

**Prepared Testimony of  
Daniel S. McBride,  
Northwest Dairy Association**

**Re: Proposal Nos. 5, 11, 12, & 13, "Bulk Tank Handler Issues"**

Federal Milk Market Order Hearing  
Docket Nos. AO-368-A30; AO-380-A18; DA-01-08  
April 16, 2002

My name is Daniel S. McBride. I am testifying today on behalf of Northwest Dairy Association, which is usually referred to as "NDA". In earlier testimony I have introduced myself, as well as NDA and WestFarm Foods.

NDA Opposes Proposal No. 5. As we understand this proposal, the Western Order (Order 135) would be amended to delete entirely the "bulk tank handler" provision, which has been utilized by cheese plants in Southern Idaho to pool their milk.

We note that the order provisions also would permit handlers using this provision to qualify, alternatively, as a pool supply plant. Our understanding is that the bulk tank handler provision is a more efficient way of operations. If so, that should be a justification for retaining it.

If there are problems associated with this provision, they should be modified. But at this point in the hearing, we see no reason for such a change. The practical effect of this is to make it more difficult for certain producers to be pooled, but that should not be the goal of the Department in writing Federal Orders.

Proposals 11-13. At this point in the hearing process, NDA does not have a position on these proposals. We understand the intent to be to ensure that the proprietary bulk tank handler provision does not result in agreements with distributing plants which, when all aspects are considered, give the distributing plants a lower cost of milk than the Class prices under the order.

NDA could agree that plants should pay the full Class prices. The problem lies in how this can be achieved. And the awkward fact is that today there are many such devices which, when all is considered, give some bottlers an economic advantage over competitors who arguably are subject to the same Class I price. One of those is the sale of pooling rights, which has been discussed at length earlier in this hearing. The fundamental problem is that the transaction regulated

by the Federal order need not be the only business transaction between the parties.

Given that, we are certainly open to whatever the Department feels makes sense.

I would be happy to answer any questions.

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