

**DEPARTMENT OF FOOD AND AGRICULTURE**

1220 N Street, Room A-230  
Sacramento, CA 95814-5621  
Phone: (916) 654-0795  
Fax: (916) 653-8919  
E-mail: *poolina@cdfa.ca.gov*

**BUREAU OF MILK POOLING  
POLICY AND PROCEDURAL LETTER NO. 1****HANDLER POOL OBLIGATION FOR TRANSFERS AND DIVERSIONS**

The pooling program will compute the classification of fluid items transferred or diverted between pool handlers on the basis of the previous month's in-plant usage of the receiving plant.

The classified usage of these fluid items so transferred or diverted is added to the usage of the shipping plant and becomes a part of his pool obligation. This same classified usage is deducted from the receiving plant's total usage and reduces his pool obligation.

Prices used in computing the pool obligation for transfers will be the class prices in effect at the shipping handler's plant during the month of shipment. Prices for diversions will be the class prices in effect at the receiving handler's plant during the month of shipment.

For example, assume Handler A, the shipper, transfers 1,000 pounds of butterfat to Handler B, the receiver, during the month of August. Also assume that Handler B's in-plant usage for butterfat during the month of July was 70 percent Class 1, 20 percent Class 2, and 10 percent Class 4 and that the butterfat prices in effect at Handler A's plant during August was \$1 per pound Class 1, \$.75 per pound Class 2, and \$.50 per pound Class 4.

Handler A's pool obligation for the 1,000 pounds of butterfat he transferred is 700 pounds Class 1, 200 pounds Class 2, and 100 pounds Class 4. These amounts, times the class prices, gives a total pool obligation of \$900 for the transfer. Handler B's total classified usage will be reduced by 700 pounds of Class 1, 200 pounds of Class 2, and 100 pounds of Class 4 butterfat usage.

A diversion will be handled similarly except that the prices used will be the class prices in effect at the receiving handler's plant during the month of shipment.

Jerry W. Fielder  
Director of Agriculture

By

Jed Adams, Chief  
Bureau of Milk Pooling

Dated: September 16, 1969