

**MILK MOVEMENT PROVISIONS PURSUANT TO THE
STABILIZATION AND MARKETING PLANS FOR MARKET MILK, AS AMENDED**

Effective September 1, 2005

Definitions

The following definitions were extracted from the Stabilization and Marketing Plans for Market Milk and are relevant to the Milk Movement Requirements.

"Call handler" means any handler as defined in Section 100.6 Paragraphs (A), (B), and (D) of said Plans, who, for the seven days prior to making a call, certifies that his total direct and derived solids-not-fat Class 1 usage equals or exceeds 80% of such handler's total market milk solids-not-fat received or diverted and whose direct and derived solids-not-fat Class 4a and 4b usage does not exceed 5% of such handler's total market milk solids-not-fat received or diverted.

"Supply handler" means any handler that does not qualify as a call handler.

"Designated supply handler" means any supply handler for any month who has been designated by the Department as subject to call handler requests in accordance with the provisions of Section 500.3 of said Plans.

"Procurement region" means a prescribed area in which a call handler and a supply handler are both located and in which the call provisions of the said Plans are effective.

(a) The relevant prescribed areas shall be:

Procurement Region 1 - Southern California Marketing Area and the counties of Kern, Kings, Tulare and Fresno.

Procurement Region 2 - Northern California Marketing Area, except for the counties of Del Norte, Humboldt, Kern, Kings, Tulare and Fresno.

(b) All handlers defined in Section 100.6 Paragraphs (A), (B) and (D) of said Plans shall act as either supply (including designated supply handlers) or call handlers in the procurement region in which their plant is located.

(c) A handler defined in Section 100.6 Paragraph (C) of said Plans shall be a supply handler (and possibly a designated supply handler) for the procurement region in which such handler delivers the greatest volume of milk.

Milk Movement Requirements

The milk movement requirements shall be in effect from September 1, 2005 through April 30, 2006, unless the Department terminates the requirements sooner after making a determination that they are no longer necessary.

Each calendar week, a minimum percentage of quota solids-not-fat must have been used for Class 1 and mandatory Class 2 purposes by any designated supply handler before any such handler is exempt from the milk movement requirements for the remainder of that calendar week. The quantity of quota solids-not fat that must be made available by a designated supply handler during any week shall be determined on a calendar week basis, reflecting a prorata percentage of such handler's current monthly total. The following minimum percentages are established for each relevant procurement region:

<u>Procurement Region</u>	<u>Minimum Percentage of Quota Solids-Not-Fat That Must Be Made Available by Designated Supply Handlers on a Calendar Week Basis</u>
No. 1 Southern California Marketing Area and the counties of Kern, Kings, Tulare and Fresno	85
No. 2 Northern California Marketing Area, except for the counties of Del Norte, Humboldt, Kern, Kings, Tulare and Fresno	85

Procedures to Call or Release Milk

A call handler shall place requests for fluid milk in sequential order starting with the designated supply handler selected as first supplier for the week.

In addition to the minimum prices established for Class 1 usage, each designated supply handler may charge a call handler for services performed in a sale of bulk market milk for Class 1 use. Such additional charge for bulk milk shall not exceed:

- (a) The actual rate charged under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rate exists,
- (b) The prevailing rates charged by other supply handlers in the procurement region under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rates exist,
- (c) A rate subject to review or approval by the Department.

Any handler who has been specified by the Department as a designated supply handler shall be eliminated as a designated supply handler if such handler can demonstrate within 25 days after the announcement by the Department that since the previous year, such handler no longer qualifies as a designated supply handler.

Any call handler, who is unable to procure bulk market milk upon call from a designated supply handler, may file a complaint with the Department of Food and Agriculture against each designated supply handler who refused to make milk available under the requirements herein.

Upon receipt of a complaint pursuant to Section 500.5 of the Stabilization and Marketing Plan, the Department shall review the reasonableness of the terms offered by the seller and determine the validity of any refusal to release the bulk market milk requested. If the Department

determines that the complaint against the designated supply handler or handlers is justified, a charge of two dollars (\$2.00) per hundredweight shall be assessed against the designated supply handler or handlers for each hundredweight of bulk milk requested, but not supplied. In reviewing the reasonableness of the terms offered by the seller, the Department shall consider the following as being reasonable:

- (a) The order for bulk milk shall be placed at least 48 hours prior to delivery.
- (b) The seller may require payment on delivery.
- (c) Minimum delivery volume shall be not less than 5,000 gallons per day.
- (d) Transportation terms that are accepted as normal practice.
- (e) The presence of a certification by the call handler that such handler qualifies as a call handler and that the milk requested will be used for Class 1 purposes.

Any call handler who makes a call upon a designated supply handler for market milk must file a certification form with the Department and with such designated supply handler that the market milk requested will be used for Class 1 purposes and that such call handler meets the standards of a call handler. All market milk released by a designated supply handler to a call handler shall be credited 100% for performance purposes.

Any call handler filing a certification form will be audited. If it is determined that any call handler who received market milk after certification did not meet the terms of such certification and/or was not a qualified call handler during the week for which the delivery and receipt of market milk was made shall be assessed two dollars (\$2.00) per hundredweight for each hundredweight of market milk received under the certification.

Amounts assessed shall be added to the handler's obligation account and credited to the solids-not-fat producer equalization fund as such is established in the Pooling Plan for Market Milk.

A list of designated supply handlers for the two procurement regions is given on the next three pages. The order in which handlers must be contacted changes from week to week in both procurement regions. The quantity, expressed as a percentage, of quota solids-not-fat that each designated supply handler must make available on a calendar week basis is 85% for all of September 1, 2005 through April 30, 2006.