

STATEMENT

PROPOSAL NO. 4

NORTHEAST FEDERAL MILK ORDER HEARING

DOCKET NOS. AO-14-A70; DA-02-01

HELD SEPTEMBER 10, 2002

IN ALEXANDRIA, VIRGINIA

**DAVID C. ARMS, SR.
ECONOMIC CONSULTANT**

ON BEHALF OF

**NEW YORK STATE DAIRY FOODS, INC.
201 SOUTH MAIN STREET, SUITE 302
NORTH SYRACUSE, NY 13212-2166**

PROPOSAL NO. 4:

This proposal had previously been included among the group of “date changes” contained in Proposal No. 1, but later separated by the Department to be included jointly with the ADCNE cooperatives and the Market Administrator as Proposal No 4.

The “date change” amendment in Proposal 4 in Section 1001.72 would require that the market administrator make payment to handlers from the producer settlement fund (PSF) each month no later than the day after handler payments to the PSF are received. Current provision in Section 1001.72, requires such payment from the PSF be made no later than the 16th day after the end of each month, unless such date fell on a weekend or a national holiday, in which case payment is made no later than the next business day, pursuant to Section 1001.90. This exception in Section 1001.90 would apply under proposal 4, as well.

The jointly sponsored amendment is needed, because problems have arisen for the market administrator, since Order Reform , in clearing funds in those months when payment to the PSF pursuant to Section 1001.71, and payment from the PSF under Section 1001.72, happen to fall on the same day. At least one day is needed between the respective payment dates to assure sufficient funds are available for payments to handlers pursuant to Section 1001.72.

In 2002, same-day PSF payment dates arise three times—May, August, and November. This is shown in our TABLE 1, Exhibit _____.

The proposed amendment fits other date-change proposals advanced by NYSDFI at this hearing and conforms with sound business practices. We urge its adoption.

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