

Exhibits of Dairy Farmers of America

Milk in the Upper Midwest Marketing Areas

Docket Number AO-361-A39; DA-04-03

Minneapolis Minnesota

August 16, 2004

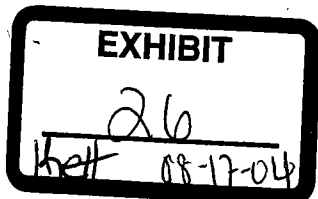


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Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Touch Base Requirement of 32,787 pounds & maximum benefit from the Transportation Credit

PPF Class III Base Zoned to Idaho location - \$1.60

Total Charges Assume Pool Every Month

Assumptions		Idaho
Transport Volume		47,500
Rate Per Mile		\$ 2.10
Miles		1,283
Haul Credit @400 miles		\$ 112.00
Rate per CWT		\$ 5.44

FO 1030 Monthly PPD	Column I Return After Daily Delivery Million Pound Producer Idaho per cwt		Column II Return After Monthly Delivery Million Pound Producer Idaho total dollars		Column III Monthly Return One Time Touch Base Million Pound Producer Idaho total dollars	
	Jan-00	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ 518	
Feb	\$ 0.36	\$ (5.08)	\$ (50,764)	\$ 3,600		
Mar	\$ 0.44	\$ (5.00)	\$ (49,964)	\$ 4,400		
Apr	\$ 0.54	\$ (4.90)	\$ (48,964)	\$ 5,400		
May	\$ 0.70	\$ (4.74)	\$ (47,364)	\$ 7,000		
Jun	\$ 0.77	\$ (4.67)	\$ (46,664)	\$ 7,700		
Jul	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ 5,000		
Aug	\$ 0.64	\$ (4.80)	\$ (47,964)	\$ 6,400		
Sep	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ 5,000		
Oct	\$ 0.66	\$ (4.78)	\$ (47,764)	\$ 6,600		
Nov	\$ 1.23	\$ (4.21)	\$ (42,064)	\$ 12,300		
Dec	\$ 1.03	\$ (4.41)	\$ (44,064)	\$ 10,300		
Jan-01	\$ 0.83	\$ (4.61)	\$ (46,064)	\$ 8,300		
Feb	\$ 0.68	\$ (4.76)	\$ (47,564)	\$ 6,800		
Mar	\$ 0.58	\$ (4.86)	\$ (48,564)	\$ 5,800		
Apr	\$ 0.63	\$ (4.81)	\$ (48,064)	\$ 6,300		
May	\$ 0.47	\$ (4.97)	\$ (49,664)	\$ 4,700		
Jun	\$ 0.30	\$ (5.14)	\$ (51,364)	\$ 3,000		
Jul	\$ 0.25	\$ (5.19)	\$ (51,864)	\$ 2,500		
Aug	\$ 0.31	\$ (5.13)	\$ (51,264)	\$ 3,100		
Sep	\$ 0.18	\$ (5.26)	\$ (52,564)	\$ 1,800		
Oct	\$ (0.05)	\$ (5.49)	\$ (54,864)	\$ (500)		
Nov	\$ 0.94	\$ (4.50)	\$ (44,964)	\$ 9,400		
Dec	\$ 0.19	\$ (5.25)	\$ (52,464)	\$ 1,900		
Jan-02	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ 2,300		
Feb	\$ 0.21	\$ (5.23)	\$ (52,264)	\$ 2,100		
Mar	\$ 0.40	\$ (5.04)	\$ (50,364)	\$ 4,000		
Apr	\$ 0.30	\$ (5.14)	\$ (51,364)	\$ 3,000		
May	\$ 0.28	\$ (5.16)	\$ (51,564)	\$ 2,800		
Jun	\$ 0.43	\$ (5.01)	\$ (50,064)	\$ 4,300		
Jul	\$ 0.60	\$ (4.84)	\$ (48,364)	\$ 6,000		
Aug	\$ 0.46	\$ (4.98)	\$ (49,764)	\$ 4,600		
Sep	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ 3,400		
Oct	\$ 0.11	\$ (5.33)	\$ (53,264)	\$ 1,100		
Nov	\$ 0.39	\$ (5.05)	\$ (50,464)	\$ 3,900		
Dec	\$ 0.39	\$ (5.05)	\$ (50,464)	\$ 3,900		
Jan-03	\$ 0.38	\$ (5.06)	\$ (50,564)	\$ 3,800		
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)	\$ 2,700		
Mar	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ 3,400		
Apr	\$ 0.26	\$ (5.18)	\$ (51,764)	\$ 2,600		
May	\$ 0.20	\$ (5.24)	\$ (52,364)	\$ 2,000		
Jun	\$ 0.18	\$ (5.26)	\$ (52,564)	\$ 1,800		
Jul	\$ (0.61)	\$ (6.05)	\$ (60,464)	\$ (6,100)		
Aug	\$ (1.78)	\$ (7.22)	\$ (72,164)	\$ (17,800)		
Sep	\$ (1.27)	\$ (6.71)	\$ (67,064)	\$ (12,700)		
Oct	\$ (1.08)	\$ (6.52)	\$ (65,164)	\$ (10,800)		
Nov	\$ (0.27)	\$ (5.71)	\$ (57,064)	\$ (2,700)		
Dec	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ 3,400		
Jan-04	\$ 0.17	\$ (5.27)	\$ (52,664)	\$ 1,700		
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)	\$ 2,700		
Mar	\$ 0.01	\$ (5.43)	\$ (54,264)	\$ 100		
Apr	\$ (4.31)	\$ (9.75)	\$ (97,464)	\$ (43,100)		
May	\$ (2.17)	\$ (7.61)	\$ (76,064)	\$ (21,700)		
Jun	\$ 0.10	\$ (5.34)	\$ (53,364)	\$ 1,000		
CY 2000 Avg	\$ 0.633		CY 2000 Total	\$ 74,218	\$ 0.618	
CY 2001 Avg	\$ 0.443		CY 2001 Total	\$ 53,100	\$ 0.443	
CY 2002 Avg	\$ 0.345		CY 2002 Total	\$ 41,400	\$ 0.345	
CY 2003 Avg	\$ (0.253)		CY 2003 Total	\$ (30,400)	\$ (0.253)	
CY 2004 Avg	\$ (0.988)		CY 2004 Total	\$ (59,300)	\$ (0.988)	
54 Mo Avg	\$ 0.150		54 Mo Total	\$ 79,018	\$ 0.146	

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Touch Base Requirement of 100,000 pounds & maximum benefit from the Transportation Credit

PP Class III Base Zoned to Idaho location - \$1.60

Total Charges Assume Pool Every Month

Assumptions	Idaho
Transport Volume	47,500
Rate Per Mile	\$ 2.10
Miles	1,283
Haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I Return After Daily Delivery Million Pound Producer Idaho per cwt		Column II Return After Monthly Delivery Million Pound Producer Idaho total dollars		Column III Monthly Return Ten Percent Touch Base Million Pound Producer Idaho total dollars	
	Jan-00	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ (3,136)	
Feb	\$ 0.36	\$ (5.08)	\$ (50,764)	\$ (1,836)		
Mar	\$ 0.44	\$ (5.00)	\$ (49,964)	\$ (1,036)		
Apr	\$ 0.54	\$ (4.90)	\$ (48,964)	\$ (36)		
May	\$ 0.70	\$ (4.74)	\$ (47,364)	\$ 1,564		
Jun	\$ 0.77	\$ (4.67)	\$ (46,664)	\$ 2,264		
Jul	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ (436)		
Aug	\$ 0.64	\$ (4.80)	\$ (47,964)	\$ 964		
Sep	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ (436)		
Oct	\$ 0.66	\$ (4.78)	\$ (47,764)	\$ 1,164		
Nov	\$ 1.23	\$ (4.21)	\$ (42,064)	\$ 6,864		
Dec	\$ 1.03	\$ (4.41)	\$ (44,064)	\$ 4,864		
Jan-01	\$ 0.83	\$ (4.61)	\$ (46,064)	\$ 2,864		
Feb	\$ 0.68	\$ (4.76)	\$ (47,564)	\$ 1,364		
Mar	\$ 0.58	\$ (4.86)	\$ (48,564)	\$ 364		
Apr	\$ 0.63	\$ (4.81)	\$ (48,064)	\$ 864		
May	\$ 0.47	\$ (4.97)	\$ (49,664)	\$ (736)		
Jun	\$ 0.30	\$ (5.14)	\$ (51,364)	\$ (2,436)		
Jul	\$ 0.25	\$ (5.19)	\$ (51,864)	\$ (2,936)		
Aug	\$ 0.31	\$ (5.13)	\$ (51,264)	\$ (2,336)		
Sep	\$ 0.18	\$ (5.26)	\$ (52,564)	\$ (3,636)		
Oct	\$ (0.05)	\$ (5.49)	\$ (54,864)	\$ (5,936)		
Nov	\$ 0.94	\$ (4.50)	\$ (44,964)	\$ 3,964		
Dec	\$ 0.19	\$ (5.25)	\$ (52,464)	\$ (3,536)		
Jan-02	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ (3,136)		
Feb	\$ 0.21	\$ (5.23)	\$ (52,264)	\$ (3,336)		
Mar	\$ 0.40	\$ (5.04)	\$ (50,364)	\$ (1,436)		
Apr	\$ 0.30	\$ (5.14)	\$ (51,364)	\$ (2,436)		
May	\$ 0.28	\$ (5.16)	\$ (51,564)	\$ (2,636)		
Jun	\$ 0.43	\$ (5.01)	\$ (50,064)	\$ (1,136)		
Jul	\$ 0.60	\$ (4.84)	\$ (48,364)	\$ 564		
Aug	\$ 0.46	\$ (4.98)	\$ (49,764)	\$ (836)		
Sep	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ (2,036)		
Oct	\$ 0.11	\$ (5.33)	\$ (53,264)	\$ (4,336)		
Nov	\$ 0.39	\$ (5.05)	\$ (50,464)	\$ (1,536)		
Dec	\$ 0.39	\$ (5.05)	\$ (50,464)	\$ (1,536)		
Jan-03	\$ 0.38	\$ (5.06)	\$ (50,564)	\$ (1,636)		
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)	\$ (2,736)		
Mar	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ (2,036)		
Apr	\$ 0.26	\$ (5.18)	\$ (51,764)	\$ (2,836)		
May	\$ 0.20	\$ (5.24)	\$ (52,364)	\$ (3,436)		
Jun	\$ 0.18	\$ (5.26)	\$ (52,564)	\$ (3,636)		
Jul	\$ (0.61)	\$ (6.05)	\$ (60,464)	\$ (11,536)		
Aug	\$ (1.78)	\$ (7.22)	\$ (72,164)	\$ (23,236)		
Sep	\$ (1.27)	\$ (6.71)	\$ (67,064)	\$ (18,136)		
Oct	\$ (1.08)	\$ (6.52)	\$ (65,164)	\$ (16,236)		
Nov	\$ (0.27)	\$ (5.71)	\$ (57,064)	\$ (8,136)		
Dec	\$ 0.34	\$ (5.10)	\$ (50,964)	\$ (2,036)		
Jan-04	\$ 0.17	\$ (5.27)	\$ (52,664)	\$ (3,736)		
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)	\$ (2,736)		
Mar	\$ 0.01	\$ (5.43)	\$ (54,264)	\$ (5,336)		
Apr	\$ (4.31)	\$ (9.75)	\$ (97,464)	\$ (48,536)		
May	\$ (2.17)	\$ (7.61)	\$ (76,064)	\$ (27,136)		
Jun	\$ 0.10	\$ (5.34)	\$ (53,364)	\$ (4,436)		

CY 2000 Avg	\$ 0.633		CY 2000 Total	\$ 10,763	\$ 0.090
CY 2001 Avg	\$ 0.443		CY 2001 Total	\$ (12,137)	\$ (0.101)
CY 2002 Avg	\$ 0.345		CY 2002 Total	\$ (23,837)	\$ (0.199)
CY 2003 Avg	\$ (0.253)		CY 2003 Total	\$ (95,637)	\$ (0.797)
CY 2004 Avg	\$ (0.988)		CY 2004 Total	\$ (91,919)	\$ (1.532)
54 Mo Avg	\$ 0.150		54 Mo Total	\$ (212,767)	\$ (0.394)

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Tour Requirement of 32,787 pounds & maximum benefit from the Transportation Credit

PPL Class III Base Zoned to Idaho location - \$1.60

Totals / Averages Assume Depool When PPD is Negative

Assumptions		Idaho
Transport Volume		47,500
Rate Per Mile		\$ 2.10
Miles		1,283
Haul Credit @400 miles		\$ 112.00
Rate per CWT		\$ 5.44

FO 1030 Monthly PPD	Column I		Column II		Column III	
	Return After Daily Delivery Million Pound Producer Idaho per cwt		Return After Monthly Delivery Million Pound Producer Idaho total dollars		Monthly Return One Time Touch Base Million Pound Producer Idaho total dollars	
Jan-00	\$ 0.23	\$ (5.21)	\$ (52,064)		\$ 518	
Feb	\$ 0.36	\$ (5.08)	\$ (50,764)		\$ 3,600	
Mar	\$ 0.44	\$ (5.00)	\$ (49,964)		\$ 4,400	
Apr	\$ 0.54	\$ (4.90)	\$ (48,964)		\$ 5,400	
May	\$ 0.70	\$ (4.74)	\$ (47,364)		\$ 7,000	
Jun	\$ 0.77	\$ (4.67)	\$ (46,664)		\$ 7,700	
Jul	\$ 0.50	\$ (4.94)	\$ (49,364)		\$ 5,000	
Aug	\$ 0.64	\$ (4.80)	\$ (47,964)		\$ 6,400	
Sep	\$ 0.50	\$ (4.94)	\$ (49,364)		\$ 5,000	
Oct	\$ 0.66	\$ (4.78)	\$ (47,764)		\$ 6,600	
Nov	\$ 1.23	\$ (4.21)	\$ (42,064)		\$ 12,300	
Dec	\$ 1.03	\$ (4.41)	\$ (44,064)		\$ 10,300	
Jan-01	\$ 0.83	\$ (4.61)	\$ (46,064)		\$ 8,300	
Feb	\$ 0.68	\$ (4.76)	\$ (47,564)		\$ 6,800	
Mar	\$ 0.58	\$ (4.86)	\$ (48,564)		\$ 5,800	
Apr	\$ 0.63	\$ (4.81)	\$ (48,064)		\$ 6,300	
May	\$ 0.47	\$ (4.97)	\$ (49,664)		\$ 4,700	
Jun	\$ 0.30	\$ (5.14)	\$ (51,364)		\$ 3,000	
Jul	\$ 0.25	\$ (5.19)	\$ (51,864)		\$ 2,500	
Aug	\$ 0.31	\$ (5.13)	\$ (51,264)		\$ 3,100	
Sep	\$ 0.18	\$ (5.26)	\$ (52,564)		\$ 1,800	
Nov	\$ 0.94	\$ (4.50)	\$ (44,964)		\$ 9,400	
Dec	\$ 0.19	\$ (5.25)	\$ (52,464)		\$ 1,900	
Jan-02	\$ 0.23	\$ (5.21)	\$ (52,064)		\$ 2,300	
Feb	\$ 0.21	\$ (5.23)	\$ (52,264)		\$ 2,100	
Mar	\$ 0.40	\$ (5.04)	\$ (50,364)		\$ 4,000	
Apr	\$ 0.30	\$ (5.14)	\$ (51,364)		\$ 3,000	
May	\$ 0.28	\$ (5.16)	\$ (51,564)		\$ 2,800	
Jun	\$ 0.43	\$ (5.01)	\$ (50,064)		\$ 4,300	
Jul	\$ 0.60	\$ (4.84)	\$ (48,364)		\$ 6,000	
Aug	\$ 0.46	\$ (4.98)	\$ (49,764)		\$ 4,600	
Sep	\$ 0.34	\$ (5.10)	\$ (50,964)		\$ 3,400	
Oct	\$ 0.11	\$ (5.33)	\$ (53,264)		\$ 1,100	
Nov	\$ 0.39	\$ (5.05)	\$ (50,464)		\$ 3,900	
Dec	\$ 0.39	\$ (5.05)	\$ (50,464)		\$ 3,900	
Jan-03	\$ 0.38	\$ (5.06)	\$ (50,564)		\$ 3,800	
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)		\$ 2,700	
Mar	\$ 0.34	\$ (5.10)	\$ (50,964)		\$ 3,400	
Apr	\$ 0.26	\$ (5.18)	\$ (51,764)		\$ 2,600	
May	\$ 0.20	\$ (5.24)	\$ (52,364)		\$ 2,000	
Jun	\$ 0.18	\$ (5.26)	\$ (52,564)		\$ 1,800	
Dec	\$ 0.34	\$ (5.10)	\$ (50,964)		\$ 3,400	
Jan-04	\$ 0.17	\$ (5.27)	\$ (52,664)		\$ 1,700	
Feb	\$ 0.27	\$ (5.17)	\$ (51,664)		\$ 2,700	
Mar	\$ 0.01	\$ (5.43)	\$ (54,264)		\$ 100	
Jun	\$ 0.10	\$ (5.34)	\$ (53,364)		\$ 1,000	

C Avg	\$ 0.633		CY 2000 Total	\$ 74,218	\$ 0.618
CY 2001 Avg	\$ 0.487		CY 2001 Total	\$ 53,600	\$ 0.487
CY 2002 Avg	\$ 0.346		CY 2002 Total	\$ 41,400	\$ 0.345
CY 2003 Avg	\$ 0.281		CY 2003 Total	\$ 19,700	\$ 0.281
CY 2004 Avg	\$ 0.138		CY 2004 Total	\$ 5,500	\$ 0.138
46 Mo Avg	\$ 0.427		54 Mo Total	\$ 194,418	\$ 0.423

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Touch Requirement of 100,000 pounds & maximum benefit from the Transportation Credit

PPD - Class III Base Zoned to Idaho location - \$1.60

Totals / Averages Assume Depool When PPD is Negative

Assumptions	Idaho
Transport Volume	47,500
Rate Per Mile	\$ 2.10
Miles	1,283
haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I Return After Daily Delivery Million Pound Producer Idaho per cwt		Column II Return After Monthly Delivery Million Pound Producer Idaho total dollars		Column III Monthly Return Ten Percent Touch Base Million Pound Producer Idaho total dollars	
	Jan-00	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ (3,136)	
Feb	\$ 0.36	\$ (5.08)	\$ (50,764)	\$ (1,836)		
Mar	\$ 0.44	\$ (5.00)	\$ (49,964)	\$ (1,036)		
Apr	\$ 0.54	\$ (4.90)	\$ (48,964)	\$ (36)		
May	\$ 0.70	\$ (4.74)	\$ (47,364)	\$ 1,564		
Jun	\$ 0.77	\$ (4.67)	\$ (46,664)	\$ 2,264		
Jul	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ (436)		
Aug	\$ 0.64	\$ (4.80)	\$ (47,964)	\$ 964		
Sep	\$ 0.50	\$ (4.94)	\$ (49,364)	\$ (436)		
Oct	\$ 0.66	\$ (4.78)	\$ (47,764)	\$ 1,164		
Nov	\$ 1.23	\$ (4.21)	\$ (42,064)	\$ 6,864		
Dec	\$ 1.03	\$ (4.41)	\$ (44,064)	\$ 4,864		
Jan-01	\$ 0.83	\$ (4.61)	\$ (46,064)	\$ 2,864		
Feb	\$ 0.68	\$ (4.76)	\$ (47,564)	\$ 1,364		
Mar	\$ 0.58	\$ (4.86)	\$ (48,564)	\$ 364		
Apr	\$ 0.63	\$ (4.81)	\$ (48,064)	\$ 864		
May	\$ 0.47	\$ (4.97)	\$ (49,664)	\$ (736)		
Jun	\$ 0.30	\$ (5.14)	\$ (51,364)	\$ (2,436)		
Jul	\$ 0.25	\$ (5.19)	\$ (51,864)	\$ (2,936)		
Aug	\$ 0.31	\$ (5.13)	\$ (51,264)	\$ (2,336)		
Sep	\$ 0.18	\$ (5.26)	\$ (52,564)	\$ (3,636)		
Nov	\$ 0.94	\$ (4.50)	\$ (44,964)	\$ 3,964		
Dec	\$ 0.19	\$ (5.25)	\$ (52,464)	\$ (3,536)		
Jan-02	\$ 0.23	\$ (5.21)	\$ (52,064)	\$ (3,136)		
Feb	\$ 0.21	\$ (5.23)	\$ (52,264)	\$ (3,336)		
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Feb	\$ 0.27	\$ (5.17)	\$ (51,664)	\$ (2,736)		
Mar	\$ 0.01	\$ (5.43)	\$ (54,264)	\$ (5,336)		
Jun	\$ 0.10	\$ (5.34)	\$ (53,364)	\$ (4,436)		

CY 2000 Avg	\$ 0.633		CY 2000 Total	\$ 10,763	\$ 0.090
CY 2001 Avg	\$ 0.487		CY 2001 Total	\$ (6,201)	\$ (0.056)
CY 2002 Avg	\$ 0.345		CY 2002 Total	\$ (23,837)	\$ (0.199)
CY 2003 Avg	\$ 0.281		CY 2003 Total	\$ (18,355)	\$ (0.262)
CY 2004 Avg	\$ 0.138		CY 2004 Total	\$ (16,246)	\$ (0.406)
46 Mo Avg	\$ 0.427		54 Mo Total	\$ (53,875)	\$ (0.117)

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Touch Base Requirement of 32,787 pounds & maximum benefit from the Transportation Credit

PPC Class IV Base Zoned to Idaho location - \$1.60

Total Charges Assume Pool Every Month

Assumptions	Idaho
Transport Volume	47,500
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Haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I	Column II	Column III
	Return After Daily Delivery Million Pound Producer Idaho per cwt	Return After Monthly Delivery Million Pound Producer Idaho total dollars	Monthly Return One Time Touch Base Million Pound Producer Idaho total dollars
Jan-00	\$ (0.45)	\$ (5.89)	\$ (6,282)
Feb	\$ (0.90)	\$ (6.34)	\$ (9,000)
Mar	\$ (1.02)	\$ (6.46)	\$ (10,200)
Apr	\$ (1.43)	\$ (6.87)	\$ (14,300)
May	\$ (1.84)	\$ (7.28)	\$ (18,400)
Jun	\$ (2.15)	\$ (7.59)	\$ (21,500)
Jul	\$ (0.71)	\$ (6.15)	\$ (7,100)
Aug	\$ (1.10)	\$ (6.54)	\$ (11,000)
Sep	\$ (0.68)	\$ (6.12)	\$ (6,800)
Oct	\$ (1.13)	\$ (6.57)	\$ (11,300)
Nov	\$ (3.20)	\$ (8.64)	\$ (32,000)
Dec	\$ (2.87)	\$ (8.31)	\$ (28,700)
Jan-01	\$ (1.31)	\$ (6.75)	\$ (13,100)
Feb	\$ (1.75)	\$ (7.19)	\$ (17,500)
Mar	\$ (1.46)	\$ (6.90)	\$ (14,600)
Apr	\$ (1.72)	\$ (7.16)	\$ (17,200)
May	\$ (0.74)	\$ (6.18)	\$ (7,400)
Jun	\$ (0.01)	\$ (5.45)	\$ (100)
Jul	\$ 0.90	\$ (4.54)	\$ 9,000
Aug	\$ 0.80	\$ (4.64)	\$ 8,000
Sep	\$ 0.49	\$ (4.95)	\$ 4,900
Oct	\$ 1.78	\$ (3.66)	\$ 17,800
Nov	\$ 0.28	\$ (5.16)	\$ 2,800
Dec	\$ 0.20	\$ (5.24)	\$ 2,000
Jan-02	\$ 0.17	\$ (5.27)	\$ 1,700
Feb	\$ 0.30	\$ (5.14)	\$ 3,000
Mar	\$ (0.37)	\$ (5.81)	\$ (3,700)
Apr	\$ 0.06	\$ (5.38)	\$ 600
May	\$ 0.53	\$ (4.91)	\$ 5,300
Jun	\$ 0.00	\$ (5.44)	\$ 0
Jul	\$ (0.52)	\$ (5.96)	\$ (5,200)
Aug	\$ (0.41)	\$ (5.85)	\$ (4,100)
Sep	\$ 0.04	\$ (5.40)	\$ 400
Oct	\$ 0.33	\$ (5.11)	\$ 3,300
Nov	\$ (0.35)	\$ (5.79)	\$ (3,500)
Dec	\$ (0.36)	\$ (5.80)	\$ (3,600)
Jan-03	\$ 0.09	\$ (5.35)	\$ 900
Feb	\$ 0.12	\$ (5.32)	\$ 1,200
Mar	\$ (0.34)	\$ (5.78)	\$ (3,400)
Apr	\$ (0.06)	\$ (5.50)	\$ (600)
May	\$ 0.17	\$ (5.27)	\$ 1,700
Jun	\$ 0.17	\$ (5.27)	\$ 1,700
Jul	\$ 1.22	\$ (4.22)	\$ 12,200
Aug	\$ 1.88	\$ (3.56)	\$ 18,800
Sep	\$ 2.98	\$ (2.46)	\$ 29,800
Oct	\$ 3.15	\$ (2.29)	\$ 31,500
Nov	\$ 2.90	\$ (2.54)	\$ 29,000
Dec	\$ 1.69	\$ (3.75)	\$ 16,900
Jan-04	\$ 0.81	\$ (4.63)	\$ 8,100
Feb	\$ (0.05)	\$ (5.49)	\$ (500)
Mar	\$ 0.40	\$ (5.04)	\$ 4,000
Apr	\$ 0.78	\$ (4.66)	\$ 7,800
May	\$ 3.91	\$ (1.53)	\$ 39,100
Jun	\$ 4.06	\$ (1.38)	\$ 40,600

CY 2000 Avg	\$ (1.457)	CY 2000 Total	\$ (176,582)	\$ (1.472)
CY 2001 Avg	\$ (0.212)	CY 2001 Total	\$ (25,400)	\$ (0.212)
CY 2002 Avg	\$ (0.048)	CY 2002 Total	\$ (5,800)	\$ (0.048)
CY 2003 Avg	\$ 1.164	CY 2003 Total	\$ 139,700	\$ 1.164
CY 2004 Avg	\$ 1.652	CY 2004 Total	\$ 99,100	\$ 1.652
54 Mo Avg	\$ 0.061	54 Mo Total	\$ 31,018	\$ 0.057

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000,000 LB Producer

Tour Requirement of 100,000 pounds & maximum benefit from the Transportation Credit

PPI Class IV Base Zoned to Idaho location - \$1.60

Totals Averages Assume Pool Every Month

Assumptions	Idaho
Transport Volume	47,500
Rate Per Mile	\$ 2.10
Miles	1,283
Haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I	Column II	Column III
	Return After Daily Delivery Million Pound Producer Idaho per cwt	Return After Monthly Delivery Million Pound Producer Idaho total dollars	Monthly Return Ten Percent Touch Base Million Pound Producer Idaho total dollars
Jan-00	\$ (0.45)	\$ (5.89)	\$ (9,936)
Feb	\$ (0.90)	\$ (6.34)	\$ (14,436)
Mar	\$ (1.02)	\$ (6.46)	\$ (15,636)
Apr	\$ (1.43)	\$ (6.87)	\$ (19,736)
May	\$ (1.84)	\$ (7.28)	\$ (23,836)
Jun	\$ (2.15)	\$ (7.59)	\$ (26,936)
Jul	\$ (0.71)	\$ (6.15)	\$ (12,536)
Aug	\$ (1.10)	\$ (6.54)	\$ (16,436)
Sep	\$ (0.68)	\$ (6.12)	\$ (12,236)
Oct	\$ (1.13)	\$ (6.57)	\$ (16,736)
Nov	\$ (3.20)	\$ (8.64)	\$ (37,436)
Dec	\$ (2.87)	\$ (8.31)	\$ (34,136)
Jan-01	\$ (1.31)	\$ (6.75)	\$ (18,536)
Feb	\$ (1.75)	\$ (7.19)	\$ (22,936)
Mar	\$ (1.46)	\$ (6.90)	\$ (20,036)
Apr	\$ (1.72)	\$ (7.16)	\$ (22,636)
May	\$ (0.74)	\$ (6.18)	\$ (12,836)
Jun	\$ (0.01)	\$ (5.45)	\$ (5,536)
Jul	\$ 0.90	\$ (4.54)	\$ 3,564
Aug	\$ 0.80	\$ (4.64)	\$ 2,564
Sep	\$ 0.49	\$ (4.95)	\$ (536)
Oct	\$ 1.78	\$ (3.66)	\$ 12,364
Nov	\$ 0.28	\$ (5.16)	\$ (2,636)
Dec	\$ 0.20	\$ (5.24)	\$ (3,436)
Jan-02	\$ 0.17	\$ (5.27)	\$ (3,736)
Feb	\$ 0.30	\$ (5.14)	\$ (2,436)
Mar	\$ (0.37)	\$ (5.81)	\$ (9,136)
Apr	\$ 0.06	\$ (5.38)	\$ (4,836)
May	\$ 0.53	\$ (4.91)	\$ (136)
Jun	\$ 0.00	\$ (5.44)	\$ (5,436)
Jul	\$ (0.52)	\$ (5.96)	\$ (10,636)
Aug	\$ (0.41)	\$ (5.85)	\$ (9,536)
Sep	\$ 0.04	\$ (5.40)	\$ (5,036)
Oct	\$ 0.33	\$ (5.11)	\$ (2,136)
Nov	\$ (0.35)	\$ (5.79)	\$ (8,936)
Dec	\$ (0.36)	\$ (5.80)	\$ (9,036)
Jan-03	\$ 0.09	\$ (5.35)	\$ (4,536)
Feb	\$ 0.12	\$ (5.32)	\$ (4,236)
Mar	\$ (0.34)	\$ (5.78)	\$ (8,836)
Apr	\$ (0.06)	\$ (5.50)	\$ (6,036)
May	\$ 0.17	\$ (5.27)	\$ (3,736)
Jun	\$ 0.17	\$ (5.27)	\$ (3,736)
Jul	\$ 1.22	\$ (4.22)	\$ 6,764
Aug	\$ 1.88	\$ (3.56)	\$ 13,364
Sep	\$ 2.98	\$ (2.46)	\$ 24,364
Oct	\$ 3.15	\$ (2.29)	\$ 26,064
Nov	\$ 2.90	\$ (2.54)	\$ 23,564
Dec	\$ 1.69	\$ (3.75)	\$ 11,464
Jan-04	\$ 0.81	\$ (4.63)	\$ 2,664
Feb	\$ (0.05)	\$ (5.49)	\$ (5,936)
Mar	\$ 0.40	\$ (5.04)	\$ (1,436)
Apr	\$ 0.78	\$ (4.66)	\$ 2,364
May	\$ 3.91	\$ (1.53)	\$ 33,664
Jur	\$ 4.06	\$ (1.38)	\$ 35,164

CY 2000 Avg	\$ (1.457)	CY 2000 Total	\$ (240,037)	\$ (2,000)
CY 2001 Avg	\$ (0.212)	CY 2001 Total	\$ (90,637)	\$ (0,755)
CY 2002 Avg	\$ (0.048)	CY 2002 Total	\$ (71,037)	\$ (0,592)
CY 2003 Avg	\$ 1.184	CY 2003 Total	\$ 74,463	\$ 0,621
CY 2004 Avg	\$ 1.652	CY 2004 Total	\$ 66,481	\$ 1,108
54 Mo Avg	\$ 0.061	54 Mo Total	\$ (260,767)	\$ (0,483)

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000 LB Producer

Touch Base Requirement of 32,787 pounds & maximum benefit from the Transportation Credit

PPD Uses Class IV Base Zoned to Idaho location - \$1.60

Totals / Averages Assume Depool When PPD is Negative

Assumptions	Idaho
Transport Volume	47,500
Rate Per Mile	\$ 2.10
Miles	1,283
Haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I		Column II		Column III	
	Return After Daily Delivery Million Pound Producer Idaho per cwt		Return After Monthly Delivery Million Pound Producer Idaho total dollars		Monthly Return One Time Touch Base Million Pound Producer Idaho total dollars	
Jul-01 \$ 0.90	\$ (4.54)		\$ (45,364)		\$ 9,000	
Aug \$ 0.80	\$ (4.64)		\$ (46,364)		\$ 8,000	
Sep \$ 0.49	\$ (4.95)		\$ (49,464)		\$ 4,900	
Oct \$ 1.78	\$ (3.66)		\$ (36,564)		\$ 17,800	
Nov \$ 0.28	\$ (5.16)		\$ (51,564)		\$ 2,800	
Dec \$ 0.20	\$ (5.24)		\$ (52,364)		\$ 2,000	
Jan-02 \$ 0.17	\$ (5.27)		\$ (52,664)		\$ 1,700	
Feb \$ 0.30	\$ (5.14)		\$ (51,364)		\$ 3,000	
Apr \$ 0.06	\$ (5.38)		\$ (53,764)		\$ 600	
May \$ 0.53	\$ (4.91)		\$ (49,064)		\$ 5,300	
Jun \$ 0.00	\$ (5.44)		\$ (54,364)		\$ 0	
Sep \$ 0.04	\$ (5.40)		\$ (53,964)		\$ 400	
Oct \$ 0.33	\$ (5.11)		\$ (51,064)		\$ 3,300	
Jan-03 \$ 0.09	\$ (5.35)		\$ (53,464)		\$ 900	
Feb \$ 0.12	\$ (5.32)		\$ (53,164)		\$ 1,200	
May \$ 0.17	\$ (5.27)		\$ (52,664)		\$ 1,700	
Jun \$ 0.17	\$ (5.27)		\$ (52,664)		\$ 1,700	
Jul \$ 1.22	\$ (4.22)		\$ (42,164)		\$ 12,200	
Aug \$ 1.88	\$ (3.56)		\$ (35,564)		\$ 18,800	
Sep \$ 2.98	\$ (2.46)		\$ (24,564)		\$ 29,800	
Oct \$ 3.15	\$ (2.29)		\$ (22,864)		\$ 31,500	
Nov \$ 2.90	\$ (2.54)		\$ (25,364)		\$ 29,000	
Dec \$ 1.69	\$ (3.75)		\$ (37,464)		\$ 16,900	
Jan-04 \$ 0.81	\$ (4.63)		\$ (46,264)		\$ 8,100	
Mar \$ 0.40	\$ (5.04)		\$ (50,364)		\$ 4,000	
Apr \$ 0.78	\$ (4.66)		\$ (46,564)		\$ 7,800	
May \$ 3.91	\$ (1.53)		\$ (15,264)		\$ 39,100	
Jun \$ 4.06	\$ (1.38)		\$ (13,764)		\$ 40,600	

CY 2001 Avg	\$ 0.742		CY 2001 Total	\$ 44,500	\$ 0.742
CY 2002 Avg	\$ 0.204		CY 2002 Total	\$ 14,300	\$ 0.204
CY 2003 Avg	\$ 1.437		CY 2003 Total	\$ 143,700	\$ 1.437
CY 2004 Avg	\$ 1.992		CY 2004 Total	\$ 99,600	\$ 1.992
28 Mo Avg	\$ 1.079		28 Mo Total	\$ 302,100	\$ 1.079

Comparison of Delivery Charges versus Producer Price Differential

Idaho Delivery to Minneapolis

January 2000 - June 2004

1,000 LB Producer

Touch Base Requirement of 100,000 pounds & maximum benefit from the Transportation Credit

PPD Uses Class IV Base Zoned to Idaho location - \$1.60

Totals / Averages Assume Depool When PPD is Negative

Assumptions	Idaho
Transport Volume	47,500
Rate Per Mile	\$ 2.10
Miles	1,283
Haul Credit @400 miles	\$ 112.00
Rate per CWT	\$ 5.44

FO 1030 Monthly PPD	Column I		Column II		Column III	
	Return After Daily Delivery Million Pound Producer Idaho per cwt		Return After Monthly Delivery Million Pound Producer Idaho total dollars		Monthly Return Ten Percent Touch Base Million Pound Producer Idaho total dollars	
Jul	\$ 0.90	\$ (4.54)	\$ (45,364)		\$ 3,564	
Aug	\$ 0.80	\$ (4.64)	\$ (46,364)		\$ 2,564	
Sep	\$ 0.49	\$ (4.95)	\$ (49,464)		\$ (536)	
Oct	\$ 1.78	\$ (3.66)	\$ (36,564)		\$ 12,364	
Nov	\$ 0.28	\$ (5.16)	\$ (51,564)		\$ (2,636)	
Dec	\$ 0.20	\$ (5.24)	\$ (52,364)		\$ (3,436)	
Jan-02	\$ 0.17	\$ (5.27)	\$ (52,664)		\$ (3,736)	
Feb	\$ 0.30	\$ (5.14)	\$ (51,364)		\$ (2,436)	
Apr	\$ 0.06	\$ (5.38)	\$ (53,764)		\$ (4,836)	
May	\$ 0.53	\$ (4.91)	\$ (49,064)		\$ (136)	
Jun	\$ 0.00	\$ (5.44)	\$ (54,364)		\$ (5,436)	
Sep	\$ 0.04	\$ (5.40)	\$ (53,964)		\$ (5,036)	
Oct	\$ 0.33	\$ (5.11)	\$ (51,064)		\$ (2,136)	
Jan-03	\$ 0.09	\$ (5.35)	\$ (53,464)		\$ (4,536)	
Feb	\$ 0.12	\$ (5.32)	\$ (53,164)		\$ (4,236)	
May	\$ 0.17	\$ (5.27)	\$ (52,664)		\$ (3,736)	
Jun	\$ 0.17	\$ (5.27)	\$ (52,664)		\$ (3,736)	
Jul	\$ 1.22	\$ (4.22)	\$ (42,164)		\$ 6,764	
Aug	\$ 1.88	\$ (3.56)	\$ (35,564)		\$ 13,364	
Sep	\$ 2.98	\$ (2.46)	\$ (24,564)		\$ 24,364	
Oct	\$ 3.15	\$ (2.29)	\$ (22,864)		\$ 26,064	
Nov	\$ 2.90	\$ (2.54)	\$ (25,364)		\$ 23,564	
Dec	\$ 1.69	\$ (3.75)	\$ (37,464)		\$ 11,464	
Jan-04	\$ 0.81	\$ (4.63)	\$ (46,264)		\$ 2,664	
Mar	\$ 0.40	\$ (5.04)	\$ (50,364)		\$ (1,436)	
Apr	\$ 0.78	\$ (4.66)	\$ (46,564)		\$ 2,364	
May	\$ 3.91	\$ (1.53)	\$ (15,264)		\$ 33,664	
Jun	\$ 4.06	\$ (1.38)	\$ (13,764)		\$ 35,164	

CY 2001 Avg	\$ 0.742		CY 2001 Total	\$ 11,881	\$ 0.198
CY 2002 Avg	\$ 0.204		CY 2002 Total	\$ (23,755)	\$ (0.339)
CY 2003 Avg	\$ 1.437		CY 2003 Total	\$ 89,336	\$ 0.893
CY 2004 Avg	\$ 1.992		CY 2004 Total	\$ 72,418	\$ 1.448
28 Mo Avg	\$ 1.079		28 Mo Total	\$ 149,880	\$ 0.535

Summary of Pooling Comparisons

FO 1030 Monthly PPD	per cwt	Monthly Return Various Touch Base Options Million Pound Producer Idaho - Minneapolis Delivery			
			dollars		per cwt
Once and Done Class III PPD Pool Every Month		CY 2000 Avg	\$ 0.633	\$ 74,218	\$ 0.618
		CY 2001 Avg	\$ 0.443	\$ 53,100	\$ 0.443
		CY 2002 Avg	\$ 0.345	\$ 41,400	\$ 0.345
		CY 2003 Avg	\$ (0.253)	\$ (30,400)	\$ (0.253)
		CY 2004 Avg	\$ (0.988)	\$ (59,300)	\$ (0.988)
		54 Mo Avg	\$ 0.150	54 Mon Sum	\$ 79,018 \$ 0.146
Ten Percent Delivery Class III PPD Pool Every Month		CY 2000 Avg	\$ 0.633	\$ 10,763	\$ 0.090
		CY 2001 Avg	\$ 0.443	\$ (12,137)	\$ (0.101)
		CY 2002 Avg	\$ 0.345	\$ (23,837)	\$ (0.199)
		CY 2003 Avg	\$ (0.253)	\$ (95,637)	\$ (0.797)
		CY 2004 Avg	\$ (0.988)	\$ (91,919)	\$ (1.532)
		54 Mo Avg	\$ 0.150	54 Mon Sum	\$ (212,767) \$ (0.394)
Once and Done Class III PPD Depool Maximum		CY 2000 Avg	\$ 0.633	\$ 74,218	\$ 0.618
		CY 2001 Avg	\$ 0.487	\$ 53,600	\$ 0.487
		CY 2002 Avg	\$ 0.345	\$ 41,400	\$ 0.345
		CY 2003 Avg	\$ 0.281	\$ 19,700	\$ 0.281
		CY 2004 Avg	\$ 0.138	\$ 5,500	\$ 0.138
		46 Mo Avg	\$ 0.427	46 Mon Sum	\$ 194,418 \$ 0.423
Ten Percent Delivery Class III PPD Depool Maximum		CY 2000 Avg	\$ 0.633	\$ 10,763	\$ 0.090
		CY 2001 Avg	\$ 0.487	\$ (6,201)	\$ (0.056)
		CY 2002 Avg	\$ 0.345	\$ (23,837)	\$ (0.199)
		CY 2003 Avg	\$ 0.281	\$ (18,355)	\$ (0.262)
		CY 2004 Avg	\$ 0.138	\$ (16,246)	\$ (0.406)
		46 Mo Avg	\$ 0.427	46 Mon Sum	\$ (53,875) \$ (0.117)
Once and Done Class IV PPD Pool Every Month		CY 2000 Avg	\$ (1.457)	\$ (176,582)	\$ (1.472)
		CY 2001 Avg	\$ (0.212)	\$ (25,400)	\$ (0.212)
		CY 2002 Avg	\$ (0.048)	\$ (5,800)	\$ (0.048)
		CY 2003 Avg	\$ 1.164	\$ 139,700	\$ 1.164
		CY 2004 Avg	\$ 1.652	\$ 99,100	\$ 1.652
		54 Mo Avg	\$ 0.061	54 Mon Sum	\$ 31,018 \$ 0.057
Ten Percent Delivery Class IV PPD Pool Every Month		CY 2000 Avg	\$ (1.457)	\$ (240,037)	\$ (2.000)
		CY 2001 Avg	\$ (0.212)	\$ (90,637)	\$ (0.755)
		CY 2002 Avg	\$ (0.048)	\$ (71,037)	\$ (0.592)
		CY 2003 Avg	\$ 1.164	\$ 74,463	\$ 0.621
		CY 2004 Avg	\$ 1.652	\$ 66,481	\$ 1.108
		54 Mo Avg	\$ 0.061	54 Mon Sum	\$ (260,767) \$ (0.483)
Once and Done Class IV PPD Depool Maximum		CY 2001 Avg	\$ 0.742	\$ 44,500	\$ 0.742
		CY 2002 Avg	\$ 0.204	\$ 14,300	\$ 0.204
		CY 2003 Avg	\$ 1.437	\$ 143,700	\$ 1.437
		CY 2004 Avg	\$ 1.992	\$ 99,600	\$ 1.992
		28 Mo Avg	\$ 1.079	28 Mon Sum	\$ 302,100 \$ 1.079
Ten Percent Delivery Class IV PPD Depool Maximum		CY 2001 Avg	\$ 0.742	\$ 11,881	\$ 0.198
		CY 2002 Avg	\$ 0.204	\$ (23,755)	\$ (0.339)
		CY 2003 Avg	\$ 1.437	\$ 89,336	\$ 0.893
		CY 2004 Avg	\$ 1.992	\$ 72,418	\$ 1.448
		28 Mo Avg	\$ 1.079	28 Mon Sum	\$ 149,880 \$ 0.535

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 1025]

[Docket No. AO-319]

MILK IN INDIANAPOLIS, IND., MARKETING AREA

Decision on Proposed Marketing Agreement and Order

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held at Indianapolis, Indiana, on April 26 to 29, 1960, pursuant to notice thereof issued on March 31, 1960 (25 F.R. 2899), upon a proposed marketing agreement and order regulating the handling of milk in the Indianapolis, Indiana, marketing area.

Upon the basis of the evidence introduced at the hearing and the record thereof, the Deputy Administrator, Agricultural Marketing Service, on November 10, 1960 (25 F.R. 10872; F.R. Doc. 60-10674), filed with the Hearing Clerk, United States Department of Agriculture, his recommended decision, containing notice of opportunity to file written exceptions thereto.

The material issues of record relate to:

1. Whether the handling of milk produced for sale in the proposed marketing area is in the current of interstate commerce, or directly burdens, obstructs, or affects interstate commerce in milk or its products;
2. Whether marketing conditions show the need for the issuance of a milk marketing agreement or order which will tend to effectuate the policy of the Act; and
3. If an order is issued what its provisions should be with respect to:
 - (a) The scope of regulation;
 - (b) The classification and allocation of milk;
 - (c) The determination and level of class prices;
 - (d) Distribution of proceeds to producers; and
 - (e) Administrative provisions.

Findings and conclusions. The following findings and conclusions on the material issues are based on evidence presented at the hearing and the record thereof:

1. *Character of commerce.* The handling of milk in the proposed marketing area is in the current of interstate commerce and directly burdens, obstructs or affects interstate commerce in milk and its products.

The marketing area specified in the proposed order, hereinafter referred to as the Indianapolis marketing area, includes all the territory in the counties of Boone, Clinton, Delaware, Fayette, Grant, Hamilton, Hancock, Hendricks, Henry, Howard, Johnson, Madison, Marion, Montgomery, Morgan, Putnam, Rush, Shelby, Tippecanoe, Tipton, and Wayne, all in the State of Indiana. Milk handled in the marketing area moves in many forms over state lines. Milk that is processed and packaged in the marketing area is distributed on routes in various communities in Illinois and Ohio and, conversely, some milk from Illinois and Ohio plants is distributed in the marketing area. During those months in recent years when producer deliveries were inadequate for the needs of the market, milk for distribution in the marketing area was purchased from plants in Wisconsin and Kentucky.

When the supply of producer milk is in excess of local requirements for fluid use, substantial quantities of milk and cream for manufacturing purposes are shipped from the plants of handlers who would be regulated by the proposed order to other plants in Indiana and to plants in Kentucky, Tennessee, West Virginia, and Ohio. These plants manufacture such dairy products as butter, cheese, nonfat dry milk and condensed milk. A substantial portion of such milk products are moved over a wide area in the stream of interstate commerce.

2. *Need for an order.* Marketing conditions in the Indianapolis, Indiana, marketing area justify the issuance of a marketing agreement and order.

There is no overall plan whereby farmers supplying milk to this marketing area are assured of payment for their milk in accordance with its use. In some segments of the area there is no procedure whereby farmers may participate in price

determinations necessary for the marketing of their milk which, because of its perishability, must be delivered to the market as it is produced.

A certain amount of reserve milk in excess of the actual trade sales is necessary to assure an adequate supply of milk at all times. Fluctuations brought on by the seasonal nature of milk production, together with a relatively uniform level of consumption, necessitate the disposition of some of the Grade A milk produced for the market into manufacturing channels. This excess milk must be manufactured into butter, cheese and similar products and sold in competition with products from ungraded milk.

Milk disposed of to manufacturing outlets returns considerably less than that marketed for fluid use. Consequently, a well defined and uniformly applied plan of use classification, with the proper pricing of milk in such uses, is necessary to prevent such excess milk from depressing the market price of all Grade A milk. To be successful the classification of and payment for milk in accordance with its use requires the full participation of all those engaged in marketing milk in this market. Orderly marketing of the milk produced for fluid consumption requires uniformity of pay prices by handlers and a means whereby the lower average returns resulting from surplus milk may be shared equitably among producers.

The problems of unstable marketing encountered by producers in the Indianapolis marketing area are not uncommon in fluid milk markets. The problems which have resulted in unrest and instability in this area are similar to those characteristic of the fluid milk industry in the absence of regulation or a well-defined classified pricing plan. A marketing order as herein proposed will promote orderly marketing by assuring producers prices equivalent to those contemplated under the Act.

The buying practices of various handlers in the market have caused instability in the marketing of milk. Prices paid farmers for milk for fluid use have frequently been below the Class I prices an order would provide. Many producers have no means of ascertaining how their milk is utilized at the plants to which they deliver or whether the basis on which they are paid will be revised.

natural incentive to the movement of butterfat to the manufacture of butter at the expense of preferred outlets such as for cottage cheese and frozen desserts. Moreover, at the recommended rate the cost of butterfat in the market will be competitive with butterfat from alternative sources of supply.

A proposal by handlers to apply a somewhat lower value for butterfat used in butter and cheese is unnecessary in this market for essentially the same reason that a separate price should not apply to milk used in manufacture of such products. Handlers who would be regulated by the order do not maintain extensive butter and cheese manufacturing operations. To provide a lower butterfat differential for milk in such uses could stimulate uneconomic use of milk in these lower valued outlets while a higher use product demand is available. Thus, returns to producers would be adversely affected.

To coordinate the Class I price and Class I butterfat differential announcement date, the Class I butterfat differential should be based on the average price of butter in the preceding month. The Class II price and butterfat differential will not be announced until after the end of the month and should be based on current month prices. Although handlers will not know the exact cost of Class II milk as it is utilized, they will know that their cost tends to follow daily and weekly dairy product prices and cost of milk to their principal competitors.

The butterfat differential to producers should be calculated at the average of the Class I and Class II butterfat differentials weighted by the proportion of butterfat in approved milk classified in each class during the month. Thus, returns to producers will reflect the actual value of their butterfat at the class prices provided by the order.

Location differentials. A schedule of location differentials should be incorporated in the order to provide an appropriate adjustment of order prices at the location of any plant from which milk is moved to the marketing area. With the same class prices applicable, milk received at a plant outside the marketing area and moved to the marketing area for processing and packaging may be expected to be more costly to a handler than milk received directly from dairy farmers at his processing plant in the marketing area. In the same manner, additional transportation costs would be incurred by the operator of a plant from which packaged milk is moved a relatively long distance to the marketing area. Unless provision is made in the order for the application of location differentials, producers delivering milk to plants located at some distance from the marketing area would be paid the same uniform prices as producers delivering to plants in the marketing area.

It is economically more feasible to meet the needs of the market for fluid purposes from those farms or plants nearest the market before bringing in milk from more distant plants. The value of milk to the market for fluid purposes is greater at the location of a

plant in the marketing area which packages it for distribution than at a plant from which milk must be moved to the marketing area for Class I uses. Recognition in the order through the medium of a location differential should be given to this difference in value.

So as to be equitable to all handlers, the minimum Class I price to be paid for approved milk should not be dependent upon the type of plant receiving the milk. However, to the extent that milk is received elsewhere from dairy farmers and brought to the marketing area by a handler, the handler has assumed a transportation cost which might otherwise be borne by the dairy farmers. Under these circumstances, the Class I price should be adjusted downward to give consideration to the cost of hauling milk to the marketing area.

It is customary, in both regulated and unregulated markets, for handlers to pay dairy farmers delivering milk to plants farther removed from the market a lesser price per hundredweight than is paid dairy farmers delivering directly to plants in the marketing area. To the extent that this represents a lower price because of the location of the milk, such difference in value should be recognized under the order.

Indianapolis is the principal city in the marketing area and is so situated with respect to the overall sales area of regulated handlers that basing location differential mileage zones from such city would be equitable to all handlers. The Monument Circle in Indianapolis represents an appropriate point from which the mileage used in applying the location differentials should be measured.

Because the Indianapolis marketing area is spread over a relatively large territory and because milk distributed in the marketing area is moved great distances, it would be inappropriate to have location differential mileage zones applicable less than 70 miles from Indianapolis. Accordingly, the Class I price should be reduced by 10 cents for the first 80 miles and 1.5 cents for each additional 10 miles or fraction thereof with respect to approved milk received at a plant which is not less than 70 miles from Monument Circle in Indianapolis.

Marion County, in which is located the city of Indianapolis, is the most heavily populated county in Indiana. Producers shipping to plants in Marion County must pay more for hauling their milk than do their neighbors supplying plants in the smaller cities and in the more rural communities in the marketing area. To give recognition to this factor, the Class I price for approved milk received at plants outside Marion County (the base zone) should be reduced by a location differential of 5 cents if such plant is less than 70 miles from Monument Circle in Indianapolis.

The location differentials here recommended are economically sound and will be applicable to all handlers wherever located. The proposed rates approximate those contained in other nearby Federal orders and are representative of the cost of hauling milk by an efficient means to the market.

Prices paid producers supplying plants at which location differentials apply

should be reduced to reflect the lower value of such milk f.o.b. the point to which delivered.

No adjustment should be made in the Class II price because of the location of the plant to which the milk is delivered. There is little difference in the value of milk for manufactured uses associated with location of the plant receiving the milk. This is because of the low cost per hundredweight of milk involved in transporting manufactured products. The prices paid for ungraded milk received at various points within the milkshed do not indicate any difference in value associated with location.

After a handler receives milk for Class II use, he should be expected to handle and dispose of the milk by the most advantageous method possible. Prices paid producers for such milk should not be made dependent upon the method employed by the handler in disposing of such milk. To do otherwise would remove part of the incentive for keeping handling costs at a minimum.

To insure that milk would not be moved unnecessarily at producers' expense, the order should contain a provision to determine whether milk transferred between plants may receive the location differential credit. This should provide that for the purpose of calculating such location differential credit the skim milk and butterfat in fluid milk products transferred in bulk form be assigned to the available skim milk and butterfat classified in Class II in the transferee plant before being allocated to Class I milk at such plant.

Use of equivalent prices. If for any reason a price quotation required by this order for computing class prices or for other purposes is not available in the manner described, the market administrator should use a price determined by the Secretary to be equivalent to the price which is required. Including such a provision in the order will leave no uncertainty with respect to the procedure which shall be followed in the absence of any price quotations which are customarily used and thereby prevent any unnecessary interruption in the operation of the order.

Payments on unpriced milk. The order should provide that payment be made into the producer-settlement fund with respect to unpriced milk which is allocated to Class I milk in a pool plant.

Receipt of milk in excess of Class I disposition is necessary to operate a fluid milk business. Because of seasonal fluctuations in production without corresponding changes in demand, this excess or reserve milk must be marketed in manufactured form in competition with products made from ungraded milk. The existence of this reserve Grade A milk, which must be marketed at a lower price, is the primary cause of the instability which may affect fluid milk markets.

Considerable volumes of Grade A milk must be disposed of as surplus by various unregulated plants from which the Indianapolis order handlers may obtain milk. When milk is available in substantial volumes from nonpool sources, handlers under the order could obtain such milk at prices reflecting its value