

**Testimony of  
Greg Radmall, Executive Director,  
Utah Dairymen's Association**

**Re: Proposal number 7 "Amend Diversion Percentages"**

Federal Milk Market Order Hearing  
Docket Nos. AO-380-A18  
April 17, 2002 .

My Name is Greg Radmall. I am testifying on behalf of the Utah Dairymen's Association, commonly referred to as "UDA".

I attended the hearing on Pacific Northwest Order Pooling Standards held on December 4, 2001. In that hearing I heard Mr. William Van Dam testify concerning the temporary decrease in diversion limits from 99 percent to 80 percent and his request that these diversion percentages be extended for several months in Order 124. I understood the harm that Northwest Milk Marketing Federation producers were experiencing. My support for this reduction was stronger after hearing heartfelt testimony from some producers concerning their plight.

Today the producers of Utah find themselves in a similar plight. Prior to the Federal Milk Market Order reform implementation in January 2000, The Great Basin Federal Order had a Class I utilization of 45.79% in 1998 and 50.96% in 1999. As a result of Order Reform 2000, the Class I utilization in Order 135 has gone down to 22.1 % in 2001 and in February 2002 it plunged to 17.35%.

<u>Order</u>	<u>Statistical Year</u>	<u>Uniform Milk Price</u>	<u>Class I % of Market</u>
Western (135)	Feb. 2002	\$12.09	17.35%
Western (135)	2001	\$14.16	22.1 %
Western (135)	2000	\$11.19	25.05%
Great Basin (139)	1999	\$13.69	50.96%
Great Basin (139)	1998	\$14.71	45.79%
Great Basin (139)	1997	\$12.73	37.41%
Great Basin (139)	1996	\$14.29	34.63%
Great Basin (139)	1995	\$12.53	34.95%

**(These figures were taken from the FMMO annual report of classification of producer receipts.)**

In the process of creating the Order Reform 2000 the USDA made an administrative decision to yoke Utah and the majority of Idaho milk producers together. Traditionally only a small number of Idaho producers were in the Great Basin Order and supplied milk to the fluid market in Utah.

An incredible increase in the amount of milk being pooled in Order 135 and the small increase in Class I Fluid milk utilization has caused this reduction in the utilization percentage. The majority of Fluid Milk utilization in Order 135 is centered in the Salt Lake City area and along the Wasatch front. The increased volume of Idaho milk does not have the physical ability nor is it intended to service the fluid market in the Western Order.

	<u>Total pounds of producer milk</u>	<u>Class I Utilization</u>
1999, Great Basin Order	1,859,650,515	870,762,555
2000, Western Order	4,048,483,425	1,014,180,965
2000, Utah Production	1,511,572,672.	
(See attached tables)		

This imbalance created by Order Reform 2000 has inflicted significant financial harm upon the Utah and Idaho producers who have traditionally and regularly supplied the needs of the local fluid market. USDA has the opportunity to remedy this damage that has been inflicted on these Utah and Idaho milk producers.

The reduction in the amount of producer milk eligible for diversion to non-pool plants from 90 percent to 70 percent be a step in the right direction. This request for a reduction to 70 percent is warranted and in line with other Federal Orders. In fact in the April 1988 Order language the Great Basin Order 139 had diversion limits of 60 percent in the months of April through August and 50 percent in the other months. Presently the diversion limits in some of the other Orders range from:

- 50 percent in the Arizona-Las Vegas Order
  - 60 percent in the Mideast Order
  - 25 to 40 percent in the Appalachian Order
  - 65 to 75 percent in the Central Order
  - 33 to 50 percent in the Southeast Order
  - 90 percent is the Upper Midwest Order (the only other order with 90%)
- (Taken from Order language.)**

Utah Dairy families urge USDA to adopt the proposal number 6 and reduce the amount of producer milk eligible for diversion to nonpool plants from 90 percent to 70 percent. We are confident that an investigation will reveal adequate supplies of milk for fluid consumption would be available and the potential for financial harm to Federal Order 135 producers would be reduced under the revised diversion percentages.

Utah Dairymen's Association also gives its support to proposals 3, 4, 5, 7, 8 and 9.

**Table 4-139 Order 139 Classification of Producer Receipts in Each Class.**

1999	Class I		Class II		Class III		Total Producer Receipts	
	Pounds	Percent	Pounds	Percent	Pounds	Percent	Pounds	Butterfat
JAN	76,687,408	41.22%	18,862,557	10.14%	90,496,016	48.64%	186,045,981	6,913,952
FEB	72,733,693	40.04%	19,455,270	10.71%	89,454,353	49.25%	181,643,316	6,635,217
MAR	81,311,083	40.22%	22,420,034	11.09%	98,432,838	48.69%	202,163,955	7,295,997
APR	81,631,786	55.70%	23,309,531	15.90%	41,625,308	28.40%	146,566,625	5,314,366
MAY	74,921,217	38.20%	26,649,634	13.59%	94,566,996	48.12%	196,137,847	6,977,127
JUN	74,921,308	41.57%	27,143,592	15.06%	78,154,074	43.37%	180,218,974	6,262,880
JUL	76,905,940	71.60%	22,388,173	20.84%	8,120,357	7.56%	107,414,470	3,678,567
AUG	77,440,580	79.17%	16,866,680	17.25%	3,504,975	3.58%	97,812,235	3,369,897
SEP	67,092,093	87.62%	5,007,442	6.54%	4,472,641	5.84%	76,572,176	2,707,822
OCT	59,161,682	36.54%	8,451,248	5.22%	94,277,962	58.24%	161,890,892	5,912,415
NOV	57,230,686	41.30%	7,008,511	5.06%	74,327,255	53.64%	138,566,452	5,138,032
DEC	70,725,079	38.31%	20,147,578	10.91%	93,744,935	50.78%	184,617,592	6,922,160
<b>AVG</b>	<b>72,563,546</b>	<b>50.96%</b>	<b>18,142,521</b>	<b>11.86%</b>	<b>64,264,809</b>	<b>37.18%</b>	<b>154,970,876</b>	<b>5,594,036</b>
<b>TOTAL</b>	<b>870,762,555</b>	<b>46.82%</b>	<b>217,710,250</b>	<b>11.71%</b>	<b>771,177,710</b>	<b>41.47%</b>	<b>1,859,650,515</b>	<b>67,128,432</b>

**Table 4**

**Number of Producers and Receipts of Producer Milk  
Western Order, Federal Order No. 135  
2000**

Month and Year	Number of Producers	Total Pounds	Daily Average 1/
January 2000	701	322,551,577	10,404,890
February	718	302,553,579	10,432,882
March	751	367,224,598	11,845,955
April	775	391,958,643	13,065,288
May	769	388,082,261	12,518,783
June	760	381,926,373	12,730,879
July	756	392,873,015	12,673,323
August	766	308,452,042	9,950,066
September	764	290,936,625	9,697,888
October	751	295,054,762	9,517,896
November	780	306,125,265	10,204,176
December	<u>764</u>	<u>300,744,685</u>	<u>9,701,441</u>
Average/Total	755	4,048,483,425	11,061,430

1/ Annual average is a weighted average.

**Producer Milk on the Pacific Northwest (FO 124), Arizona-Las Vegas (FO 131),  
and Western (FO 135) Orders: 2000**

<u>Order</u>	<u>State and County</u>	<u>Pounds of Milk</u>	<u>No. of Producers 1/</u>
<b>Oregon</b>			
FO 135	Baker	4,895,617	5
FO 124	Benton & Lincoln	54,737,471	7
FO 124	Clackamas, Multnomah, & Umatilla	37,857,946	16
FO 124	Clatsop & Columbia	22,740,338	7
FO 124	Coos	24,211,299	15
FO 124	Crook & Curry	1,488,265	4
FO 124	Deschutes	14,638,416	7
FO 124	Jackson	4,437,429	3
FO 124	Josephine	43,778,582	8
FO 124	Klamath	86,800,641	9
FO 124	Lane	46,936,698	7
FO 124	Linn	84,950,585	13
FO 135	Malheur	21,645,261	13
FO 124	Marion	336,251,766	37
FO 124	Polk	99,371,398	6
FO 124	Tillamook	463,628,680	142
FO 124	Washington	80,921,772	23
FO 124	Yamhill	98,681,116	15
	<b>Total Oregon</b>	<b>1,527,973,280</b>	<b>337</b>
<b>Utah</b>			
FO 135/124	Beaver	66,551,707	17
FO 135/124	Box Elder & Tooele	214,800,117	46
FO 135/124	Cache	357,619,796	124
FO 135/124/131	Davis	3,130,183	3
FO 135	Duchesne	69,949,161	21
FO 135	Emery & Wayne	24,006,437	4
FO 135/124	Iron (& Clark, NV)	45,028,895	4
FO 135/124/131	Juab & Millard	232,254,237	21
FO 135/124	Morgan	15,080,314	7
FO 135/124	Piute	29,850,832	9
FO 135/124	Salt Lake	28,852,490	5
FO 135/124	Sanpete	125,562,545	16
FO 135/124	Sevier	56,776,668	11
FO 135/124	Summit	18,979,101	12
FO 135	Uintah	10,430,706	4
FO 135/124	Utah	76,713,587	28
FO 135/124	Wasatch	16,059,661	7
FO 135/124	Weber	119,926,235	34
	<b>Total Utah</b>	<b>1,511,572,672</b>	<b>373</b>

Table 5

Class I Producer Milk and Components\*  
 Western Order, Federal Order No. 135  
 2000

Month and Year	Class I Producer Milk	Percent of Market	Class I Butterfat		Class I Protein		Class I Other Solids		Class I Nonfat Solids	
			Pounds	Percent	Pounds	Percent	Pounds	Percent	Pounds	Percent
January 2000	83,942,458	26.02%	1,500,943	1.79%	2,638,818	3.14%	4,861,762	5.79%	7,500,580	8.94%
February	83,587,381	27.63%	1,507,223	1.80%	2,592,483	3.10%	4,849,195	5.80%	7,441,678	8.90%
March	92,266,755	25.13%	1,665,725	1.81%	2,863,778	3.10%	5,342,193	5.79%	8,205,971	8.89%
April	75,951,864	19.38%	1,383,043	1.82%	2,338,539	3.08%	4,403,263	5.80%	6,741,802	8.88%
May	88,823,936	22.89%	1,604,905	1.81%	2,711,450	3.05%	5,160,428	5.81%	7,871,878	8.86%
June	81,999,722	21.47%	1,492,226	1.82%	2,462,475	3.00%	4,809,183	5.86%	7,271,658	8.87%
July	79,045,803	20.12%	1,445,725	1.83%	2,375,983	3.01%	4,607,036	5.83%	6,983,019	8.83%
August	85,445,455	27.70%	1,603,025	1.88%	2,569,433	3.01%	4,966,910	5.81%	7,536,343	8.82%
September	85,454,730	29.37%	1,549,210	1.81%	2,652,877	3.10%	4,979,700	5.83%	7,632,577	8.93%
October	87,322,942	29.60%	1,644,729	1.88%	2,759,460	3.16%	5,075,256	5.81%	7,834,716	8.97%
November	87,889,291	28.71%	1,754,279	2.00%	2,832,753	3.22%	5,106,403	5.81%	7,939,156	9.03%
December	<u>82,450,628</u>	<u>27.42%</u>	<u>1,663,586</u>	<u>2.02%</u>	<u>2,626,255</u>	<u>3.19%</u>	<u>4,781,882</u>	<u>5.80%</u>	<u>7,408,137</u>	<u>8.98%</u>
Total/Average 1/	1,014,180,965	25.05%	18,814,619	1.86%	31,424,304	3.10%	58,943,211	5.81%	90,367,515	8.91%

1/ Annual average is a weighted average.

\* Components follow skim milk utilization.