



1400 Independence Avenue, SW
Room 2530-S, STOP 0225
Washington, D.C. 20250-0225

July 24, 2023

Mr. Charles M. English, Jr.
Ms. Ashley L. Vulin
Davis Wright Tremaine LLP
Suite 3300
920 Fifth Avenue
Seattle, WA 98104-1610

Dear Mr. English and Ms. Vulin:

This letter is in reply to Milk Innovation Group's (MIG) proposals submitted in response to a Request for Additional Proposals relating to the pricing provisions of the Federal milk marketing order (FMMO) program. USDA received MIG's six proposals on June 14, 2023, and subsequent modifications on June 20, 2023.

A Hearing Notice has been published in the Federal Register announcing a hearing will convene at 9:00 a.m. ET on Wednesday, August 23, 2023, at 502 East Event Centre in Carmel, Indiana. Testimony and evidence will be taken on the following proposals submitted by MIG:

- Proposal 1 to adopt an average-of plus rolling adjuster for the base Class I skim milk price; and
- Proposal 2 to update the base Class I differential from \$1.60 to \$0.00.

We encourage MIG to participate in the hearing to provide evidence regarding why your proposals should be adopted. Please refer to the Hearing website (www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing) for full information on how to participate.

The Secretary has determined the hearing will be limited in scope to amendments directly impacting the uniform pricing formulas used in FMMOs. USDA received several proposals that did not relate directly to the uniform FMMO pricing formulas and have been determined to be beyond the scope of the upcoming rulemaking. Not including the proposals in this rulemaking proceeding does not prevent MIG from offering the proposals for consideration in a separate rulemaking proceeding. Requirements for submitting a proposal are outlined in 7 CFR 900.22 and are outlined at www.ams.usda.gov/sites/default/files/media/DairyMarketingOrderAmendmentBrochure.pdf.

Regarding proposals submitted by MIG specifically, the following will not be considered at this time:

Proposal 3 and Proposal 4

Proposals 3 and 4 seek to adopt amendments that would provide direct financial incentives to producers for supplying Class I plants. Proposal 3 aims to establish a nationwide assembly credit to Class I handlers against their pool obligation that would be paid to the plants' dairy farmers suppliers. Proposal 4 would establish a handler balancing credit, payable to producers who supply specialty fluid milk (e.g., A-2, grass-fed, organic) to Class I plants. These proposals do not seek to amend the uniform FMMO pricing formulas. Rather, these proposals seek to redirect part of the handler minimum classified milk price to those dairy farmers who supply the Class I handler. Accordingly, these proposals do not fall within the scope of this hearing and will not be heard at this time.

Proposal 5

Proposal 5 seeks to increase the amount of allowable extended shelf-life shrinkage and consequently the amount of milk that can be priced at the lowest classified price for the month. As this change does not seek to amend the uniform FMMO pricing formulas, the proposal does not fall within the scope of this hearing and will not be heard at this time.

Proposal 6

Proposal 6 seeks to exempt organic milk from FMMO pricing and pooling provisions if it is priced above the Class I minimum price. As this change does not seek to amend the uniform FMMO pricing formulas, the proposal does not fall within the scope of this hearing and will not be heard at this time.

Thank you for your interest in the FMMO program. We look forward to your participation in the rulemaking process.

Sincerely,

/s/

Dana H. Coale
Deputy Administrator
USDA-AMS-Dairy Program