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Mr. Paul Kyburz
Federal Order # 30 Market Administrator
4570 West 77th Street, Suite 210
Minneapolis, MN 55435-5037

November 29, 2011

Dear Mr. Kyburz.

We are writing to follow up once again and request additional information for the development the MDIA competitive pay price proposal.

Here is a list of the additional information we are seeking:

1. **Refinement of identification of the competition for milk, by region, delineating thereby our competitive zones.**

The following table summarizes the data you provided previously with regard to compiling the most competitive counties producing 25 percent of the milk in each region (from smallest to largest HHI).

Table 1
Largest County-Level Herfindahl-Hirschman Index by Milkshed¹
December 2008

Milkshed Name	Largest HHI	Share ²
Central	0.44	25.42%
Mideast	0.31	25.07%
Northeast	0.24	26.20%
Northwest ³	>0.50	28.31%
Southeast	0.48	25.03%
Southwest ³	>0.50	25.11%
Upper Midwest	0.15	27.64%

Our proposal depends on a competitive threshold more rigorous than that identified for many of the regions. Working further with the county by county data you had provided earlier, we reconfigured the table based on a .33 HHI limitation, per county, as the threshold for inclusion of milk production data in our regional computation. Here is the reconfigured table:

Milkshed Name	Largest HHI	Share
Central	Less than .33	Unknown
Mideast	.31	25.07%
Northeast	.24	26.02%
Northwest	None	None
Southeast	Less than .33	Unknown
Southwest	Less than .33	Unknown
Upper Midwest	.15	27.64%

As you can see, we remain unsure about three measures in the table. First, we have not been able to identify with precision the upper level HHI computation for the Central, Southwest and Southeast regions. Since .33 is a bare indicator of competition, this is important to know.

Second, we have not been able to determine the percentage volume of milk, for these same regions, accounted for under the competitive threshold. Along with competitiveness, it is also important to know if we have a sufficient representative sample for these regions.

Finally, it would appear that not a single county in the Northwest can be identified as having an HHI of under .33. Is there some way to refine our understanding between the two tables?

Please fill in these “unknowns” in our data set, as described.

2. Computation of the difference between statistical uniform prices (*at test*) and gross payments for milk (before the mailbox price adjustments) for December 2008 for the counties in the competitive zones. ***Please select the counties in each region that exhibit the lowest HHI up to .33, or up to 25 percent of the regional milk supply for December 2008, whichever is less. If possible, we would like to get this information for each county in the competitive zone, as well as the combination of all such counties in each region.***

We realize that this request requires the calculation of the gross payment for milk at the county level, but we hope that is within your capability

Thank you for your consideration of this request.

Sincerely,

Daniel Smith
on behalf of MDIA

/s/ Paul Christ
Paul Christ