
SOUTHERN MARKETING AGENCY, INC.

13400 U. S. HIGHWAY 42, SUITE 162
PROSPECT, KENTUCKY 40059
MAILING ADDRESS: P. O. BOX 248
GOSHEN, KENTUCKY 40026

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PHONE: 502-292-2810
FAX: 502-292-2828

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November 9, 2006

Hearing Clerk
United States Department of Agriculture
STOP 9200 – Room 1031
1400 Independence Avenue, S.W.
Washington, DC 20250-1031

In response to the request for comments on the Tentative Partial Decision, Milk in the Appalachian and Southeast Marketing Areas [Docket No. AO-388-A17 and AO-366-A46; DA-05-06], the members of Southern Marketing Agency, Inc. (SMA) submits the following remarks.

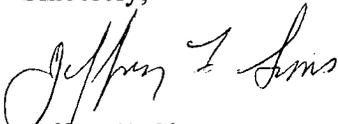
1. SMA members wholeheartedly support the Secretary's Decision as it regards updates to the Transportation Credit provisions in §100x.81 and §100x.82 and the inclusion of new language in §100x.83 in the Orders Regulating the Handling of Milk in the Appalachian and Southeast Marketing Areas. Specifically the members support:
 - a. The change in the assessment rate that will allow the Transportation Credit Balancing Funds to accumulate sufficient dollars to pay a much higher portion, if not all, of the claims for transportation reimbursement.
 - b. The inclusion of a fuel adjustor in the transportation credit calculation. This will provide appropriate market data, which will cause adjustments to the formulas to better reflect current market prices for fuel. A current market fuel price will prevent the credit amount from becoming woefully under funded so that dairy farmers have to carry a disproportionate share of the cost of transporting milk to market and prevent it from becoming a market distorting factor if it were to offset a greater than necessary portion of the transport costs.
 - c. The various factors noted in the Decision representing the cost constants in the transportation credit calculation formula. The factors in the Decision represent well the necessary components of the formula and if they need to be altered can be done so in a future hearing.
2. We appreciate the timetable for which the Decision was made and the implementation of the Decision on December 1, 2006.

3. SMA does wish to request that the fuel adjustment computations, which determine the monthly mileage, rate for Transportation Credits be included in the Market Administrator's monthly announcement of Advanced Class prices. Specifically we want the fuel adjustor figure to be published. The publishing of the fuel data and the resulting change in the mileage rate will offer clarity to the analysis of fuel price changes, and those fuel price changes' impact on the cost of supplemental milk supplies for the Appalachian and Southeast Federal Order Marketing areas.

4. The updates to the Transportation Credit provisions are long overdue, and the needed modernization of the provisions will allow adjustments for changing costs of supplying supplemental milk to the Appalachian and Southeast Marketing Areas to be more fairly shared among all of the market's participants.

Thank you for the opportunity to make these comments. The members of SMA look forward to the issuance of the remainder of the Decision on other proposals noticed at the January 2006 Hearing.

Sincerely,

A handwritten signature in cursive script that reads "Jeffrey F. Sims".

Jeffrey F. Sims
Administrator