



**National All-Jersey Inc.**

July 13, 2023

**VIA E-MAIL: [FMMOhearing@usda.gov](mailto:FMMOhearing@usda.gov)**

Deputy Administrator  
USDA/AMS/Dairy Programs  
STOP-02250, Room 2530 1400  
Independence Avenue, SW  
Washington, DC 20250-0225

Dear Deputy Administrator:

National All-Jersey Inc. (NAJ) submits these comments in response to the letter sent by National Milk Producers ("NMPF") on June 30, 2023 characterizing NAJ's proposals 2 and 3 as regional and not germane to the hearing USDA may notice.

The issue of whether component pricing should exist nationally in all of the Federal Milk Marketing Orders ("FMMOs") for manufacturing classes, which is raised and advocated for in NAJ proposal 2, is by definition a national issue. USDA adopted MCP valuation to set classified prices for all classes of milk, and applied the resulting MCP protein, SNF, and other solids values for Class II, III and IV regulated manufacturing prices in all but four orders. In four orders, manufacturing class prices are component derived, but not component applied.

Currently, NAJ's proposal includes language that would modify order specific provisions, but that is both because during FMMO reform, USDA adopted MCP for manufacturing prices in all but four orders thus making the use of Part 1000 inapposite at that time, and because the order specific language that NAJ offered was readily available to give notice of the objective of



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Proposal 2 in response to USDA's Action Plan. With the proposal by NAJ to extend MCP to all FMMOs, this is could also be an opportunity to create uniformity, streamline orders, and implement MCP language in Part 1000, while still leaving order specific provisions such as SCC and some other unique redistribution provisions for individual order language. This would be similar to the universal accounting rules for partially regulated handlers in 7 CFR 1000.76. NAJ is prepared to present such language. This would advance USDA's demonstrated philosophy in FMMO reform to simplify by including common language in Part 1000 where possible.

Additionally, Proposal 2 is germane to the hearing that USDA may notice. NMPF is seeking to update the skim factors and has articulated that outdated skim factors cause disorderly marketing. NAJ has indicated that having MCP for manufacturing prices in some FMMOs but not all, creates uneconomic milk movement incentives by encouraging higher component milk to move away from fat/skim orders. To make the situation better for seven orders and leave four orders facing the problem of uneconomic milk movement incentives that will remain following updates to the skim factors is not consistent with USDA's obligation to maintain orderly marketing conditions, especially when the non-MCP orders are facing fluid milk plant closings and are in deficit.

NAJ's Proposal 3, "Class I in all orders to be valued on the actual pounds of protein, other solids, and nonfat solids pooled", is also national in scope and as presented by NAJ would bring about changes to Part 1000 or identical changes to section 60 in every order. The proposal, if adopted, would change how Class I is valued in every Federal Milk Marketing Order. In that respect it is no different than other submitted Class I proposals seeking to return the Class I base

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price to be the “higher of,” or seeking to retain the current Class I prices as the “average of with a floored \$0.74/cwt. adjustment.”

Thank you for your consideration of these additional comments, and I look forward to the Department’s decisions on whether to hold a hearing, and if so, which proposals will be included.

Respectfully submitted,

A handwritten signature in black ink that reads "Erick Metzger". The signature is written in a cursive style with a large, looped 'E' and a stylized 'M'.

Erick Metzger