)	(16.7)	(18.2)	(18.7)	(15.2)
Eastern Colorado (Denver)								
Marketings	Mil. Lb.	(3.6)	(8.5)	(13.4)	(18.2)	(23.1)	(28.0)	(15.8)
Class I Utilization 1/	Percent	3.1	4.0	4.6	5.2	5.9	6.6	4.9
Class I Use	Mil. Lb.	3.4	4.7	4.9	4.8	4.9	4.9	4.6
Class I Price	Dol. / Cwt.	-1.00	-1.40	-1.46	-1.45	-1.49	-1.48	-1.38
All Milk Price	Dol. / Cwt.	-0.44	-0.63	-0.64	-0.60	-0.60	-0.57	-0.58
Cash Receipts	Mil. Dol.	(8.5)	(13.2)	(14.4)	(14.9)	(16.1)	(16.6)	(13.9)
Western Colorado (Grand Junction)								
Marketings	Mil. Lb.	(0.1)	(0.3)	(0.6)	(0.8)	(1.0)	(1.1)	(0.6)
Class I Utilization 1/	Percent	(34.3)	(33.1)	(32.0)	(31.0)	(30.0)	(29.3)	(31.6)
Class I Use	Mil. Lb.	(0.2)	0.0	0.0	0.0	0.0	0.0	(0.0)
Class I Price	Dol. / Cwt.	0.38	-0.02	-0.08	-0.07	-0.11	-0.10	0.00
All Milk Price	Dol. / Cwt.	-0.23	-0.42	-0.41	-0.37	-0.37	-0.34	-0.36
Cash Receipts	Mil. Dol.	(0.3)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.6)
Greater Kansas City (Kansas City)								
Marketings	Mil. Lb.	(0.7)	(1.6)	(2.4)	(3.2)	(3.9)	(4.6)	(2.7)
Class I Utilization 1/	Percent	(38.2)	(37.1)	(36.1)	(35.1)	(33.9)	(33.2)	(35.6)
Class I Use	Mil. Lb.	(0.2)	0.2	0.3	0.3	0.3	0.3	0.2
Class I Price	Dol. / Cwt.	0.16	-0.24	-0.30	-0.29	-0.33	-0.32	-0.22
All Milk Price	Dol. / Cwt.	-0.54	-0.72	-0.72	-0.68	-0.67	-0.64	-0.66
Cash Receipts	Mil. Dol.	(1.7)	(2.4)	(2.5)	(2.5)	(2.7)	(2.7)	(2.4)
Southwest (Dallas)								
Texas (Dallas)								
Marketings	Mil. Lb.	(13.3)	(33.3)	(52.7)	(70.7)	(89.1)	(106.2)	(60.9)
Class I Utilization 1/	Percent	(5.6)	(5.7)	(6.0)	(6.3)	(6.5)	(6.9)	(6.2)
Class I Use	Mil. Lb.	15.3	21.7	22.2	21.6	22.0	21.6	20.7
Class I Price	Dol. / Cwt.	-0.88	-1.28	-1.34	-1.33	-1.37	-1.36	-1.26
All Milk Price	Dol. / Cwt.	-0.37	-0.62	-0.65	-0.65	-0.68	-0.68	-0.61
Cash Receipts	Mil. Dol.	(25.9)	(44.4)	(49.8)	(52.4)	(57.5)	(60.5)	(48.4)

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
New Mexico-West Texas (El Paso)								
Marketings	Mil. Lb.	1.9	2.3	2.6	3.2	3.8	4.5	3.1
Class I Utilization 1/	Percent	17.1	17.8	18.5	19.2	19.8	20.7	18.9
Class I Use	Mil. Lb.	1.5	2.9	3.0	2.9	3.0	2.9	2.7
Class I Price	Dol. / Cwt.	-0.42	-0.82	-0.88	-0.87	-0.91	-0.90	-0.80
All Milk Price	Dol. / Cwt.	0.23	0.04	0.04	0.07	0.07	0.10	0.09
Cash Receipts	Mil. Dol.	5.4	1.3	1.4	2.3	2.3	3.2	2.6
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)								
Marketings	Mil. Lb.	2.8	4.5	6.2	8.1	10.0	12.2	7.3
Class I Utilization 1/	Percent	15.2	15.4	15.5	15.7	15.8	16.0	15.6
Class I Use	Mil. Lb.	(0.0)	0.3	0.4	0.4	0.4	0.4	0.3
Class I Price	Dol. / Cwt.	0.03	-0.37	-0.43	-0.42	-0.46	-0.45	-0.35
All Milk Price	Dol. / Cwt.	0.26	0.16	0.16	0.18	0.18	0.20	0.19
Cash Receipts	Mil. Dol.	6.7	4.7	4.9	6.0	6.5	7.4	6.0
Great Basin (Salt Lake City)								
Marketings	Mil. Lb.	(1.9)	(4.7)	(7.5)	(10.1)	(12.8)	(15.4)	(8.8)
Class I Utilization 1/	Percent	(14.6)	(14.8)	(15.1)	(15.3)	(15.5)	(15.8)	(15.2)
Class I Use	Mil. Lb.	0.9	2.6	2.8	2.8	3.0	3.0	2.5
Class I Price	Dol. / Cwt.	-0.22	-0.62	-0.68	-0.67	-0.71	-0.70	-0.60
All Milk Price	Dol. / Cwt.	-0.21	-0.31	-0.33	-0.31	-0.31	-0.31	-0.29
Cash Receipts	Mil. Dol.	(5.5)	(8.6)	(9.5)	(9.7)	(10.4)	(10.8)	(9.1)
Arizona-Las Vegas (Phoenix)								
Marketings	Mil. Lb.	(3.0)	(7.7)	(12.4)	(17.0)	(22.0)	(26.8)	(14.8)
Class I Utilization 1/	Percent	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class I Use	Mil. Lb.	4.0	5.9	6.2	6.1	6.4	6.4	5.8
Class I Price	Dol. / Cwt.	-0.79	-1.19	-1.25	-1.24	-1.28	-1.27	-1.17
All Milk Price	Dol. / Cwt.	-0.25	-0.42	-0.42	-0.40	-0.42	-0.40	-0.38
Cash Receipts	Mil. Dol.	(7.1)	(12.6)	(13.7)	(14.3)	(16.0)	(16.7)	(13.4)
Pacific Northwest (Seattle)								
Marketings	Mil. Lb.	(0.3)	(4.5)	(8.1)	(11.5)	(15.5)	(19.3)	(9.9)
Class I Utilization 1/	Percent	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class I Use	Mil. Lb.	2.5	6.2	6.7	6.6	7.0	6.9	6.0
Class I Price	Dol. / Cwt.	-0.27	-0.67	-0.73	-0.72	-0.76	-0.75	-0.65
All Milk Price	Dol. / Cwt.	-0.01	-0.14	-0.13	-0.11	-0.13	-0.12	-0.11
Cash Receipts	Mil. Dol.	(0.7)	(10.9)	(10.6)	(10.3)	(12.9)	(12.9)	(9.7)
All Federal Order Markets								
Marketings	Mil. Lb.	38.7	(30.5)	(103.0)	(164.9)	(233.4)	(293.5)	(131.1)
Class I Utilization 1/	Percent	0.0	0.1	0.2	0.2	0.2	0.2	0.1
Class I Use	Mil. Lb.	30.7	115.9	124.6	120.6	126.7	122.0	106.8
Class I Price	Dol. / Cwt.	-0.12	-0.52	-0.57	-0.57	-0.61	-0.59	-0.49
All Milk Price	Dol. / Cwt.	0.08	-0.12	-0.14	-0.12	-0.14	-0.13	-0.10
Cash Receipts 3/	Mil. Dol.	108.3	(122.1)	(153.0)	(146.0)	(177.1)	(174.0)	(110.7)
Cash Receipts, Net Transportation Adjustment 4/	Mil. Dol.	90.2	(140.1)	(171.0)	(164.0)	(195.2)	(192.0)	(128.7)
State of California								
Marketings	Mil. Lb.	(1.7)	2.1	11.3	23.2	35.1	48.3	19.7
Class I Utilization 1/	Percent	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Class I Use	Mil. Lb.	0.2	(0.7)	(1.0)	(1.8)	(2.3)	(2.7)	(1.4)
Class I Price	Dol. / Cwt.	-0.01	0.02	0.04	0.07	0.09	0.10	0.05
All Milk Price	Dol. / Cwt.	-0.01	0.03	0.08	0.10	0.09	0.10	0.06
Cash Receipts	Mil. Dol.	(4.1)	9.6	26.0	35.3	37.2	43.4	24.6

APPENDIX TABLE 8:

Modified Option 1B: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
United States								
Marketings	Mil. Lb.	43.6	(17.5)	(76.3)	(119.9)	(169.2)	(207.8)	(91.2)
Class I Utilization 1/	Percent	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Class I Use	Mil. Lb.	26.3	109.4	117.5	111.9	117.1	111.6	99.0
Class I Price	Dol. / Cwt.	-0.09	-0.41	-0.45	-0.44	-0.47	-0.45	-0.38
All Milk Price	Dol. / Cwt.	0.05	-0.07	-0.08	-0.06	-0.06	-0.05	-0.05
Cash Receipts 3/	Mil. Dol.	103.3	(106.1)	(117.1)	(93.3)	(116.9)	(102.6)	(72.1)
Cash Receipts, Net Transportation Adjustment 4/	Mil. Dol.	85.2	(124.1)	(135.1)	(111.3)	(135.0)	(120.5)	(90.1)

1/ Changes in Class I utilization compare the total Class I utilization for the consolidated market with baseline utilizations for the individual current markets.

2/ All milk price in New York-New Jersey reflects the termination of a \$0.15 per cwt reduction in pool value for the transportation credit.

3/ Cash receipts reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit in New York-New Jersey.

4/ Cash receipts do not reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit in New York-New Jersey..

5/ All milk price in Chicago and Minneapolis is reduced by \$0.03 per hundredweight to account for funding transportation credits.

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)								
Marketings	Mil. Lb.	7.3	8.4	8.5	8.8	9.4	9.8	8.7
Class I Utilization 1/	Percent	(3.1)	(2.8)	(2.7)	(2.6)	(2.4)	(2.3)	(2.7)
Class I Use	Mil. Lb.	(5.3)	(0.5)	0.4	0.4	0.3	0.3	(0.7)
Class I Price	Dol. / Cwt.	0.43	0.04	-0.04	-0.04	-0.03	-0.03	0.06
All Milk Price	Dol. / Cwt.	0.23	0.04	0.00	0.01	0.02	0.02	0.05
Cash Receipts	Mil. Dol.	14.1	3.3	1.5	1.9	2.9	2.7	4.4
New York-New Jersey (New York City)								
Marketings	Mil. Lb.	29.6	40.8	47.9	54.8	62.1	68.4	50.6
Class I Utilization 1/	Percent	4.0	4.1	4.1	4.1	4.1	4.2	4.1
Class I Use	Mil. Lb.	(10.3)	(0.9)	0.8	0.8	0.6	0.6	(1.4)
Class I Price	Dol. / Cwt.	0.43	0.04	-0.04	-0.04	-0.03	-0.03	0.06
All Milk Price 2/	Dol. / Cwt.	0.59	0.33	0.27	0.27	0.28	0.27	0.34
Cash Receipts 3/	Mil. Dol.	92.9	63.8	58.1	59.7	62.2	62.3	66.5
Cash Receipts, Net Transportation Adjustment 4/	Mil. Dol.	74.8	45.8	40.1	41.6	44.0	44.2	48.4
Middle Atlantic (Philadelphia)								
Marketings	Mil. Lb.	1.8	(2.7)	(8.1)	(13.3)	(18.4)	(23.6)	(10.7)
Class I Utilization 1/	Percent	(1.9)	(2.0)	(2.1)	(2.3)	(2.4)	(2.6)	(2.2)
Class I Use	Mil. Lb.	(4.6)	0.8	1.8	1.7	1.6	1.6	0.5
Class I Price	Dol. / Cwt.	0.33	-0.06	-0.14	-0.14	-0.13	-0.13	-0.04
All Milk Price	Dol. / Cwt.	0.05	-0.13	-0.17	-0.17	-0.16	-0.18	-0.13
Cash Receipts	Mil. Dol.	3.5	(9.3)	(12.4)	(13.6)	(14.2)	(16.0)	(10.3)
Unregulated NY and New England								
Marketings	Mil. Lb.	(0.5)	(1.5)	(2.5)	(3.4)	(4.3)	(5.1)	(2.9)
Class I Utilization 1/	Percent	(43.7)	(43.1)	(43.1)	(42.7)	(42.0)	(41.7)	(42.7)
Class I Use	Mil. Lb.	(0.9)	(0.1)	0.1	0.1	0.1	0.1	(0.1)
Class I Price	Dol. / Cwt.	0.43	0.04	-0.04	-0.04	-0.03	-0.03	0.06
All Milk Price	Dol. / Cwt.	-0.19	-0.38	-0.41	-0.40	-0.38	-0.38	-0.36
Cash Receipts	Mil. Dol.	(1.0)	(2.1)	(2.4)	(2.5)	(2.6)	(2.7)	(2.2)
Appalachian (Charlotte)								
Carolina (Charlotte)								
Marketings	Mil. Lb.	7.2	9.3	10.4	11.4	12.7	13.7	10.8
Class I Utilization 1/	Percent	(0.2)	0.1	0.3	0.4	0.4	0.5	0.2
Class I Use	Mil. Lb.	(4.9)	(0.6)	0.3	0.3	0.2	0.2	(0.8)
Class I Price	Dol. / Cwt.	0.44	0.05	-0.03	-0.03	-0.02	-0.02	0.07
All Milk Price	Dol. / Cwt.	0.46	0.14	0.08	0.08	0.09	0.09	0.16
Cash Receipts	Mil. Dol.	14.8	5.7	4.2	4.5	5.1	5.2	6.6
Tennessee Valley (Knoxville)								
Marketings	Mil. Lb.	3.2	3.8	3.9	3.9	4.1	4.1	3.8
Class I Utilization 1/	Percent	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Use	Mil. Lb.	(2.3)	(0.3)	0.1	0.1	0.0	0.1	(0.4)
Class I Price	Dol. / Cwt.	0.45	0.06	-0.02	-0.02	-0.01	-0.01	0.08
All Milk Price	Dol. / Cwt.	0.42	0.08	0.01	0.01	0.02	0.01	0.09
Cash Receipts	Mil. Dol.	6.6	1.8	0.8	0.8	0.9	0.9	2.0
Louisville-Lexington-Evansville (Louisville)								
Marketings	Mil. Lb.	1.7	1.4	0.8	0.2	(0.4)	(1.0)	0.5
Class I Utilization 1/	Percent	(0.8)	(1.2)	(1.6)	(1.9)	(2.1)	(2.4)	(1.7)
Class I Use	Mil. Lb.	(2.0)	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)	(0.5)
Class I Price	Dol. / Cwt.	0.51	0.12	0.04	0.04	0.05	0.05	0.14
All Milk Price	Dol. / Cwt.	0.31	-0.05	-0.13	-0.14	-0.14	-0.15	-0.05
Cash Receipts	Mil. Dol.	3.8	(0.3)	(1.4)	(1.6)	(1.7)	(1.9)	(0.5)

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Southeast (Atlanta)								
Marketings	Mil. Lb.	11.2	12.8	12.7	12.6	12.8	12.8	12.5
Class I Utilization 1/	Percent	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Class I Use	Mil. Lb.	(9.0)	(1.0)	0.5	0.5	0.4	0.4	(1.4)
Class I Price	Dol. / Cwt.	0.44	0.05	-0.03	-0.03	-0.02	-0.02	0.07
All Milk Price	Dol. / Cwt.	0.37	0.06	-0.00	-0.00	0.00	-0.00	0.07
Cash Receipts	Mil. Dol.	22.8	5.3	1.8	1.9	2.5	2.2	6.1
Florida (Tampa)								
Upper Florida (Jacksonville)								
Marketings	Mil. Lb.	0.3	0.0	(0.4)	(0.8)	(1.2)	(1.6)	(0.6)
Class I Utilization 1/	Percent	(8.2)	(8.0)	(8.5)	(8.7)	(8.6)	(8.6)	(8.4)
Class I Use	Mil. Lb.	(0.8)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Class I Price	Dol. / Cwt.	0.54	0.15	0.07	0.07	0.08	0.08	0.17
All Milk Price	Dol. / Cwt.	0.17	-0.18	-0.27	-0.27	-0.26	-0.25	-0.18
Cash Receipts	Mil. Dol.	0.6	(0.6)	(1.0)	(1.1)	(1.2)	(1.3)	(0.8)
Tampa Bay (Tampa)								
Marketings	Mil. Lb.	5.8	8.4	10.3	12.2	14.2	16.0	11.1
Class I Utilization 1/	Percent	4.3	4.4	4.5	4.6	4.6	4.6	4.5
Class I Use	Mil. Lb.	(3.5)	(1.0)	(0.5)	(0.5)	(0.5)	(0.5)	(1.1)
Class I Price	Dol. / Cwt.	0.54	0.15	0.07	0.07	0.08	0.08	0.17
All Milk Price	Dol. / Cwt.	0.65	0.29	0.22	0.23	0.23	0.23	0.31
Cash Receipts	Mil. Dol.	12.1	6.7	6.0	6.5	7.1	7.6	7.7
Southeastern Florida (Miami)								
Marketings	Mil. Lb.	2.0	1.9	1.6	1.2	0.8	0.4	1.3
Class I Utilization 1/	Percent	(5.3)	(5.1)	(5.1)	(5.1)	(5.2)	(5.3)	(5.2)
Class I Use	Mil. Lb.	(2.8)	(0.8)	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)
Class I Price	Dol. / Cwt.	0.54	0.15	0.07	0.07	0.08	0.08	0.17
All Milk Price	Dol. / Cwt.	0.33	-0.01	-0.08	-0.08	-0.08	-0.09	-0.00
Cash Receipts	Mil. Dol.	4.2	0.2	(0.7)	(0.8)	(0.8)	(1.1)	0.2
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)								
Marketings	Mil. Lb.	0.1	0.1	0.0	0.0	(0.0)	(0.0)	0.0
Class I Utilization 1/	Percent	(24.9)	(25.0)	(25.2)	(25.4)	(25.5)	(25.9)	(25.3)
Class I Use	Mil. Lb.	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.87	0.48	0.40	0.40	0.41	0.41	0.50
All Milk Price	Dol. / Cwt.	0.25	-0.04	-0.10	-0.10	-0.10	-0.11	-0.03
Cash Receipts	Mil. Dol.	0.2	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Southern Michigan (Detroit)								
Marketings	Mil. Lb.	9.3	11.9	13.5	15.2	17.2	19.1	14.4
Class I Utilization 1/	Percent	6.3	6.7	7.1	7.4	7.7	8.1	7.2
Class I Use	Mil. Lb.	(3.5)	0.2	0.9	0.8	0.7	0.8	(0.0)
Class I Price	Dol. / Cwt.	0.37	-0.02	-0.10	-0.10	-0.09	-0.09	-0.00
All Milk Price	Dol. / Cwt.	0.36	0.11	0.07	0.07	0.09	0.09	0.13
Cash Receipts	Mil. Dol.	17.5	6.8	5.1	5.8	6.9	7.3	8.2
E. Ohio-W. Pennsylvania (Cleveland)								
Marketings	Mil. Lb.	7.1	9.4	10.6	11.8	13.0	14.0	11.0
Class I Utilization 1/	Percent	0.1	0.0	(0.1)	(0.1)	(0.2)	(0.4)	(0.1)
Class I Use	Mil. Lb.	(3.2)	(0.2)	0.3	0.3	0.3	0.3	(0.4)
Class I Price	Dol. / Cwt.	0.42	0.03	-0.05	-0.05	-0.04	-0.04	0.05
All Milk Price	Dol. / Cwt.	0.45	0.16	0.10	0.10	0.10	0.09	0.17
Cash Receipts	Mil. Dol.	16.1	6.7	4.8	5.0	5.5	5.4	7.2

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Ohio Valley (Columbus)								
Marketings	Mil. Lb.	4.7	5.1	4.6	4.1	3.7	3.2	4.2
Class I Utilization 1/	Percent	(2.7)	(2.9)	(3.1)	(3.4)	(3.6)	(3.9)	(3.3)
Class I Use	Mil. Lb.	(2.8)	0.1	0.6	0.6	0.5	0.5	(0.1)
Class I Price	Dol. / Cwt.	0.38	-0.01	-0.09	-0.09	-0.08	-0.08	0.01
All Milk Price	Dol. / Cwt.	0.32	0.03	-0.04	-0.04	-0.04	-0.05	0.03
Cash Receipts	Mil. Dol.	10.5	1.7	(0.4)	(0.5)	(0.5)	(0.9)	1.7
Indiana (Indianapolis)								
Marketings	Mil. Lb.	2.3	1.9	1.0	0.1	(0.8)	(1.8)	0.5
Class I Utilization 1/	Percent	(10.5)	(10.9)	(11.3)	(11.8)	(12.1)	(12.7)	(11.5)
Class I Use	Mil. Lb.	(2.7)	(0.7)	(0.3)	(0.3)	(0.3)	(0.3)	(0.7)
Class I Price	Dol. / Cwt.	0.52	0.13	0.05	0.05	0.06	0.06	0.15
All Milk Price	Dol. / Cwt.	0.24	-0.04	-0.11	-0.12	-0.12	-0.14	-0.05
Cash Receipts	Mil. Dol.	5.2	(0.6)	(2.1)	(2.4)	(2.5)	(3.0)	(0.9)
Upper Midwest (Chicago)								
Chicago Regional (Chicago)								
Marketings 5/	Mil. Lb.	3,347.9	1,678.9	1,685.4	1,693.0	1,709.6	1,711.5	1,971.0
Class I Utilization 1/	Percent	(4.3)	(2.2)	(1.9)	(1.9)	(1.8)	(1.8)	(2.3)
Class I Use	Mil. Lb.	(9.9)	(5.0)	(4.0)	(4.0)	(4.0)	(3.9)	(5.1)
Class I Price	Dol. / Cwt.	0.82	0.43	0.35	0.35	0.36	0.36	0.45
All Milk Price 6/	Dol. / Cwt.	0.02	-0.01	-0.03	-0.03	-0.02	-0.03	-0.02
Cash Receipts 7/	Mil. Dol.	428.3	227.5	235.5	247.8	260.0	264.3	277.2
Cash Receipts, Net Pooling 8/	Mil. Dol.	31.2	12.8	9.7	10.0	11.2	10.9	14.3
Upper Midwest (Minneapolis)								
Marketings 5/	Mil. Lb.	1,860.7	699.0	467.3	468.2	471.7	471.1	739.7
Class I Utilization 1/	Percent	(4.0)	(2.0)	(1.9)	(2.0)	(2.1)	(2.2)	(2.4)
Class I Use	Mil. Lb.	(6.7)	(3.8)	(3.2)	(3.2)	(3.2)	(3.1)	(3.9)
Class I Price	Dol. / Cwt.	0.92	0.53	0.45	0.45	0.46	0.46	0.55
All Milk Price 6/	Dol. / Cwt.	0.01	-0.03	-0.05	-0.05	-0.04	-0.05	-0.03
Cash Receipts 7/	Mil. Dol.	234.0	91.3	61.6	64.7	68.2	68.9	98.1
Cash Receipts, Net Pooling 8/	Mil. Dol.	13.3	1.9	(1.0)	(1.2)	(0.7)	(1.2)	1.9
Central (Kansas City)								
Iowa (Des Moines)								
Marketings	Mil. Lb.	5.1	7.1	8.4	9.6	10.7	11.6	8.8
Class I Utilization 1/	Percent	12.9	12.7	12.4	12.2	11.8	11.6	12.3
Class I Use	Mil. Lb.	(2.3)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(1.0)
Class I Price	Dol. / Cwt.	0.67	0.28	0.20	0.20	0.21	0.21	0.30
All Milk Price	Dol. / Cwt.	0.39	0.18	0.12	0.12	0.12	0.11	0.17
Cash Receipts	Mil. Dol.	11.4	5.8	4.5	4.6	4.8	4.6	6.0
Nebraska-Western Iowa (Omaha)								
Marketings	Mil. Lb.	1.0	0.8	0.4	0.1	(0.3)	(0.7)	0.2
Class I Utilization 1/	Percent	4.5	4.4	4.3	4.1	3.9	3.8	4.2
Class I Use	Mil. Lb.	(1.4)	(0.3)	(0.1)	(0.1)	(0.2)	(0.1)	(0.4)
Class I Price	Dol. / Cwt.	0.52	0.13	0.05	0.05	0.06	0.06	0.15
All Milk Price	Dol. / Cwt.	0.13	-0.03	-0.06	-0.06	-0.06	-0.07	-0.02
Cash Receipts	Mil. Dol.	2.3	(0.3)	(0.9)	(1.0)	(1.0)	(1.2)	(0.4)
Eastern S. Dakota (Sioux Falls)								
Marketings	Mil. Lb.	0.1	(0.1)	(0.3)	(0.6)	(0.8)	(1.0)	(0.5)
Class I Utilization 1/	Percent	(36.8)	(35.2)	(35.5)	(35.9)	(36.1)	(36.8)	(36.1)
Class I Use	Mil. Lb.	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.67	0.28	0.20	0.20	0.21	0.21	0.30
All Milk Price	Dol. / Cwt.	0.06	-0.19	-0.24	-0.25	-0.25	-0.26	-0.19
Cash Receipts	Mil. Dol.	0.1	(0.4)	(0.6)	(0.7)	(0.7)	(0.8)	(0.5)

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Central Illinois (Peoria)								
Marketings	Mil. Lb.	(0.3)	(0.8)	(1.3)	(1.7)	(2.1)	(2.6)	(1.5)
Class I Utilization 1/	Percent	(33.8)	(33.7)	(33.7)	(33.7)	(33.7)	(33.9)	(33.8)
Class I Use	Mil. Lb.	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Class I Price	Dol. / Cwt.	0.61	0.22	0.14	0.14	0.15	0.15	0.24
All Milk Price	Dol. / Cwt.	-0.35	-0.58	-0.63	-0.62	-0.61	-0.62	-0.57
Cash Receipts	Mil. Dol.	(0.7)	(1.2)	(1.4)	(1.5)	(1.5)	(1.6)	(1.3)
Southern Illinois-Eastern Missouri (Alton)								
Marketings	Mil. Lb.	0.3	(1.4)	(3.4)	(5.3)	(7.1)	(8.9)	(4.3)
Class I Utilization 1/	Percent	(8.8)	(8.9)	(8.9)	(9.0)	(9.1)	(9.3)	(9.0)
Class I Use	Mil. Lb.	(2.3)	(0.5)	(0.1)	(0.1)	(0.2)	(0.2)	(0.6)
Class I Price	Dol. / Cwt.	0.50	0.11	0.03	0.03	0.04	0.04	0.13
All Milk Price	Dol. / Cwt.	0.04	-0.20	-0.26	-0.26	-0.25	-0.26	-0.20
Cash Receipts	Mil. Dol.	0.8	(4.2)	(5.5)	(5.8)	(6.1)	(6.6)	(4.6)
Southwest Plains (Oklahoma City)								
Marketings	Mil. Lb.	5.6	7.4	8.3	9.2	10.1	10.7	8.6
Class I Utilization 1/	Percent	(2.7)	(2.7)	(2.7)	(2.8)	(2.9)	(3.1)	(2.8)
Class I Use	Mil. Lb.	(1.8)	1.0	1.5	1.4	1.3	1.3	0.8
Class I Price	Dol. / Cwt.	0.25	-0.14	-0.22	-0.22	-0.21	-0.21	-0.12
All Milk Price	Dol. / Cwt.	0.38	0.14	0.08	0.07	0.08	0.06	0.13
Cash Receipts	Mil. Dol.	12.5	5.3	3.7	3.7	4.1	3.7	5.5
Eastern Colorado (Denver)								
Marketings	Mil. Lb.	4.0	6.3	8.3	10.6	13.1	15.8	9.7
Class I Utilization 1/	Percent	2.9	3.8	4.4	5.0	5.6	6.4	4.7
Class I Use	Mil. Lb.	(0.8)	0.5	0.7	0.7	0.7	0.7	0.4
Class I Price	Dol. / Cwt.	0.24	-0.15	-0.23	-0.23	-0.22	-0.22	-0.13
All Milk Price	Dol. / Cwt.	0.49	0.29	0.26	0.27	0.30	0.31	0.32
Cash Receipts	Mil. Dol.	9.5	6.3	6.2	7.1	8.3	9.2	7.8
Western Colorado (Grand Junction)								
Marketings	Mil. Lb.	(0.3)	(0.6)	(1.0)	(1.4)	(1.7)	(2.1)	(1.2)
Class I Utilization 1/	Percent	(55.6)	(54.4)	(53.2)	(52.1)	(51.0)	(50.2)	(52.8)
Class I Use	Mil. Lb.	(0.2)	(0.0)	0.0	0.0	0.0	0.0	(0.0)
Class I Price	Dol. / Cwt.	0.42	0.03	-0.05	-0.05	-0.04	-0.04	0.05
All Milk Price	Dol. / Cwt.	-0.50	-0.69	-0.71	-0.70	-0.67	-0.66	-0.66
Cash Receipts	Mil. Dol.	(0.7)	(1.0)	(1.1)	(1.2)	(1.2)	(1.3)	(1.1)
Greater Kansas City (Kansas City)								
Marketings	Mil. Lb.	(0.7)	(1.5)	(2.4)	(3.1)	(3.9)	(4.6)	(2.7)
Class I Utilization 1/	Percent	(38.3)	(37.2)	(36.3)	(35.3)	(34.1)	(33.5)	(35.8)
Class I Use	Mil. Lb.	(0.5)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Class I Price	Dol. / Cwt.	0.50	0.11	0.03	0.03	0.04	0.04	0.13
All Milk Price	Dol. / Cwt.	-0.51	-0.70	-0.72	-0.70	-0.67	-0.66	-0.66
Cash Receipts	Mil. Dol.	(1.6)	(2.3)	(2.5)	(2.6)	(2.7)	(2.8)	(2.4)
Southwest (Dallas)								
Texas (Dallas)								
Marketings	Mil. Lb.	6.1	3.6	(0.5)	(4.6)	(8.5)	(12.7)	(2.8)
Class I Utilization 1/	Percent	(6.0)	(6.2)	(6.5)	(6.9)	(7.2)	(7.7)	(6.7)
Class I Use	Mil. Lb.	(4.5)	2.2	3.4	3.3	3.1	3.2	1.8
Class I Price	Dol. / Cwt.	0.26	-0.13	-0.21	-0.21	-0.20	-0.20	-0.11
All Milk Price	Dol. / Cwt.	0.17	-0.08	-0.14	-0.14	-0.14	-0.16	-0.08
Cash Receipts	Mil. Dol.	11.9	(4.3)	(8.9)	(9.9)	(10.5)	(12.3)	(5.7)

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
New Mexico-West Texas (El Paso)								
Marketings	Mil. Lb.	3.2	4.6	5.9	7.3	9.0	10.7	6.8
Class I Utilization 1/	Percent	16.7	17.4	18.0	18.6	19.1	19.9	18.3
Class I Use	Mil. Lb.	(1.2)	0.2	0.5	0.5	0.5	0.5	0.2
Class I Price	Dol. / Cwt.	0.32	-0.07	-0.15	-0.15	-0.14	-0.14	-0.05
All Milk Price	Dol. / Cwt.	0.37	0.19	0.16	0.18	0.21	0.23	0.22
Cash Receipts	Mil. Dol.	8.9	4.9	4.7	5.5	6.5	7.3	6.28
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)								
Marketings	Mil. Lb.	3.1	5.0	6.6	8.3	10.1	11.9	7.5
Class I Utilization 1/	Percent	15.1	15.3	15.5	15.6	15.7	15.9	15.5
Class I Use	Mil. Lb.	(0.4)	(0.1)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Class I Price	Dol. / Cwt.	0.52	0.13	0.05	0.05	0.06	0.06	0.15
All Milk Price	Dol. / Cwt.	0.29	0.18	0.15	0.16	0.17	0.17	0.19
Cash Receipts	Mil. Dol.	7.5	5.1	4.8	5.3	6.0	6.4	5.8
Great Basin (Salt Lake City)								
Marketings	Mil. Lb.	(0.2)	(1.5)	(3.1)	(4.6)	(6.2)	(7.8)	(3.9)
Class I Utilization 1/	Percent	(14.7)	(14.9)	(15.1)	(15.4)	(15.6)	(15.9)	(15.3)
Class I Use	Mil. Lb.	(1.7)	(0.1)	0.2	0.2	0.2	0.2	(0.2)
Class I Price	Dol. / Cwt.	0.42	0.03	-0.05	-0.05	-0.04	-0.04	0.05
All Milk Price	Dol. / Cwt.	-0.02	-0.15	-0.18	-0.19	-0.18	-0.19	-0.15
Cash Receipts	Mil. Dol.	(0.6)	(4.0)	(5.2)	(5.6)	(5.9)	(6.5)	(4.6)
Arizona-Las Vegas (Phoenix)								
Marketings	Mil. Lb.	1.4	0.8	(0.1)	(1.0)	(1.8)	(2.7)	(0.5)
Class I Utilization 1/	Percent	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Class I Use	Mil. Lb.	(1.2)	0.7	1.1	1.1	1.0	1.1	0.6
Class I Price	Dol. / Cwt.	0.25	-0.14	-0.22	-0.22	-0.21	-0.21	-0.12
All Milk Price	Dol. / Cwt.	0.12	-0.06	-0.09	-0.08	-0.07	-0.08	-0.04
Cash Receipts	Mil. Dol.	3.4	(1.4)	(2.4)	(2.6)	(2.5)	(2.9)	(1.4)
Pacific Northwest (Seattle)								
Marketings	Mil. Lb.	4.3	4.4	4.1	3.8	3.8	3.5	4.0
Class I Utilization 1/	Percent	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Class I Use	Mil. Lb.	(3.9)	(0.3)	0.4	0.4	0.4	0.4	(0.4)
Class I Price	Dol. / Cwt.	0.42	0.03	-0.05	-0.05	-0.04	-0.04	0.05
All Milk Price	Dol. / Cwt.	0.14	0.00	-0.01	-0.01	-0.00	-0.01	0.01
Cash Receipts	Mil. Dol.	10.2	0.7	(0.5)	(0.6)	0.3	(0.6)	1.6
All Federal Order Markets								
Marketings /5	Mil. Lb.	5,334.3	2,522.9	2,297.7	2,306.6	2,330.6	2,332.2	2,854.1
Class I Utilization 1/	Percent	(2.1)	(1.0)	(0.9)	(0.9)	(0.8)	(0.8)	(1.1)
Class I Use	Mil. Lb.	(98.4)	(12.8)	3.7	3.6	1.8	2.3	(16.6)
Class I Price	Dol. / Cwt.	0.46	0.07	-0.01	-0.01	-0.00	-0.01	0.08
All Milk Price	Dol. / Cwt.	0.19	0.03	-0.01	-0.01	0.00	-0.01	0.03
Cash Receipts 9/	Mil. Dol.	961.0	417.0	353.8	370.8	395.7	394.6	482.1
Cash Receipts, Net Transportation Adjustment and Pooling 10/	Mil. Dol.	325.0	94.8	47.4	49.0	59.9	53.0	104.9
State of California								
Marketings	Mil. Lb.	(11.8)	(20.1)	(26.1)	(32.2)	(37.0)	(42.8)	(28.4)
Class I Utilization 1/	Percent	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class I Use	Mil. Lb.	1.1	1.2	1.3	1.3	1.0	1.1	1.2
Class I Price	Dol. / Cwt.	-0.04	-0.04	-0.05	-0.05	-0.04	-0.04	-0.04
All Milk Price	Dol. / Cwt.	-0.09	-0.06	-0.05	-0.04	-0.03	-0.04	-0.05
Cash Receipts	Mil. Dol.	(28.3)	(22.5)	(18.2)	(19.6)	(16.5)	(21.1)	(21.0)

APPENDIX TABLE 9:

Modified Option 1A: Changes in Selected Supply-Demand-Price Estimates From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Averages.

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
United States								
Marketings	Mil. Lb.	129.4	141.8	133.6	125.7	124.4	117.4	128.7
Class I Utilization 1/	Percent	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Class I Use	Mil. Lb.	(96.5)	(11.0)	5.7	5.4	3.2	3.9	(14.9)
Class I Price	Dol. / Cwt.	0.36	0.05	-0.02	-0.02	-0.01	-0.01	0.06
All Milk Price	Dol. / Cwt.	0.17	0.03	0.00	0.00	0.01	0.00	0.04
Cash Receipts 11/	Mil. Dol.	308.1	83.6	39.5	39.9	55.9	43.8	95.1
Cash Receipts, Net Transportation Adjustment 12/	Mil. Dol.	290.0	65.5	21.4	21.8	37.7	25.6	77.0

1/ Changes in Class I utilization compare the total Class I utilization for the consolidated market with baseline utilizations for the individual current markets.

2/ All milk price in New York-New Jersey reflects the termination of a \$0.15 per cwt reduction in pool value for the transportation credit.

3/ Cash receipts reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit.

4/ Cash receipts do not reflect the termination of the \$0.15 per cwt reduction in pool value for the transportation credit.

5/ Chicago Regional and Upper Midwest marketings include additional milk that would be expected to be pooled due to favorable price relationships. The amount of additional milk pooled in the Chicago Regional by year: 2000: 3,344.2 mil. lbs.; 2001: 1674.0 mil. lbs.; 2002: 1680.6 mil. lbs.; 2003: 1,688.4 mil. lbs.; 2004: 1,704.5 mil. lbs.; and 2005: 1706.2 mil. lbs. The amount of additional milk pooled in the Upper Midwest by year: 2000: 1,858.7 mil. lbs.; 2001: 697.0 mil. lbs.; 2002: 466.0 mil. lbs.; 2003: 467.6 mil. lbs.; 2004: 471.5 mil. lbs.; and 2005: 471.5 mil. lbs.

6/ All milk price in Chicago and Minneapolis is reduced by \$0.03 per cwt to account for funding transportation credits.

7/ Cash receipts include the income obtained from the additional pooled milk.

8/ Cash receipts exclude the income from additional pooled milk, and reflect only the milk supply either lost or gained in response to change in all milk price.

9/ Cash receipts reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey and the additional pooled milk in the consolidated Upper Midwest.

10/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey, exclude income from additional pooled milk in consolidated Upper Midwest, and reflect only the milk supply either lost or gained in response to change in all milk price.

11/ Cash receipts reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey.

12/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey.

APPENDIX TABLE 10:

Change in the Class II, Class III, and Class IV Prices From the USDA Model Baseline, by Option, 2000-2005, and Six-year Average.

Change In:	Unit	2000	2001	2002	2003	2004	2005	6-year Average
<u>Baseline</u>								
Class II Price	Dol./Cwt.	12.21	13.17	13.78	14.43	14.94	15.20	13.95
Class III Price	Dol./Cwt.	11.91	12.87	13.48	14.13	14.64	14.90	13.65
Class III-A Price	Dol./Cwt.	12.52	13.01	13.45	14.11	14.60	14.86	13.76
<u>Final Decision</u>								
Class II Price	Dol./Cwt.	0.90	0.47	0.41	0.42	0.41	0.39	0.50
Class III Price	Dol./Cwt.	-0.02	0.00	0.01	0.01	0.03	0.04	0.01
Class IV Price 1/	Dol./Cwt.	-0.11	-0.06	0.03	0.04	0.04	0.03	-0.00
<u>Modified Option 1B</u>								
Class II Price	Dol./Cwt.	0.98	0.58	0.52	0.53	0.47	0.47	0.59
Class III Price	Dol./Cwt.	-0.01	0.02	0.04	0.07	0.09	0.10	0.05
Class IV Price 1/	Dol./Cwt.	-0.02	0.04	0.15	0.15	0.11	0.11	0.09
<u>Modified Option 1A</u>								
Class II Price	Dol./Cwt.	0.82	0.43	0.33	0.34	0.34	0.32	0.43
Class III Price	Dol./Cwt.	-0.04	-0.04	-0.05	-0.05	-0.04	-0.04	-0.04
Class IV Price 1/	Dol./Cwt.	-0.18	-0.11	-0.04	-0.04	-0.02	-0.04	-0.07

1/ Compared to estimates of the current Class III-A prices.

APPENDIX TABLE 11:

Final Decision: Changes in Price per Gallon From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Average. 1/

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)	Dol. / Gal.	0.00	-0.04	-0.04	-0.04	-0.04	-0.04	-0.03
New York-New Jersey (New York City)	Dol. / Gal.	-0.01	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05
Middle Atlantic (Philadelphia)	Dol. / Gal.	-0.03	-0.07	-0.08	-0.07	-0.07	-0.07	-0.07
Unregulated NY and New England	Dol. / Gal.	0.00	-0.04	-0.04	-0.04	-0.04	-0.04	-0.03
Appalachian (Charlotte)								
Carolina (Charlotte)	Dol. / Gal.	-0.00	-0.04	-0.05	-0.04	-0.04	-0.04	-0.04
Tennessee Valley (Knoxville)	Dol. / Gal.	-0.00	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04
Louisville-Lexington-Evansville (Louisville)	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.00
Southeast (Atlanta)								
	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Florida (Tampa)								
Upper Florida (Jacksonville)	Dol. / Gal.	0.06	0.03	0.02	0.02	0.02	0.02	0.03
Tampa Bay (Tampa)	Dol. / Gal.	0.07	0.03	0.03	0.03	0.03	0.03	0.04
Southeastern Florida (Miami)	Dol. / Gal.	0.09	0.06	0.05	0.05	0.05	0.05	0.06
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)	Dol. / Gal.	0.06	0.02	0.01	0.01	0.02	0.02	0.02
Southern Michigan (Detroit)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
E. Ohio-W. Pennsylvania (Cleveland)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Ohio Valley (Columbus)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.01
Indiana (Indianapolis)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.02
Upper Midwest (Chicago)								
Chicago Regional (Chicago)	Dol. / Gal.	0.09	0.05	0.05	0.05	0.05	0.05	0.06
Upper Midwest (Minneapolis)	Dol. / Gal.	0.08	0.04	0.04	0.04	0.04	0.04	0.04
Central (Kansas City)								
Iowa (Des Moines)	Dol. / Gal.	0.08	0.04	0.04	0.04	0.04	0.04	0.04
Nebraska-Western Iowa (Omaha)	Dol. / Gal.	0.06	0.03	0.02	0.02	0.02	0.02	0.03
Eastern S. Dakota (Sioux Falls)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.02
Central Illinois (Peoria)	Dol. / Gal.	0.08	0.04	0.03	0.04	0.04	0.04	0.04
Southern Illinois-Eastern Missouri (Alton)	Dol. / Gal.	0.06	0.02	0.02	0.02	0.02	0.02	0.03
Southwest Plains (Oklahoma City)	Dol. / Gal.	-0.03	-0.06	-0.07	-0.07	-0.07	-0.07	-0.06
Eastern Colorado (Denver)	Dol. / Gal.	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	-0.09
Western Colorado (Grand Junction)	Dol. / Gal.	0.06	0.02	0.02	0.02	0.02	0.02	0.03
Greater Kansas City (Kansas City)	Dol. / Gal.	0.04	0.00	0.00	0.00	0.00	0.00	0.01
Southwest (Dallas)								
Texas (Dallas)	Dol. / Gal.	-0.05	-0.09	-0.09	-0.09	-0.09	-0.09	-0.08
New Mexico-West Texas (El Paso)	Dol. / Gal.	-0.01	-0.05	-0.05	-0.05	-0.05	-0.05	-0.04
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.00
Great Basin (Salt Lake City)	Dol. / Gal.	0.01	-0.03	-0.03	-0.03	-0.03	-0.03	-0.02
Arizona-Las Vegas (Phoenix)								
	Dol. / Gal.	-0.04	-0.08	-0.08	-0.08	-0.08	-0.08	-0.07
Pacific Northwest (Seattle)								
	Dol. / Gal.	0.00	-0.03	-0.04	-0.04	-0.04	-0.04	-0.03
All Federal Order Markets								
	Dol. / Gal.	0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02

1/ Assumes no change in processor-retail or wholesale-retail margins.

APPENDIX TABLE 12:

Modified Option 1B: Changes in Price per Gallon From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Average. 1/

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)	Dol. / Gal.	-0.03	-0.06	-0.07	-0.07	-0.07	-0.07	-0.06
New York-New Jersey (New York City)	Dol. / Gal.	-0.04	-0.07	-0.08	-0.08	-0.08	-0.08	-0.07
Middle Atlantic (Philadelphia)	Dol. / Gal.	-0.06	-0.10	-0.10	-0.10	-0.10	-0.10	-0.09
Unregulated NY and New England	Dol. / Gal.	-0.03	-0.06	-0.07	-0.07	-0.07	-0.07	-0.06
Appalachian (Charlotte)								
Carolina (Charlotte)	Dol. / Gal.	-0.03	-0.06	-0.07	-0.07	-0.07	-0.07	-0.06
Tennessee Valley (Knoxville)	Dol. / Gal.	-0.03	-0.06	-0.07	-0.07	-0.07	-0.07	-0.06
Louisville-Lexington-Evansville (Louisville)	Dol. / Gal.	0.00	-0.03	-0.04	-0.04	-0.04	-0.04	-0.03
Southeast (Atlanta)								
	Dol. / Gal.	0.00	-0.03	-0.04	-0.04	-0.04	-0.04	-0.03
Florida (Tampa)								
Upper Florida (Jacksonville)	Dol. / Gal.	0.03	-0.00	-0.00	-0.00	-0.01	-0.01	0.00
Tampa Bay (Tampa)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Southeastern Florida (Miami)	Dol. / Gal.	0.06	0.03	0.03	0.03	0.02	0.02	0.03
Midwest (Cleveland)								
Michigan Upper Peninsula (Marquette)	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.00
Southern Michigan (Detroit)	Dol. / Gal.	0.02	-0.02	-0.02	-0.02	-0.03	-0.03	-0.02
E. Ohio-W. Pennsylvania (Cleveland)	Dol. / Gal.	0.02	-0.02	-0.02	-0.02	-0.03	-0.03	-0.02
Ohio Valley (Columbus)	Dol. / Gal.	0.01	-0.02	-0.03	-0.03	-0.03	-0.03	-0.02
Indiana (Indianapolis)	Dol. / Gal.	0.02	-0.01	-0.02	-0.01	-0.02	-0.02	-0.01
Upper Midwest (Chicago)								
Chicago Regional (Chicago)	Dol. / Gal.	0.06	0.03	0.02	0.02	0.02	0.02	0.03
Upper Midwest (Minneapolis)	Dol. / Gal.	0.05	0.02	0.01	0.01	0.01	0.01	0.02
Central (Kansas City)								
Iowa (Des Moines)	Dol. / Gal.	0.05	0.02	0.01	0.01	0.01	0.01	0.02
Nebraska-Western Iowa (Omaha)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.01	-0.00	0.00
Eastern S. Dakota (Sioux Falls)	Dol. / Gal.	0.02	-0.01	-0.02	-0.01	-0.02	-0.02	-0.01
Central Illinois (Peoria)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.02
Southern Illinois-Eastern Missouri (Alton)	Dol. / Gal.	0.03	-0.00	-0.01	-0.01	-0.01	-0.01	-0.00
Southwest Plains (Oklahoma City)	Dol. / Gal.	-0.05	-0.09	-0.09	-0.09	-0.10	-0.10	-0.09
Eastern Colorado (Denver)	Dol. / Gal.	-0.09	-0.12	-0.13	-0.13	-0.13	-0.13	-0.12
Western Colorado (Grand Junction)	Dol. / Gal.	0.03	-0.00	-0.01	-0.01	-0.01	-0.01	0.00
Greater Kansas City (Kansas City)	Dol. / Gal.	0.01	-0.02	-0.03	-0.03	-0.03	-0.03	-0.02
Southwest (Dallas)								
Texas (Dallas)	Dol. / Gal.	-0.08	-0.11	-0.12	-0.11	-0.12	-0.12	-0.11
New Mexico-West Texas (El Paso)	Dol. / Gal.	-0.04	-0.07	-0.08	-0.08	-0.08	-0.08	-0.07
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)	Dol. / Gal.	0.00	-0.03	-0.04	-0.04	-0.04	-0.04	-0.03
Great Basin (Salt Lake City)	Dol. / Gal.	-0.02	-0.05	-0.06	-0.06	-0.06	-0.06	-0.05
Arizona-Las Vegas (Phoenix)								
	Dol. / Gal.	-0.07	-0.10	-0.11	-0.11	-0.11	-0.11	-0.10
Pacific Northwest (Seattle)								
	Dol. / Gal.	-0.02	-0.06	-0.06	-0.06	-0.07	-0.06	-0.06
All Federal Orders Markets								
	Dol. / Gal.	-0.01	-0.04	-0.05	-0.05	-0.05	-0.05	-0.04

1/ Assumes no change in processor-retail or wholesale-retail margins.

APPENDIX TABLE 13:

Modified Option 1A: Changes in Price per Gallon From the USDA Model Baseline, by Consolidated and Current Marketing Areas, 2000-2005 and Six-year Average. 1/

Consolidated Order (Pricing Point) Current order (Pricing Point)	Unit	2000	2001	2002	2003	2004	2005	6-Year Average
Northeast (New York City)								
New England (Boston)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
New York-New Jersey (New York City)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
Middle Atlantic (Philadelphia)	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.00
Unregulated NY and New England	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
Appalachian (Charlotte)								
Carolina (Charlotte)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.01
Tennessee Valley (Knoxville)	Dol. / Gal.	0.04	0.01	-0.00	-0.00	-0.00	-0.00	0.01
Louisville-Lexington-Evansville (Louisville)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Southeast (Atlanta)								
	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.01
Florida (Tampa)								
Upper Florida (Jacksonville)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.01
Tampa Bay (Tampa)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.01
Southeastern Florida (Miami)	Dol. / Gal.	0.05	0.01	0.01	0.01	0.01	0.01	0.01
Mideast (Cleveland)								
Michigan Upper Peninsula (Marquette)	Dol. / Gal.	0.08	0.04	0.03	0.03	0.04	0.04	0.04
Southern Michigan (Detroit)	Dol. / Gal.	0.03	-0.00	-0.01	-0.01	-0.01	-0.01	-0.00
E. Ohio-W. Pennsylvania (Cleveland)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
Ohio Valley (Columbus)	Dol. / Gal.	0.03	-0.00	-0.01	-0.01	-0.01	-0.01	0.00
Indiana (Indianapolis)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.01	0.00	0.01
Upper Midwest (Chicago)								
Chicago Regional (Chicago)	Dol. / Gal.	0.07	0.04	0.03	0.03	0.03	0.03	0.04
Upper Midwest (Minneapolis)	Dol. / Gal.	0.08	0.05	0.04	0.04	0.04	0.04	0.05
Central (Kansas City)								
Iowa (Des Moines)	Dol. / Gal.	0.06	0.02	0.02	0.02	0.02	0.02	0.03
Nebraska-Western Iowa (Omaha)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.01	0.00	0.01
Eastern S. Dakota (Sioux Falls)	Dol. / Gal.	0.06	0.02	0.02	0.02	0.02	0.02	0.03
Central Illinois (Peoria)	Dol. / Gal.	0.05	0.02	0.01	0.01	0.01	0.01	0.02
Southern Illinois-Eastern Missouri (Alton)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Southwest Plains (Oklahoma City)	Dol. / Gal.	0.02	-0.01	-0.02	-0.02	-0.02	-0.02	-0.01
Eastern Colorado (Denver)	Dol. / Gal.	0.02	-0.01	-0.02	-0.02	-0.02	-0.02	-0.01
Western Colorado (Grand Junction)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
Greater Kansas City (Kansas City)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Southwest (Dallas)								
Texas (Dallas)	Dol. / Gal.	0.02	-0.01	-0.02	-0.02	-0.02	-0.02	-0.01
New Mexico-West Texas (El Paso)	Dol. / Gal.	0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.00
Western (Salt Lake City)								
Southwestern Idaho-Eastern Oregon (Boise)	Dol. / Gal.	0.04	0.01	0.00	0.00	0.01	0.00	0.01
Great Basin (Salt Lake City)	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
Arizona-Las Vegas (Phoenix)								
	Dol. / Gal.	0.02	-0.01	-0.02	-0.02	-0.02	-0.02	-0.01
Pacific Northwest (Seattle)								
	Dol. / Gal.	0.04	0.00	-0.00	-0.00	-0.00	-0.00	0.00
All Federal Order Markets								
	Dol. / Gal.	0.04	0.01	-0.00	-0.00	-0.00	-0.00	0.01

1/ Assumes no change in processor-retail or wholesale-retail margins.

APPENDIX TABLE 14:

Change in U.S. Fluid Milk Expenditures and Consumption and Manufactured Product Expenditures and Consumption From the USDA Model Baseline, by Option, 2000-2005, and Six-year Average.

Change In:	Unit	2000	2001	2002	2003	2004	2005	6-year Average
Final Decision								
Fluid product expenditures	mil dol	84.7	(96.4)	(124.6)	(117.2)	(113.6)	(108.7)	(79.3)
Fluid products consumed	mil lbs	(40.9)	48.7	60.8	55.7	52.7	49.5	37.8
Manufactured product expenditures	mil dol	111.1	65.7	71.0	76.2	84.1	86.8	82.5
Manufactured products consumed	mil lbs	123.5	6.8	(39.7)	(60.7)	(77.6)	(89.9)	(23.0)
Modified Option 1B								
Fluid product expenditures	mil dol	(50.5)	(221.7)	(244.5)	(239.1)	(255.5)	(248.0)	(209.9)
Fluid products consumed	mil lbs	26.3	109.4	117.5	111.9	117.1	111.6	99.0
Manufactured product expenditures	mil dol	135.8	97.6	109.4	127.8	120.5	127.5	119.8
Manufactured products consumed	mil lbs	17.3	(126.9)	(193.8)	(231.9)	(286.3)	(319.5)	(190.2)
Modified Option 1A								
Fluid product expenditures	mil dol	194.4	24.8	(9.8)	(9.6)	(5.2)	(6.8)	31.3
Fluid products consumed	mil lbs	(96.5)	(11.0)	5.7	5.4	3.2	3.9	(14.9)
Manufactured product expenditures	mil dol	95.6	40.7	31.2	31.5	42.9	32.4	45.7
Manufactured products consumed	mil lbs	225.9	152.8	127.9	120.3	121.2	113.6	143.6

APPENDIX TABLE 15:

International 1/ and Domestic, Baseline Prices For Butter, Cheese,
and Nonfat Dry Milk, 2000-2005 and Six-year Average.

Fiscal Year	Unit	Butter Price, Baseline		Nonfat Dry Milk Price, Baseline		Cheese, Baseline
		International	Domestic	International	Domestic	Domestic
2000	dol / lb	\$0.84	\$1.35	\$0.66	\$1.03	\$1.34
2001	dol / lb	\$0.85	\$1.29	\$0.70	\$1.11	\$1.44
2002	dol / lb	\$0.85	\$1.22	\$0.73	\$1.20	\$1.50
2003	dol / lb	\$0.86	\$1.22	\$0.75	\$1.31	\$1.56
2004	dol / lb	\$0.86	\$1.22	\$0.77	\$1.37	\$1.61
2005	dol / lb	\$0.87	\$1.20	\$0.78	\$1.41	\$1.64
6-Year Ave.	dol / lb	\$0.86	\$1.25	\$0.73	\$1.24	\$1.52

1/ International prices are quoted on board ship at northern European ports.

APPENDIX TABLE 16:

Summary of Impacts of Class I Pricing Options on All Federal Order Markets;
Six-year Average. 1/

Change In:	Unit	Baseline	Final Decision	Modified Option 1B	Modified Option 1A
Class I differential	dol / cwt	2.56	-0.29	-0.69	0.04
All milk price	dol / cwt	15.23	-0.02	-0.10	0.03
Class I price	dol / cwt	16.22	-0.19	-0.49	0.08
Class II price	dol / cwt	13.95	0.50	0.59	0.43
Class III price	dol / cwt	13.65	0.01	0.05	-0.04
Class IV price	dol / cwt	13.76	-0.00	0.09	-0.07
Milk marketings 2/	mil lbs	111,182.0	8.0	(131.1)	149.0
Class I use	mil lbs	46,955.7	42.1	106.8	(16.6)
Manufacturing use	mil lbs	64,226.3	(34.1)	(237.9)	165.6
Cash receipts 3/	mil dol	16,944.5	(2.8)	(128.7)	104.9
Fluid expenditures	mil dol	7,617.8	(80.4)	(215.6)	36.4
Manufacturing expenditures	mil dol	9,326.7	77.6	86.9	68.5

1/ Options include the effects of the Class II, III, and IV pricing formulas.

2/ Changes in the Final Decision and Modified Option 1A marketings do not include the additional milk from the Upper Midwest and Chicago Regional that is expected to be pooled under these options.

3/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey and exclude the income from additional pooled milk in the consolidated Upper Midwest for the Final Decision and Modified Option 1A.

APPENDIX TABLE 17:

Summary of Impacts of Class I Pricing Options on the United States; Six-year Average. 1/

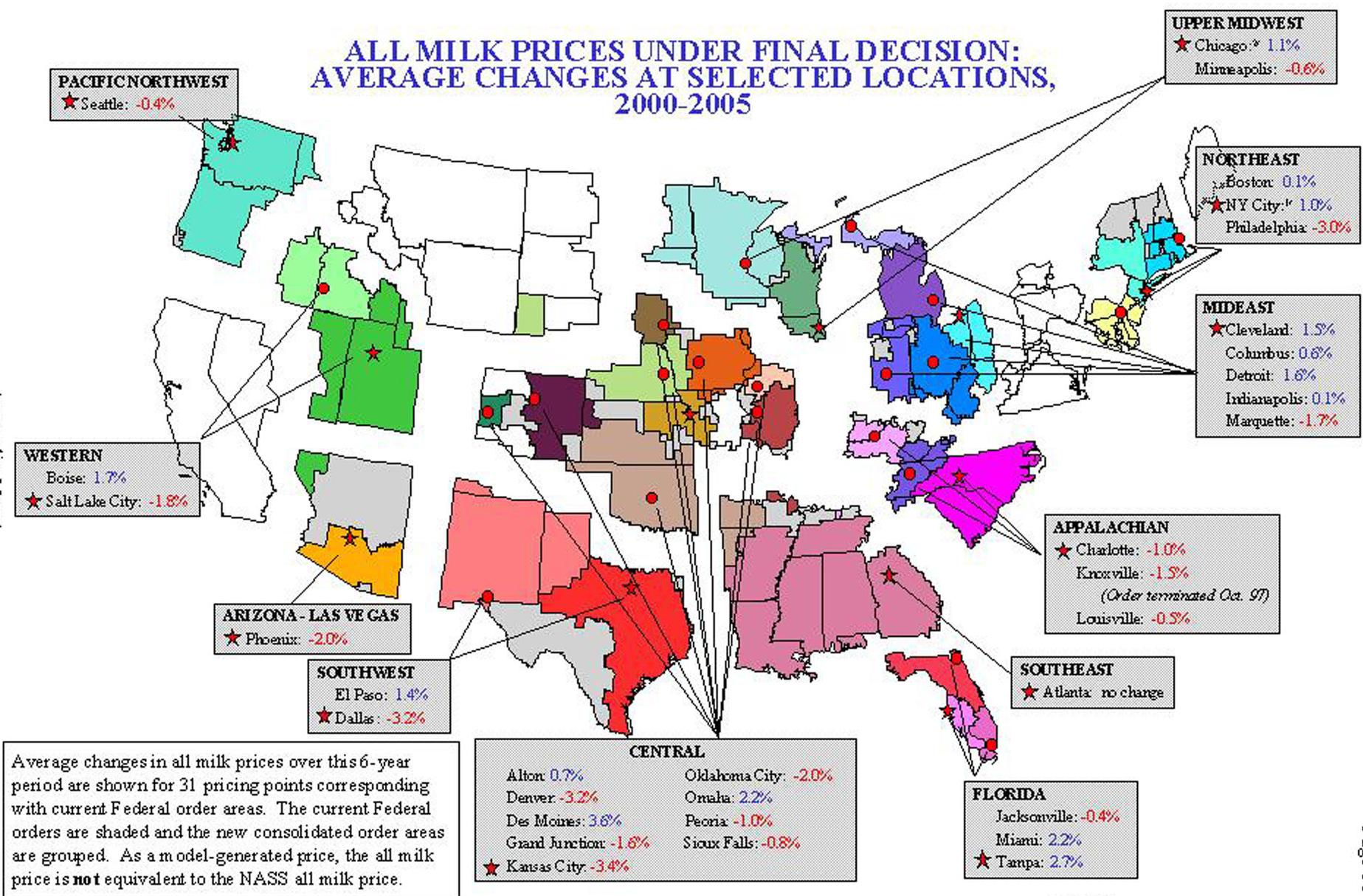
Change In:	Unit	Baseline	Final Decision	Modified Option 1B	Modified Option 1A
All milk price	dol / cwt	14.73	0.00	-0.05	0.04
Class I price	dol / cwt	16.26	-0.15	-0.38	0.06
Milk marketings	mil lbs	165,142.2	14.8	(91.2)	128.7
Class I use	mil lbs	58,782.2	37.8	99.0	(14.9)
Manufacturing use	mil lbs	106,360.0	(23.0)	(190.2)	143.6
Cash receipts 2/	mil dol	24,347.9	3.2	(90.1)	77.0
Fluid expenditures	mil dol	9,562.0	(79.3)	(209.9)	31.3
Manufacturing expenditures	mil dol	14,785.9	82.5	119.8	45.7

1/ Options include the effects of the Class II, III, and IV pricing formulas.

2/ Cash receipts do not reflect the termination of the \$0.15 per cwt transportation credit in New York-New Jersey for the Final Decision and Modified Options 1B and 1A.

APPENDIX MAPS

ALL MILK PRICES UNDER FINAL DECISION: AVERAGE CHANGES AT SELECTED LOCATIONS, 2000-2005



Average changes in all milk prices over this 6-year period are shown for 31 pricing points corresponding with current Federal order areas. The current Federal orders are shaded and the new consolidated order areas are grouped. As a model-generated price, the all milk price is **not** equivalent to the NASS all milk price.

^{1/} Reflects the termination of a \$0.15 per cwt reduction in pool value for the transportation credit. ^{2/} Reduced by \$0.03 per cwt to account for funding transportation credits.

★ Major pricing point in consolidated order area

CASH RECEIPTS UNDER FINAL DECISION: AVERAGE CHANGES AT SELECTED LOCATIONS, 2000-2005

PACIFIC NORTHWEST
★ Seattle: -0.5%

UPPER MIDWEST
★ Chicago: 2.3%
★ Minneapolis: -0.7%

NORTHEAST
★ Boston: 0.2%
★ NY City: 2.1%
★ Philadelphia: -3.7%

MIDWEST
★ Cleveland: 1.9%
★ Columbus: 0.8%
★ Detroit: 2.1%
★ Indianapolis: 0.2%
★ Marquette: -2.0%

WESTERN
★ Boise: 2.0%
★ Salt Lake City: -2.0%

ARIZONA - LAS VEGAS
★ Phoenix: -2.4%

SOUTHWEST
★ El Paso: 1.7%
★ Dallas: -3.9%

APPALACHIAN
★ Charlotte: -1.2%
★ Knoxville: -1.8%
(Order terminated Oct. 97)
★ Louisville: -0.6%

SOUTHEAST
★ Atlanta: 0.1%

CENTRAL
Alton: 0.9% Oklahoma City: -2.4%
Denver: -3.8% Omaha: 2.8%
Des Moines: 4.5% Peoria: -1.2%
Grand Junction: -2.0% Sioux Falls: -1.0%
★ Kansas City: -4.1%

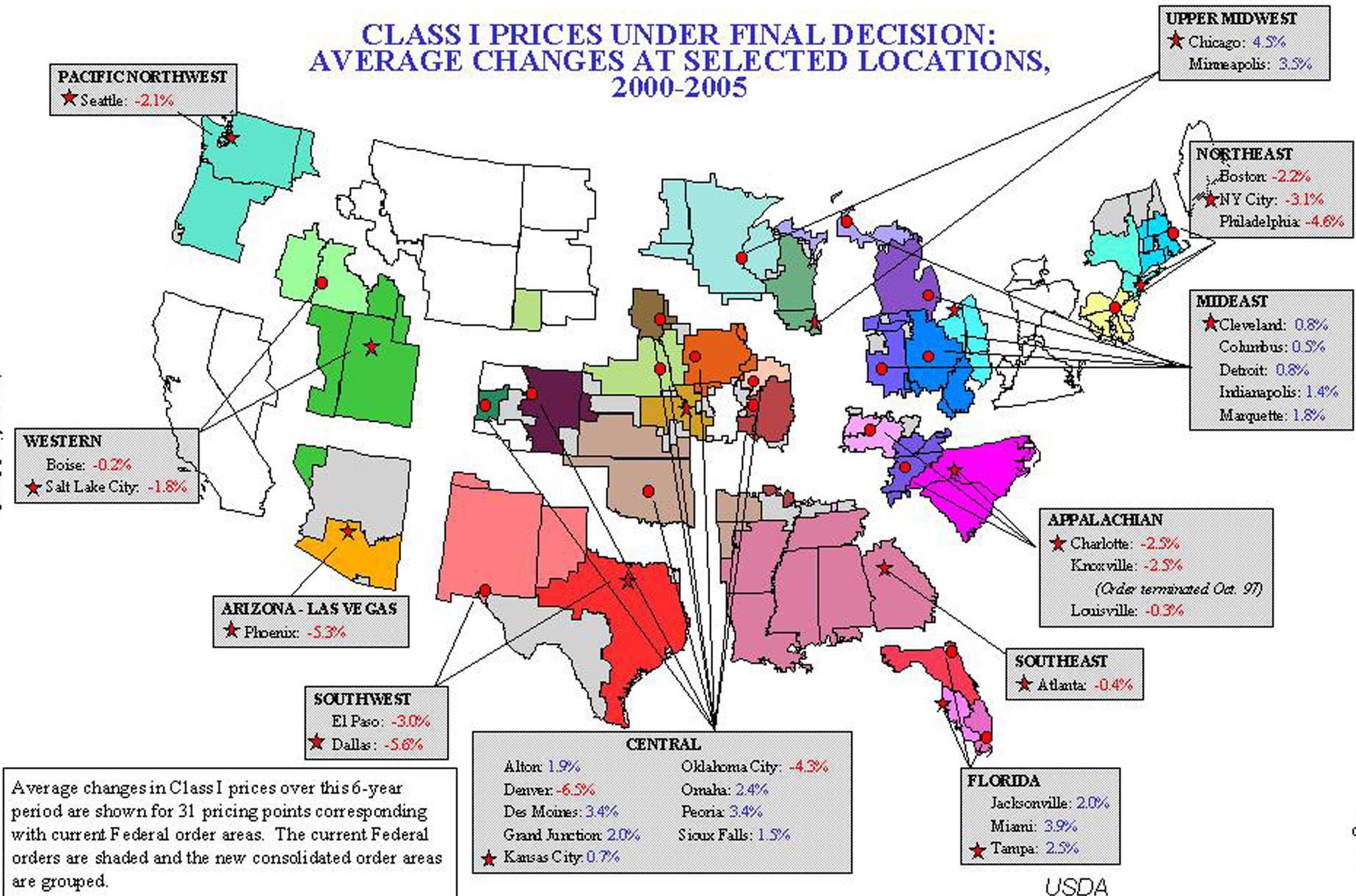
FLORIDA
★ Jacksonville: -0.4%
★ Miami: 3.0%
★ Tampa: 3.6%

Average changes in cash receipts over this 6-year period are shown for 31 pricing points corresponding with current Federal order areas. The current Federal orders are shaded and the new consolidated order areas are grouped.

★ Major pricing point in consolidated order area

^{1/} Reflects the termination of a \$0.15 per cwt. reduction in pool value for transportation. ^{2/} Excludes the income from additional pooled milk, and reflects only the milk supply lost or gained in response to change in all milk price.

CLASS I PRICES UNDER FINAL DECISION: AVERAGE CHANGES AT SELECTED LOCATIONS, 2000-2005



Average changes in Class I prices over this 6-year period are shown for 31 pricing points corresponding with current Federal order areas. The current Federal orders are shaded and the new consolidated order areas are grouped.

MILK MARKETINGS UNDER FINAL DECISION: AVERAGE CHANGES AT SELECTED LOCATIONS, 2000-2005

PACIFIC NORTHWEST

★ Seattle: -0.1%

UPPER MIDWEST

★ Chicago: 12.1%
Minneapolis: -0.1%

NORTHEAST

★ Boston: 0.1%
★ NY City: 0.1%
Philadelphia: -0.8%

MIDWEST

★ Cleveland: 0.4%
Columbus: 0.2%
Detroit: 0.5%
Indianapolis: 0.1%
Marquette: -0.3%

APPALACHIAN

★ Charlotte: -0.2%
Knoxville: -0.3%
(Order terminated Oct. 97)
Louisville: -0.04%

SOUTHEAST

★ Atlanta: 0.1%

FLORIDA

Jacksonville: -0.01%
Miami: 0.8%
★ Tampa: 0.9%

CENTRAL

Alton: 0.2%	Oklahoma City: -0.4%
Denver: -0.6%	Omaha: 0.5%
Des Moines: 0.8%	Peoria: -0.2%
Grand Junction: -0.3%	Sioux Falls: -0.1%
★ Kansas City: -0.8%	

WESTERN

Boise: 0.3%
★ Salt Lake City: -0.3%

ARIZONA - LAS VEGAS

★ Phoenix: -0.4%

SOUTHWEST

El Paso: 0.3%
★ Dallas: -0.8%

Average changes in milk marketings over this 6-year period are shown for 31 pricing points corresponding with current Federal order areas. The current Federal orders are shaded and the new consolidated order areas are grouped.

^{1/}Includes additional milk that would be expected to be pooled due to favorable price relationships.

★ Major pricing point in consolidated order area

Appendix A

FMMO Reform Final Rule: Impact on Food and Nutrition Service Programs

The following table includes estimated retail price impacts of the Federal Milk Marketing Order (FMMO) Reform Final Rule provided by the Agricultural Marketing Service, USDA, in February, 1999:

Table 1: Change in Retail Price of Fluid Milk under Federal Order Options (\$/gal.)

Option	FY00	FY01	FY02	FY03	FY04	FY05	6-Year Average
Option 1A	0.04	0.01	0.00	0.00	0.00	0.00	0.01
Option 1B	-0.01	-0.04	-0.05	-0.05	-0.05	-0.05	-0.04
Final Decision	0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02

Note: Price changes in 2002-2005 under Option 1A are rounded to zero for the purpose of this table, but are actually slightly less than zero.

All of these impacts are quite small. The effect on FNS programs over the implementation period of fiscal years 2000 to 2005 ranges from a savings of \$340 million under Option 1B to a cost of \$58 million under Option 1A. FNS estimates that the largest negative impact for a single year under any option would be a cost of \$53 million under Option 1A in FY00. FNS estimates that the largest positive impact for a single year under any option would be a savings of \$72 million under Option 1B in FY04. Considering the magnitude of the FNS budget for these three programs, the impact of the Reform is negligible over six years.

The four FNS programs considered in this analysis were the Food Stamp Program (FSP), Women, Infants, and Children Program (WIC), National School Lunch Program (NSLP), and the School Breakfast Program (SBP).

Table 2: Total Impact FY00-05

FNS Program	Option 1A	Option 1B	Final Decision
FSP¹	\$32,269,326	-\$188,506,389	-\$73,109,489
WIC			
<i>Average Annual Participation Impact²</i>	-3,683	19,704	7,488
<i>Cost to Maintain Participation³</i>	\$12,085,550	-\$68,548,210	-\$26,416,499
NSLP and SBP⁴	\$13,976,535	-\$83,129,231	-\$32,333,088
Total Dollar Cost	\$58,331,411	-\$340,183,830	-\$131,859,077

¹Costs/savings to be borne by participants if the FMMO Reform does not trigger an increase in the FSP benefit level.

²The potential six-year average change in participation in the absence of a change in appropriation.

³The amount that the projected WIC appropriation would have to change in order to maintain participation at current projected levels.

⁴Costs/Savings to be absorbed by schools/institutions or passed on to students in the paid category, at the discretion of the institutions, if the CPI does not increase to reflect the price impact of the FMMO Reform. Since FNS' January 1998 FMMO impact analysis, baseline assumptions of the amount of milk purchased by NSLP/SBP have been revised downward based upon new data from the recently released School Food Purchasing Study.

I. Food Stamp Program

Background

The per participant Food Stamp benefit for each fiscal year is tied to the cost of the Thrifty Food Plan, a nutritious low-cost model diet plan, in June of the prior fiscal year. The cost of the Thrifty Food Plan is not usually very sensitive to a modest price change in most of the many items, which constitute the package. However, fluid milk accounts for approximately 10 percent of the cost of the Thrifty Food Plan for the FSP reference household of four. Since, for the FSP maximum allotment, the TFP is rounded down to the nearest dollar, a modest change in the price of milk could cause an increase in the TFP that would translate into a one dollar increase in the maximum FSP allotment. On average, a \$0.04 per gallon increase or decrease in the national average retail price for fluid milk would cause the TFP to be rounded up or down, respectively, to the next dollar. If the FSP allotment were forced up or down to the next dollar in June of fiscal year 2000 as a result of the Reform, costs would increase or decrease nationally for fiscal year 2001.

In the absence of an increase or decrease in the cost of the TFP, the national FSP allotment will not change to account for the adjustment in the price of milk. In that case, the cost burden or savings will be borne by participants during that period.

Impact

FNS has estimated that the impact on costs/savings to the Federal government would equal approximately \$60 million for each year and for each dollar increase/decrease in the TFP attributable to a Reform related increase/decrease in the price of fluid milk. The projected \$0.04 increase in the retail price of milk in fiscal year 2000 under Option 1A has a fifty percent chance of increasing the TFP to the next dollar, triggering an increase in the Food Stamp benefit and a \$60 million cost to the Federal Government in the following fiscal year. In year 2001, retail price decreases of \$0.04 expected under Option 1B are as likely to push the TFP down to the next dollar as they are to leave the TFP dollar level unchanged. In fiscal years 2002 to 2005 the decrease of \$0.05 is slightly more likely than not to push the TFP down to the next dollar. Table 2 reflects the instance in which the TFP does not change for those years and options.

If the TFP does not increase in years that the Reform increases milk prices, the cost burden will be borne by participants during those years. FNS estimates that the burden over six years is equal to \$32 million under Option 1A. In like manner, if the TFP is not forced down when the Reform causes price decreases, the savings will accrue to the participant. FNS estimates that these savings are equal to \$188 million under Option 1B and \$73 million under the final decision. These estimates are derived by multiplying the TFP level of 3.1 gallons of fluid milk per person per month by the projected number of FSP participants and the retail price change.

II. WIC Program

Background

The WIC Program is a discretionary program with prescribed maximum food benefits set by WIC regulations. FNS estimates that the purchase of fluid milk constitutes approximately 30 percent of the funds spent on food nationally. As retail milk prices change, the food package cost per participant changes in the same direction. Since the WIC appropriation is a discretionary grant, not an entitlement, as the WIC food package cost per participant increases, State WIC programs must reduce participation or take other steps to absorb the increased cost. Although States cannot decrease WIC benefit package prescriptions for the purpose of offsetting the increase of the price of milk, States may elect to authorize only lower cost brands of foods for purchase in order to partially offset participation decreases.

Impact

Over six years, in order to maintain participation at 7.5 million participants per month, FNS estimates that the WIC program would need a total of \$12 million under Option 1A. Under this option, the bulk of the cost, \$11 million, would accrue in FY00. Current appropriations law requires that WIC be fully operated before the FMNP may be operated. Therefore, it is possible, though quite unlikely, that the \$11 million cost in FY00 under Option 1A could jeopardize the operation of the Farmer's Market Nutrition Program (FMNP). Under Option 1B, FNS estimates that WIC would need \$69 million less and \$26 million less under the final decision to support 7.5 million participants per month over six years.

III. NSLP and SBP

Background

The amount of reimbursement to the institution, that is, the school administering the NSLP and SBP, is fixed by authorizing legislation. The NSLP and the SBP are indexed by the food-away-from-home Consumer Price Index for urban consumers. Since this index is not highly responsive to modest changes in the price of a single item, slight retail milk price increases should not impact the reimbursement rates paid to the schools administering the programs. Therefore, the institution will absorb the increases in the retail price of milk due to the Reform that they are not able to pass on to children in the reduced price and paid meal categories. None of the increased cost can be shifted to students receiving free meals. States are prohibited from serving reduced price lunches and breakfasts at rates higher than \$0.40 and \$0.30, respectively. Historically, States charge the maximum amount. However, schools may charge as much as they like to students receiving NSLP and SBP meals at the paid reimbursement rate. Therefore, if the institution chooses to shift the full cost to the consumer, children in the paid categories would disproportionately bear the burden or reap the savings. However, children receiving meals under the reduced-price category may also pay slightly altered prices under the Reform.

Impact

FNS has estimated that the cost to NSLP and SBP participants and institutions due to Reform related fluid milk retail price increases during the demonstration six year implementation period of the Reform will total \$14 million under Option 1A. However, the NSLP and SBP participants and institutions will save \$83 million under Option 1B and \$32 million under the final decision.

Table 3: Annual Summary, Final Decision

FNS Program	2000	2001	2002	2003	2004	2005	Total
Per Gallon Retail Price Impact	\$0.02	-\$0.02	-\$0.02	-\$0.02	-\$0.02	-\$0.02	
FSP¹	\$12,663,025	-\$14,424,749	-\$18,870,191	-\$17,848,442	-\$17,623,678	-\$17,005,455	-\$73,109,489
WIC							
<i>Average Annual Participation Impact²</i>	-8,693	9,580	12,122	11,168	10,710	10,039	7,488
<i>Cost to Maintain Participation³</i>	\$4,747,846	-\$5,314,519	-\$6,879,708	-\$6,485,862	-\$6,365,208	-\$6,119,048	-\$26,416,499
NSLP and SBP⁴	\$5,488,684	-\$6,249,364	-\$8,208,964	-\$7,908,703	-\$7,840,460	-\$7,614,282	-\$32,333,088
Total Dollar Cost	\$22,899,556	-\$25,988,632	-\$33,958,863	-\$32,243,007	-\$31,829,346	-\$30,738,785	-\$131,859,077

¹Costs/savings to be borne by participants if the FMMO Reform does not trigger an increase in the FSP benefit level.

²The potential change in participation in the absence of a change in appropriation. The total is the six-year average participation loss.

³The amount that the projected WIC appropriation would have to change in order to maintain participation at current projected levels.

⁴Costs/Savings to be absorbed by schools/institutions or passed on to students in the paid category, at the discretion of the institutions, if the CPI does not increase to reflect the price impact of the FMMO Reform. Since FNS' January 1998 FMMO impact analysis, baseline assumptions of the amount of milk purchased by NSLP/SBP have been revised downward based upon new data from the recently released School Food Purchasing Study.

Table 4: Annual Summary, Option 1B

FNS Program	FY00	FY01	FY02	FY03	FY04	FY05	Total
Per Gallon Retail Price Impact	-\$0.01	-\$0.04	-\$0.05	-\$0.05	-\$0.05	-\$0.05	
FSP¹	-\$6,799,712	-\$30,103,537	-\$35,376,270	-\$37,932,501	-\$39,779,246	-\$38,515,123	-\$188,506,389
WIC							
<i>Average Annual Participation Impact²</i>	4,676	20,020	22,758	23,774	24,216	22,776	19,704
<i>Cost to Maintain Participation³</i>	-\$2,549,469	-\$11,091,065	-\$12,897,507	-\$13,784,115	-\$14,367,214	-\$13,858,840	-\$68,548,210
NSLP and SBP⁴	-\$2,947,279	-\$13,042,026	-\$15,389,485	-\$16,808,015	-\$17,697,077	-\$17,245,349	-\$83,129,231
Total Dollar Cost	-\$12,296,459	-\$54,236,629	-\$63,663,262	-\$68,524,630	-\$71,843,537	-\$69,619,312	-\$340,183,830

¹Costs/savings to be borne by participants if the FMMO Reform does not trigger an increase in the FSP benefit level.

²The potential change in participation in the absence of a change in appropriation. The total is the six-year average participation loss.

³The amount that the projected WIC appropriation would have to change in order to maintain participation at current projected levels.

⁴Costs/Savings to be absorbed by schools/institutions or passed on to students in the paid category, at the discretion of the institutions, if the CPI does not increase to reflect the price impact of the FMMO Reform. Since FNS' January 1998 FMMO impact analysis, baseline assumptions of the amount of milk purchased by NSLP/SBP have been revised downward based upon new data from the recently released School Food Purchasing Study.

Table 5: Annual Summary, Option 1A

FNS Program	FY00	FY01	FY02	FY03	FY04	FY05	Total
Per Gallon Retail Price Impact	\$0.04	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	
FSP¹	\$29,141,827	\$4,479,183	-\$572,210	-\$554,087	-\$18,695	-\$206,691	\$32,269,326
WIC							
<i>Average Annual Participation Impact²</i>	-19,976	-2,970	367	346	11	122	-3,683
<i>Cost to Maintain Participation³</i>	\$10,926,371	\$1,650,268	-\$208,617	-\$201,347	-\$6,752	-\$74,373	\$12,085,550
NSLP and SBP⁴	\$12,631,285	\$1,940,557	-\$248,925	-\$245,518	-\$8,317	-\$92,547	\$13,976,535
Total Dollar Cost	\$52,699,483	\$8,070,008	-\$1,029,752	-\$1,000,952	-\$33,765	-\$373,612	\$58,331,411

¹Costs/savings to be borne by participants if the FMMO Reform does not trigger an increase in the FSP benefit level.

²The potential change in participation in the absence of a change in appropriation. The total is the six-year average participation loss.

³The amount that the projected WIC appropriation would have to change in order to maintain participation at current projected levels.

⁴Costs/Savings to be absorbed by schools/institutions or passed on to students in the paid category, at the discretion of the institutions, if the CPI does not increase to reflect the price impact of the FMMO Reform. Since FNS' January 1998 FMMO impact analysis, baseline assumptions of the amount of milk purchased by NSLP/SBP have been revised downward based upon new data from the recently released School Food Purchasing Study.

Appendix B

USDA Regional Dairy Model Used in Federal Milk Marketing Order Analysis

Introduction

The Interagency Dairy Analysis Team, composed of analysts from the Economic Research Service (ERS), the Office of the Chief Economist, and the Agricultural Marketing Service (AMS) developed an analytic framework for analyzing the final Federal Milk Marketing Order (FMMO) amendments from a national, annual, time-series dairy model that was estimated and maintained by ERS.

Because of the regional structure of the FMMO program and the specific provisions of the program, a very specific analytical tool was needed that would allow for analysis on an order-by-order basis, as well as incorporating other areas of the country not covered by the FMMO system. In addition to the regional analysis, other characteristics of the analytical framework include the ability to consolidate FMMO's, the ability to estimate changes in the end use of milk, as well as the flexibility to evaluate changes in minimum pricing under FMMO's.

The model's parameters were not directly estimated. The parameterization of the model was drawn from the national dairy sector model developed by ERS, which incorporated the level of product detail necessary to analyze the regional and national effects of FMMO reform (Table 1). The national model is estimated as a system of equations using a full information (three stage least squares) technique. All data used in estimation of the national model are available in National Agricultural Statistical Service (NASS) publications, the ERS Dairy Yearbook, AMS statistical publications, and the Economic Report of the President. The estimation data set contained data from 1955 to 1994. For the purpose of analyzing the proposed FMMO amendments, the national model was expanded to a 36-region model which incorporated the 32 FMMO's in place at the time (includes the Tennessee Valley Order terminated on October 1, 1997), California, and three other non-Federally regulated areas of the country.

Supply response parameters for the 36 model regions were adapted from previous regional studies of the dairy industry. Per capita demand equations are estimated and regional price differences, as well as regional population levels, are used to project changes in Class I and Class II use. Product market -- cheese, butter, and nonfat dry milk -- equilibrium is determined at the national level and the quantities of milk in cheese production and butter-nonfat dry milk production are allocated to each region based on the change at the national level.

One of the more unique aspects of the model is the development of a framework which captures FMMO pricing policy. The model is capable of estimating producer and handler prices at the 36 points in the model under both the current number and a reduced number of FMMO's. The method used to estimate prices under FMMO consolidation is the same as that currently used to

establish point (plant) prices within existing FMMO pools.

The following is a discussion of how the specific basic regional model structure and parameters were developed from the existing national model. The model is composed of five sections: 1) milk supply; 2) dairy product supply; 3) dairy product demand; 4) market equilibrium conditions; and 5) regional market utilization and pricing.

Regional Model Structure

Milk Supply

In the national model, the milk supply section consists of two estimating equations: a milk per cow equation and a milk cow inventory equation. An identity, the product of milk per cow and milk cow inventory, determines milk production. Milk marketings are in direct relationship to milk production. Milk per cow is estimated using the year-over-year change in milk per cow as the dependent variable. Under this specification the intercept relates to the annual change in milk per cow. The two other independent variables in the milk per cow equations are feed costs and farm milk price -- indicators of the changes in profitability. The milk cow inventory equation, which also is fit as a year-over-year change equation, includes as explanatory variables: the percentage change in milk per cow, the milk/feed price ratio, and the previous year's net return per cow.

Parameterizing the supply response in the regional dairy model was accomplished by altering the national parameters to reflect regional differences in the structure of dairy farming (Table 1, Box 1). In the areas with larger than average herd size, the contemporaneous supply response is assumed to be smaller than the average dairy farm with respect to profitability. Profitability in large operations is based on high volume production; therefore, producers do not alter production greatly in the short term as costs or prices change. In addition, the annual trend in milk per cow is assumed to be greater in these areas. Regional milk cow inventory equations also assume that the short-term responses to changes in profitability are less in the areas with larger dairy farms. The coefficient on lagged profitability is assumed to be greater in the areas with larger dairy farms, implying that response to profitability is leading to the continued expansion. The profitability in each of these 36 regions is estimated by using the appropriate all milk price and the ERS regional cost of production data (Table 2). The regional estimates of cost of production are available on the Internet at: <http://www.econ.ag.gov/Briefing/fbe/car/milk2.htm>.

Milk cow inventory numbers and milk per cow are reported by state. Tracking milk movement between states and marketing areas is problematic, and beyond the scope of a time series model. To estimate milk marketings for each FMMO, milk cow inventory for each FMMO is estimated using total number of milk cows in states affiliated with that FMMO, e.g., the state totals for New York and New Jersey are used to project milk cow inventory for the New York-New Jersey FMMO. Milk per cow is the weighted average for the indicated states.

Dairy Product Supply

The model assumes, because of the price discrimination that occurs under the FMMO system, the demands for Class I and Class II in each region are satisfied first. The supplies of cheese, nonfat dry milk, and butter are functions of the amount of milk marketed less the milk used in Class I and Class II products, and the relative profitability of producing each product. Cheese supply is further disaggregated into American cheese and other cheese types. The year-over-year change in cheese production is a function of the relative value of producing cheese versus producing nonfat dry milk and butter, as well as the year-over-year change in manufacturing milk supply. The year-over-year change in butter production and nonfat dry milk production is determined by the change in the residual milk supply on a butterfat and a nonfat solids basis, respectively. The residual milk supply is estimated by accounting for the butterfat and nonfat solids used in cheese production and subtracting them from the manufacturing milk supply (total milk marketings less milk used in Class I and II on a butterfat and nonfat solids basis).

Dairy Product Demand

The model contains demand equations for whole fluid milk, lowfat fluid milk, soft manufactured products (Class II), American cheese, other cheese, butter, and nonfat dry milk. The model assumes demand elasticities do not vary regionally. In general, individual product demands are functions of own price, prices of substitutes, income (personal consumption expenditures), and in some equations, trend variables (Table 1). The demand equations are estimated on a per capita basis using a log-log functional form.

In estimating each regional Class I and Class II demands, differences in prices and population by region are utilized. Margin mark-up equations are used to estimate the CPI for fluid milk and other dairy products on an order-by-order basis. Projections of regional per capita Class I and Class II use are based on the estimated regional CPI and national per capita income. These regional per capita projections are then multiplied by projections of population levels for each model region to estimate Class I and Class II demands for the 36 areas included in the model. Milk used in Class I and Class II products in a model region are then projected using the year-over-year changes in the aggregate demand for Class I and Class II products. This approach enables the model to estimate the change in Class I and Class II utilization caused by a change in the Class I and Class II prices. Product demands for cheese, nonfat dry milk, and butter are estimated on a national basis because of the national nature of these product markets.

Market Equilibrium Conditions

The model reaches equilibrium by solving for wholesale prices that equate supply and demand in the manufactured product markets (cheese, butter, and nonfat dry milk). The manufactured product markets, the Class I and Class II markets and regional farm level raw milk supply are

linked through price equations that relate the changes in wholesale product prices to changes in prices for milk used in Class I and Class II. A Basic Formula Price (BFP) is calculated from the model's estimates of wholesale cheese, butter, and nonfat dry milk prices; and this calculated BFP is used to predict Class I and Class II prices. Changes in Class I and Class II prices affect demand for Class I and Class II products and the amount of milk available for cheese, butter, and nonfat dry milk production.

Regional Market Utilization and Pricing

The national dairy sector model is estimated using annual change and this format is utilized in the regional estimates. Regional marketings are estimated by applying the relevant regional supply response percentage change to the 1997 marketings level to estimate marketings for 1998. The 1999 marketings estimate is the relevant change applied to the 1998 estimate, and so on. The same approach is used to predict class utilizations. Class I, Class II, and Class III utilizations are computed using the relevant changes in demand for these milk classes.

Class III-A is treated as a residual milk quantity on a nonfat solids basis, like the end product, nonfat dry milk.

The all milk price for each of the 36 regions is derived by multiplying the applicable class utilization rates by projected class prices. For this calculation, the Class I price includes Class I over-order charges and Class III and Class III-A prices under the 32 FMMO's are replaced by the model-generated projections of national prices paid for milk used in cheese and butter-nonfat dry milk production. The model's all milk price differs from the NASS all milk price in that the NASS price includes the value of Grade B milk and also over-order charges on milk in Class II, Class III, and Class III-A.

For analyzing FMMO consolidation, a method had to be developed to compare the price impacts in the 36 separate areas before and after FMMO consolidation. The method selected involved the development of estimates of milk utilization by class and an all milk price for each of the 36 areas after considering the effects of consolidation.

The model is capable of combining the 32 FMMO's into a fewer number of FMMO's. In such analyses, marketings and class utilizations are aggregated and new FMMO all milk prices are calculated at the new base pricing points. All milk prices at various other locations are then "zoned" from these new base pricing points. Zoned all milk prices are estimated by subtracting the differences between the Class I differentials at specific locations and the Class I differentials at the new base pricing points from the consolidated FMMO's all milk prices. The new all milk prices are input as data in the supply response functions and the model iterated until an equilibrium is achieved in the product markets.

Summary

This model was developed to answer some very specific questions about policy changes in the dairy sector; and in particular, changes in FMMO's. The main focus of this model development was to define an analytical structure which would reflect the major economic structure of FMMO's, the classified pricing system, and provide relative rankings of policy options. Because of the regional and product specific detail required for this analysis, and the resulting large data requirements, direct estimation of parameters of the model was not possible. Parameters from an existing national model were used and were adjusted as needed to reflect known regional differences in the dairy industry. All of the results from the analyses of options are reported as changes from the model baseline projections that are consistent with USDA's official baseline for dairy.

Table 1. National Dairy Model Parameters 1/**Milk and Product Supply 2/**

Year-over-year percentage change milk per cow (t,order) = B (1,order) + B (2,order)

** Feedcost (t,order) +B (3,order) * Milk price (t,order).*

Year-over-year percentage change milk cow inventory (t, order) = B (4,order) + B (5,order)

** Percentage change in milk per cow (t,order) + B (6,order) * Milk feed price ratio (t,order)
+ B (7,order) * Net returns per cow (t-1,order).*

Box 1. Derived Regional Supply Response Parameters */

Region Parameter	Northeast	Southeast	Upper Midwest	West	California	New Mexico	Florida
1	0.02	0.02	0.02	0.027	0.027	0.027	0.023
2	-0.0228833	-0.0228833	-0.020803	-0.0187227	-0.0187227	-0.016642	-0.022883
3	0.0001505	0.0001505	0.0001368	0.0001231	0.0001231	0.0001094	0.0001505
4	-0.085	-0.085	-0.082	-0.048	-0.058	-0.05	-0.05
5	-0.1549471	-0.1549471	-0.140861	-0.1267749	-0.1267749	-0.112688	-0.154947
6	0.0003353	0.0003353	0.0003049	0.0002744	0.0002744	0.0002439	0.0003353
7	0.0000404	0.0000404	0.0000445	0.0000494	0.0000494	0.0000556	0.0000404

**/ This matrix presents the different regional supply response parameters. The coefficient B (4, Middle Atlantic) would be the cell in row 4 and under the column labeled Northeast. Table 2, relates the regional parameter to the order or non order areas.*

*Milk per cow (t,order) = Milk per cow (t-1,order) * Year-over-year percentage change in milk per cow (t,order).*

*Milk cow inventory (t,order) = Milk cow inventory (t-1,order) * Year-over-year percentage change milk cow inventory (t, order).*

*Milk production (t,order) = Milk per cow (t,order) * Milk cow inventory (t,order).*

Milk production change (t,order) = Milk production (t,order) - Milk production (t-1,order).

Milk marketings (t,order) = Milk marketings (t-1,order) + Milk production change (t,order).

Cheese Production

Year-over-year percentage change American cheese production (t) = $0.023383 + 0.000697$ * Year-over-year change in [(Cheese price (t) * 9.8 + Butter price (t) * 0.27) / (4.48 * Butter price (t) + Nonfat dry milk price (t) * 8.13)] + 1.912463 * Year-over-year change in manufacturing milk supply (butterfat basis).

American cheese production (t) = American cheese production (t-1) * Year-over-year percentage change American cheese production (t).

Year-over-year percentage change other cheese production (t) = $0.054725 + 0.002532$ * Year-over-year change in [(Cheese price (t) * 9.8 + Butter price (t) * 0.27) / (4.48 * Butter price (t) + Nonfat dry milk price (t) * 8.13)] + 0.418018 * Year-over-year change in manufacturing milk supply (butterfat basis).

Other cheese production (t) = Other cheese production (t-1) * Year-over-year percentage change other cheese production (t).

Butter-Nonfat Dry Milk Production

Manufacturing milk supply (butterfat basis) (t) = Milk marketings (t) - Whole milk consumption (t) * 3.25 / 3.67 - Lowfat milk consumption (t) * 1.5/3.67 - Class II consumption (t).

Manufacturing milk supply (nonfat basis) (t) = Milk marketings (t) - Whole milk consumption (t) - Lowfat milk consumption (t) - Class II consumption (t) * 1.5.

Residual milk supply (butterfat basis) (t) = Manufacturing milk supply (butterfat basis) (t) - American cheese production (t) * 9.23 - Other cheese production (t) * 7.49.

Residual milk supply (nonfat basis) (t) = Manufacturing milk supply (nonfat basis) (t) - American cheese production (t) * 9.8 - Other cheese production (t) * 9.8.

Butter production (t) = Butter production (t-1) * Percentage change in residual milk supply (butterfat basis) (t).

Nonfat dry milk production (t) = Nonfat dry milk production (t-1) * Percentage change in residual milk supply (nonfat solids basis).

Demand

Per capita butter consumption (t) = EXP (1.363159 - 0.08428 * log (Butter wholesale price (t) / Margarine CPI (t)) - 0.1236 * log (Trend (t)) + 0.0006888 * log (Personal consumption expenditures (t))).

Per capita nonfat dry milk consumption (t) = EXP (-6.37521 - 0.33 * log (Wholesale nonfat dry milk price (t)) - 2.70841 * log (Trend (t)) + 3.461008 * log (Personal consumption expenditures (t))).

Per capita whole milk consumption (t,order) = EXP (11.57707 - 0.15 * log (CPI Fluid milk (t,order)) - 0.056854 * log (Trend (t)) + 0.056854 * log (CPI Non-alcoholic beverages (t)) + 0.186456 * log (Personal consumption expenditures (t))).

Per capita lowfat milk consumption (t,order) = EXP (6.612045 - 0.15 * log (CPI Fluid milk (t,order)) + 1.04798 * log (Trend (t)) + 0.105101 * log (CPI Non-alcoholic beverages (t)) + 0.15 * log (Personal consumption expenditures (t))).

Per capita soft product consumption (Class II) (t,order) = EXP (2.36 - 0.51 * log (CPI other dairy products (t,order)) - 0.0169 * log (Trend (t)) + 0.1497 * log (Personal consumption expenditures (t))).

Per capita American cheese consumption (t) = EXP (-0.29364 * log (Wholesale cheese price (t)) + 0.494838 * log (Personal consumption expenditures (t))).

Per capita other cheese consumption (t) = EXP (-0.43662 - 0.68685 * log (Wholesale cheese price (t)) + 1.34883 * log (Personal consumption expenditures away from home (t)) + 0.164924 * log (Personal consumption expenditures (t))).

Price Formulas

CPI fluid milk (t,order) = 0.024999 + 0.063537 * Effective Class I price (t,order) - 0.00027 * Trend (t).

Other dairy products CPI (t) = Other dairy products CPI (t-1) * (0.40 * Class II price(t)).

Class I price (t,order) = Class I differential (order) + BFP (t).

Effective Class I price (t,order) = Class I price (t,order) + Class I over-order price (t,order).

Class II price (t) = \$0.30 + BFP (t).

Protein price (t) = ((Wholesale cheese price (t) - 0.1702) * 1.405) +
(((Wholesale cheese price (t) - 0.1702) * 1.582) - Butterfat price (t)) * 1.28.

Butterfat price (t) = (Butter price (t) - 0.114) / 0.82.

Other solids price (t) = ((Nonfat dry milk price (t) * 0.20) - 0.137) / 0.968.

Nonfat solids price (t) = ((Nonfat dry milk price (t)) - 0.137) / 1.02.

Skim price (t) = Protein price (t) * 3.1 + Other solids price (t) * 5.9.

Cheese milk price (3.67% butterfat) (t) = Skim price (t) * 0.9633 +
Butterfat price(t) * 3.67.

BFP (3.5% butterfat) (t) = Skim price (t) * 0.965 + Butterfat price (t) * 3.5.

Butter-nonfat dry milk price (3.67% butterfat) (t) = (Nonfat solids price (t) * 9) * 0.9633
+ Butterfat price (t) *3.67.

All-milk price (t,order) = Class I utilization (t,order) *Effective Class I price (t,order) + Class II
utilization (t,order) * Class II price (t) + Cheese milk utilization (t,order) * Cheese milk price (t)
+ Butter and nonfat dry milk milk utilization (t,order) * Butter and nonfat dry milk price (t).

Equilibrium Conditions

Butter, nonfat dry milk, and cheese prices at the wholesale level are solved within the model so that supply and demand of the manufactured products equate.

Cost of Production

Net returns (t,order) = All-milk price (t,order) + Other income (t,order) - Feed costs (t,order) -
Other costs (t,order).

Other income (t,order) = ERS Dairy COP other income (t,order).

Feed costs (t,order) = ERS Dairy COP feed cost (t,order).

Other costs (t,order) = ERS Dairy COP other costs (t,order).

The regional estimates of cost of production are available on the Internet at <http://www.econ.ag.gov/Briefing/fbe/car/milk2.htm>

1/ Parameters presented in this table are drawn from the National Dairy Sector Model. Derived regional supply responses are presented in Box 1. Other than changes in regional supply responses, the order parameters are the same as the national parameters. All price, cost, and income data used are real, using the CPI (All Urban Consumers) as the deflator.

2/ Supply responses are only altered on a regional basis, these regions reflecting ERS Cost of production regions. Table 2 presents the regional responses used for each order area.

Table 2. Regional Supply Responses Used in Order Milk Production Equations ^{1/}

<u>Order Production</u>	<u>Regional Supply Response</u>	<u>ERS Cost of</u>
New England	Northeast	Northeast
New York-New Jersey	Northeast	Northeast
Middle Atlantic	Northeast	Northeast
Unregulated N.Y. and New England	Northeast	Northeast
Carolina	Southeast	Southeast
Tennessee Valley	Southeast	Southeast
Louisville-Lexington-Evansville	Southeast	Southeast
Southeast	Southeast	Southeast
Tampa Bay	Florida	Southeast
Upper Florida	Florida	Southeast
Southeastern Florida	Florida	Southeast
Michigan Upper Peninsula	Upper Midwest	Upper Midwest
Southern Michigan	Upper Midwest	Upper Midwest
E. Ohio-W. Pennsylvania	Upper Midwest	Corn Belt
Ohio Valley	Upper Midwest	Corn Belt
Indiana	Upper Midwest	Corn Belt
Chicago Regional	Upper Midwest	Upper Midwest
Upper Midwest	Upper Midwest	Upper Midwest
Iowa	Upper Midwest	Corn Belt
Nebraska-Western Iowa	Upper Midwest	Corn Belt
Eastern S. Dakota	Upper Midwest	Corn Belt
Central Illinois	Upper Midwest	Corn Belt
Southern Illinois-Eastern Missouri	Upper Midwest	Corn Belt
Southwest Plains	Upper Midwest	Corn Belt
Eastern Colorado	West	Pacific
Western Colorado	West	Pacific
Greater Kansas City	Upper Midwest	Corn Belt
Texas	Southeast	Southern Plains
New Mexico-West Texas	New Mexico	Pacific
Southwestern Idaho-Eastern Oregon	West	Pacific
Great Basin	West	Pacific
Central Arizona	West	Pacific
Pacific Northwest	West	Pacific
California	California	Pacific
East U.S., non-Order	Northeast	Northeast
West U.S., non-Order	West	Pacific