



SECURITY MILK PRODUCERS ASSOCIATION

1920 S. Archibald, Suite I • Ontario, CA 91761-8504

TEL: (909) 947-8782 • FAX: (909) 947-2721



FACSIMILE FROM: Kevin McLaughlin (ext 223)

DATE: 3/11/97

ATTENTION: RICH MCKEE

COMPANY: USDA - AMS

FAX No. 202 690-3410

No. of PAGES (Including this page): 10

MESSAGE:

THE FOLLOWING IS FOR YOUR CONSIDERATION
REGARDING ORDER RETURN.

PLEASE CALL WITH ANY QUESTIONS.

THANK YOU,
Kevin

Please call if there are any problems with receipt of this fax.
Thanks!

**SECURITY MILK PRODUCERS ASSOCIATION**

1920 S. Archibald, Suite I • Ontario, CA 91761-8504

TEL: (909) 947-8782 • FAX: (909) 947-2721

March 7, 1997

Mr. Richard M. McKee, Director
Dairy Division
USDA / AMS, Room 2968, South Building
Post Office Box 96456
Washington, DC 20090-6456

Dear Mr. McKee:

Please accept my thanks on behalf of the cross section of curious California dairy industry persons that you, Mr. Dunn, Mr. Hatamiya, and Mr. Albright met with in Sacramento on February 6, 1997. The informal public meeting was greatly appreciated and very informative, and I was pleased to be able to attend.

Security Milk Producers Association (SMPA) is preparing a proposal which will be ready in a few weeks. Our proposed Federal Order will be similar in form and content, to existing F.O. 131, Central Arizona. This letter is a request for you to consider the following as it will pertain to our proposed "Grand Canyon" F.O. in its finished form.

As indicated on page 20 of the Federal Milk Marketing Order Program, "Many areas that were once generally distinguishable as separate markets also overlap in terms of procurement of supplies. Large-scale distribution over wide areas has introduced new dimensions to the problem of assembling milk supplies. As a market reaches out greater distances for its milk supplies, neighboring farmers often find themselves receiving substantially different blend prices because they are delivering to different order markets. Such situations have led producers to ask that separately regulated areas be placed under one order. The area of milk procurement has become increasingly important in determining marketing area definitions." We believe Central Arizona F.O. 131, should be expanded to include the entire State of Arizona and should include Southern Nevada. ✓

SMPA currently markets milk in Las Vegas, Nevada. Our herds include approximately 19.5 million pounds per month produced on ranches located in southern Nevada. Our customer, in southern Nevada, Anderson Dairy, markets all of their milk in the Las Vegas area. They do not, however, completely supply the needs of that ever-growing metropolitan area. Milk is shipped from handlers and distributors in Arizona, (Smith's Food in Tolleson, for example) and California (Alta-Dena, Certified Grocers, Lucky Stores, to name a few) to retail outlets in Clark County, and beyond, with increasing regularity. Anderson's milk, however, does not travel north into Nevada, Utah or Idaho. We do not see evidence that milk from Utah or Idaho travels as far south as Las Vegas, either.

Attachments 1&2 are from the Milk Market Information (Phoenix office) data issued January 1997. It shows several southern California handlers, and at least one Arizona pool plant, have distribution into F.O. 139 and into Arizona. Some of the Order 139 sales may be to locations beyond Clark County, but it appears most are to the Las Vegas area. The California Department of Food and Agriculture recently released information on milk movements between states (see attachments 3&4). These attachments substantiate, in pounds, the amounts of milk, both packaged and in bulk form, that is imported and exported from California to both Arizona and Nevada.

If southern Nevada is combined with Utah and Idaho, as suggested in USDA's Preliminary Report on Order Consolidation, the southern Nevada producer uniform price will be dramatically lowered. This will cause the milk produced in southern Nevada to move into California and Arizona for the higher prices offered there. Anderson Dairy will be faced with the very real problem of obtaining raw milk.

On page 85 of the USDA's Preliminary Report on Order Consolidation (Report), dated November 1996, Data for Southwest Marketing Area, clear justification for combining F.O.s 126 (Texas) and 138 (New Mexico-West Texas) is offered in paragraph 1. That same paragraph also indicates "F.O. 131 distributes 6.4 percent of the total route disposition within F.O. 138. This represents nearly all of the relationship between the F.O. 131 area and the other markets in the Southwest consolidated area." If this small percentage is localized and borders Arizona, which I assume it does, then perhaps adding that area to this proposed order is equally justified.

The same page, paragraph 4, cites concerns that "Central Arizona has only 5 pool handlers", and that "a decline in number could cause market data to become restricted". By encompassing all of Arizona and adding southern Nevada handlers, such as Anderson's, to the list of pool handlers, that concern is minimized.

The Report also states, on page 95, Data for Western Marketing Area, paragraph 2, that "the primary procurement overlap occurs in 5 Idaho counties, where a large percentage of pool milk for both F.O. 135 and F.O. 139 is produced." This milk does not, and would not, travel to Vegas. The attached maps show the nation's milk sheds and consumption points, and clearly validates this point.

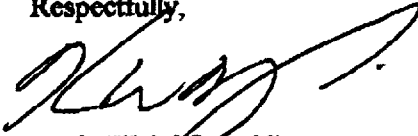
One of the criteria mentioned in the Report is producer affiliation. SMPA markets milk for producers in southern Nevada, California, and a group in Arizona producing about 10 million pounds per month. We are not the only cooperative association with members in each of these areas, and I hope we are not the only ones to express concern regarding the suggested Western and Southwestern Marketing Areas.

At the public meeting in Sacramento, a "proposal" to consider the State of California as a Federal Order was offered to you by the California Dairy Campaign. It is likely you will receive more "proposals" from California, but in my opinion, the producers, statewide, will not vote one in. Should a referendum fail, SMPA would consider, and ask the Secretary to consider, combining

Southern California into our proposed F.O. A grassroots survey of some southern California producers found them willing to abandon or sell their quota to join Arizona and Southern Nevada in a F.O. With Southern California's Class 1 utilization added to the equation, I would, too.

Mr. McKee, as I stated previously, we will finalize our proposal soon. I appreciate the opportunity to air these concerns to you and your staff. Please call me if there are any questions you would like answered.

Respectfully,



Kevin W. McLaughlin
Fluid Operations

Attachments

Cooperative Associations and Handlers
Orders 131, 134, 137, and 139
December 1996 Delivery Period
(23 Fluid Processing Plants Pooled--Operated by 17 Handlers)

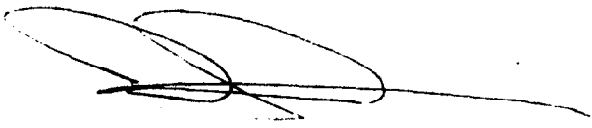
Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Adohr Farms, Inc.	Santa Ana	CA	5			
Alta-Dena Certified Dairy	Industry	CA	5		5	4
Anderson Dairy, Inc.	Las Vegas	NV				6
Barker's White Jug Dairy	Mt. Pleasant	UT				2
Borden, Inc., dba Meadow Gold Dairy, Inc.	Boise	ID				3
	Delta	CO		6		3
	Englewood	CO		3	6	
	Greeley	CO		3	6	
	Lincoln	NE			3	
	Pocatello	ID				6
	Salt Lake City	UT				6
	Brigham Young University	Provo	UT			
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Cream o'Weber Dairy, Inc.	Salt Lake City	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dillon Dairy Co.	Denver	CO			6	
Ethington Dairy	Chandler	AZ	2			
Farm Fresh	Salem	UT				2
Fred Meyer, Inc.	Portland	OR				3
Gillette Dairy, Inc.	Rapid City	SD			5	
Golden West Dairies	Wellton	AZ	2			
Gossner Foods, Inc.	Logan	UT	3	3	3	6
Graff Dairy	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettinga Dairy	Yuma	AZ	2			
Hershey Chocolate, USA	Savannah	GA	5			5
Ideal Dairy, Inc.	Richfield	UT				2
Jackson Ice Cream Co., Inc.	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
Jones Dairy & Health Foods	Salt Lake City	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN			5	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Lucky Stores, Inc.	Buena Park	CA				5
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Mid-America Dairymen, Inc.	North Platte	NE			6	
	Springfield	MO			1	
Model Dairy, Inc.	Reno	NV				5

attachment |

12

Robert Watkins

Robert Watkins
Route One, Box 1 168AA
Pickton, Texas 75471



Tom Ray Johnson
Route One
Pickton, Texas 75471

Richard Watkins

Richard Watkins
Route One
Como, Texas 75431

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Morning Star-Favorite Foods	Gustine	CA	5		5	5
Plains Creamery	Amarillo	TX			3	
Ralphs Grocery Co.	Compton	CA	5			4
Real Fresh, Inc.	Visalia	CA	5			
Reed's Dairy, Inc.	Idaho Falls	ID				2
Roberts Foods, Inc.	Omaha	NE			3	
Robinson Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Safeway Stores, Inc.	Denver	CO		3	6	
	Tempe	AZ	6			
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Smith's Food & Drug Cntrs., Inc.	Layton	UT				6
	Tolleson	AZ	6			3
Steuben Foods, Inc.	Elma	NY			5	
Straus Family Creamery	Marshall	CA	5		5	4
Swiss Dairy	Riverside	CA				5
The Vons Companies, Inc.	City of Commerce	CA				5
United Dairyemen of Arizona	Tempe	AZ	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Valley Dairy, Inc.	Yerington	NV				4
Wells Dairy, Inc.	Omaha	NE			3	
Western Dairyemen Cooperative, Inc.	Beaver	UT				6
	Riverton	WY			5	
	Thornton	CO		1	1	1
					6	
	Smithfield	UT				6
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	3
2	Producer Handler plant	3	0	5	9
3	Other Order Pool Plant with Route Disposition in Marketing Area	1	4	6	4
4	Exempt Distributing Plant	0	0	0	8
5	Partially Regulated Plant	10	0	8	9
6	Pool Plant attachment 2	5	2	11	10

**CALIFORNIA EXPORTS AND IMPORTS OF BULK AND PACKAGED MILK
January 1995 to October 1996**

Year	Month	Export Bulk 1/	Export Packaged 2/		Import Bulk 3/
		Pounds	Gallons	Pounds 4/	Pounds
1995	Jan	19,562,740	1,365,747	11,958,987	23,250,427
	Feb	16,471,085	1,276,762	11,016,629	21,427,688
	Mar	18,943,133	1,369,827	11,621,607	25,647,369
	Apr	18,289,596	1,304,695	11,259,518	33,292,635
	May	18,759,067	1,297,909	11,200,955	31,714,453
	Jun	16,555,674	1,210,610	10,449,290	32,420,830
	Jul	18,062,200	1,255,465	10,834,663	32,793,614
	Aug	18,176,666	1,437,710	12,407,437	34,338,972
	Sep	16,321,906	1,761,763	15,204,187	34,506,363
	Oct	17,698,479	1,638,401	14,139,401	32,643,499
	Nov	17,669,335	1,546,524	13,363,762	33,277,162
	Dec	17,960,398	1,529,704	13,201,346	39,186,714
1996	Jan	16,637,206	1,439,802	12,425,491	42,330,625
	Feb	17,124,460	1,406,737	12,140,140	42,045,561
	Mar	19,410,407	1,421,163	12,264,637	48,267,515
	Apr	18,681,560	1,461,994	12,617,008	45,605,704
	May	19,077,176	1,439,121	12,419,614	48,154,803
	Jun	18,260,653	1,329,682	11,475,166	50,936,760
	Jul	17,885,571	1,412,625	12,190,954	45,000,664
	Aug	17,474,161	1,715,067	14,801,028	36,142,720
	Sep	19,089,471	1,769,441	15,270,276	37,660,393
	Oct	23,807,388	1,642,335	14,173,351	34,121,122
	Nov	31,785,135	1,430,442	12,344,714	53,102,602
	Dec				60,915,621

1/ Source: Information from Federal Milk Marketing Order, AMS-USDA and from NASS-USDA

2/ Source: "Report #800d, Dairy Marketing Branch, CDFA

3/ Source: "Reports #800 and #100-7," Milk Pooling Branch, CDFA.

4/ Pounds equals gallons times 8.63

Dairy Marketing Branch, CDFA

01/17/97-04:04 PM

ALT-S-04.WK4

Bulk Milk Shipped into California Pool Plants from Out-of-State Sources

All Figures are Pounds of Milk, unless otherwise noted

Month Year	Out-of-State Milk (OOS Milk)			Total OOS	OOS Milk by Destination		OOS Milk Used in Class 1			Percent of OOS Milk Used in Class 1			Class PPD
	Nevada	Arizona	Other 1/		So. Calif.	No. Calif.	So. Calif.	No. Calif.	Total	So. Calif.	No. Calif.	Total	
1 1993	13,080,873	0	2,987,662	16,068,535	8,696,991	8,170,744							
2 1993	10,834,994	0	3,056,902	13,891,896	5,836,592	7,552,304							
3 1993	13,024,136	0	3,131,082	16,155,218	7,108,165	9,047,053							
4 1993	14,754,993	0	2,992,090	17,747,083	7,886,808	9,860,275							
5 1993	15,879,508	0	3,106,640	18,986,148	8,657,887	10,430,151							
6 1993	15,135,853	0	3,113,670	18,249,523	7,446,131	10,804,492							
7 1993	15,843,829	0	3,837,910	19,681,739	7,535,519	12,146,220							
8 1993	7,274,896	97,490	10,922,362	18,294,818	7,372,456	10,922,362							
9 1993	6,826,700	0	7,308,595	14,135,295	6,992,200	7,741,095							
10 1993	13,584,230	0	0	13,584,230	7,174,681	6,410,549							
11 1993	13,154,979	0	0	13,154,979	7,038,148	6,118,830							
12 1993	13,836,615	0	187,578	14,024,193	7,820,940	6,203,245							
1 1994	14,887,963	0	8,781	14,896,744	8,276,866	6,420,058							
2 1994	14,871,701	0	0	14,871,701	8,550,736	6,320,965							
3 1994	17,770,055	0	0	17,770,055	9,841,522	7,828,533							
4 1994	20,511,163	0	0	20,511,163	11,391,273	9,119,690							
5 1994	24,858,251	170,870	164,218	24,993,339	12,917,048	12,076,291							
6 1994	23,502,788	231,950	0	23,734,738	13,282,865	10,451,853							
7 1994	17,807,660	162,378	5,393,850	23,363,888	12,518,876	10,843,704							
8 1994	20,497,793	175,130	1,518,800	22,191,723	12,655,756	9,533,757							
9 1994	22,318,351	59,820	118,050	22,496,221	12,981,168	9,515,153							
10 1994	18,110,596	156,502	4,865,302	23,132,400	13,981,335	9,141,065							
11 1994	21,245,361	1,801,050	0	22,846,411	14,889,691	8,178,720							
12 1994	22,618,286	1,811,146	0	24,129,432	13,598,033	8,631,399							
1 1995	21,859,877	1,890,450	0	23,250,327	15,158,947	8,080,480	14,528,660	6,964,745	21,493,405	95.8%	88.1%	92.4%	54
2 1995	19,958,170	1,471,518	0	21,427,688	14,035,915	7,381,773	13,599,896	6,987,700	20,587,596	98.0%	94.3%	98.0%	51
3 1995	22,820,744	1,629,128	1,200,505	25,647,369	17,448,060	8,281,308	17,054,212	7,389,965	24,448,177	97.8%	90.2%	95.3%	58
4 1995	22,867,287	1,490,800	6,934,748	33,292,835	22,188,849	11,083,688	18,275,073	7,482,156	25,737,239	73.3%	67.3%	71.3%	63
5 1995	17,844,572	2,241,814	11,828,067	31,714,453	18,592,805	13,121,548	18,985,798	8,568,848	25,242,747	89.7%	65.2%	78.8%	60
6 1995	23,325,698	3,588,820	6,514,512	32,429,030	19,385,287	13,035,543	19,758,791	9,768,875	28,555,667	86.8%	75.2%	88.1%	53
7 1995	28,991,180	3,308,800	495,834	32,795,814	25,168,558	7,625,055	23,830,819	7,839,302	30,999,920	85.1%	82.3%	84.4%	63
8 1995	27,914,981	3,823,760	3,900,231	34,338,972	24,924,970	9,414,802	24,280,271	9,182,348	33,472,619	87.5%	87.5%	87.5%	56
9 1995	28,868,371	5,305,431	2,234,581	34,508,363	26,148,188	9,357,175	19,853,367	8,573,138	28,126,485	77.7%	91.8%	81.5%	55
10 1995	20,848,059	8,838,280	2,158,160	32,844,499	23,584,030	9,079,460	23,154,188	8,814,198	31,968,319	98.3%	97.1%	97.9%	58
11 1995	20,735,142	11,750,840	791,200	33,277,182	24,489,434	8,787,748	29,678,744	8,541,173	32,219,917	88.7%	87.2%	90.8%	58
12 1995	21,998,224	13,811,190	3,387,300	39,196,714	29,410,570	9,786,144	27,855,488	9,918,825	38,875,114	95.1%	91.1%	94.1%	53
1 1996	22,058,915	15,282,710	5,008,200	42,330,825	32,785,110	9,565,715	30,927,243	9,057,433	39,984,676	94.4%	94.7%	94.5%	57
2 1996	15,640,231	6,184,920	20,240,410	42,045,561	33,421,070	8,624,491	30,708,916	8,418,868	39,126,513	91.9%	87.8%	93.1%	54
3 1996	16,301,173	5,864,120	26,102,222	48,267,515	36,019,202	10,248,313	35,767,837	8,723,040	45,490,677	94.1%	84.8%	94.2%	58
4 1996	18,262,686	4,270,140	25,272,878	48,805,704	35,218,718	10,586,986	33,032,183	9,807,451	42,864,644	93.6%	83.5%	93.8%	54
5 1996	15,855,988	4,189,952	23,128,856	48,154,803	36,680,367	11,474,436	34,217,828	10,777,881	44,994,989	93.3%	83.9%	93.4%	58
6 1996	13,930,324	8,382,424	28,524,012	50,936,760	38,387,678	11,549,084	38,455,340	11,029,469	47,484,836	92.6%	85.6%	93.2%	52
7 1996	27,360,236	16,432,786	1,287,640	45,080,664	34,663,626	10,937,038	31,267,584	10,328,202	41,893,785	91.8%	84.4%	92.4%	55
8 1996	27,089,825	7,151,990	1,901,104	36,142,920	26,419,440	10,723,280	24,498,905	10,131,180	34,827,985	86.4%	84.5%	86.8%	56
9 1996	26,277,840	10,050,273	1,832,280	37,860,393	27,448,113	10,412,280	25,878,610	9,847,088	35,825,709	84.3%	85.6%	84.6%	56
10 1996	24,043,884	6,481,658	3,615,890	34,121,422	26,684,978	8,456,144	24,680,881	7,369,293	31,848,154	85.8%	87.0%	83.6%	51
11 1996	26,292,031	24,270,551	2,540,220	53,102,802	42,011,029	11,091,773	38,864,584	9,978,783	48,841,347	82.5%	89.9%	82.0%	54
12 1996	Preliminary			60,915,821	49,938,781	10,985,040							

1/ May include some milk from Nevada and Arizona.

Current imports to California from "Reports #800 and #100-7," Milk Pooling Branch, CDFA.
 Pooled Class 1 utilization from "Report #1101," Milk Pooling Branch, CDFA.
 Exempt Producer-Distributor Class 1 utilization from "Report #120-15," Milk Pooling Branch, CDFA.

Milk Pooling Branch, CDFA

01/27/97 03:58 PM

ALT-S-02.WK4

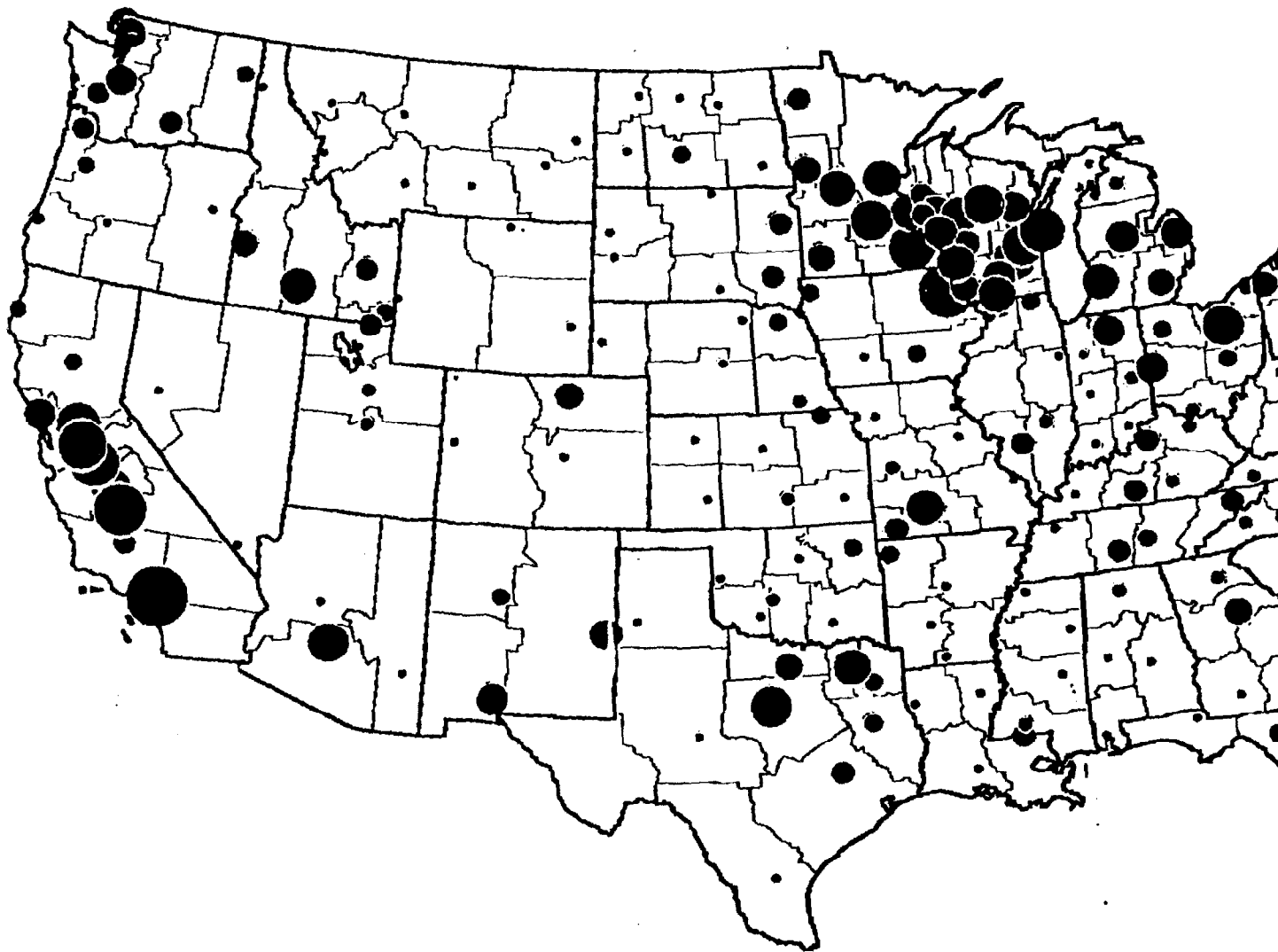
P. 8/10
NO. 202

ADV. MILK COMM.

9:43PM

MAR. 11. 1997

Figure 3. Milk Supply Points in USDSS



MAR. 11. 1997

9:43PM ADV. MILK COMM.

NO. 202 P. 9/10

Figure 5. Milk Consumption Points in USDSS

