statistical reliability of the updating procedure used to determine the current M–W price has been questioned by many who are knowledgeable of the industry, a replacement is necessary to continue a milk order program that promotes the orderly marketing of milk by producers and handlers. Without a replacement at this time, in effect, there would be no pricing mechanism to carry out the program.

The new price modification has responded more quickly to changes in supply and demand conditions than the current M-W price; however, the record's price data for the analyzed period reveals that the price modification has not been more variable from month-to-month. In fact, over the 48-month period from 1990 through 1993, the modified price has changed by a lessor amount than the M–W price during 22 months, changed by the same amount during two months, and changed by a greater amount during 24 months. Over the entire period of the data, the modified price exhibited about the same month-to-month variability as the M-W price. All that can really be said is that the modified price tends to respond more quickly to changes in marketing conditions than the M-W price. As a result, there are months over the four-year period when the modified price would have increased when the M-W price decreased, and vice versa. Price movements in opposite directions. however, say nothing about the magnitude of the price change from the previous month.

The greatest increase in price variability on the upside between the modification and the M-W was 47 cents per hundredweight or 4.0 cents per gallon. This is relatively small compared to the greatest month-tomonth increases in the M-W price, \$2.02 per hundredweight, or 17.4 cents

per gallon.

The most important element of the price changes is that all fluid milk handlers, large and small alike, would know the magnitude of the price changes in advance of purchasing the milk and would have the opportunity to make any finished product pricing changes just as they do now. In addition, all Class II pricing changes would be known in advance. The Class II handlers, large or small, who are regulated would continue to compete on the same basis as currently. Class II processors who are not regulated would not be subject to any minimum order prices and would not be affected by the price modification. Likewise, manufacturing plants and handlers who divert milk to such plants would not be affected by the price modifications

unless they choose to be regulated or decide to associate milk with a Federal order pool for their own reasons. The manufacturing plants and the handlers who divert milk to such plants are not required to be regulated.

For the previous reasons, the price modifications will not have a significant economic impact on a substantial number of small entities. The price modifications will continue to apply to all handlers and processors in the same manner as current Federal order pricing. Although most of the regulated plants are considered to be small businesses, the price modifications should not affect small businesses differently than large businesses, or differently than the current price series.

This decision recognizes that the adoption of the base month M-W price, or any Grade B milk series, is only a short-term solution since the amount of Grade B milk production is expected to continue declining. This decision agrees with the MIF/IICA witness who stated that the adoption of a Grade B survey, although it would not be a long-term solution, would provide the industry with a reliable basic formula price for a few more years allowing the industry additional time to carefully consider longer-term solutions. Adoption of the base month M-W price will provide the Department and the industry with more time to jointly develop a viable, longterm solution.

Several exceptions were filed in support of the updated base month M-W price. Some of these exceptions reiterated the view expressed by the Department that this is only a short-term solution. The Department continues to recognize that this replacement is only temporary and alternative pricing options will need to be considered in the near future.

Several organizations made specific requests regarding the adoption of a M-W price replacement. National All-Jersey, Inc., a national dairy farmer organization, and the American Jersey Cattle Club, a breed registry association, requested that the Secretary continue adjusting the M-W replacement to a 3.5 percent butterfat standard, continue collecting and reporting the protein content of the milk in the survey, and adopt a price replacement which will not restrict the further implementation of multiple component pricing plans. The adoption of the base month M-W as the replacement for the current M-W price will not change any of the adjustments and announcements that are currently reported and will not hinder adoption of multiple component pricing plans. The NFO and Cheese Makers further requested the continued

collection and possible publication of the hauling subsidies paid to producers by plants in Minnesota and Wisconsin. It is expected that this information will continue to be collected by NASS and published by NASS in their "Prices Received" publication.

Conforming Changes

As proposed in the Notice of Hearing, conforming changes are provided in the butterfat differential section to allow for the use of the updated base month M-W price in the butterfat differential calculation. To calculate a butterfat differential that will reflect the most current marketing conditions, the preceding month's base month M-W price at test, updated by the current month's product formula updater, will be used in conjunction with the current month's butter price. A comparison between the above butterfat differential and the current butterfat differential results in slight differences. This method of calculating the butterfat differential was supported in the CMPC and NFO briefs.

Additional changes have been made to the Black Hills, South Dakota, Pacific Northwest, Southwestern Idaho-Eastern Oregon, and Great Basin orders. One change has been made to the Black Hills order to provide for uniform implementation and use of the basic formula price in all Federal orders. This has been accomplished by removing the butter/powder formula price. One conforming change each has been made to the Pacific Northwest, Southwestern Idaho-Eastern Oregon, and Great Basin orders to provide for more uniform location of the butterfat differential provision within these orders.

Rulings on Proposed Findings and Conclusions

Briefs and proposed findings and conclusions were filed on behalf of certain interested parties. These briefs, proposed findings and conclusions, and the evidence in the record were considered in making the findings and conclusions set forth above. To the extent that the suggested findings and conclusions filed by interested parties are inconsistent with the findings and conclusions set forth herein, the requests to make such findings or reach such conclusions are denied for the reasons previously stated in this decision.

General Findings

The findings and determinations hereinafter set forth supplement those that were made when the New England and other orders were first issued and when they were amended. The previous