

CALIFORNIA
DEPARTMENT OF AGRICULTURE

PROPOSED
EQUALIZATION POOLING PLAN
FOR FLUID MILK
(Second Draft)

DECEMBER 22, 1967

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CALIFORNIA DEPARTMENT OF AGRICULTURE
PROPOSED
MILK POOLING PLAN

Article 1. Definitions

Section 1. The definitions contained in Chapter 2 and Chapter 3, Part 3, Division 21 of the Agricultural Code govern the construction of this plan.

Section 2. "Act" shall be known and may be cited as the "Agricultural Code".

Section 3. "Director" means the Director of Agriculture of the State of California.

Section 4. "Producer" means any person that produces fluid milk from five or more cows in conformity with the applicable health regulations of the place in which it is sold, and whose bulk fluid milk or bulk fluid cream is received or handled by any distributor or any nonprofit association of producers. It includes the nonprofit cooperative associations described in Article 2 (commencing with Section 61831) of Chapter 2 in the transactions in which such Article provides that the associations are producers.

Section 5. "Base period" means an historical period of fluid milk production for and usage in the pool area during the calendar months of July, 1966, through December, 1966, inclusive, except as provided in Section 62707(b) of the Act.

Section 6. "Production base" means a quantity of fluid milk or fluid milk components in pounds per day delivered by a producer during the base period established pursuant to Section 5.

Section 7. "Class 1 usage base" means a quantity of fluid milk or fluid milk components in pounds per day delivered by a producer and marketed in Class 1 products during the base period established pursuant to Section 5.

Section 8. "Pool quota" means a quantity of fluid milk or fluid milk components equal to 110 percent of the Class 1 usage base as defined in Section 7.

Section 9. "New producer" means any person qualifying as a producer as defined under Section 4 who does not have a qualifying history of production during the base period established pursuant to Section 5.

Section 10. "Pool milk" means all fluid milk or fluid milk components delivered to pool plants by producers with an assigned production base.

Section 11. "Quota pool" means that amount of fluid milk or its components delivered by a producer to a distributor which is not in excess of the pool quota assigned to the producer by the Director.

Section 12. "Production pool" means that amount of fluid milk or its components delivered by a producer to a distributor which is the difference between the pool quota and the production base assigned to the producer by the Director.

Section 13. "Overproduction pool" means that amount of fluid milk or its components delivered by a producer to a distributor which is in excess of the production base assigned to the producer by the Director.

Section 14. "Pool area" means all the territory within the geographic boundaries of the following marketing areas as established by the Director of Agriculture pursuant to Chapter 2, Part 3, Division 21 of the Agricultural Code: Calaveras-Tuolumne; Central Coast Counties; Del Norte-Humboldt; Fresno; Imperial County; Inyo-Mono; Kern County; Madera-Merced; North Central Valley; Northern Sierra; Redwood; San Diego County; San Luis Obispo; Shasta-Tehama; Siskiyou; Southern Metropolitan and Ventura-Santa Barbara.

Section 15. "Immediate family" means either spouse and the children of either and both.

Section 16. "Minimum price" means the minimum price at which fluid milk or the components of fluid milk shall be accounted and paid for by distributors to fluid milk producers.

Article 2. Eligibility for a Production Base and
Pool Quota

Section 100. The Director shall compute a production base and pool quota for each fluid milk producer who produced and marketed fluid milk during the base period.

Section 101. The following requirements shall be applicable in the determination and computation of production bases and pool quotas:

- (a) If a producer operated more than one dairy farm during the base period July, 1966, through December, 1966, inclusive, a separate production base and pool quota shall be computed for deliveries from each such dairy farm holding a valid market milk permit.
- (b) Only one production base and one pool quota shall be computed for milk produced by one or more persons from a single production unit jointly owned or operated and holding a single valid market milk permit.
- (c) Produced and marketed milk continuously since the history period established pursuant to Paragraph (a), except that a person entering military service may retain his production base and pool quota until six months after being released from active military duty.

Article 3. Determination of Production Base
and Pool Quota

Section 200. The Director shall establish a daily production history base for each qualified producer computed separately for the milk fat, solids-not-fat and fluid carrier components of fluid milk or fluid cream delivered as follows:

- (a) Total the pounds of each component delivered by such producer during the months of July, 1966, through December, 1966, inclusive, and divide by the number of days of production delivered during such period; or
- (b) At the option of a producer south and east of San Gorgonio Pass, the pounds of each component delivered by such producer to a distributor during the months of December, 1965, and January and February, 1966, multiplied by four and the result divided by 365; or
- (c) At the option of the producer, the amount specified in the contract with the distributor or the allocation as a member of a cooperative, which contract or allocation provided that the distributor or cooperative association was required to accept a larger amount of fluid milk from such producer than the producer actually produced during the applicable base period pursuant to

Paragraphs (a) and (b), provided, further, that documentation of proof satisfactory to the Director is submitted to the Director within 30 days following notice of assignment of production base and pool quota. Such amount shall be established on a daily basis if such contract or allocation is stated on some other basis.

Section 201. The daily Class 1 usage base of each qualified producer for the milk fat component, solids-not-fat and fluid carrier components of fluid milk or fluid cream delivered shall be the pounds of each component delivered by such producer and accounted for as Class 1 and any fluid milk sold for use as Class 1 to a United States military installation, but which was not accounted for as Class 1, during the months of July, 1966, through December, 1966, inclusive; divided by the number of days of production delivered during such period.

Section 202. The daily pool quota of each qualified producer for the milk fat, solids-not-fat and fluid carrier components of fluid milk or fluid cream delivered shall be the daily Class 1 usage base established pursuant to Section 201, times 1.1

Section 203. Prior to November 1 of each year, after this plan has been in effect for a period of six months or more, the Director shall determine total new Class 1 usage on a daily basis for all producers included in the pool plan.

Such new Class 1 usage shall be an estimate which reflects the increased Class 1 usage for the most recent September-August 12-month period for such producers over the previous 12-month period adjusted for the Director's estimate of Class 1 requirements for such producers for the next succeeding 12-month period. Such new Class 1 usage shall be expressed separately in pounds of milk fat, pounds of solids-not-fat and pounds of fluid carrier components.

Section 204. The total new Class 1 usage determined in accordance with Section 203 shall be allocated to the pool quota of each individual producer included in the pool plan as follows:

(a) No allocation shall be made to any producer whose pool quota is equal to or greater than his equalization point.

(b) Seventy percent of the total new Class 1 usage shall be allocated to the producers in the pool at the time of allocation. Such additional usage shall be computed for each producer pursuant to the following:

(1) For each producer, multiply the production base by 95 percent and from the result, deduct the pool quota amount.

(2) Add the results of all computations made under Paragraph (1) above.

- (3) Divide the result obtained for each producer under Paragraph (1) by the result obtained under Paragraph (2). The result obtained from this computation shall determine the percent of the total new usage to be assigned to each producer.
- (c) Fifteen percent of the total of new Class 1 usage shall be available to allocate to the pool quota of producers qualifying for individual hardship adjustments.
- (d) Any production base and pool quota available for new producer and hardship allocation which remains unused following new production allocations and review of all hardship applications shall be added to the volume resulting under Paragraph (b) and reallocated pursuant to provisions specified in Paragraph (b).
- (e) Fifteen percent of the total of new Class 1 usage shall be available to allocate to new producers. The Director shall limit the assignment to each such new producer to an amount not to exceed 90 percent of the lowest individual production base and pool quota in the pool.
- (f) Requests for relief under an alleged hardship shall be limited to loss of production base due to circumstances beyond the control of the producer such as fire, flood, storms or other acts of God.

Section 205. Producers who do not, in the months of September, October, and November of any year, market the amount of fluid milk equal to their pool quota, shall lose the production base equal to the difference between the average amount of milk marketed and their pool quota.

The provisions of this section shall not apply to producers south and east of San Geronio Pass or to producers in Del Norte, Humboldt, and Siskiyou Counties. The Director may waive the provisions of this section in any case in which he finds that production was restricted by causes beyond the control of the individual producer.

Section 206. Producers of certified milk or guaranteed raw milk shall have the option to be excluded from the plan at the time of the adoption of the initial pooling plan. Admission to the pool plan at a later date by such producers shall be on the basis of the production base and pool quota to which he would have originally been entitled or on his existing production and Class 1 usage, whichever is less.

Article 4. Monthly Reports on Receipts
and Utilization

Section 300. On or before the 10th of each month, each distributor, producer-distributor and producer cooperative association operating a milk plant shall report to the Director, separately for each plant participating in the pool and on the prescribed forms the following information for the previous month:

(a) Receipts

- (1) Receipts from producers, including distributor's own production, shall be shown in total quantities in pounds of product, milk fat, skim, solids-not-fat and fluid carrier components. Such total quantities, detailed in the components named above, shall be reported as quota pool, production pool and overproduction pool amounts.
- (2) Bulk fluid receipts from other plants shall be listed by the type of product and in pounds of product, milk fat, skim and by name and location of plant source.
- (3) Receipts of packaged products shall be shown by pounds of product, milk fat, skim and by name and location of plant source.

(b) Usage

- (1) (i) Total Class 1 sales and transfers of processed products shall be computed and shown separately by marketing area of usage and by type of product in pounds of milk fat and pounds of skim.
- (ii) Class 1 sales and transfers of bulk product for Class 1 usage shall be shown in total by marketing area of usage and by type of product and in pounds of milk fat and pounds of skim. Such transfers or sales to another distributor shall be considered as Class 1 usage unless the transferring or selling distributor furnishes acceptable proof that such usage was other than Class 1, and shall specify the class if other than Class 1.
- (iii) Fluid milk and fluid skim milk used in the manufacture of Grade A powder, Grade A condensed skim or Grade A concentrate, for Class 1 purposes, shall be shown at the original weights of the respective milk fat and skim milk going into the manufacture of these products.

- (iiii) A producer-distributor electing to enter the pool may deduct his entire pool quota from his own Class 1 sales when reporting in the manner herein described.
- (2) (i) Total Class 2 usage shall be reported as original weight of milk fat and skim being utilized for the manufacture of products in this class.
- (ii) Bulk sales and transfers to other distributors for Class 2 usage shall be reported in pounds of milk fat and pounds of skim by name and location of receiving plant.
- (3) (i) Class 3 usage shall be reported as original weights of milk fat and skim being utilized in the manufacture of products in this class.
- (ii) Bulk sales and transfers to other distributors for Class 3 usage shall be reported in pounds of milk fat and pounds of skim by name and location of receiving plant.

- (4) Distributors shall furnish information in such form and at such time as requested by the Director as he deems necessary for the proper establishment of a production base and pool quota for each individual producer.
- (5) At such time, and in such manner as the Director may prescribe, distributors, producer-distributors and cooperative associations shall report to the Director on prescribed forms and in accordance with outlined instructions, such additional information as he may require to carry out the operation of the pool.
- (6) Distributors and producer cooperative associations shall send to the Director one copy of each producer's monthly statement of accounting and payment.
- (c) Opening and closing inventories shown by product in pounds of product, milk fat and skim. Inventories shall include the following: fluid milk, fluid cream and fluid skim.

(d) Calculation Procedure

- (1) All usage shall be adjusted by inventory variation and plant loss, and by elimination of bulk and packaged purchases from other plants, with the resulting reconciled usage by area equaling the total purchases from producers as reported pursuant to Paragraph (a)(1).
- (2) The adjusted Class 1, Class 2 and Class 3 skim usages as computed under Paragraph (d)(1) shall be converted to pounds of solids-not-fat and pounds of fluid by applying the average solids-not-fat test of skim as received from producers under Paragraph (a)(1). The solids-not-fat test shall be rounded to the nearest fourth decimal as by example: 9.01645% - change to 9.0164%; 9.01635% - change to 9.0164%.
- (3) Adjusted Class 1, Class 2 and Class 3 component weights shall be extended at their respective class and area minimum prices according to the Stabilization and Marketing Plans to establish each distributor's total pool obligation.

- (4) The bulk transfers or sales of milk, cream or skim as shown under Paragraph (b)(1)(ii) shall be assigned the component minimum prices resulting from the areas of ultimate usage as reported by the receiving distributor. Plant handling and plant to plant haul charges as authorized by applicable Stabilization and Marketing Plans shall be computed and reported.
- (5) Each producer and producer cooperative operating in a capacity other than as the operator of a pool plant shall report such information and in such manner as may be requested by the Director with respect to milk or milk products marketed with more than one plant.

Section 301. On or before the 8th day of each month, each distributor, producer-distributor and producer cooperative handling fluid milk or components of fluid milk from another plant during the preceding month shall report to the transferor on forms prescribed by the Director of the utilization of such milk by class of usage.

Section 302. On or before the 25th day of the month, each distributor, producer-distributor and cooperative association who has a debit balance as determined pursuant to Section 1101(c) shall pay to the Director the amount of such balance, and conversely on or before the 27th day of the month the Director shall pay to each distributor, producer-distributor and cooperative association any credit balance as determined pursuant to Section 1101(c).

Section 303. Brokers or agents acting in the capacity of a distributor shall be subject to the same reporting requirements as specified for distributors or to other types of reports as determined to be necessary by the Director.

Article 5. Transfer of Base and Quota

Section 400. A production base and pool quota may be transferred from one person to another only after compliance with the following:

- (a) Application is made to the Director on forms provided for approval of transfer by the holder of production base and pool quota at least 30 days prior to date of transfer.
- (b) Written authorization of approval from the Director must be received by the producer requesting the transfer before such transfer may become effective.
- (c) Applicants for production base and pool quota transfers (transferor and transferee) must certify in the application that the entire transaction has been fully disclosed and all considerations related in any way to the transfer have been documented. Any misrepresentation of facts or falsity in statements by either party shall constitute cause for denial of transfer or forfeiture of the production base and pool quota of either or both of the parties involved under consideration for transfer.

Section 401. Approval or disapproval of transfer of production base and pool quota from one person to another will be determined in accordance with the following conditions:

- (a) It is established to the satisfaction of the Director that such transfer is bona fide and not with the intent and purpose to circumvent or evade any provisions of this plan.
- (b) The transfer of production base and pool quota may be made only to a person who holds or is entitled to hold a market milk permit from the authorized inspection agency, except that the production base and pool quota may be held in trust by another entity for the purpose of financing or liquidation of assets or in facilitating the reorganization of assets of a milk producer.
- (c) The transfer of production base and pool quota may not be made in amounts of less than 300 pounds of whole milk (or components in 300 pounds of whole milk) or the entire production base and pool quota, whichever is less.
- (d) For pool calculation purposes, any transfer of production base and pool quota shall become effective on the first day of the month following the date of transfer specified in the transfer agreement.

- (e) Any producer who is a lessee of real property on which he produces fluid milk for the pool may move his dairy herd and equipment to a different location, whether purchased or under lease to him, and retain his production base and pool quota.
- (f) Any producer going out of business who sells or disperses his dairy herd to or among other pool producers, livestock dealers, beef processors or any persons not intending to enter the business of producing fluid milk within or for the pooling areas in California, may sell or transfer within 90 days the production base and pool quota held by such producer to any one or more producers holding a valid market milk permit or is entitled to hold such permit.
- (g) Any producer who has acquired production base and pool quota pursuant to this Section, during the preceding 12-month period shall not be eligible for transfer of production base and pool quota to another producer except as determined under the provisions of Section 600, Paragraph (d).

- (h) Any producer who received production base and pool quota under the hardship adjustment provisions of Section 600 shall not be eligible for transfer of all or any part of his production base or pool quota within two years of the receipt of his hardship adjustment.
- (i) Production base and pool quota issued under the hardship provisions shall revert back to the pool for reallocation in the event the holder of such production base and pool quota discontinues milk production within the two-year period provided in Paragraph (h).
- (j) Any producer selling or transferring production base and pool quota shall not be eligible for further purchase of additional production base and pool quota within the ensuing 12-month period immediately following such sale or transfer.
- (k) Provisions of Paragraphs (b) through (j) of this section shall not be applicable to transfers of production base and pool quota to a member or members of the transferor's immediate family who continues production and delivery from the same dairy location of the transferor, except for bona fide transactions for the purpose of moving to a different dairy location.

Section 402. The production base and the pool quota for milk shipped through a cooperative association shall belong to the individual producer but shall be assigned to the custody and control of the cooperative association; provided that receipts from nonmember producers shall be assigned to the custody and control of the cooperative association only when accounted for on a patronage basis.

Section 403. Any transfer of a portion of a producer's pool quota shall carry with it the same quantity of production base and the transferor shall lose a percentage of his production base (prior to transfer) equal to the percentage of his pool quota which is so transferred.

Article 6. Producer-Distributor Option

Section 500. Any producer-distributor as defined under Section 62708 of Chapter 3 of the Agricultural Code shall have the option of operating outside of the pool plan or within the pool plan pursuant to Section 62708.

Section 501. Any producer-distributor qualifying for the option, pursuant to Section 62708, and electing to be excluded from the pool may subsequently be admitted to the pool upon written request to the Director. Such admission shall be on the amount of the production base and pool quota computed from his production and Class 1 usage history for the period July, 1966, through December, 1966, inclusive, or on his production and Class 1 usage during the most recent six-month July through December period, whichever is less.

Section 502. Any producer-distributor whose fluid milk production and Class 1 sales average less than 200 gallons per day during each calendar month shall be exempt from this pool plan unless he makes written request to the Director for entry into the pool prior to the effective date of such plan.

Section 503. Producer-distributors of certified milk or guaranteed raw milk shall have the option, at the time of the adoption of the initial pooling plan under this Chapter, to be subject to such plan, and accordingly to have a production base and pool quota established for such producer-distributor, or to be excluded from such plan, provided further that exclusion shall be only on that portion of such producer-distributor's production which is sold as certified milk or guaranteed raw milk.

Section 504. Any producer-distributor claiming exemption from the provision of any pooling plan by reason of the provisions of this Article, who loses exemption by failure to meet the requirements for the exemptions set forth shall automatically be deemed to have applied for and become a part of a producer pool on September 1 following any year ending August 31 during which the Director determines he is no longer entitled to exemption, and his admittance into such pool shall be on the basis of the production base and pool quota calculations pursuant to Section 501.

Section 505. Any producer-distributor electing to become a part of the initial applicable pool plan shall have the right to deduct his entire pool quota from his own Class 1 sales before being required to account to the pool.

Article 7. Hardship and Inequity Consideration

Section 600. Producers may file a written request with the Director for relief from an alleged hardship resulting from conditions beyond the control of the producer, such as fire, flood, storms and other acts of God, and for review of inequities resulting from certain pool plan provisions relative to:

- (a) Production base and pool quota allocations and assignments.
- (b) Eligibility for production base and pool quota.
- (c) Producer-distributor exemption provisions.
- (d) Provisions affecting production base and pool quota transfers.
- (e) Loss of production base.

Section 601. Any requests for hardship or inequity review relative to the initial assignments of production base and pool quota shall include:

- (a) Submission within 30 days after initial assignment of production base and pool quota has been announced by the Director.
- (b) Explanation of basic issue for review with full details.
- (c) Extent of relief requested.

Section 602. All requests for hardship or inequity relief shall be reviewed by members of the producer review board. The Director may establish one or more review committees from the 12-member producer review board and assign a member of his staff as a secretary to each committee.

Section 603. Each such committee reviewing a case may request the applicant to appear for oral interview and shall submit its recommendation in writing, along with a summary of the committee findings, on each case. The recommendation shall either reject the request or indicate the extent of relief recommended and the effective date for such relief.

Section 604. Review committee recommendations shall be subject to approval or modification by the Director, who shall notify the producer in writing of the decision within 15 days after receiving the recommendations from the review committee.

Article 8. New Producer Entry

Section 700. A new producer as defined under Article 1, Section 10 who wishes to enter the pooling plan after the effective date of the plan may make application to the Director of Agriculture on forms supplied by the Director.

Section 701. Applications for entry into the pool by new producers shall be recorded serially as received by the Director and the applicant shall keep the Director informed on any changes affecting the application.

Section 702. The Director shall give priority to new producer applications based on the following conditions:

- (a) First priority shall be given to producers of fluid milk whose marketing contracts were cancelled prior to the historical period established for the determination of production bases and pool quotas and who have had an uninterrupted history of production since such contracts were cancelled.
- (b) Second priority shall be given to producers of manufacturing grade milk who were in production prior to January 1, 1967.
- (c) Third priority shall be given to milk producers who began production subsequent to January 1, 1967.

Section 703. The Director shall assign the maximum production base and pool quota allowable pursuant to Section 204(f) to each new producer entering the pool.

Article 9. Distributor's Report to Producers

Section 800. Distributors shall give a written report each calendar month to each producer from whom fluid milk, fluid cream, fluid skim milk or any component or combination thereof is received during any calendar month not later than the first day of the second succeeding month, which report shall include:

- (a) The amount of product delivered by the producer.
- (b) The amount of product paid for in each component in pool quota, production base and overproduction base amounts, and shall extend payment for each component in pool quota, production base and overproduction base at the respective gross prices, as furnished by the Director.
- (c) The dollar value and applicable rate of each authorized deduction made from the gross payment.
- (d) Any premiums showing basis and amount.
- (e) Adjustments for previous months, if any.
- (f) Other information as may be required on forms acceptable to the Director.

Article 10. Pool Price Determination

Section 900. Upon receipt of information from all distributors, producer-distributors and cooperative associations operating a pool milk plant, the Director shall calculate the pool-wide minimum price for each component by class usage from the total of all pool plant reports.

(a) Plant handling charges and plant to plant hauling charges, as well as any other authorized charges pertinent to the marketing of bulk fluid milk, bulk fluid cream, or bulk fluid skim, shall be computed in dollar amounts and deducted from the respective class values pursuant to Section 900, Paragraph (b).

(b) Pool-wide class minimum prices shall be computed by dividing the accumulated value of each component in each class, after deducting the applicable marketing expenses under Paragraph (a), by the respective weights involved. Prices shall be rounded to the nearest sixth decimal.
Example: .9354535 - change to .935454; .9354545 - change to .935454.

(c) Class minimum prices computed pursuant to Paragraph (b) shall be blended into minimum prices by each component for the quota pool, production pool and overproduction pool receipts. Such minimum blend prices shall be calculated as follows:

- (1) The percentages of Class 1 usage, Class 2 usage and Class 3 usage within the quota pool shall be multiplied respectively by the minimum component Class 1 price, the minimum component Class 2 price and the minimum component Class 3 price, as such minimum component prices are computed pursuant to Section 900(b), with the cumulative total of these extensions comprising the minimum blend component prices for the quota pool.
- (2) The percentages of Class 1 usage, Class 2 usage and Class 3 usage within the production pool shall be multiplied respectively by the minimum component Class 1 price, the minimum component Class 2 price and the minimum component Class 3 price, as such minimum component prices are computed pursuant to Section 900(b), with the cumulative total of these extensions comprising the minimum blend component price for the production pool.
- (3) The percentages of Class 1 usage, Class 2 usage and Class 3 usage within the overproduction pool shall be multiplied respectively by the minimum component Class 1 price, the minimum component Class 2 price and the minimum Class 3 price as such minimum

component prices are computed pursuant to Section 900(b), with the cumulative total of these extensions comprising the minimum blend component price for the overproduction pool.

Section 901. The Director shall combine the information reported by all pool plants located in the same marketing area in such manner as to show the marketing area total of each component of fluid milk received and the totals by components in the quota pool, the production pool and the overproduction pool.

Section 902. Unadjusted prices which shall be applicable to all fluid milk marketed through pool plants located within the same marketing area shall be computed as follows:

- (a) A quota pool blend price shall be computed by the extension of the class percentages within the quota pool as computed pursuant to Section 900(c)(1) times the respective minimum Class 1 price, minimum Class 2 price and minimum Class 3 price applicable in the marketing area, with the cumulative total of these extensions comprising the unadjusted pool quota price applicable to fluid milk received by plants located in the marketing area.

(b) A production pool blend price shall be computed by the extension of the class percentages within the production pool as computed pursuant to Section 900(c)(2) times the respective minimum Class 1 price, minimum Class 2 price and minimum Class 3 price applicable in the marketing area, with the cumulative total of these extensions comprising the unadjusted production pool prices applicable to fluid milk received by plants located in the marketing area.

(c) An overproduction pool blend price shall be computed by the extension of the class percentages within the overproduction pool as computed pursuant to Section 900(c)(3) times the respective minimum Class 1 price, minimum Class 2 price and minimum Class 3 price applicable in the marketing area, with the cumulative total of these extensions comprising the unadjusted overproduction pool price applicable to fluid milk received by plants in the marketing area.

Section 903. The unadjusted prices computed pursuant to Section 902 shall be adjusted as follows:

- (a) The quota pool prices for each marketing area, pursuant to Section 902(a), shall be extended by the total quota pool volume as recapped for each marketing area pursuant to Section 901. The cumulative dollar value for all marketing area quota pools so extended shall be divided into the net pool-wide dollar value of the quota pool based on actual usage. The resulting percentage shall be extended at the minimum component quota pool price for each of the marketing areas as computed pursuant to Section 902(a) to arrive at the final adjusted minimum quota pool price for each marketing area.
- (b) The production pool price for each marketing area, pursuant to Section 902(b), shall be extended by the total production pool volume as recapped for each marketing area pursuant to Section 901. The cumulative dollar value for all marketing area production pools so extended shall be divided into the net pool-wide dollar value of the production pool based on actual usage. The resulting percentage shall be extended at the minimum component production pool price for each of the marketing areas as computed pursuant to Section 902(b) to arrive at the final adjusted minimum production pool price for each marketing area.

(c) The overproduction pool price for each marketing area, pursuant to Section 902(c), shall be extended by the total overproduction pool volume as recapped for each marketing area pursuant to Section 901. The cumulative dollar value for all marketing area overproduction pools so extended shall be divided into the net pool-wide dollar value of the overproduction pool based on actual usage. The resulting percentage shall be extended at the minimum component overproduction pool price for each of the marketing areas as computed pursuant to Section 902(c) to arrive at the final adjusted minimum overproduction pool price for each marketing area.

Section 904. The Director shall notify each pool plant of the minimum adjusted quota pool, production pool and overproduction pool prices to be paid to producers by pool plants by marketing area of location.

Article 11. Pool Plant Operating Requirements

Section 1000. Any approved milk products plant shall be designated a pool plant for purposes of this chapter under the following conditions:

- (a) Located in an established milk marketing area within the pool.
- (b) Receives bulk unprocessed fluid milk directly from one or more producers, including associations of producers, with a production base.
- (c) Shall not have commitments for disposition of market milk to prevent the plant from making quota milk available for Class 1 usage.

Section 1001. The Director shall have the authority to establish a marketing service program which will aid in directing transfers of milk to the highest usage classifications most effectively and efficiently. Plants operating as bulk supply plants shall furnish such information as the Director may request on daily supplies available for pool needs.

Article 12. Authority and Duties of Pool Manager

Section 1100. The pool manager shall have the authority to act for the Director in effectuating the terms and provisions of the pooling plan.

Section 1101. The pool manager shall perform any or all the duties required of the Director in the administration of this Chapter, as delegated by the Director. Such duties shall include, but not be limited to, the following:

- (a) Maintain such records and reports which accurately reflect the cost of administering the pool plan.
- (b) Audit all reports and payments by each distributor, including cooperative associations, subject to the provisions of this pool plan.
- (c) Notify each distributor and cooperative association subject to pool provisions such information as the Director determines necessary in determining the values for all milk utilized and the obligation of each distributor to the pool.
- (d) Announce the uniform or blend prices for quota milk, overquota milk and excess production base milk.

- (e) Establish and maintain a separate fund known as "the producer settlement fund" into which he shall deposit all payments and out of which he shall make all payments pursuant to Section 62712(a) of the Act.
- (f) After the Director establishes the rate necessary to cover the cost of administering the pool plan, the pool manager shall notify each pool plant of the time and method of making such deductions from monies owed producers and pay such monies to the Director.
- (g) Give notification of production bases and pool quotas as follows:
- (1) Notify each producer of his production base and pool quota.
 - (2) Notify each pool plant of the production base and pool quota for each producer from whom he purchases fluid milk.
 - (3) Notify each cooperative association of the production base and pool quota of each fluid milk producer member and any nonmember producer from whom it receives fluid milk.