



FOR-3589

WESTERN DAIRYMEN COOPERATIVE, INC.

September 15, 1997



Mr. Richard McKee, Director
Dairy Division, AMS
U.S. Department of Agriculture
Room 2971, South Building
P.O. Box 96456
Washington, DC 20090-6456

Re: Federal Order Reform

Re: Western Colorado removal from Western Marketing Area, added to Central Marketing Area

Western Dairymen Cooperative, Inc. is the only cooperative with membership in the Western Colorado Marketing area. There are 19 producers in the area, all of them members of WDCI.

The criteria for including F.O. 134 in the Western Marketing Area acknowledges that F.O. 134 does not have strong associations with the other two markets, although there is a limited amount of overlap. The principle reason for combining this market with F.O. 139 and F.O. 135 is the common boundary with F.O. 139.

With the release of the revised preliminary report we note that previously unregulated areas in some states have been included in the boundaries for simplification (Texas, Arizona & the New England states). We request that Western Colorado be included in the Central Marketing Area boundary to keep the state of Colorado whole.

There is a small amount of milk movement between the current Western and Eastern Colorado markets. Some packaged product moves from Eastern to Western Colorado. Excess cream from Western Colorado routinely moves to Eastern Colorado. Although the volumes involved are not substantive, the magnitude is quite likely near to the volumes currently moving between Great Basin and Western Colorado. Because that data is confidential it is not possible for WDCI to provide concrete numbers. Therefore considering the criterion of milk product movements, the rationale for including Western Colorado in the Central Marketing Area is just as great as for its inclusion in the Western Marketing Area.

Excess milk in the Western Colorado Marketing Area is sometimes marketed in Great Basin, and sometimes marketed in Eastern Colorado, so the tie to one region or the other is not strong from this point of view either. However, when supplemental supplies of raw milk need to be brought into this region, the source is always Eastern Colorado, indicating a limited overlapping area of milk supply.



Western Colorado has a different producer payment plan (skim/butterfat) in place than is present in the remainder of the proposed Western Marketing Area (multiple component pricing based on protein.) In addition, the cooperative members in Eastern and Western Colorado share the same quota plan. Although the quota plan is strictly a cooperative issue, not a federal order issue, for the Western Colorado producers it strengthens their tie to the proposed Central Marketing Area instead of the Western Marketing Area.

One of the criteria used in drawing the map was the existence of natural boundaries. The Rocky Mountains is indeed a significant geographical feature separating Eastern and Western Colorado. However, the network of roads connecting the two erases that boundary.

For these reasons, Western Dairymen Cooperative, Inc. respectfully requests that Western Colorado be included in the geography for the proposed Central Marketing Area.

Sincerely,

A handwritten signature in cursive script that reads "Janice Dunlap". The signature is written in black ink and is positioned above the typed name.

Janice Dunlap, Market Analyst
Western Dairymen Cooperative, Inc.