

**NATIONAL MILK PRODUCERS FEDERATION
POSITION ON FEDERAL ORDER CLASS III & CLASS IV PRICE HEARING PROPOSALS
May 8, 2000, Alexandria, VA**

Exhibit 13

Proposal	Proponent	Description	NMPF Position	
Butter/Butterfat	1	Western States et al & NFO	Use Chicago Mercantile Exchange (CME) product prices	Continue using NASS product prices and seek legislation to require price reporting with reports subject to verification. If mandatory reporting fails revisit issue.
	2	Pam Festge	Remove the marketing allowance (\$0.0015) from the manufacturing allowance	Oppose
	3	Suiza, MIF-IICA, Wells	Reduce the NASS butter survey price 6 cents in computing the butterfat price in Class II, III & IV	Oppose
	4	MIF, IICA, Wells	Reduce the NASS butter survey price 6 cents in computing the butterfat price in Class I	Oppose
	5	Schreiber Foods	Use the CME butter price minus 9 cents in determining the butterfat price	Oppose
	6	NMPF	Use the March 2000 Rural Business-Cooperative Service (RBCS) cost survey data plus an \$0.0015 marketing cost as the manufacturing allowance	Replace the current \$0.114 manufacturing allowance with \$0.096, the weighted average of the new California and the RBCS manufacturing cost surveys with a \$0.0015 per lb. marketing cost added to both surveys and the CA return on investment added to the RBCS survey. Data on actual marketing costs to be in NMPF members' testimony.
	7	SE Dairy Farmers (SE)	Use the March 2000 RBCS cost survey data as the manufacturing allowance	Adopt NMPF position in #6.
	8	NMPF, SE, LOL & DFA	Incorporate a Class IV butterfat price calculated by subtracting 6 cents from the butterfat price	Support approximately 6 cents, based on higher costs in using cream to make butter and need for price alignment with CA. Data on higher manufacturing costs when cream is used to make butter to be in NMPF members' testimony.

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Cheese/Protein Price	9	Deer River, Jefferson & Lowville Cooperatives	Use 12.7 cents per pound as the manufacturing allowance	Oppose
	10	Western States et al	<ul style="list-style-type: none"> • Use the CME 40 pound block cheese price; • Reduce the manufacturing allowance from \$0.1702 to \$0.142 per pound • Change the 1.582 factor in the butterfat portion of the formula to 1.61 	<ul style="list-style-type: none"> • Continue to use 40 lb. block and barrels. • Reduce the manufacturing allowance from \$0.1702 to \$0.1536 per pound (See #14). • Let USDA decide the factor for the butterfat portion of the formula based on the hearing record.
	11	NFO	Change the 1.582 factor in the butterfat portion of the formula to 1.60	Let USDA decide the factor for the butterfat portion of the formula based on the hearing record.
	12	NCI	<ul style="list-style-type: none"> • Include 640 pound cheese prices in addition to 40 pound blocks and 500 pound barrels • Adjust 640 and 500 pound cheese prices based on actual industry cost data on manufacturing costs differences between 40 pound blocks and 500/640's 	<ul style="list-style-type: none"> • Oppose • Continue the present provision of adding \$0.03 per pound to the NASS 500 lb. barrel price.
	13	NFO & 5 individuals	Adjust 40 pound cheese block prices for moisture	No position - Let USDA decide based on hearing record.
	14	NMPF	<ul style="list-style-type: none"> • Use the March 2000 RBCS cost survey data plus \$0.0015 marketing cost as the manufacturing allowance • Change the 1.582 factor in the butterfat portion of the formula to 1.60 	Replace the current \$0.1702 manufacturing allowance with \$0.1536, the weighted average of the new California and the RBCS manufacturing cost surveys with a \$0.0015 per lb. marketing cost added to both surveys and the CA return on investment added to the RBCS survey. Data on actual marketing costs to be in NMPF members' testimony. Let USDA decide the factor for the butterfat portion of the formula based on the hearing record.
	15	DFA	<ul style="list-style-type: none"> • Reduce the manufacturing allowance from \$0.1702 to \$0.1508 • Change the 1.582 factor in the butterfat portion of the formula to 1.60 	Adopt NMPF position in #14.
	16	Am Farm Bureau & SE Dairy Farmers	Replace the \$0.1702 manufacturing allowance with the RBCS survey cost, reviewed annually. AFBF also proposed including California survey costs	Adopt NMPF position in #14.
	17	Michigan Milk	Simplify the formula - subtract \$0.1702 & the quantity obtained by multiplying the butterfat price by .3732 from the NASS cheese survey price, divide the result by .2915	No opposition to simplifying the formula - let USDA decide. If USDA adopts the simplified formula, the factors used in the simplified formula should reflect the NMPF position in #14
18	5 Individuals	Include a value for butterfat in whey cream in the Class III price	Oppose	

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Whey & Other Solids	19	Western States et al	Use CME whey prices	Use NASS - no CME price quote.
	20	NCI	Increase the manufacturing allowance from \$0.137 to \$0.171 per pound	Adopt NMPF position in #21 - use \$0.150
	21	NMPF	Use the March 2000 RBCS cost survey data plus \$0.0015 marketing cost as the manufacturing allowance	The new RBCS survey does not contain whey manufacturing cost information due to insufficient data. Replace the current \$0.137 manufacturing allowance with \$0.150 derived from the nonfat manufacturing allowance of \$0.140 plus \$0.01 for additional energy and equipment costs required to process whey. Data on additional costs to be in NMPF members' testimony.
	22	SE Dairy Farmers	Use the March 2000 RBCS cost survey data as the manufacturing allowance	Adopt NMPF position in #21.
Nonfat Solids	23	NMPF	Use the March 2000 RBCS cost survey data plus \$0.0015 marketing cost as the manufacturing allowance	Replace the current \$0.137 manufacturing allowance with \$0.140, the weighted average of the new California and the RBCS manufacturing cost surveys with a \$0.0015 per lb. marketing cost added to both surveys and the CA return on investment added to the RBCS survey. Data on actual on marketing costs to be in NMPF members' testimony.
	24	SE Dairy Farmers	Use the March 2000 RBCS cost survey data as the manufacturing allowance	Adopt NMPF position in #23.
	25	AMPI	Increase the manufacturing allowance from \$0.137 to \$0.1563 per pound	Adopt NMPF position in #23 - use \$0.140.
	26	Western States et al	Use CME nonfat dry milk prices	Use NASS - no CME price quote.
	27	NFO	Divide the CME nonfat dry milk prices minus the manufacturing allowance by .99 rather than 1.02	Continue to use 1.02.
	28	5 Individuals	Divide the CME nonfat dry milk prices minus the manufacturing allowance by .975 rather than 1.02	Continue to use 1.02.

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Miscellaneous	29	5 Individuals	Incorporate cost of production into the Class III & IV formulas	The Secretary should consider cost of production as the law provides in section 18 of the Agricultural Marketing Agreement Act of 1937.
	30	Family Dairies USA & Midwest Coalition	Assure that any increases resulting from changes to the Class III and IV price formulas not increase Class I prices	Oppose - Issues regarding Class I prices are not open for consideration at this hearing.
	31	Galloway Co. & Hershey Foods	Offset any changes made to the Class IV formula that increase the Class II price with a reduction in the Class II differential	Oppose - Issues regarding Class II prices are not open for consideration at this hearing.
	32	USDA	<ul style="list-style-type: none"> • Should the butterfat price for milk used in Class III be based directly on the value of butterfat in cheese? If so, should component pricing orders pool butterfat values for payment to producers? • Do emergency conditions that warrant the omission of a recommended decision exist? 	<ul style="list-style-type: none"> • Oppose • If a recommended decision is omitted USDA should issue an interim final rule to be implemented on January 1, 2001. There should be a comment period on the interim final rule.