

## DEPARTMENT OF FOOD AND AGRICULTURE

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William (Bill) J. Lyons, *Secretary*

October 20, 2003

## TO ALL INTERESTED PARTIES:

Below are the Department's proposed technical changes to the Pool Plan, which consists of adding paragraph 1001 (e), to be considered at the public hearing scheduled on November 3, 2003:

Section 1001. Each handler other than those defined in Paragraphs 105(b) and (c) shall pay individual producers from whom milk is received directly at the pool plant or diverted by such handler to pool and nonpool plants at no less than the rates specified and no later than the dates indicated:

- (a) On or before the 15th day of the month, each handler shall pay each producer the approximate net value for milk received or diverted during the last half of the preceding month based on the quota, base, and overbase prices announced for the month before the milk was received or diverted;
- (b) On or before the last day of the month, each handler shall make final payment to each producer for the total value of milk received or diverted during the preceding month, excluding pool milk received by nonpool plants as a direct purchase from individual producers, at not less than the rates specified below subject to adjustments, where applicable for transportation allowances and transportation charges specified in Article 9.2, and subject to deductions for advance payments made under this paragraph and Paragraph (a), hereof, for applicable charges for hauling the milk from ranch to plant and for assignments or other proper charges authorized in writing by the producer or required under Chapters 1, 2, and 3 of the Food and Agricultural Code, plus a payment for the approximate value of the milk based on the quota, base, and overbase prices for the preceding month for milk received or diverted during the first 15 days of the month:
  - (1) Quota milk delivered during the preceding month shall be paid for at the quota price announced by the secretary in accordance with Section 902, as adjusted for the regional quota adjuster pursuant to Article 9.1;
  - (2) Base milk delivered during the preceding month shall be paid for at the base price announced by the secretary in accordance with Section 903;
  - (3) Overbase milk delivered during the preceding month shall be paid for at the overbase price announced by the secretary in accordance with Section 904.
- (c) Any handler qualified pursuant to Paragraph 105(a) who receives milk, skim milk, or cream at its pool plant(s) from handlers, as defined pursuant to Paragraphs 105(b) and (c), shall pay such handlers no less than the applicable minimum class prices for such milk, skim milk, or cream no later than the dates specified:

- (1) For milk received during the first 15 days of the month on or before the 28th day of such month based on the appropriate class prices, provided the class price announced for the preceding month shall be used for any class for which the current month's price has not yet been announced by the secretary;
  - (2) For milk received during the period from the 16th to the end of the month on or before the 13th day of the following month at no less than the appropriate class prices subject to any adjustment necessary due to overpayments or underpayments resulting from the use of tentative prices under Subparagraph (1), hereof.
- (d) Each handler operating a nonpool plant as defined in Section 111 that receives market milk as a direct purchase from producers or from handlers defined pursuant to Paragraphs 105(b) and (c) shall pay for such milk at no less than the classified prices established by the Stabilization and Marketing Plans. The total combined inplant and derived usage of the nonpool plant shall be allocated among all producers each month.
- (e) Pool handlers making approximate payments to producers as specified in Paragraphs 1001(a) and 1001(b) may use estimated quota, base, and overbase prices in lieu of previously announced quota, base, and overbase prices, provided that the method used to estimate such prices has been reviewed and approved by the Pool Manager.

Should you have any questions, you may either of us at the number listed above.

Sincerely,

*Original signed by:*

David K. Ikari, Chief  
Dairy Marketing Branch

*Original signed by:*

John Lee, Chief  
Milk Pooling Branch