

4. Weighted average differential per hundredweight. The weighted average differential includes each producer's share of the Class I, II, and III-A differentials. Any differences in component levels of milk used in Class I versus Class II and III will be reconciled in the weighted average differential price. The result is that both the handler protein and other solids prices would be identical. There would be no need for a protein or other solids pool.

5. Handler obligations. Handler obligations only change for milk allocated to Class II, III, and III-A. There is no change in a handler's obligation for milk allocated to Class I. Handlers' obligations are as follows:

Class I Handler Obligations

A. Skim milk price per cwt. x total cwt. of skim purchased.

B. Butterfat price per pound x total pounds of butterfat purchased.

C. Class I differential price per cwt. x total cwt. of milk purchased.

Class II Handler Obligations

A. Protein price per pound x total pounds of protein purchased.

B. Other solids price per pound x total pounds of other solids purchased.

C. Butterfat price per pound x total pounds of butterfat purchased.

D. Class II differential price per cwt. x total cwt. of milk purchased.

Class III Handler Obligations

A. Protein price per pounds x total pounds of protein purchased.

B. Other solids price per pound x total pounds of other solids purchased.

C. Butterfat price per pound x total pounds of butterfat purchased.

Class III-A Handler Obligations

A. Protein price per pound x total pounds of protein purchased.

B. Other solids price per pound x total pounds of other solids purchased.

C. Butterfat price per pound x total pounds of butterfat purchased.

D. The difference between the Class III price and the Class III-A price x the total cwt. of milk purchased.

6. Producer payments. Producers would be paid for their milk production based on four factors as follows:

A. Protein price per pound x the total pounds of protein production.

B. Other solids price per pound x total pounds of other solids production.

C. Butterfat price per pound x total pounds of butterfat production.

D. Weighted average differential per cwt. (each producer's share of Class I, II, and III-A differentials) x total cwt. of milk production.

7. Change any other order provisions needed to implement this MCP plan.

Proposed by Oregon Washington Dairy Processors Association

Proposal No. 5

1. Amend § 1124.7 by adding a new paragraph (d)(7) to read as follows:

§ 1124.7 Pool plant.

* * * * *

(d) * * *

(7) A government agency plant.

2. Amend § 1124.8 by adding a new paragraph (f) to read as follows:

§ 1124.8 Nonpool plant.

* * * * *

(f) Governmental Agency plant means a plant owned and operated by a government institution from which fluid milk products are distributed as route dispositions to state institutions not for resale. Such plants shall be exempt from all provisions of this part regarding dispositions to state correctional institutions not for resale. All other fluid milk products shall be subject to § 1124.76(b).

3. Amend § 1124.10 by removing the last sentence from the introductory text, revising paragraphs (c)(2) and (c)(2)(i), and deleting paragraph (c)(2)(ii) to read as follows:

§ 1124.10 Producer-handler.

* * * * *

(c) * * *

(2) The producer-handler handles fluid milk products derived from sources other than the milk production and resources specified in paragraph (b) of this section, except as specified below:

(i) A producer-handler may receive fluid milk products from pool plants if such receipts do not exceed a daily average of 100 pounds during the month.

* * * * *

4. Amend § 1124.12 by adding a new paragraph (b)(6) to read as follows:

§ 1124.12 Producer.

* * * * *

(b) * * *

(6) Any government institution which produces milk in conjunction with the operation of a plant exempt from provisions of this part pursuant to § 1124.8(f).

5. A new § 1124.19 is added under the title "Definitions" to read as follows:

§ 1124.19 Call for milk.

Call for milk means the response undertaken by any cooperative association, including one qualified as a cooperative reserve supply unit

pursuant to § 1124.11, to supply producer milk to a distribution plant in accordance with a request made by the market administrator. The market administrator may issue a request for specific cooperatives to supply bulk fluid milk to one or more distributing plants whenever he finds that such supplies are needed at such plant(s) to fulfill their needs for milk for Class I purposes:

(a) Before making a finding that additional supplies are needed for Class I purposes the market administrator shall investigate such need in accordance with the procedures set forth in § 1124.11(b)(1).

(b) Any cooperative with an adequate supply of producer milk within 125 miles of distribution plants included in the call may be requested by the market administrator to respond on a timely basis. Producer milk being directed to other plants for manufacturing purposes will be considered to constitute an appropriate alternative supply for Class I use.

(1) Failure of a cooperative reserve supply unit to comply with any announced shipping requirements, including making any significant change in the unit's marketing operation that the market administrator determines has the impact of evading or forcing such an announcement, shall result in immediate loss of cooperative reserve supply unit status until such time as the unit has been a handler pursuant to § 1124.9 (b) and (c) for at least 12 consecutive months.

(2) Failure of other cooperatives to comply with a call for milk will result in a loss of producer milk status for an equivalent volume of milk that is delivered to manufacturing plants during the period when the call is effective.

(3) Cooperatives, other than cooperative reserve supply units, notified of a loss of producer milk status for violation of this provision shall identify those producers and the amount of their milk not eligible for diversion during the call period. Failure of the cooperative to designate such producers and the respective amounts of milk shall result in the forfeiture of producer milk status for all milk diverted to nonpool manufacturing plants during the month.

Proposed by Dairy Division, Agricultural Marketing Service

Proposal No. 6

Make such changes as may be necessary to make the entire marketing agreements and the orders conform with