

views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; shipments of the current crop of such plums are expected to begin on or about the effective date hereof; this section should be applicable to all such shipments in order to effectuate the declared policy of the act; the provisions of this section are identical with the aforesaid recommendation of the committee; and information concerning such provisions and effective time has been disseminated among handlers of such plums and compliance with the provisions of this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof. Such committee meeting was held on April 28, 1964.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., May 22, 1964, and ending at 12:01 a.m., P.s.t., November 1, 1964, no shipper shall ship from any shipping point during any day any package or container of Beauty plums, except to the extent otherwise permitted under this paragraph, unless:

(i) Such plums are of a size that, when packed in a standard basket, they will pack at least a 4 x 5 standard pack; and

(ii) The diameters of the smallest and largest plums in such package or container do not vary more than one-fourth ($\frac{1}{4}$) inch: *Provided*, That a total of not more than five (5) percent, by count, of the plums in the package or container may fail to meet this requirement.

(2) During each day of the aforesaid period, any shipper may ship from any shipping point a quantity of such plums, by number of packages or containers, which are of a size smaller than the size prescribed in subparagraph (1) of this paragraph if said quantity does not exceed fifty (50) percent of the number of the same type of packages or containers of plums shipped by such shipper which meet the size requirements of said subparagraph (1) of this paragraph: *Provided*, That the individual packages or containers of such smaller plums in each lot of such plums handled shall, except for individual shipments of not more than two-hundred (200) packages or containers, not exceed two-thirds ($\frac{2}{3}$) of the total packages or containers of plums in such lot, and: *Provided further*, That all such smaller plums meet the following requirements:

(i) Such plums are of a size that, when packed in a standard basket, they will pack at least 5 x 5 standard pack; and

(ii) The diameters of the smallest and largest plums in the package or container do not vary more than one-fourth ($\frac{1}{4}$) inch: *Provided*, That a total of not more than five (5) percent, by count, of the plums in the package or container may fail to meet this requirement.

(3) If any shipper, during any day of the aforesaid period, ships from any shipping point less than the maximum allowable quantity of such plums that may be of a size smaller than the size prescribed in subparagraph (1) of this

paragraph, the quantity of such under-shipment may be shipped by such shipper only from such shipping point.

(4) When used herein, "standard pack" shall have the same meaning as set forth in the revised United States Standards for Plums and Prunes (Fresh) (§51.1520-1537 of this title); "standard basket" shall mean the standard basket set forth in paragraph 1 of section 828.1 of the Agricultural Code of California; "diameter" shall mean the distance through the widest portion of the cross section of a plum at right angles to a line running from the stem to the blossom end; and, except as otherwise specified, all other terms shall have the same meaning as when used in the amended marketing agreement and order.

(5) Section 917.143 of the rules and regulations, as amended (7 CFR 917.100 et seq.), sets forth the requirements with respect to the inspection and certification of shipments of fruit covered by this section. Such section also prescribes the conditions which must be met if any shipment is to be made without prior inspection and certification. Notwithstanding that shipments may be made without inspection and certification, each shipper shall comply with all grade and size regulations applicable to the respective shipment.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: May 19, 1964.

PAUL A. NICHOLSON,
Deputy Director, Fruit and
Vegetable Division, Agricultural
Marketing Service.

[F.R. Doc. 64-5167; Filed, May 20, 1964;
11:23 a.m.]

[Plum Order 3]

PART 917—FRESH BARTLETT PEARS, PLUMS, AND ELBERTA PEACHES GROWN IN CALIFORNIA

Regulation by Sizes

§ 917.337 Plum Order 3 (Burmosa).

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 917, as amended (7 CFR Part 917), regulating the handling of fresh Bartlett pears, plums, and Elberta peaches grown in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the Plum Commodity Committee, established under the aforesaid amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of plums of the variety hereinafter set forth, and in the manner herein provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL

REGISTER (5 U.S.C. 1001-1011) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective not later than the date hereinafter specified. A reasonable determination as to the supply of, and the demand for, such plums must await the development of the crop thereof, and adequate information thereon was not available to the Plum Commodity Committee until the date hereinafter set forth on which an open meeting was held, after giving due notice thereof, to consider the need for, and the extent of, regulation of shipments of such plums. Interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; shipments of the current crop of such plums are expected to begin on or about the effective date hereof; this section should be applicable to all such shipments in order to effectuate the declared policy of the act; the provisions of this section are identical with the aforesaid recommendation of the committee; and information concerning such provisions and effective time has been disseminated among handlers of such plums and compliance with the provisions of this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof. Such committee meeting was held on April 28, 1964.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., May 22, 1964, and ending at 12:01 a.m., P.s.t., November 1, 1964, no shipper shall ship any package or container of Burmosa plums, unless:

(i) Such plums are of a size that, when packed in a standard basket, they will pack at least a 4 x 4 standard pack; and

(ii) The diameters of the smallest and largest plums in such package or container do not vary more than one-fourth ($\frac{1}{4}$) inch: *Provided*, That a total of not more than five (5) percent, by count, of the plums in the package or container may fail to meet this requirement.

(2) During each day of the aforesaid period, any shipper may ship from any shipping point a quantity of such plums, by number of packages or containers, which are of a size smaller than the size prescribed in subparagraph (1) of this paragraph if said quantity does not exceed fifty (50) percent of the number of the same type of packages or containers of plums shipped by such shipper which meet the size requirements of said subparagraph (1) of this paragraph: *Provided*, That all such smaller plums meet the following requirements:

(i) Such plums are of a size that, when packed in a standard basket, they will pack at least a 4 x 5 standard pack; and

(ii) The diameters of the smallest and largest plums in the package or container do not vary more than one-fourth ($\frac{1}{4}$) inch: *Provided*, That a total of not more than five (5) percent, by count, of the plums in the package or container may fail to meet this requirement.

(3) If any shipper, during any day of the aforesaid period, ships from any shipping point less than the maximum allowable quantity of such plums that may be of a size smaller than the size prescribed in subparagraph (1) of this paragraph, the quantity of such undershipment may be shipped by such shipper only from such shipping point.

(4) When used herein, "standard pack" shall have the same meaning as set forth in the revised United States Standards for Plums and Prunes (Fresh) (§§ 51.1520-1537 of this title); "standard basket" shall mean the standard basket set forth in paragraph 1 of section 828.1 of the Agricultural Code of California; "diameter" shall mean the distance through the widest portion of the cross section of a plum at right angles to a line running from the stem to the blossom end; and, except as otherwise specified, all other terms shall have the same meaning as when used in the amended marketing agreement and order.

(5) Section 917.143 of the rules and regulations, as amended (7 CFR 917.100 et seq.), sets forth the requirements with respect to the inspection and certification of shipments of fruit covered by this regulation. Such section also prescribes the conditions which must be met if any shipment is to be made without prior inspection and certification. Notwithstanding that shipments may be made without inspection and certification, each shipper shall comply with all grade and size regulations applicable to the respective shipment.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: May 19, 1964.

PAUL A. NICHOLSON,
Deputy Director, Fruit and
Vegetable Division, Agricultural
Marketing Service.

[F.R. Doc. 64-5168; Filed, May 20, 1964;
11:23 a.m.]

PART 929—CRANBERRIES GROWN IN THE STATES OF MASSACHU- SETTS, RHODE ISLAND, CONNECTI- CUT, NEW JERSEY, WISCONSIN, MICHIGAN, MINNESOTA, ORE- GON, WASHINGTON, AND LONG ISLAND IN THE STATE OF NEW YORK

Order Amending the Order Regulating Handling

§ 929.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations made in connection with the issuance of the order; and all of said previous findings and determinations are hereby ratified and affirmed except in-

sofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and the applicable rules of practice and procedure effective thereunder (7 CFR Part 900), a public hearing was held in the Cafeteria Room, Memorial Town Hall, Marion Road, Wareham, Massachusetts, on February 10, 1964; and continued in the Mt. Laurel Room, Holiday Motel, Exit 4, New Jersey Turnpike, Moorestown, New Jersey, on February 12; and in the Courthouse Auditorium, Wood County Courthouse, 400 Market Street, Wisconsin Rapids, Wisconsin, on February 14, upon proposed amendments to the marketing agreement and Order No. 929 (7 CFR Part 929), regulating the handling of cranberries grown in the States of Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington, and Long Island in the State of New York. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The order as hereby amended, and all the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The order as hereby amended regulates the handling of cranberries grown in the production area in the same manner as, and is applicable only to persons in the respective classes of commercial or industrial activity specified in, the marketing agreement and order upon which hearings have been held;

(3) The order as hereby amended is limited in application to the smallest regional production area which is practicable, consistently with carrying out the declared policy of the act, and the issuance of several orders applicable to subdivisions of the production area would not effectively carry out the declared policy of the act;

(4) There are no differences in the production and marketing of cranberries grown in the production area which make necessary different terms applicable to different parts of such area; and

(5) All handling of cranberries grown in the production area, as defined in the order as hereby amended, is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects such commerce.

(b) *Determinations.* It is hereby determined that:

(1) The agreement amending the marketing agreement regulating the handling of cranberries grown in the States of Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington, and Long Island in the State of New York, upon which the aforesaid public hearing was held, has been signed by handlers (excluding cooperative associations of producers who were not engaged in processing, distributing, or shipping the cranberries covered by this order) who, during the period beginning August 1, 1963, through March 31, 1964, handled more than 50 percent of the

volume of cranberries covered by the order, as hereby amended;

(2) The issuance of this order, amending the aforesaid order, is favored or approved by at least two-thirds of the producers who participated in a referendum on the question of its approval and who, during the determined representative period (August 1, 1963, through March 31, 1964), were engaged in the production area specified in the order, in the production of cranberries for market; such producers having also produced for market at least two-thirds of the volume of cranberries represented in such referendum.

(3) The issuance of this order, amending the aforesaid order, is favored or approved by processors who, during the determined representative period (August 1, 1963, through March 31, 1964), canned or froze within the production area more than 50 percent of the total volume of cranberries that was so canned or frozen.

It is, therefore, ordered, That, on and after the effective date hereof, all handling of cranberries grown in the production area shall be in conformity to, and in compliance with, the terms and conditions of the said order as hereby amended as follows:

1. In § 929.54, paragraph (a) is amended, paragraph (b) is revised, and paragraph (d) is added, to read as follows:

§ 929.54 Withholding.

(a) Whenever the Secretary has fixed the free and restricted percentages for any fiscal period, as provided for in § 929.52(a), each handler shall withhold from handling a portion of the cranberries he acquires during such period: *Provided*, That such withholding requirement shall not apply to any lot of cranberries for which such withholding requirement previously has been met by another handler in accordance with § 929.55. The withheld portion shall be equal to the sum of the products obtained by multiplying each of the following quantities, as applicable, by the restricted percentage:

(1) The quantity of screened cranberries acquired;

(2) The quantity of cranberries screened from unscreened lots of cranberries acquired; and

(3) The quantity of screened cranberries contained in lots acquired but which are not screened prior to the time fixed by the Secretary for handlers to meet all withholding obligations. The committee, with the approval of the Secretary, shall prescribe uniform rules to be followed in determining the quantity of screened cranberries in each lot of unscreened cranberries.

(b) The committee, with the approval of the Secretary, shall prescribe the manner in which, and date or dates during the fiscal period by which, handlers shall have complied with the withholding requirements specified in paragraph (a) of this section.

(d) Any handler who withholds from handling a quantity of cranberries in excess of that required pursuant to para-

graph (a) of this section shall have such excess quantity credited toward the next fiscal year's withholding obligation, if any, of such handler: *Provided*, That such credit shall be applicable only (1) if the restricted percentage established pursuant to § 929.52 was modified pursuant to § 929.53; (2) to the extent such excess was disposed of prior to such modification; and (3) after such handler furnishes the committee with such information as it prescribes regarding such withholding and disposition.

2. The provisions of § 929.56 *Special provisions relating to withheld (restricted) cranberries* are revised to read as follows:

§ 929.56 Special provisions relating to withheld (restricted) cranberries.

(a) Except as otherwise directed by the Secretary, as near as practicable to the beginning of the marketing season of each fiscal period with respect to which the marketing policy proposes regulation pursuant to § 929.52(a), the committee shall determine the amount per barrel each handler shall deposit with the committee for it to release to him, in accordance with paragraph (b) of this section, all or part of the cranberries he is withholding; and the committee shall give notice of such amount of deposit to handlers. Such notice shall state the period during which such amount of deposit shall be in effect. Whenever the committee determines that, by reason of changed conditions or otherwise, a different amount should thereafter be deposited for the release of withheld cranberries, it shall give notice to handlers of the new amount and the effective period thereof. Each determination as to the amount of deposit shall be on the basis of the committee's evaluation of the following factors: (1) The prices at which growers are selling cranberries to handlers, (2) the prices at which handlers are selling fresh market cranberries to dealers, (3) the prices at which cranberries are being sold for processing into products, and (4) the prices the committee has paid to purchase cranberries to replace released cranberries in accordance with this section.

(b) Any handler may make a written request to the committee for the release of all or part of the cranberries he is withholding from handling pursuant to § 929.54(a). Each such request shall state, in addition to all other information as may be prescribed by the committee, the quantity of cranberries for which release is requested and shall be accompanied by a deposit (in cash, or a cashier's or certified check made payable to the Cranberry Marketing Committee) in an amount equal to the product of the number of barrels stated in the request multiplied by the then effective amount per barrel to be deposited. If the committee determines such request is properly filled out, is accompanied by the required deposit, and contains a certification that the handler is withholding such cranberries, it shall release to such handler the quantity of cranberries specified in his request. Such determination shall be made not later than 72 hours

after the request is received by the committee.

(c) Funds deposited for the release of withheld cranberries, pursuant to paragraph (a) of this section, shall be used by the committee to purchase from handlers unrestricted (free percentage) cranberries in an aggregate amount as nearly equal to, but not in excess of, the total quantity of the released cranberries as it is possible to purchase to replace the released cranberries. All handlers shall be given an opportunity to participate in such purchase. If a larger quantity is offered than can be purchased, the purchases shall be made at the lowest prices possible. If two or more handlers offer at the same price, purchases from such handlers shall be in proportion to the quantity of their respective offerings insofar as such division is practicable. The cranberries so purchased shall be disposed of by the committee as restricted cranberries in accordance with § 929.57. Any funds received by the committee for cranberries so disposed of, which are in excess of the costs incurred by the committee in making such disposition, shall be paid or credited proportionately to handlers on the basis of the volume of cranberries withheld by each handler.

(d) In the event any portion of the funds deposited with the committee pursuant to paragraph (a) of this section cannot, for reasons beyond the committee's control, be expended to purchase unrestricted (free percentage) cranberries to replace those released, such unexpended funds shall, after deducting expenses incurred by the committee in connection with the purchase and disposition of cranberries pursuant to paragraph (c) of this section, be paid or credited proportionately to handlers on the basis of the volume of cranberries withheld by each handler.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated, May 18, 1964, to become effective 30 days after publication in the *FEDERAL REGISTER*.

GEORGE L. MEHREN,
Assistant Secretary.

[F.R. Doc. 64-5052; Filed, May, 20, 1964; 8:46 a.m.]

Chapter XIV—Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[C.C.C. Grain Price Support Regs., 1964-Crop Barley Supp.]

PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

Subpart—1964-Crop Barley Loan and Purchase Program

The General Regulations Governing Price Support for the 1964 and Subsequent Crops (29 F.R. 2686) issued by the Commodity Credit Corporation which contain regulations of a general nature with respect to price support loan and

purchase operations are supplemented for the 1964-crop of barley as follows:

Sec.	Purpose.
1421.2221	Availability.
1421.2222	Compliance requirements.
1421.2223	Eligible barley.
1421.2224	Determination of quality.
1421.2225	Determination of quantity.
1421.2226	Warehouse receipts.
1421.2227	Service charges.
1421.2228	Warehouse charges.
1421.2229	Maturity of loans.
1421.2231	Support rates.

AUTHORITY: The provisions of this subpart issued under sec. 4, 62 Stat. 1070 as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 105, 401, 63 Stat. 1051 as amended; 15 U.S.C. 714c, 7 U.S.C. 1421, 1441.

§ 1421.2221 Purpose.

This subpart contains additional program provisions which, together with the applicable provisions of the General Regulations Governing Price Support for the 1964 and Subsequent Crops and any amendments thereto, apply to loans and purchases for 1964 crop barley. (Such regulations are referred to herein as "General Regulations".)

§ 1421.2222 Availability.

Producers desiring price support must file an application not later than January 31, 1965. Loans will be available through January 31, 1965 in States having a maturity date of February 28 or March 10, 1965, and through March 31, 1965, in States having a maturity date of April 30, 1965.

§ 1421.2223 Compliance requirements.

(a) A producer shall not be eligible for a loan or purchase unless he is eligible to receive a price support payment on barley of the 1964 crop under the 1964 and 1965 Feed Grain Program Regulations (29 F.R. 590 and any amendments thereto) on the farm on which the barley tendered for loan or purchase is produced, except as provided in paragraphs (b) and (c) of this section.

(b) The requirements of this section shall not be applicable to barley produced in Alaska or in any other area of the United States where the 1964 and 1965 Feed Grain Program is not applicable on barley of the 1964 crop and price support payments are not made on such barley because of an emergency created by drought or other disaster or in order to prevent or alleviate a shortage in the supply of the commodity.

(c) A producer shall not be considered ineligible for a loan or purchase on barley because he has not received a price support payment on barley of the 1964 crop under the 1964 and 1965 Feed Grain Program Regulations if he would be eligible for a payment except for the fact that (1) he has declined a price support payment or (2) the barley has been produced on land owned by the Federal Government and leased subject to restrictions prohibiting the receipt of Federal payments for diversion of acreage but not prohibiting the production of barley.

§ 1421.2224 Eligible barley.

(a) *General.* The barley must be merchantable for food or feed or for

other uses as determined by CCC, and must not contain mercurial compounds or other substances poisonous to man or animals in order to be eligible for price support.

(b) *Warehouse stored loan grade requirements.* Barley to be placed under a warehouse storage loan must also meet the following requirements:

(1) The barley must grade No. 5 or better, except that (i) the barley may be of any class grading "Sample" on the factor of total damage (except heat damage), and on the factor of moisture providing the provisions of subparagraph (4) of this paragraph are complied with, (ii) Western Barley shall have a test weight of not less than 36 pounds per bushel, and (iii) the barley may have the following special grade designations: "Garlicky" and in the State of Alaska only, "Tough." The provisions of subparagraph (4) of this paragraph are not applicable to barley produced in Alaska;

(2) Barley must not grade Stained if Western Barley, Blighted, Bleached, Ergoty, or Smutty;

(3) Barley must not grade Weevily unless the warehouse receipt is accompanied by a supplemental certificate which indicates the warehouseman will deliver barley which does not contain such designation and which is otherwise of an eligible grade and quality. When the warehouse receipt shows "Weevily", the grade, grading factors, and the quantity shown on the supplemental certificate must be as specified in § 1421.2227(c);

(4) Barley cannot contain over 14.5 (13.5 if Western Barley) percent moisture unless the warehouse receipt is accompanied by a supplemental certificate which indicates the warehouseman will deliver barley containing not over 14.5 (13.5 if Western Barley) percent moisture and which is otherwise of an eligible quality. The grade, grading factors and the quantity shown on the supplemental certificate must be as specified in § 1421.2227(c).

§ 1421.2225 Determination of quality.

The class, grade, grading factors and all other quality factors shall be based on the Official Grain Standards of the United States for barley, whether or not such determinations are made on the basis of an official inspection.

§ 1421.2226 Determination of quantity.

When the quantity is determined by weight, a bushel shall be 48 pounds of barley free of dockage.

(a) *In warehouse.* The quantity of barley on which a warehouse storage loan shall be made and the quantity delivered to or acquired by CCC in an approved warehouse shall be the net weight specified on the warehouse receipt or on the supplemental certificate, if applicable. If the barley has been dried or blended to reduce the moisture content, the quantity specified on the warehouse receipt or the supplemental certificate, if applicable, shall represent the quantity after drying or blending, and such quantity shall reflect a minimum shrink in the receiving weight of 1.2 times the per-

centage difference between the moisture content of the barley, when received, and 14.5 (13.5 if Western Barley) percent.

(b) *On farm.* The quantity eligible to be placed under farm storage loan shall be determined in accordance with § 1421.67 of the general regulations. The quantity acquired by CCC from farm storage under a loan or purchase shall be determined by weight. In determining the quantity of sacked barley a deduction of $\frac{3}{4}$ of a pound per sack shall be made.

(c) *Dockage.* When the quantity is determined by weight, the percentage of dockage shall be determined and the weight of such dockage shall be deducted from the gross weight in determining the net quantity.

§ 1421.2227 Warehouse receipts.

Warehouse receipts tendered to CCC in connection with a loan or purchase must meet the requirements of this section.

(a) *Separate receipt.* A separate warehouse receipt must be submitted for each grade and class of barley.

(b) *Entries.* Each warehouse receipt, or the warehouseman's supplemental certificate (in duplicate) properly identified with the warehouse receipt, must show: (1) Gross weight and net bushels, (2) class, (3) grade (including special grades), (4) test weight, (5) moisture if above 14.5 (13.5 if Western Barley) percent, (6) dockage, (7) any other grading factor(s) when such factor(s) and not test weight determine the grade and (8) whether the barley arrived by rail, truck or barge.

(c) *Where warehouse receipt shows "Weevily" or excess moisture.* If a warehouse receipt tendered for loan indicates the barley grades "Weevily" or contains over 14.5 (13.5 if Western Barley) percent moisture the warehouse receipt must be accompanied by a supplemental certificate as provided in § 1421.2224(b) in order for the barley to be eligible for price support. The grade, grading factors, and the quantity to be delivered must be shown on the supplemental certificate as follows: (1) When the warehouse receipt shows "Weevily" and the barley has been conditioned to correct the "Weevily" condition, the supplemental certificate must show the same grade without the "Weevily" designation and the same grading factors and quantity as shown on the warehouse receipt; (2) when the warehouse receipt indicates a moisture content of over 14.5 (13.5 if Western Barley) percent and the barley has been dried or blended, the supplemental certificate must show the grade, grading factors, and quantity after drying or blending the barley to a moisture content of not over 14.5 (13.5 if Western Barley) percent. The quantity shown shall reflect a drying or blending shrink as specified in § 1421.2226; (3) the supplemental certificate must state that no lien for processing will be claimed by the warehouseman from Commodity Credit Corporation or any subsequent holder of the warehouse receipt; (4) in the case of conditions specified in subparagraphs (1) and (2) of this paragraph, the grade, grading factors, and the quantity shown

on the supplemental certificate shall supersede the entries for such items on the warehouse receipt.

(d) *Liens.* The warehouse receipts may be subject to liens for warehouse charges only to the extent indicated in § 1421.2229.

(e) *Freight bill requirements.* Warehouse receipts representing barley which has been shipped by rail or water from a country shipping point to a designated terminal point, or shipped by rail or water from a country shipping point to a storage point and stored in transit to a designated terminal point, must be accompanied by registered freight bills or by a certificate containing similar information. These registered freight bills or certificates must be representative as to origin and date of movement of the barley and must reflect the total freight from origin to the designated terminal point including penalty for out-of-line haul, if any. The form of these certificates shall be prescribed by the ASCS commodity office and shall be signed by the warehouseman and may be made a part of the supplemental certificate.

§ 1421.2228 Service charges.

A charge of one-half cent per bushel will be made for the quantity acquired by CCC and such charge shall be handled in accordance with § 1421.60(b) of the general regulations.

§ 1421.2229 Warehouse charges.

(a) *Handling and storage liens.* Warehouse receipts and the barley represented thereby stored in approved warehouses operating under the Uniform Grain Storage Agreement may be subject to liens for warehouse handling and storage charges at not to exceed the Uniform Grain Storage Agreement rates from the date the barley is deposited in the warehouse for storage. Warehouse receipts and the barley represented thereby stored in approved warehouses operated by Eastern common carriers may be subject to liens for warehouse elevation (receiving and delivering) and storage charges from the date of deposit at rates approved by the Interstate Commerce Commission. In no event shall a warehouseman be entitled to satisfy the lien by sale of the barley when CCC is holder of the warehouse receipt.

(b) *Deduction of storage charges—UGSA warehouses.* The table shown below provides the deduction for storage charges to be made from the amount of the loan or purchase price in the case of barley stored in an approved warehouse operated under the Uniform Grain Storage Agreement. Such deduction shall be based on entries shown on the warehouse receipts. If written evidence is submitted with the warehouse receipt that all warehouse charges except receiving and loading out charges have been prepaid through the applicable loan maturity date, no storage deductions shall be made. If such written evidence is not submitted, the date to be used for computing the storage deduction on barley stored in approved warehouses operating under the Uniform Grain Storage Agreement shall be the latest of the following:

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(1) The date of deposit, (2) the date storage charges start, or (3) the day following the date through which the storage charges have been paid. If none of the foregoing dates is shown, the date of the warehouse receipt shall be used.

SCHEDULE OF DEDUCTIONS FOR STORAGE CHARGES BY MATURITY DATES

Deduction (cents per bushel)	Maturity date of Feb. 28, 1965	Maturity date of Mar. 10, 1965	Maturity date of Apr. 30, 1965
	(1)	(1)	(1)
13	Prior to Apr. 25, 1964	Prior to May 5, 1964	Prior to May 29, 1964
12	Apr. 25-May 21, 1964	May 5-May 31, 1964	May 29-June 24, 1964
11	May 22-June 17, 1964	June 1-June 27, 1964	June 25-July 21, 1964
10	June 18-July 14, 1964	June 28-July 24, 1964	July 22-Aug. 17, 1964
9	July 15-Aug. 10, 1964	July 25-Aug. 20, 1964	Aug. 18-Sept. 13, 1964
8	Aug. 11-Sept. 6, 1964	Aug. 21-Sept. 16, 1964	Sept. 14-Oct. 10, 1964
7	Sept. 7-Oct. 3, 1964	Sept. 17-Oct. 13, 1964	Oct. 11-Nov. 6, 1964
6	Oct. 4-Oct. 30, 1964	Oct. 14-Nov. 9, 1964	Nov. 7-Dec. 3, 1964
5	Oct. 31-Nov. 26, 1964	Nov. 10-Dec. 6, 1964	Dec. 4-Dec. 30, 1964
4	Nov. 27-Dec. 23, 1964	Dec. 7, 1964-Jan. 2, 1965	Dec. 31, 1964-Jan. 26, 1965
3	Dec. 24, 1964-Jan. 19, 1965	Jan. 3-Jan. 29, 1965	Jan. 27-Feb. 22, 1965
2	Jan. 20-Feb. 28, 1965	Jan. 30-Mar. 10, 1965	Feb. 23-Mar. 21, 1965
1			Mar. 22-Apr. 30, 1965

¹ Date storage charges start, all dates inclusive.

(c) *Deduction of storage charges; Eastern common carriers.* In the case of barley stored in an approved warehouse operated by an Eastern common carrier, there shall be deducted in computing the loan or purchase price the amount of the approved tariff rate for storage (not including elevation), which will accumulate from the date of deposit through the applicable maturity date unless written evidence is submitted with the warehouse receipt that such charges have been prepaid. The county office shall request the ASCS commodity office to determine the amount of such charges. Where the producer presents evidence showing the elevation charges have been prepaid, the amount of the storage charges to be deducted shall be reduced by the amount of the elevation charges prepaid by the producer.

§ 1421.2230 Maturity of loans.

Loans mature on demand but not later than: February 28, 1965, on barley stored in the States of Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia; March 10, 1965, on barley stored in Arizona and California; and April 30, 1965, on barley stored in all other States.

§ 1421.2231 Support rates.

Basic support rates per bushel for barley of the classes "Barley" and "Western Barley" grading No. 2 or better will be a part of this section to be issued at a later date. Farm stored loans will be made at the applicable basic support rate adjusted only for Weed Control discount where applicable. Warehouse stored loans, farm stored loan settlements and purchases shall be on the basis of the applicable basic support rate adjusted by the discounts shown in paragraph (d) of this section and such other discounts as may be established by CCC applicable to the grade and quality of the barley on which the loan or settlement is made.

(a) *Support rates at designated terminal markets.* (1) The basic support rates established for designated terminal markets apply to barley shipped on a domestic interstate freight rate basis. The basic support rate at the designated

terminal market for any barley shipped at other than the domestic interstate freight rate shall be reduced by the difference between the freight rate paid and the domestic interstate freight rate.

(2) The basic support rates established for designated terminal markets also apply to barley which has been shipped by rail or water from a country shipping point to one of the designated terminal markets, as evidenced by paid freight bills duly registered for transit privileges. In the event the amount of paid-in freight is insufficient to guarantee the minimum proportional domestic interstate freight rate, if any, from the terminal market to a recognized market determined by the appropriate ASCS commodity office, there shall be deducted from the applicable basic support rate the difference between the amount of freight actually paid in and the amount required to be paid in to guarantee out-bound movement at the minimum proportional domestic interstate freight rate. If the barley is stored at any designated terminal market and neither registered freight bills nor registered freight certificates are presented, the basic support rate shall be reduced by the actual amount of paid-in freight required to guarantee the proportional outbound rate from the terminal market to a recognized market determined by the appropriate ASCS commodity office.

(3) In determining the support rate for barley received by truck and stored at any designated terminal market there shall be deducted from the applicable basic support rate the actual amount of paid-in freight required to guarantee the proportional outbound rate from the terminal market to a recognized market determined by the appropriate ASCS commodity office, plus 2.5 cents per bushel.

(4) Notwithstanding the foregoing provisions of this paragraph, in determining the support rate for barley shipped by rail or water and stored at any of the following terminal markets there shall be deducted from the applicable basic support rate, the transportation cost, if any, as determined by the appropriate ASCS commodity office, for moving the barley to a tidewater facility located within the same switching limits:

Long Beach, Los Angeles, Oakland, San Francisco, Stockton, and Wilmington, Calif.

Baton Rouge and New Orleans, La.
Baltimore, Md.
Duluth, Minn.
Astoria and Portland, Oreg.
Albany and New York, N.Y.
Philadelphia, Pa.
Beaumont, Galveston, Houston, and Port Arthur, Tex.
Norfolk, Va.
Kalama, Longview, Seattle, Tacoma, and Vancouver, Wash.
Superior, Wis.

(5) Notwithstanding the foregoing provisions of this paragraph, in determining the support rate for barley received by truck and stored at any of the terminal markets listed in subparagraph (4) of this paragraph there shall be deducted from the applicable basic support rate an amount of 2.5 cents per bushel, plus the transportation cost, if any, as determined by the appropriate ASCS commodity office, for moving the barley to a tidewater loading facility located within the same switching limits.

(b) *Support rates for barley in approved warehouse storage at other than designated terminal markets.* In determining the support rate for barley which is shipped by rail or water and which is stored in approved warehouses (other than those situated in the designated terminal markets) there shall be deducted from the basic support rate for the appropriate designated terminal market, as determined by CCC, an amount equal to the transit balance, if any, of the through-freight rate from the point of origin for such barley to such terminal market: *Provided*, That on any barley shipped at other than the domestic interstate freight rate, the basic support rate shall be further reduced by the difference between the freight rate paid and the domestic interstate freight rate from the point of origin of such barley to the point of destination or appropriate terminal market: *And provided further*, That in the case of barley stored at any railroad transit point, taking a penalty by reason of out-of-line movement to the appropriate designated market, or for any other reason, there shall be added to such transit balance an amount equal to any out-of-line costs or other cost incurred in storing barley in such position.

(c) *Basic county support rates.* (1) The applicable support rate for farm-storage loans and for barley stored in approved county warehouse-storage, except as otherwise provided in paragraph (b) of this section and subparagraph (2) of this paragraph will be determined from the basic county support rate established for the county in which the barley is stored.

(2) If two or more approved warehouses are located in the same or adjoining towns, villages, or cities, having the same domestic interstate freight rate, such towns, villages, or cities shall be deemed to constitute one shipping point and the same basic support rate shall apply even though such warehouses are not all located in the same county. Such support rate shall be the highest support rate of the counties involved.

(d) *Discounts.* The basic support rate shall be adjusted as applicable by discounts as follows:

Reason:	Discount (cents per bushel)
Class—Mixed barley	2
Grade:	
No. 3	3
No. 4	6
No. 5	15
Other—Garlicky	10
Weed control laws (see § 1421.74)	10
Total damage (percent):	
10.1-11	1
11.1-12	2
12.1-13	3
13.1-14	4
14.1-15	5
15.1-16	6
16.1-17	7
17.1-18	8
18.1-19	9
19.1 and above	10

NOTE: Discounts are cumulative except only one grade discount shall be applied. The discounts for total damage in excess of 10 percent are in addition to the discount of 15 cents for barley grading No. 5. For the purpose of applying discounts, factors which cause barley of the subclass Malting Barley or Blue Malting Barley to have a lower numerical grade than if the barley were graded under a different subclass shall be disregarded.

Effective date. Upon publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 15, 1964.

H. D. GODFREY,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 64-5038; Filed, May 20, 1964;
8:45 a.m.]

[Announcement PS-CN-1]

PART 1427—COTTON

Subpart—Regulations Governing Redemption of Cotton Payment-in-Kind Certificates Earned Under Agricultural Act of 1964 and Liquidation of Certificate Pools

Sec.	
1427.1830	General statement.
1427.1831	Redemption of certificates.
1427.1832	Marketing of pooled certificates.
1427.1833	Acceptance of offers.
1427.1834	Delivery of cotton.
1427.1835	Invoicing and settlement.

AUTHORITY: The provisions of this subpart issued under secs. 4 and 5, 62 Stat. 1070, as amended, secs. 101, 103, 105, and 106, Public Law 88-297, secs. 101, 401, 63 Stat. 1051; 15 U.S.C. 714 (b) and (c); 7 U.S.C. 1421, 1441.

§ 1427.1830 General statement.

The regulations in this subpart provide the methods by which Commodity Credit Corporation (referred to in this subpart as "CCC") will (a) redeem payment-in-kind certificates (referred to in this subpart as "certificates") earned under any CCC cotton program carried out under the Agricultural Act of 1964 and (b) market, from time to time, the rights represented by all such certificates for which the payees have requested CCC's assistance in marketing and which have been pooled by CCC. CCC will provide a catalog of the cotton available for acquisition hereunder. Such cotton will be available under the terms and conditions contained in Announcement Number NO-C-

26 and such other announcements as are issued by CCC which provide for the acceptance of certificates or the marketing of rights. Copies of such announcements and other information desired will be furnished upon written request to the New Orleans ASCS Commodity Office, 120 Marais Street, New Orleans, Louisiana, 70112 (referred to in this subpart as the "New Orleans office").

§ 1427.1831 Redemption of certificates.

Certificates will be redeemable in upland cotton (referred to in this subpart as "cotton") by submitting applications (referred to in this subpart as "offers") to the New Orleans office in accordance with the applicable announcement. Offers may be submitted by the payees or subsequent holders of the certificates. If the provisional invoice value of the cotton covered by an offer is greater than the face value of the certificates to be surrendered, CCC will not accept the offer for cotton having a provisional invoice value of more than the fractional part of one bale over the value of such certificates.

§ 1427.1832 Marketing of pooled certificates.

The rights represented by certificates which have been pooled by CCC in assisting the payees in the marketing of such certificates will be marketed from time to time as announced by CCC or as provided in § 1427.1835 of this subpart for immediate use by the purchaser to obtain delivery of cotton from CCC in liquidation of such rights. Such rights may be acquired by submission of offers to the New Orleans office in accordance with the applicable announcement.

§ 1427.1833 Acceptance of offers.

No offer will be accepted at less than the market price of the cotton (domestic or export, as determined by the applicable announcement), which shall be the highest price offered for the cotton but not less than the minimum price determined by CCC.

§ 1427.1834 Delivery of cotton.

If an offer is accepted in whole or in part by the New Orleans office in accordance with the applicable announcement, it will deliver the cotton as to which it has accepted the offer by delivery of the warehouse receipts representing such cotton to the offeror (hereinafter referred to as "the purchaser").

§ 1427.1835 Invoicing and settlement.

Cotton delivered under this subpart shall be provisionally invoiced and its settlement value determined as prescribed in the applicable announcement.

(a) If the provisional invoice value of the cotton delivered by CCC in redemption of certificates exceeds the face value of the certificates to be surrendered, certificate rights sufficient to cover such excess value shall be acquired by the purchaser from the certificate pool. Payment shall be made in cash for the certificate rights so acquired upon presentation of the invoice.

(b) If the provisional invoice value of the cotton delivered by CCC in redemption of certificates is smaller than the

value of the certificates, CCC will issue a balance certificate for the unused amount. If the amount is \$3.00 or less, no balance certificate will be issued unless requested. The date of the balance certificate shall be the date of issuance of the original certificate. Balance certificates may be tendered to CCC for redemption in cotton in the same manner as the original certificates. Balance certificates issued to the payee shown on the original certificates may be surrendered by the payee to CCC for marketing.

(c) If the value of the certificates surrendered is less than their face value, certificate rights sufficient to cover such difference in value shall be acquired by the purchaser from the certificate pool and payment shall be made in cash by the purchaser to CCC for such certificate rights unless such difference has been accounted for in a balance certificate issued to the purchaser.

(d) If on final settlement the value of the cotton delivered by CCC in redemption of certificates or in liquidation of rights (less any cotton rejected) is redetermined as being in excess of the provisional invoice value of the cotton delivered by CCC, certificate rights sufficient to cover such excess value shall be acquired by the purchaser from the certificate pool. Payment shall be made in cash for the certificate rights so acquired. If the value of the cotton delivered by CCC (less any cotton rejected) is redetermined as being less than the provisional invoice value of the cotton delivered by CCC, such difference will be paid in cash to the person to whom the cotton was delivered and the pool shall be credited with an equal amount.

Signed at Washington, D.C., on May 15, 1964.

H. D. GODFREY,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 64-5075; Filed, May 20, 1964;
8:48 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission [Docket 85170]

PART 13—PROHIBITED TRADE PRACTICES

Continental Products, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.155 Prices: 13.155-80 Retail as cost, wholesale, discounted, etc. (Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply Sec. 5, 38 Stat. 719, as amended 15 U.S.C. 45) [Cease and desist order, Continental Products, Inc., et al., Chicago, Ill., Docket 8517, Apr. 23, 1964]

In the Matter of Continental Products, Inc., a Corporation, and Garrison Grawoig, Allen Grawoig, Earl W. Grawoig, Richard N. Grawoig and Paul M. Mayer, Individually and as Officers of said Corporation

Order requiring Chicago sellers of various articles of merchandise, including

jewelry, cameras, typewriters, hardware, sporting goods and appliances, to retailers and to the public direct to cease representing falsely that their merchandise was offered for sale at wholesale prices by such statements in catalogs and circulars as " * * * a wholesale catalog * * * at the lowest wholesale prices * * * general wholesale merchandise * * *".

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Continental Products, Inc., a corporation, and its officers and Garrison Grawoig, Allen Grawoig, Earl W. Grawoig, Richard N. Grawoig and Paul M. Mayer, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of merchandise to the ultimate consumer in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or by implication that said merchandise is being offered for sale at wholesale prices.

It is further ordered, That the allegations of the complaint that the respondents falsely and deceptively represented that the prices designated as "Retail" in their catalogs were the prices at which the merchandise referred to was usually and customarily sold at retail and that the difference between their coded price and "Retail" price represented savings from the usual and customary retail prices in the trade areas where the representations were made, be, and they hereby are, dismissed.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: April 23, 1964.

[SEAL] JOSEPH W. SHEA,
Secretary.

[F.R. Doc. 64-5046; Filed, May 20, 1964;
8:45 a.m.]

[Docket 8575]

PART 13—PROHIBITED TRADE PRACTICES

Miracle Adhesives Corp.

Subpart—Advertising falsely or misleadingly: § 13.170 *Qualities or properties of product or service*: § 13.170-1 *Adherent*.¹ Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055 *Furnishing means and instrumentalities of misrepresentation or deception*. Subpart—Misbranding or mislabeling: § 13.1290 *Qualities or properties*.

¹ New.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply Sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Miracle Adhesives Corporation, Bellmore, Long Island, N.Y., Docket 8575, Apr. 24, 1964]

Order requiring a manufacturer of adhesives, glues and related products with place of business in Bellmore, Long Island, N.Y., to cease representing falsely—in advertising, in point of sale material, on the tubes in which the product was sold, on the cards to which the tubes were attached, and in advertising materials provided for dealer use—that its "Miracle Sheer-Magic" was an "epoxy adhesive" and had the adherent characteristics, strength and capabilities of epoxy adhesives, when in fact said "Sheer Magic" contained only a small percentage of epoxy resin to serve as a stabilizer and not enough to significantly increase its qualities as claimed.

The order to cease and desist is as follows:

It is ordered, That respondent Miracle Adhesives Corporation, a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of adhesives, glues or related products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any adhesive, glue or related product is an epoxy adhesive, where its epoxy component is not derived from an epoxide or oxirane which, when applied in use, chemically reacts with a hardener or curing agent to form a substantially infusible and insoluble bond.

2. Representing, directly or by implication, that the adherent characteristics and the degree and extent of the strength and capabilities of any adhesive, glue or related product are those of an epoxy adhesive, where the epoxy component present is in an amount not sufficient to produce the adherent characteristics and the degree and extent of strength and capabilities being represented.

3. Representing, directly or by implication, that the epoxy component in any adhesive, glue or related product is therein present to produce the adherent characteristics, strength and capabilities of an epoxy adhesive where such component is not productive of the foregoing and is present for a different purpose and use.

4. Representing, directly or by implication, that the product designated "Miracle Sheer-Magic" is an epoxy adhesive or that it has the adherent characteristics, strength and capabilities of an epoxy adhesive, or that the said product will:

a. Produce an adhesive bond as effective as that of an epoxy adhesive where an epoxy adhesive is either susceptible of or necessary of being used.

b. Repair plumbing leaks, broken china, dishes or glassware to the degree and extent of the strength and capabilities of an epoxy adhesive.

c. Resist and is not affected by hot water or other high heat temperatures to

the degree and extent of the strength and capabilities of an epoxy adhesive.

5. Misrepresenting in any manner, directly or impliedly, pictorially or otherwise, the true adhesive characteristics, effective degree of strength, or the extent of the effective capabilities of any adhesive, glue or related product advertised and sold to the purchasing public for any stated or recommended purpose and use.

6. Placing in the hand of wholesalers, jobbers, retailers, dealers and others, means and instrumentalities by and through which they may deceive and mislead the purchasing public in the respects set out above.

By "Final Order" report of compliance is required as follows:

It is further ordered, That respondent shall, within sixty (60) days after service of the order herein upon it, file with the Commission a report in writing, signed by such respondent, setting forth in detail the manner and form of its compliance with the order to cease and desist.

Issued: April 24, 1964.

By the Commission.

[SEAL] JOSEPH W. SHEA,
Secretary.

[F.R. Doc. 64-5047; Filed, May 20, 1964;
8:45 a.m.]

SUBCHAPTER C—REGULATIONS UNDER SPECIFIC ACTS OF CONGRESS

PART 300—RULES AND REGULATIONS UNDER THE WOOL PRODUCTS LABELING ACT OF 1939

Miscellaneous Amendments

On December 21, 1962, a notice of proposed rule making was issued by the Commission and published in the *FEDERAL REGISTER* on December 22, 1962. Such notice stated that the Commission would on January 30, 1963 hold a public hearing on proposed amendments to §§ 300.1, 300.3, 300.4, 300.8, 300.9, 300.10, 300.12, 300.13, 300.16, 300.18, 300.19, 300.20, 300.21, 300.23, 300.24, 300.25, 300.27, 300.28, 300.31, 300.32, and 300.33 (Rules 1, 3, 4, 8, 9, 10, 12, 13, 16, 18, 19, 20, 21, 23, 24, 25, 27, 28, 31, 32, and 33) of the rules and regulations promulgated under the Wool Products Labeling Act of 1939. Such notice provided that interested parties could participate by submitting in writing to the Commission on or before such date, their views, arguments, or other pertinent data and by presenting their views, arguments, or other data orally at such time. Such notice further provided that written rebuttal could be submitted for a period of fifteen days after the close of the public hearing. A draft of the proposed amendments was made a part of the notice.

Pursuant to such notice, interested parties were afforded an opportunity to submit their views, arguments, or other data in writing through January 30, 1963, and were afforded an opportunity to be heard orally on that date. Opportunity was afforded for submission of written

rebuttal for a period of fifteen days after such date. All views, arguments, and data presented have been made a part of the record.

After due consideration of the proposed amendments, suggested revisions, deletions, and additions thereto, together with all views, arguments, or other data submitted the following amendments to §§ 300.1, 300.3, 300.4, 300.8, 300.9, 300.10, 300.12, 300.13, 300.16, 300.18, 300.19, 300.20, 300.21, 300.23, 300.24, 300.25, 300.27, 300.28, 300.31, 300.32, and 300.33 (Rules 1, 3, 4, 8, 9, 10, 12, 13, 16, 18, 19, 20, 21, 23, 24, 25, 27, 28, 31, 32, and 33) of Part 300, rules and regulations under the Wool Products Labeling Act of 1939 (54 Stat. 1128; 15 U.S.C. 68) are hereby promulgated. Such amendments shall become effective thirty days after publication in the FEDERAL REGISTER.

The Commission is not at this time acting upon its proposed amendment of § 300.25 (Rule 25) adding paragraph (c) (representations of foreign origin); this matter is retained for further consideration.

The amendments are as follows:

1. An amendment of § 300.1 (Rule 1) so as to specifically define the terms "ornamentation", "fiber trademark", "required information" and "information required". Section 300.1 (Rule 1) shall hereinafter read:

§ 300.1 Terms defined.

(a) The term "Act" means the Wool Products Labeling Act of 1939 (approved October 14, 1940, Public No. 850, 76th Congress, Third Session, 15 U.S.C. § 68, 54 Stat. 1128).

(b) The terms "rule", "rules", "regulations" and "rules and regulations" mean the rules and regulations prescribed by the Commission pursuant to the Act.

(c) The term "ornamentation" means any fibers or yarns imparting a visibly discernible pattern or design to a yarn or fabric.

(d) The term "fiber trademark" means a word or words used by a person to identify a particular fiber produced or sold by him and to distinguish it from fibers of the same generic class produced or sold by others. Such term shall not include any trademark, product mark, house mark, trade name or other name which does not identify a particular fiber.

(e) The terms "required information" or "information required" mean such information as is required to be disclosed on the required stamp, tag, label or other means of identification under the Act and regulations.

(f) The definitions of terms contained in section 2 of the Act shall be applicable also to such terms when used in rules promulgated under the Act.

2. An amendment of § 300.3 (Rule 3) so as to specify the information required to appear on labels and to provide the order of listing information as to fiber content. Section 300.3 (Rule 3) shall hereinafter read:

§ 300.3 Required label information.

(a) The marking of wool products under the Act shall be in the form of a

stamp, tag, label or other means of identification, showing and displaying upon the product the required information legibly, conspicuously, and nondeceptively. The information required to be shown and displayed upon the product in the stamp, tag, label, or other mark of identification, shall be that which is required by the Act and the rules and regulations thereunder, including the following:

(1) The fiber content of the product specified in section 4(a)(2)(A) of the Act. The generic names and percentages by weight of the constituent fibers present in the wool product, exclusive of permissive ornamentation, shall appear on such label with any percentage of fiber or fibers designated as "other fiber" or "other fibers" as provided by section 4(a)(2)(A)(5) of the Act appearing last.

(2) The maximum percentage of the total weight of the wool product of any nonfibrous loading, filling or adulterating matter as prescribed by section 4(a)(2)(B) of the Act.

(3) The name or registered identification number issued by the Commission of the manufacturer of the wool product or the name or registered identification number of one or more persons subject to section 3 of the Act with respect to such wool product.

(b) In disclosing the constituent fibers in information required by the Act and regulations or in any nonrequired information, no fiber present in the amount of less than five per centum shall be designated by its generic name or fiber trademark but shall be designated as "other fiber", except that the percentage of wool, reprocessed wool, or reused wool shall always be stated, in accordance with section 4(a)(2)(A) of the Act. Where more than one of such fibers, other than wool, reprocessed wool, or reused wool, are present in amounts of less than five per centum, they shall be designated in the aggregate as "other fibers". *Provided, however,* That nothing contained herein shall prevent the disclosure of any fiber present in the product which has a clearly established and definite functional significance where present in the amount stated and the functional significance of such fiber is clearly and non-deceptively stated on the label in conjunction with such disclosure.

3. An amendment of § 300.4 (Rule 4) to simplify and clarify the requirements relating to registered identification numbers and to provide for interchangeable usage of registered identification issued under the Wool Products Labeling Act of 1939, the Fur Products Labeling Act and the Textile Fiber Products Identification Act. Section 300.4 (Rule 4) shall hereinafter read:

§ 300.4 Registered identification number.

(a) A registered identification number assigned by the Federal Trade Commission under and in accordance with the provisions of this section may be used upon the stamp, tag, label, or other mark of identification required under the Act to be affixed to a wool product, as

and for the name of the person to whom such number has been assigned.

(b) Any manufacturer of a wool product or person subject to section 3 of the Act with respect to such wool product, residing in the United States, may make application to the Federal Trade Commission for a registered identification number, or such numbers as the Commission may deem appropriate, for use by the applicant on the required stamp, tag, label, or other mark of identification under the Act, as and for his name with fully as binding effect.

(c) Registered identification numbers shall be used only by the person or concern to whom they are issued, and such numbers are not transferable or assignable. Registered identification numbers shall be subject to cancellation whenever any such number was procured or has been used improperly or contrary to the requirement of the Acts administered by the Federal Trade Commission, and regulations promulgated thereunder, or when otherwise deemed necessary in the public interest.

(d) Registered identification numbers assigned under this section may be used on labels required in labeling products subject to the provisions of the Fur Products Labeling Act and Textile Fiber Products Identification Act, and numbers previously assigned by the Commission under such Acts may be used as and for the required name in labeling under this Act. When so used by the person or firm to whom assigned, the use of the numbers shall be construed as identifying and binding the applicant as fully and in all respects as though assigned under the specific Act for which it is used.

(e) Form of application for registered identification numbers (Form to be used by all applicants):

APPLICATION FOR REGISTERED IDENTIFICATION NUMBER

To the Federal Trade Commission,
Washington 25, D.C.

The undersigned _____
(Full legal name of applicant)

a _____
(Form of business organization)

residing in the United States and having principal office and place of business at _____

(Street and number) (City)

_____, being engaged in _____
(State or Territory)

the manufacture of a wool product as such term is defined in section 2(e) of the Wool Products Labeling Act of 1939, or subject to section 3 of the Act with respect to such wool product (i.e., one manufacturing for introduction or introducing into commerce, or selling, transporting, distributing, delivering for shipment, shipping, or offering for sale in commerce such wool product) hereby makes application to the Federal Trade Commission for the assignment of a registered identification number for use on its stamp, tag, label, or other mark of identification required under the Act.

The undersigned understands and hereby agrees that when used on its stamp, tag, label, or other mark of identification required by the Act such registered identification number as may be assigned it by the Federal Trade Commission shall be construed as identifying and binding the applicant as

fully and in all respects as though its name appeared thereon.

The undersigned is engaged in the
of the following wool
(Type of operation)
products

(List products)
Dated, signed, and executed this
day of _____, 19____, at _____
(City)

(State or Territory)
(Name under which business is conducted)
(Signature of proprietor, partner, or authorized official of corporation)
(If firm is a partnership list partners below)

(Impression of corporate seal, if corporation)

EXECUTION

County of _____ } ss:
State of _____ }
On this _____ day of _____, 19____,
before me personally appeared the said
_____, proprietor, partner (strike non-applicable words)

(If corporation, give title of authorized official)
of _____, to me personally
(Name of company)

known, and acknowledged the execution of the foregoing instrument on behalf of the firm, for the uses and purposes therein stated.

Notary Public in and for
County of _____
State of _____

(Impression of notary seal required here.)
My commission expires _____

4. An amendment of § 300.8 (Rule 8) to more specifically enunciate certain requirements as to the proper usage of generic names and to specify certain requirements as to the proper usage of fiber trademarks. Section 300.8 (Rule 8) shall hereinafter read:

§ 300.8 Use of fiber trademark and generic names.

(a) Except where another name is required or permitted under the Act or regulations, the respective common generic name of the fiber shall be used when naming fibers in the required information; as for example, "wool", "reprocessed wool", "reused wool", "cotton", "rayon", "silk", "linen", "acetate", "nylon", "polyester".

(b) The generic names of manufactured fibers as heretofore or hereafter established in § 303.7 (Rule 7) of the regulations promulgated under the Textile Fiber Products Identification Act (72 Stat. 1717; 15 U.S.C. 70) shall be used in setting forth the required fiber content information as to wool products.

(c) A non-deceptive fiber trademark may be used on a label in conjunction with the generic name of the fiber to which it relates. Where such a trademark is placed on a label in conjunction with the required information, the generic name of the fiber must appear in

immediate conjunction therewith, and such trademark and generic name must appear in type or lettering of equal size and conspicuousness.

(d) Where a generic name or a fiber trademark is used on any label, whether required or nonrequired, a full and complete fiber content disclosure with percentages shall be made on such label in accordance with the Act and regulations.

(e) If a fiber trademark is not used in the required information, but is used elsewhere on the label as non-required information, the generic name of the fiber shall accompany the fiber trademark in legible and conspicuous type or lettering the first time the trademark is used.

(f) No fiber trademark or generic name or word, coined word, symbol or depiction which connotes or implies any fiber trademark or generic name shall be used on any label or elsewhere on the product in such a manner as to be false, deceptive, or misleading as to fiber content, or to indicate directly or indirectly that a wool product is composed wholly or in part of a particular fiber, when such is not the case.

(g) The term "fur fiber" may be used to describe the hair or fur fiber or mixtures thereof of any animal or animals other than the sheep, lamb, Angora goat, Cashmere goat, camel, alpaca, llama and vicuña. If the name, symbol, or depiction of any animal producing the hair or fur fiber is used on the stamp, tag, label, or other means of identification applied or affixed to the wool product, the percentage by weight of such hair or fur fiber in the total fiber weight of the wool product shall be separately stated in the required fiber content disclosure: *Provided*, That no such name, symbol or depiction shall be used where such hair or fur fiber is present in the amount of less than five per centum of the total fiber weight. No such name, symbol or depiction shall be used in such a way as to imply in any manner that a wool product contains the fur or hair of an animal when the hair or fur fiber of such animal is not present in the product in the amount of five per centum or more of the total fiber weight. The following are examples of fiber content disclosures under this paragraph:

60% Wool
40% Fur Fiber
or
60% Wool
30% Fur Fiber
10% Angora Rabbit

5. An amendment of § 300.9 (Rule 9) to delineate certain restrictions on the use of abbreviations, ditto marks and asterisks in disclosing information under the requirements of the aforesaid Act and regulations. Section 300.9 (Rule 9) shall hereinafter read:

§ 300.9 Abbreviations, ditto marks, and asterisks.

(a) In disclosing required information, words or terms shall not be designated by ditto marks or appear in footnotes referred to by asterisks or other symbols in required information, and shall not be abbreviated.

(b) Where the generic name of a textile fiber is required to appear in immediate conjunction with a fiber trademark, a disclosure of the generic name by means of a footnote, to which reference is made by use of an asterisk or other symbol placed next to the fiber trademark, shall not be sufficient in itself to constitute compliance with the Act and regulations.

6. An amendment of § 300.10 (Rule 10) to enunciate certain requirements relative to arrangement of information on labels affixed to wool products. Section 300.10 (Rule 10) shall hereinafter read:

§ 300.10 Arrangement of label information.

(a) All items or parts of the required information to be shown and displayed in the stamp, tag, label, or other mark of identification of the product, shall be set forth consecutively and separately on the outer surface of the label, in immediate conjunction with each other, and in type or lettering plainly legible and conspicuous, and all parts of the required fiber content information shall appear in type or lettering of equal size and conspicuousness; such as for example:

Distributed by:
John Q. Doe Co., Inc.,
New York, N.Y.
Made of
60% WOOL
40% REUSED WOOL
EXCLUSIVE OF ORNAMENTATION

Provided, however, That the required name or registered identification number may appear on the reverse side of the label if it is plainly legible, conspicuous and accessible. On products as to which sectional disclosure is used, an additional nondeceptive label may be used showing the complete fiber content information with percentages as to a particular section or area of the product and specifying the section or area referred to.

(b) Subject to the provisions of § 300.8 (Rule 8), if nonrequired information or representations are placed on the label or elsewhere on the product, such nonrequired information or representations shall be set forth separate and apart from the required information and shall not interfere with, minimize, detract from, or conflict with such required information, nor shall such nonrequired information in any way be false, deceptive or misleading.

7. An amendment of § 300.12 (Rule 12) to modify the requirements relating to the labeling of pairs or products containing two or more units and to provide for the relaxation of such requirements under certain specified conditions. Section 300.12 (Rule 12) shall hereinafter read:

§ 300.12 Labeling of pairs or products containing two or more units.

(a) Where a wool product consists of two or more parts, units, or items of different fiber content, a separate label containing the required information shall be affixed to each of such parts, units, or items showing the required information as to such part, unit, or item, provided that where such parts, units, or items, are marketed or handled as a

single product or ensemble and are sold and delivered to the ultimate consumer as a single product or ensemble, the required information may be set out on a single label in such a manner as to separately show the fiber composition of each part, unit, or item.

(b) Where garments, wearing apparel, or other wool products are marketed or handled in pairs or ensembles of the same fiber content, only one unit of the pair or ensemble need be labeled with the required information when sold and delivered to the ultimate consumer.

(c) Where parts or units of wool products of the types referred to in paragraphs (a) and (b) of this section are sold separately, such parts or units shall be labeled with the information required by the Act and regulations.

8. An amendment of § 300.13 (Rule 13) to modify the requirements relative to the identification required to appear on labels pursuant to section 4(a)(2)(C) of the Act and to relax the requirements relative to the required name. Section 300.13 (Rule 13) shall hereinafter read:

§ 300.13 Name or other identification required to appear on labels.

(a) The name required by the Act to be used on labels shall be the name under which the manufacturer of the wool product or other person subject to section 3 of the Act with respect to such product is doing business. Trade names, trade marks or other names which do not constitute the name under which such person is doing business shall not be used for required identification purposes.

(b) Registered identification numbers, as provided for in § 300.4 (Rule 4), may be used for identification purposes in lieu of the required name.

9. An amendment of § 300.16 (Rule 16) to modify the requirements relative to ornamentation and to provide alternative means of disclosure relative thereto. Section 300.16 (Rule 16) shall hereinafter read:

§ 300.16 Ornamentation.

(a) Where the wool product contains fiber ornamentation not exceeding 5 percent of the total fiber weight of the product and the stated percentages of fiber content of the product are exclusive of such ornamentation, the stamp, tag, label, or other means of identification shall contain a phrase or statement showing such fact; as for example:

50% Wool
25% Reused Wool
25% Cotton

Exclusive of Ornamentation

The fiber content of such ornamentation may be disclosed where the percentage of the ornamentation in relation to the total fiber weight of the principal fiber or blend of fibers is shown; as for example:

70% Reused Wool
30% Acetate

Exclusive of 4% Metallic Ornamentation

(b) Where the fiber ornamentation exceeds five per centum it shall be included in the statement of required percentages of fiber content.

No. 100—4

(c) Where the ornamentation constitutes a distinct section of the product, sectional disclosure may be made in accordance with § 300.23 (Rule 23).

10. An amendment of § 300.18 (Rule 18) to more specifically enunciate certain requirements and conditions relative to the usage of the names of the specialty fibers named in section 2(b) of the Act when the names of such fibers are used in lieu of the word "wool" otherwise required. Section 300.18 (Rule 18) shall hereinafter read:

§ 300.18 Use of name of specialty fiber.

(a) In setting forth the required fiber content of a product containing any of the specialty fibers named in section 2(b) of the Act, the name of the specialty fiber present may be used in lieu of the word "wool", provided the percentage of each named specialty fiber is given, and provided further that the name of the specialty fiber so used is qualified by the word "reprocessed" or "reused" when the fiber referred to is "reprocessed wool" or "reused wool", as defined in the Act. The following are examples of fiber content designations permitted under this section:

55% Alpaca
45% Camel Hair

50% Reused Camel Hair
50% Wool

60% Reprocessed Alpaca
40% Rayon

35% Reused Llama
35% Reprocessed Vicuna
30% Cotton

60% Cotton
40% Reused Llama

(b) Where an election is made to use the name of a specialty fiber in lieu of the word "wool" in describing such specialty fiber, such name shall be used at any time reference is made to the specialty fiber either in required or non-required information. The name of the specialty fiber or any word, coined word, symbol or depiction connoting or implying the presence of such specialty fiber shall not be used in nonrequired information on the required label or on any secondary or auxiliary label attached to the wool product if the name of such specialty fiber does not appear in the required fiber content disclosure.

11. An amendment of § 300.19 (Rule 19) to more specifically enunciate certain requirements and conditions relative to the usage of the terms "mohair" and "cashmere" where such terms are used in lieu of the word "wool" otherwise required. Section 300.19 (Rule 19) shall hereinafter read:

§ 300.19 Use of terms "mohair" and "cashmere".

(a) In setting forth the required fiber content of a product containing hair of the Angora goat known as mohair or containing hair or fleece of the Cashmere goat known as cashmere, the term

"mohair" or "cashmere", respectively, may be used for such fiber in lieu of the word "wool": *Provided*, The respective percentage of each such fiber designated as "mohair" or "cashmere" is given: *And provided further*, That such term "mohair" or "cashmere" where used is qualified by the word "reprocessed" or "reused" when the fiber referred to is "reprocessed wool" or "reused wool", as defined in the Act. The following are examples of fiber content designations permitted under this section:

50% Mohair
50% Wool

60% Reprocessed Mohair
40% Cashmere

60% Cotton
40% Reused Cashmere

(b) Where an election is made to use the term "mohair" or "cashmere" in lieu of the term "wool" as permitted by this section, the appropriate designation of "mohair" or "cashmere" shall be used at any time reference is made to such fiber in either required or nonrequired information. The term "mohair" or "cashmere" or any words, coined words, symbols or depictions connoting or implying the presence of such fibers shall not be used in nonrequired information on the required label or on any secondary or auxiliary label attached to the wool product if the term "mohair" or "cashmere" as the case may be does not appear in the required fiber content disclosure.

12. An amendment of § 300.20 (Rule 20) to provide for the application of the provisions thereof to all wool products and all fibers and parts thereof. Section 300.20 (Rule 20) shall hereinafter read:

§ 300.20 Use of the terms "virgin" or "new".

The terms "virgin" or "new" as descriptive of a wool product, or any fiber or part thereof, shall not be used when the product or part so described is not composed wholly of new or virgin fiber which has never been reclaimed from any spun, woven, knitted, felted, braided, bonded, or otherwise manufactured or used product.

13. An amendment of § 300.31 (Rule 21) to permit the use of a separate label for a registered identification number under the same conditions as permitted with respect to the name required by section 4(a)(2)(C) of the Act. Section 300.21 (Rule 21) shall hereinafter read:

§ 300.21 Use of separate label for name or registered identification number.

The name or registered identification number of the manufacturer or person subject to section 3 of the Act with respect to the wool product may be set forth on a label or mark separate from that which contains the statement of fiber and material content of the product provided that the label or mark bearing said name or registered identification number and the name or registered identification number itself are prominently and conspicuously displayed either in immediate conjunction with, or in close proximity to, such other label or mark and in such manner as will fully inform

purchasers and purchaser-consumers of the required information.

14. An amendment of § 300.23 (Rule 23) to modify the provisions thereof relative to sectional disclosure of content and to enunciate the conditions under which said form of disclosure is permitted or required. Section 300.23 (Rule 23) shall hereinafter read:

§ 300.23 Sectional disclosure of content.

(a) *Permissive.* Where a wool product is composed of two or more sections which are of different fiber composition, the required information as to fiber content may be separated on the same label in such manner as to show the fiber composition of each section.

(b) *Mandatory.* The disclosure as above provided shall be made in all instances where such form of marking is necessary to avoid deception.

15. An amendment of § 300.24 (Rule 24) so as to specifically designate in accordance with the Act those linings, paddings, stiffening, trimmings, and facings as to which fiber content disclosure is required. Section 300.24 (Rule 24) shall hereinafter read:

§ 300.24 Linings, paddings, stiffening, trimmings and facings.

(a) In labeling or marking garments or articles of apparel which are wool products, the fiber content of any linings, paddings, stiffening, trimmings or facings of such garments or articles of apparel shall be given and shall be set forth separately and distinctly in the stamp, tag, label, or other mark of identification of the products.

(1) If such linings, trimmings or facings contain, purport to contain or are represented as containing wool, reprocessed wool or reused wool; or

(2) If such linings are metallically coated, or coated or laminated with any substance for warmth, or if such linings are composed of pile fabrics, or any fabrics incorporated for warmth or represented directly or by implication as being incorporated for warmth, which articles the Commission finds constitute a class of articles which is customarily accompanied by express or implied representations of fiber content; or

(3) If any express or implied representations of fiber content of any of such linings, paddings, stiffening, trimmings or facings are customarily made.

(b) In the case of garments which contain interlinings, the fiber content of such interlinings shall be set forth separately and distinctly as part of the required information on the stamp, tag, label, or other mark of identification of such garment. For purposes of this paragraph (b) the term "interlining" means any fabric or fibers incorporated into a garment or article of wearing apparel as a layer between an outershell and an inner lining.

(c) In the case of wool products which are not garments or articles of apparel, but which contain linings, paddings, stiffening, trimmings, or facings, the stamp, tag, label, or other mark of identification of the product shall show the fiber content of such linings, paddings, stiffening,

trimmings or facings, set forth separately and distinctly in such stamp, tag, label, or other mark of identification.

(d) Wool products which are or have been manufactured for sale or sold for use as linings, interlinings, paddings, stiffening, trimmings or facings, but not contained in a garment, article of apparel, or other product, shall be labeled or marked with the required information as in the case of other wool products.

(Sec. 4, Wool Products Labeling Act, 1939; 54 Stat. 1129; 15 U.S.C. 68b; sec. 6, Wool Products Labeling Act, 1939; 54 Stat. 1131; 15 U.S.C. 68d)

16. An amendment of § 300.25 (Rule 25) to delineate the conditions under which certain representations as to fiber content of wool products may or may not properly be used. Section 300.25 (Rule 25) shall hereinafter read:

§ 300.25 Representations as to fiber content.

(a) Words, coined words, symbols, or depictions which constitute or imply the name or designation of a fiber which is not present in the product shall not appear on labels. Any word or coined word which is phonetically similar to the name or designation of a fiber or which is only a slight variation in spelling from the name or designation of a fiber shall not be used in such a manner as to represent or imply that such fiber is present in the product when the fiber is not present as represented.

(b) Where a word, coined word, symbol or depiction which connotes or implies the presence of a fiber is used on any label, whether required or nonrequired, a full and complete fiber content disclosure with percentages shall be made on such label in accordance with the Act and regulations.

17. An amendment of § 300.27 (Rule 27) to extend the provisions of such section to products whose principal components consist of a blend of fibers in addition to those products whose principal components consist of woolen fibers. Section 300.27 (Rule 27) shall hereinafter read:

§ 300.27 Wool products containing superimposed or added fibers.

Where a wool product is made wholly of one fiber or a blend of fibers with the exception of an additional fiber in minor proportion superimposed or added in certain separate and distinct areas or sections for reinforcing or other useful purposes, the product may be designated according to the fiber content of the principal fiber or blend of fibers, with an excepting naming the superimposed or added fiber, giving the percentage thereof in relation to the total fiber weight of the principal fiber or blend of fibers, and indicating the area or section which contains the superimposed or added fiber. An example of this type of fiber content disclosure, as applied to products having reinforcing fibers added to a particular area or section, is as follows:

55% Reprocessed Wool
45% Rayon

Except 5% Nylon added to toe and heel

18. An amendment of § 300.28 (Rule 28) to provide certain alternative meth-

ods for the disclosure of fiber content information as to reclaimed fibers in lieu of the disclosure otherwise required by the Act and regulations. Section 300.28 (Rule 28) shall hereinafter read:

§ 300.28 Undetermined quantities of reclaimed fibers.

(a) Where a wool product is composed in part of various man-made fibers recovered from textile products containing undetermined quantities of such fibers, the percentage content of the respective fibers recovered from such products may be disclosed on the required stamp, tag, or label in aggregate form as "man-made fibers" followed by the naming of such fibers in the order of their predominance by weight, as for example:

60% Wool
40% Man-made fibers:
Rayon
Acetate
Nylon

(b) Where a wool product is composed in part of wool, reprocessed wool or reused wool and in part of unknown and, for practical purposes, undeterminable nonwoolen fibers reclaimed from any spun, woven, knitted, felted, braided, bonded or otherwise manufactured or used product, the required fiber content disclosure, may, when truthfully applicable, in lieu of the fiber content disclosure otherwise required by the Act and regulations, set forth (1) the percentages of wool, reprocessed wool or reused wool, and (2) the generic names and the percentages of all other fibers whose presence is known or practically ascertainable, and (3) the percentage of the unknown and undeterminable reclaimed fibers, designating such reclaimed fibers as "unknown reclaimed fibers" or "undetermined reclaimed fibers", as for example:

75% Reprocessed Wool
25% Unknown Reclaimed Fibers

35% Reused Wool
30% Acetate
15% Cotton
20% Undetermined Reclaimed Fibers

In making the required fiber content disclosure any fibers referred to as "unknown reclaimed fibers" or "undetermined reclaimed fibers" shall be listed last.

(c) The terms "unknown reprocessed fibers", "undetermined reprocessed fibers", "unknown reused fibers" and "undetermined reused fibers" may be used in describing the unknown and undeterminable reclaimed fibers referred to in paragraph (b) of this section in lieu of the terms specified therein: *Provided, however,* That the same standards are to be used in determining the applicability of the terms "reprocessed" and "reused" as are used in defining "reprocessed wool" and "reused wool" in sections 2 (c) and 2(d) of the Act.

(d) For purposes of this section undetermined or unascertained amounts of wool or reprocessed wool may be classified and designated as reused wool.

(e) Nothing contained in this section shall excuse a full and accurate disclosure of fiber content with correct

percentages if the same is known or practically ascertainable, or permit a deviation from the requirements of section 4(a)(2)(A) of the Act with respect to products not labeled under the provisions of this section, or permit a higher classification of wool, reprocessed wool or reused wool than that provided by section 2 of the Act.

19. An amendment of § 300.31 (Rule 31) to more specifically set forth the records required to be maintained by manufacturers of wool products under section 6 of the Act. Section 300.31 (Rule 31) shall hereinafter read:

§ 300.31 Maintenance of records.

(a) Pursuant to the provisions of section 6 of the Act, every manufacturer of a wool product subject to the Act, irrespective of whether any guaranty has been given or received, shall maintain written records showing the fiber content as required by the Act of all such wool products made by such manufacturer. The records so maintained shall show:

(1) The percentage by weight of wool, reprocessed wool, and reused wool, and of each fiber other than wool, placed in the respective wool products of such manufacturer in the form of fiber, yarn, fabric or other form;

(2) The date, source and quantity of all raw material purchases;

(3) The date and quantity of each batch, blend, lot, stock, kettle, dye, weaving specifications, or cutting record as applicable to all raw material used, relating each to the purchase records of such raw material by appropriate lot or stock numbers, letters, or symbols; and

(4) The date and quantity of each sale or delivery of wool products manufactured, relating each sale or delivery to the manufacturing or processing record required in paragraph (c) of this section by appropriate lot or stock numbers, letters, or symbols and such numbers, information, marks or other means of identification as will identify the said records with the respective wool products to which they relate and the said wool products with the respective records.

Manufacturers shall also keep and maintain as records under the Act all purchase and sales invoices, purchase and sales contracts, labels, manufacturing contracts, orders or duplicate copies thereof, business correspondence, factory records, inventories, and other pertinent documents and data showing or tending to show the purchase, receipt, use, and disposition of or accounting for all raw stocks, fiber, yarn, fabric or other manufactured materials obtained by the manufacturer.

(b) The purpose of such records shall be to establish a line of continuity from each purchase or acquisition of raw material through all processes of manufacture to the sale or delivery of all finished or semifinished wool products and to establish a line of continuity from such finished or semifinished wool products and the sale or delivery of the same through all processes of manufacture to

the purchase or acquisition of the raw materials.

(c) The records required to be maintained pursuant to this section and section 6 of the Act shall be maintained and preserved for at least three years.

20. An amendment of § 300.32 (Rule 32) to simplify and clarify the provisions relative to separate guaranties, to provide alternative suggested forms for separate guaranties and to provide that certain disclosures shall not constitute separate guaranties. Section 300.32 (Rule 32) shall hereinafter read:

§ 300.32 Form of separate guaranty.

(a) The following are suggested forms of separate guaranties under section 9 of the Act which may be used by a guarantor residing in the United States on or as part of an invoice or other paper relating to the marketing or handling of any wool products listed and designated therein and showing the date of such invoice or other paper and the signature and address of the guarantor:

(1) General form.

We guarantee that the wool products specified herein are not misbranded under the provisions of the Wool Products Labeling Act and rules and regulations thereunder.

(2) Guaranty based on guaranty.

Based upon a guaranty received, we guarantee that the wool products specified herein are not misbranded under the provisions of the Wool Products Labeling Act and rules and regulations thereunder.

NOTE: The printed name and address on the invoice or other paper will suffice to meet the signature and address requirements.

(b) The mere disclosure of required information including the fiber content of wool products on a label or on an invoice or other paper relating to its marketing or handling shall not be considered a form of separate guaranty.

21. An amendment of § 300.33 (Rule 33) to simplify and clarify the requirements relative to the filing of continuing guaranties, to provide that such guaranties shall remain in effect until revoked, to permit statements relative to filing of such guaranties and to prohibit false statements relative to such guaranties. Section 300.33 (Rule 33) shall hereinafter read:

§ 300.33 Continuing guaranty filed with Federal Trade Commission.

(a) (1) Under section 9 of the Act any person residing in the United States and marketing or handling wool products may file a continuing guaranty with the Federal Trade Commission.

(2) When filed with the Commission a continuing guaranty shall be fully executed in duplicate and execution of each copy shall be acknowledged before a notary public. Forms for use in preparing continuing guaranties will be supplied by the Commission upon request.

(3) Continuing guaranties filed with the Commission shall continue in effect until revoked. The guarantor shall promptly report any change in business status to the Commission.

(b) Prescribed form of continuing guaranty:

The undersigned, _____
(Full name of guarantor)

a _____
(Corporation, partnership or proprietorship)

residing in the United States, and having principal office and place of business at

(Street and number) _____ (City) _____

_____ and engaged in _____
(State or Territory)

manufacturing, marketing or handling wool products, HEREBY GUARANTEES that every such wool product contained in each shipment, or other delivery, made by the guarantor will not be misbranded within the meaning of the Wool Products Labeling Act and the rules and regulations thereunder.

Dated, signed, and executed this _____ day of _____, 19____, at _____
(City)

(State or Territory)

(Name under which business is conducted)

(Impression of corporate seal, if corporation)

(Signature of proprietor, partner, or authorized official of corporation)

EXECUTION

State of _____ } ss:
County of _____ }

On this _____ day of _____, 19____, before me personally appeared the said _____, proprietor, partner (strike non-applicable words)

(if corporation, give title of authorized official)

of _____, to me personally known, and acknowledged the execution of the foregoing instrument on behalf of the firm, for the uses and purposes therein stated.

Notary Public in and for

County of _____

State of _____

(Impression of notary seal required here)

(c) Any person who has a continuing guaranty on file with the Commission may, during the effective dates of the guaranty, give notice of such fact by setting forth on the invoice or other paper covering the marketing or handling of the product guaranteed the following:

Continuing Guaranty under the Wool Products Labeling Act filed with the Federal Trade Commission.

(d) Any person who falsely represents that he has a continuing guaranty on file with the Federal Trade Commission shall be deemed to have furnished a false guaranty under section 9(b) of the Act.

(Sec. 6, Wool Products Labeling Act, 1939; 54 Stat. 1131; 15 U.S.C. 68d)

Issued: May 20, 1964.

By direction of the Commission.

[SEAL] JOSEPH W. SHEA,
Secretary.

[F.R. Doc. 64-5083; Filed, May 20, 1964; 8:49 a.m.]

Title 43—PUBLIC LANDS: INTERIOR

Chapter II—Bureau of Land Management, Department of the Interior

SUBCHAPTER A—GENERAL MANAGEMENT (1000)

[Circular No. 2143]

PART 1810—INTRODUCTION AND GENERAL GUIDANCE

Authority To Bind Government

The purpose of this amendment is to incorporate into the regulations the principles that the authority of the United States to enforce public rights or protect public interests is not vitiated by laches, acquiescence, or failure of its officers or agents to act; that the United States is not bound or estopped by the acts of its officers or agents in entering into arrangements or agreements not sanctioned by law, and that reliance on information or advice or office records cannot vest any right not authorized by law. These principles are enunciated in many Departmental and court decisions including *United States v. William M. Barnett et al.*, A-29157 (May 13, 1963); *Mike Abraham*, A-28163 (November 16, 1959); *Orvil Ray Mickelberry*, A-28432 (November 16, 1960); *Robert L. Miller*, 65 I.D. 81 (1961); *Utah Power and Light Co. v. United States*, 243 U.S. 389 (1917); *United States v. California*, 332 U.S. 19 (1947); and *United States v. San Francisco*, 310 U.S. 16 (1940).

Although the Department of the Interior customarily observes the rule making requirements voluntarily, that procedure is not followed in this case because the amendment involves long-established principles.

This amendment shall become effective on publication in the *FEDERAL REGISTER*. A new section is added to Part 1810 as follows:

§ 1810.3 Effect of laches; authority to bind government.

(a) The authority of the United States to enforce a public right or protect a public interest is not vitiated or lost by acquiescence of its officers or agents, or by their laches, neglect of duty, failure to act, or delays in the performance of their duties.

(b) The United States is not bound or estopped by the acts of its officers or agents when they enter into an arrangement or agreement to do or cause to be done what the law does not sanction or permit.

(c) Reliance upon information or opinion of any officer, agent or employee or on records maintained by land offices cannot operate to vest any right not authorized by law.

STEWART L. UDALL,
Secretary of the Interior.

MAY 14, 1964.

[F.R. Doc. 64-5049; Filed, May 20, 1964;
8:45 a.m.]

SUBCHAPTER B—LAND TENURE MANAGEMENT (2000)

[Circular No. 2142]

PART 2210—OCCUPANCY

PART 2220—GRANTS

Cancellation of Entry

The purpose of this amendment is to incorporate into the regulations the principle that failure of an entryman to accomplish compliance with the law requires cancellation of his entry unless statutory authority permits the granting of an extension of time or other relief.

Although the Department of the Interior customarily observes the rule making requirements voluntarily, that procedure is not followed in this case since the principles have already been announced in Departmental decisions: *Bessie Brown et al.*, A-29100 (December 10, 1962); *Marvin M. McDole*, A-29376 (April 4, 1963); *Gerald C. Chisum*, A-28295 (June 7, 1960); *Margaret L. Gilbert v. Bob H. Oliphant*, A-29163 (April 11, 1963) and *John A. Bartel*, A-29664 (October 11, 1962).

This amendment shall become effective on publication in the *FEDERAL REGISTER*.

1. A new § 2211.2-5 is added as follows:

§ 2211.2-5 Noncompliance.

Where the proof establishes that the entryman cannot effect timely compliance with the law, the entry must be canceled unless statutory authority permits the granting of an extension of time or other relief.

2. A new subparagraph (3) is added to § 2211.9-7(a) as follows:

§ 2211.9-7 Proof.

(a) Submission.

(3) Where the proof establishes that the entryman cannot effect timely compliance with the law, the entry must be canceled unless statutory authority permits the granting of an extension of time or other relief.

3. A new subparagraph (1) is added to § 2226.1-5(a) as follows:

§ 2226.1-5 Final proof.

(a) General requirements.

(1) Where the proof establishes that the entryman cannot effect timely compliance with the law, the entry must be canceled unless statutory authority permits the granting of an extension of time or other relief.

STEWART L. UDALL,
Secretary of the Interior.

MAY 14, 1964.

[F.R. Doc. 64-5050; Filed, May 20, 1964;
8:46 a.m.]

[Circular No. 2144]

PART 2220—GRANTS

Subpart 2226—Desert Land Act DEFINITIONS

The purpose of this amendment is to incorporate into the regulations meaning of terms defined in Departmental decisions (*George W. Wilkinson*, A-29315 (May 2, 1963); *Brandon v. Costley*, 34 L.D. 488 (1900); and *Claude E. Crumb*, 62 I.D. 99 (1955), and to set out specifically the principle that land that has been effectually reclaimed is not subject to desert land entry (*George W. Wilkinson*, supra, *Taylor v. Rogers*, 14 L.D. 194 (1892) and *Campbell v. Sutter*, 16 L.D. 40 (1893)).

Although the Department of the Interior customarily observes the rule making requirements voluntarily, that procedure is not followed in this case because the changes being made incorporate into the regulations definitions and principles established in Departmental decisions.

This amendment shall become effective on publication in the *FEDERAL REGISTER*.

1. A new § 2226.0-5 is added as follows:

§ 2226.0-5 Definitions.

(a) As used in the desert-land laws and the regulations of this subpart:

(1) "Reclamation" requires conducting water in adequate amounts and quality to the land so as to render it available for distribution when needed for irrigation and cultivation.

(2) "Cultivation" requires the operation, practice, or act of tillage or preparation of land for seed, and keeping the ground in a state favorable for the growth of crops.

(3) "Irrigation" requires the application of water to land for the purpose of growing crops.

(4) "Crop" includes any agricultural product to which the land under consideration is generally adapted and which would return a fair reward for the expense of producing it.

(5) "Water supply", to be adequate, must be sufficient to irrigate successfully and to reclaim all of the irrigable land embraced in an entry.

(6) "Water right" means the authority, whether by prior ownership, contract, purchase, or appropriation in accordance with state law, to use water on the land to be irrigated.

2. Paragraph (a) of § 2226.0-7 is amended by the addition of subparagraph (3) as follows:

§ 2226.0-7 Land subject to disposition.

(a) Land that may be entered as desert land.

(3) Land that has been effectually reclaimed is not subject to desert land entry.

STEWART L. UDALL,
Secretary of the Interior.

MAY 14, 1964.

[F.R. Doc. 64-5051; Filed, May 20, 1964;
8:46 a.m.]

APPENDIX—PUBLIC LAND ORDERS

[Public Land Order 3395]

[Oregon 013790]

OREGON

Withdrawal for Forest Service
Recreation Areas

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

Subject to valid existing rights, the minerals in the following described national forest lands in the Siskiyou National Forest, Oregon, are hereby withdrawn from prospecting, location, entry and purchase under the mining laws of the United States but not from leasing under the mineral leasing laws, in aid of programs of the Forest Service, Department of Agriculture for utilization of the surface as recreation areas as indicated:

WILLAMETTE MERIDIAN, OREGON

SISKIYOU NATIONAL FOREST

Store Gulch Campground and Guard Station

T. 38 S., R. 9 W.,
Sec. 3, SW $\frac{1}{4}$ lot 3, W $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ and
NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$.

Upper Indigo Campground

T. 34 S., R. 10 W.,
Sec. 12, NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$
SE $\frac{1}{4}$.

Sourdough Campground

T. 41 S., R. 11 W.,
Sec. 11, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$.

Elk Creek Falls Picnic and Recreation Area

T. 32 S., R. 11 W.,
Sec. 5, S $\frac{1}{2}$ lot 15, and NW $\frac{1}{4}$ SE $\frac{1}{4}$.

Myrtle Grove Campground

T. 32 S., R. 11 W.,
Sec. 18, S $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Daphne Grove Campground

T. 33 S., R. 11 W.,
Sec. 7, E $\frac{1}{2}$ lot 10, lot 23.

Squaw Lake Campground and
Recreation Area

T. 33 S., R. 11 W.,
Sec. 9, E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$.

Maple Campground

T. 33 S., R. 11 W.,
Sec. 18, SE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$
NE $\frac{1}{4}$.

Rock Creek Campground

T. 33 S., R. 11 W.,
Sec. 19, E $\frac{1}{2}$ lot 7, W $\frac{1}{2}$ lot 8, NW $\frac{1}{4}$ lot 13,
and NE $\frac{1}{4}$ lot 14.

Fairview Campground

T. 37 S., R. 12 W., Unsurveyed
Sec. 19, NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$.

Long Ridge Campground

T. 38 S., R. 12 W.,
Sec. 23, E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$.

Upper Chetco Campground

T. 38 S., R. 12 W.,
Sec. 28, SW $\frac{1}{4}$ SE $\frac{1}{4}$.

Little Redwood Campground

T. 39 S., R. 12 W.,
Sec. 20, lot 6;
Sec. 29, N $\frac{1}{2}$ lot 3.

Winchuck Campground

T. 41 S., R. 12 W.,
Sec. 10, N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$,
and NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$.

The areas described aggregate approximately 534 acres.

JOHN A. CARVER, JR.,
Assistant Secretary of the Interior.

MAY 15, 1964.

[F.R. Doc. 64-5048; Filed, May 20, 1964;
8:45 a.m.]

Title 50—WILDLIFE AND
FISHERIESChapter I—Bureau of Sport Fisheries
and Wildlife, Fish and Wildlife
Service, Department of the Interior

PART 33—SPORT FISHING

Alaska

The following special regulations are issued and are effective on date of publication in the FEDERAL REGISTER.

§ 33.5 Special regulations; sport fishing; for individual wildlife refuge areas.

ALASKA

ALEUTIAN ISLANDS NATIONAL WILDLIFE
REFUGE

Sport fishing on the Aleutian Islands National Wildlife Refuge is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

ARCTIC NATIONAL WILDLIFE RANGE

Sport fishing on the Arctic National Wildlife Range is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

BERING SEA NATIONAL WILDLIFE REFUGE

Sport fishing on the Bering Sea National Wildlife Refuge is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

CLARENCE RHODE NATIONAL WILDLIFE RANGE

Sport fishing on the Clarence Rhode National Wildlife Range is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

IZEMBOK NATIONAL WILDLIFE RANGE

Sport fishing on the Izembok National Wildlife Range is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

KENAI NATIONAL MOOSE RANGE

Sport fishing on the Kenai National Moose Range is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

KODIAK NATIONAL WILDLIFE REFUGE

Sport fishing on the Kodiak National Wildlife Refuge is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

NUNIVAK NATIONAL WILDLIFE REFUGE

Sport fishing on the Nunivak National Wildlife Refuge is permitted in accordance with all applicable State regulations governing sport fishing.

The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through December 31, 1964.

ABRAM V. TUNISON,
Acting Director, Bureau of
Sport Fisheries and Wildlife.

MAY 18, 1964.

[F.R. Doc. 64-5081; Filed, May 20, 1964;
8:49 a.m.]

Proposed Rule Making

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Parts 1032, 1062, 1067]

[Docket Nos. AO-313-A3-RO2, AO-10-A29,
AO-222-A13]

MILK IN THE SUBURBAN ST. LOUIS; ST. LOUIS, MISSOURI; AND OZARKS MARKETING AREAS

Notice of Recommended Decision and Opportunity To File Written Exceptions on Proposed Amendments to Tentative Marketing Agreements and to Orders

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of the filing with the Hearing Clerk of this recommended decision with respect to proposed amendments to the tentative marketing agreements and orders regulating the handling of milk in the Suburban St. Louis; St. Louis, Missouri; and Ozarks marketing areas. Interested parties may file written exceptions to this decision with the Hearing Clerk, United States Department of Agriculture, Washington, D.C., 20250, not later than the close of business the 15th day after publication of this decision in the FEDERAL REGISTER. The exceptions should be filed in quadruplicate.

Preliminary statement. The hearing on the record of which the proposed amendments, as hereinafter set forth, to the tentative marketing agreements and to the orders as amended, were formulated, was conducted at Springfield and St. Louis, Missouri, on June 4-11, 1963, pursuant to notice thereof which was issued May 6, 1963 (28 F.R. 4665).

The material issues on the record of the hearing relate to: (The following issues pertain to all three orders, except as specifically indicated.)

1. Expansion of the St. Louis marketing area;
2. Expansion of the suburban St. Louis marketing area;
3. Modification of the definitions of producer-handler, handler, dairy farmer for other markets (St. Louis), and pool plants;
4. Revision of the diversion provisions;
5. Classification of fortified products, milk which is used for livestock feed and milk that is dumped;
6. Revision of the transfer provision (St. Louis, suburban St. Louis);
7. Class I prices;
8. Class II prices;
9. Modification of location differentials (St. Louis);
10. Type of pooling; and
11. Interest on overdue accounts (St. Louis).

The present St. Louis order contains compensatory payment provisions concerning other source milk from plants not regulated by another order issued pursuant to the Act. Amendments to these and other provisions of the order have been recommended on the basis of a regional hearing held in January 1963 (29 F.R. 2102). Because of the size and complexity of the documents covering the regional hearing, the time required to complete the remaining procedures will necessarily be longer than on this hearing.

Issuance of the amendments based on the regional hearing prior to those based on this hearing would delay the action on the issues of this hearing. Issuance of the amended order contained herein at the earliest practicable time will tend to effectuate the declared policy of the Act even though it will not contain certain provisions being considered on the basis of the regional hearing. The expansion of the St. Louis marketing area provided herein is necessary to effectuate orderly marketing among all handlers doing business in the new territory.

In view of the area expansion and other amendments herein recommended, this proposed order does not contain compensatory payment provisions for integrating other source milk into the regulatory scheme. As noted above, new provisions dealing with this problem will be issued based on the record of the hearing held in January 1963. In order to make the amended order operative the present provisions with respect to transfers and allocation are retained, except that, to the extent necessary, these provisions are modified to conform to the finding contained herein.

Findings and conclusions. The following findings and conclusions on the material issues are based on evidence presented at the hearing and the record thereof:

1. **Expansion of the St. Louis marketing area.** (a) The St. Louis marketing area should be expanded to include the Missouri counties of Bollinger, Cape Girardeau, Crawford, Franklin, Jefferson, Perry, St. Francois, Ste. Genevieve, and Washington.

These nine counties which are south and west of the present marketing area constitute part of the general sales area of the handlers now regulated and the inclusion of these counties in the marketing area will accommodate more orderly marketing of milk in the area. The sales by St. Louis handlers in this territory are made in competition with some unregulated handlers who buy milk from dairy farmers at a flat rate price approximating the St. Louis blend price. A high Class I utilization is maintained at some of these plants. The unregulated handlers who maintain a Class I utilization higher than the average of the regulated handlers, have a competitive advantage over the regulated handlers since they are not required to pay the

full utilization value for their milk at the class prices provided in the order.

The expanded marketing area will more completely encompass the major sales territories of St. Louis regulated handlers and, to the maximum extent practicable, the sales areas of those handlers who would become regulated as a result of the enlargement of the marketing area. Handlers who distribute in the expanded marketing area would be assured that they would be in competition with distributors who would be required to pay for producer milk on a classified use basis.

It is expected that five additional handlers would become regulated as a result of expanding the marketing area. The population of the nine-county area at the time of the U.S. Census for 1960 was approximately 250,000. Principal cities located within the territory to be added to the marketing area include Cape Girardeau, Farmington, Perryville, Potosi, Ste. Genevieve and Washington.

The majority of the fluid milk products disposed of on routes in the nine-county area are processed at plants which are regulated under the St. Louis, suburban St. Louis or Ozarks orders. There are three plants in the area which are partially regulated under the St. Louis order due to the limited amount of their route sales in the present marketing area. These partially regulated handlers distribute milk in six of the nine counties and would become fully regulated with the addition of these counties to the marketing area. There are two other handlers located in the area who would become fully regulated and there are two plants located outside the area which have a very limited volume of sales in the proposed additional territory and, accordingly, would not be fully regulated.

A partially regulated handler located in Cape Girardeau proposed that the counties of Bollinger, Cape Girardeau, Jefferson, Perry, St. Francois, and Ste. Genevieve be included in the St. Louis marketing area. This handler sells approximately 18 percent of his fluid milk products in the present marketing area. Except for sales to a military base in Blytheville, Arkansas, the remainder of his sales are confined to the territory around Cape Girardeau. His competitors in this area (Bollinger and Cape Girardeau Counties) are four St. Louis handlers, one suburban St. Louis handler, one Ozarks handler and an unregulated handler located in Sikeston, Missouri. Sales in these two counties by the Sikeston, Missouri, handler account for less than four percent of his total fluid milk sales.

The handler at Cape Girardeau obtains his supply of milk from producers located in Cape Girardeau County. This county is part of the St. Louis and suburban St. Louis supply area. Thus, the competitive buying prices in the area are the blend prices computed under the St. Louis and suburban St. Louis orders.

The Cape Girardeau handler uses about 90 percent of his supply in Class I uses compared to about 70 percent Class I use under the St. Louis order and 75 percent Class I use under the suburban St. Louis order. Thus, the handler can obtain a supply of milk at less than its class use value provided under the order. Accordingly, he enjoys a competitive advantage over the regulated handlers that distribute milk in Cape Girardeau and Bollinger Counties. Also the producers supplying this plant are not receiving the full classified use value which the order would provide for their milk.

Inclusion of Bollinger and Cape Girardeau Counties in the marketing area would contribute to orderly marketing by assuring that all handlers distributing milk in the area pay for their milk on a class use basis and that producers receive the full class use value for their milk.

The other four counties proposed by the Cape Girardeau handler are located between Cape Girardeau and the present marketing area. Addition of these counties will result in a marketing area which more closely conforms to the sales territory of presently regulated handlers. In two of these counties, Perry and Ste. Genevieve, there are no fluid milk sales by unregulated handlers. In St. Francois County there is one unregulated handler who accounts for about seven percent of the fluid milk sales in the county. In Jefferson County about five percent of the fluid milk sales are made by an unregulated handler.

Certain other proponents proposed that the Missouri counties of Crawford, Franklin, Gasconade, Mississippi, Scott, and Washington also be included in the St. Louis marketing area.

Unregulated handlers located in Franklin County, Missouri, distribute fluid milk products in competition with regulated handlers. Regulated handlers account for about two-thirds of the fluid milk sales in this county. There are about 100 producers in the county who ship their milk to St. Louis regulated handlers. Thus, the competitive buying price for milk in the area is the St. Louis blend price. Unregulated handlers in the county are in a position to purchase a supply of milk for fluid use at approximately the St. Louis blend price while their regulated competitors must pay the Class I price. Expansion of the marketing area to include Franklin County would contribute to orderly marketing by assuring that prices paid for fluid milk distributed in the county are uniform among all handlers and that producers receive the full use value for their milk.

The only unregulated handler with sales in Crawford and Washington Counties will become regulated on the basis of his sales in Franklin County where his plant is located. Inclusion of Crawford and Washington Counties in the marketing area will assure greater marketing stability by encompassing, to the greatest extent feasible, the area within which handlers regulated under the order have the majority of the Class I sales.

Gasconade County should not be included in the St. Louis marketing area. St. Louis handlers do not have a majority

of the fluid milk business in this county. Gasconade County is a sparsely populated area where milk is distributed by handlers from the three distant population centers of St. Louis, Springfield, and Jefferson City, Missouri. Inclusion of Gasconade County in the marketing area might fully regulate a handler in Jefferson City, Missouri, which is about 50 miles west of the recommended marketing area. The major portion of this handler's distribution area lies in unregulated territory beyond the area proposed for inclusion in the marketing area. Thus, regulation of this handler could put him at a disadvantage in a substantial portion of his sales territory as he would have no assurance that his competitors were paying at least the minimum order prices for their milk.

Scott and Mississippi Counties should not be added to the marketing area. The principal distributor of milk in these counties is an unregulated handler located at Sikeston, Missouri. St. Louis regulated handlers account for not more than half of the sales in Mississippi County and for about one-fourth of the sales in Scott County. The remainder of the distribution in these counties is made by handlers regulated under other orders. The handler at Sikeston pays for his milk prices equal to, or in excess of, the St. Louis Class I price. Thus, he has enjoyed no competitive advantage over regulated handlers.

The handler at Sikeston was the proponent of the inclusion of these counties in the marketing area. The record, however, fails to establish that disorderly marketing conditions presently exist in these counties or are likely to occur in the future. It may be noted also that the producers who supply the milk to the plant at Sikeston were opposed to regulation. It must be concluded, therefore, that the inclusion of Scott and Mississippi Counties in the marketing area is not necessary to prevent disorderly marketing conditions in the counties themselves or in the remainder of the marketing area as proposed.

(b) A handler proposed that certain parts of the Suburban St. Louis marketing area be shifted to the St. Louis marketing area. Specifically the area proposed to be changed includes Madison County, Monroe County, that portion of St. Clair County not now in the St. Louis marketing area and the townships of Sugar Creek, Looking Glass, St. Rose, Breese and Germantown in Clinton County. As an alternative, the handler proposed that this portion of the suburban St. Louis marketing area be designated a separate price zone with a Class I price the same as is effective under the St. Louis order for plants located within 30 miles of the City Hall in St. Louis. This area lies within the base zone of the suburban St. Louis order where the Class I price is fixed 10 cents per hundredweight below the St. Louis price.

The effect of the proposals would be to increase the Class I price 10 cents per hundredweight at all plants which are located in the proposed area and presently regulated under the suburban St. Louis order. The handler witness contended that the amendment was needed

to provide equity among handlers regulated under the two Federal orders in this area where their sales overlap. Admittedly it would seem to be desirable to have identical pricing to all handlers competing for sales in a given area. However, neither of the proposals would bring about such a condition since only four of the 11 suburban St. Louis handlers competing for sales in the proposed area would be affected by either of the proposed changes. Whether adoption of either of the proposals would tend to minimize the problem is not determinable since the record does not indicate the relative volume of milk sold in the area by each handler.

Even if a common sales area for all handlers could be delineated it would be questionable whether either of the proposed changes would be appropriate since each of them would increase the price level for a substantial portion of the milk presently priced under the suburban St. Louis order.

In view of the above considerations neither of the proposals should be adopted as such. However, closer alignment of Class I prices at regulated plants in the area can appropriately be accomplished by providing that the St. Louis order location differential at pool plants located within the suburban St. Louis marketing area be limited to the amount that the suburban St. Louis Class I price is less than the St. Louis Class I price. Findings on this issue are included in the discussion of proposed amendments to the location differential provision.

2. *Suburban St. Louis marketing area.* A cooperative association which operates several plants in Illinois, some of which are regulated under the suburban St. Louis order, proposed that the Illinois counties of Adams, Brown, Cass, Hancock, Morgan, Pike, Schuyler, and Scott be included in the suburban St. Louis marketing area. The cooperative operates an unregulated plant at Quincy, Illinois, at which fluid milk products are packaged and distributed on routes throughout these counties.

The proposal was supported only on the condition that the present marketing area be expanded and an order be issued for the Central Illinois area as contained in the recommended decision issued November 13, 1962, and published in the FEDERAL REGISTER on November 17, 1962 (27 F.R. 11369). The proponent cooperative's witness stated that the cooperative expects to change the operation of and distribution from some of its plants. One of these changes would regulate the cooperative's Quincy, Illinois, plant under the suburban St. Louis order if the marketing area were expanded pursuant to the previously mentioned recommended decision. Milk is distributed from the Quincy plant on routes in the proposed counties in competition with several other handlers who would not be subject to regulation under the recommended Central Illinois order or amended suburban St. Louis order. Thus, these unregulated handlers could enjoy a competitive advantage over the Quincy handler by purchasing milk for fluid distribution at a flat price approximating the Federal order blend price.

There is a very limited amount of milk sold in the proposed additional area by handlers presently regulated under Federal orders. A large percentage of the fluid milk being distributed in this eight-county area comes from plants which undoubtedly would become regulated under the recommended order for Central Illinois if such an order were promulgated. Handlers operating these plants testified that the addition of these counties to the suburban St. Louis marketing area would regulate them under that order and leave a major proportion of their sales subject to competition from unregulated handlers if an order were not promulgated for Central Illinois.

In three of the proposed counties the major portion of the fluid milk is distributed by handlers who would be regulated under the recommended order for Central Illinois. Distribution by these handlers plus the distribution from the Quincy plant represents a majority of the sales in seven of the eight proposed counties.

The proponent's proposal to include these counties in the suburban St. Louis marketing area was partly based on a desire to have all of its regulated plants under the same order to facilitate the movement of milk between its plants. Since proposed amendments are being considered with respect to the treatment of unpriced milk and shipments of milk between orders, it might have some bearing on the proponent's plans to associate his Quincy plant with the suburban St. Louis order.

In view of the above considerations these counties might more properly be part of the recommended Central Illinois marketing area than the suburban St. Louis marketing area. However, the hearing notice did not cover their inclusion in the Central Illinois area. Thus, it would not be a proper action on the basis of this hearing. It is most appropriate that regulation of these counties be considered at another hearing. Under the circumstances the territory should not be added to the suburban St. Louis marketing area.

3. Definitions—(a) Producer-handler. It was proposed that the definition of a producer-handler in the St. Louis and suburban St. Louis orders be amended to permit producer-handlers to receive milk delivered in tank trucks directly from farms of members of a cooperative association which is the handler for the milk. The orders now provide that producer-handlers may receive no other source milk or milk from other dairy farmers if they are to retain producer-handler status. Thus, pool plants are the only source of supplemental supplies available to producer-handlers.

If a producer-handler were permitted to rely on other dairy farmers for supplies of milk his position would not be significantly different from that of regulated handlers. A cooperative association in its capacity as a bulk tank handler is an agent for producers with respect to the milk which they sell. The intervention of the cooperative association in the marketing process would not materially affect this relationship. Thus the producer-handler would, in effect,

be buying milk directly from dairy farmers. Accordingly, the proposal should not be adopted.

(b) Handler. It was proposed that the definition of a handler be modified to include persons who transport, broker or distribute nonfluid milk products to a pool plant. The proponent witness stated that this revision of the handler definition was necessary so that the market administrator could require such persons to file reports which would identify the source of nonfluid milk products which may enter a pool plant, together with other information which he might deem pertinent. However, the proponent offered no specific evidence and cited no instances in which such information would seem to be necessary for effective operation of the order. Thus, the proposal should not be adopted.

(c) Dairy farmers for other markets. The "dairy farmer for other markets" provision in the St. Louis order should be deleted.

This section provides that the milk of any dairy farmer which is received at a pool plant during March through August will be other source milk if the handler or an affiliate received milk from the same farm as other than producer milk during the preceding months of September through February.

As stated in the Assistant Secretary's decision on January 18, 1960 (26 F.R. 663) this provision was included in the order as a means of distinguishing between persons producing milk primarily for the St. Louis market and those engaged in supplying plants associated with other markets. The milk of such farmers would, in most instances, be surplus to the needs of the market they had supplied. Pooling such milk in St. Louis would contribute to lower uniform prices for those producers who have assumed the responsibility of regularly supplying the St. Louis market by placing on them the burden of carrying the surplus of other markets without a compensating participation in the Class I sales of such markets during the months of short supply.

Although this provision has tended to benefit St. Louis producers in the manner described above, it has created unforeseen problems under the present pattern of handler's distribution. There are handlers under the St. Louis and suburban St. Louis orders who have route sales within both marketing areas. Also there are handlers who operate plants under each of the orders. Consequently, there is a definite possibility that regulation of a particular plant may shift from one order to the other or that producers may be shifted from a plant under one order to a plant under the other order. Under such circumstances a producer could become a nonpool producer. In fact, this was the case with producers supplying the plant at Breese, Illinois. This plant has a history of shifting between the two orders according to the order where it has the greater Class I distribution. Because of this circumstance it was found appropriate to terminate the "dairy farmer for other markets" provision of the suburban St. Louis order. It is equally appropriate

that the provision be deleted from the St. Louis order so that producers will be assured of maintaining pool status in the event they are shifted between the orders under such circumstances.

(d) Pool plant. The performance standards under which a plant may qualify as a pool plant under the St. Louis order should be revised. A city plant should be a pool plant if at least 50 percent of the receipts of approved milk from dairy farmers, cooperative associations in their capacity as handlers, and country plants is distributed during the month as Class I milk on routes, and if at least 10 percent of such receipts is distributed on routes in the marketing area. Pool plant status should be granted to country plants during any month in which 20 percent of the receipts of approved milk from dairy farmers and cooperative associations in their capacity as handlers is shipped to city plants which are pool plants. A country plant should also be granted automatic pool status during the months of March through August if it was a pool plant in each of the preceding months of September through February. In addition, the order should provide that a country plant operated by, or under contract to a cooperative association, would qualify as a pool plant if 50 percent of the total milk supply of producers who were members of such association during the preceding 12 months had either been shipped directly from farms to pool plants not operated by the cooperative, or had been transferred from a country plant by, or under contract to the cooperative association, to a city plant which is a pool plant.

The present order requires that a city plant distribute 50 percent of its receipts of approved milk as Class I on routes and that 25 percent of such receipts be distributed in the marketing area if it is to qualify as a pool plant. It was proposed that this performance requirement for city plants be revised to afford pool status to a plant from which 50 percent of receipts from dairy farmers and cooperative associations is distributed as Class I on routes and from which an average of 200 pounds per day is distributed within the marketing area. The proponents argued that such performance standards were necessary to allow greater flexibility of interhandler transfers of milk and to assure equity in Class I costs between competing handlers.

Pool plant performance requirements are used to determine whether a plant is sufficiently associated with the market to participate in the marketwide pool. The requirement that 50 percent of all receipts of approved milk be disposed of as Class I was intended to assure that a plant, to share in the pool, be primarily engaged in the processing, packaging and distribution of fluid milk products. However, changes in the handling of milk in the market have rendered this requirement too restrictive. The use of bulk tank handling of milk has resulted in a greater proportion of the market's supply being shipped directly from the farms to city plants. Thus, city plants now handle a greater proportion of the reserve supply. Some plants have manufacturing facilities to dispose of this

milk while others do not. This requires transfer or diversion to plants with manufacturing facilities of the milk which is not needed on weekends and short bottling days by plants which have no such facilities. The present provision includes such receipts in determining pool plant status, thus placing a limit on the amount of such milk that a plant can accept and still maintain its pool status. Modification of the pool plant requirement for city plants to count only receipts from dairy farmers, cooperative associations in their capacity as handlers, and supply plants will provide for more efficient marketing of milk in the area.

The other performance requirement for city plants of 25 percent distribution within the marketing area, should also be modified to recognize the expanded sphere of distribution from plants. Use of paper packages and the economy of high volume use of packaging machines along with improved refrigeration and better highways have resulted in larger distribution areas from city plants. Handlers located in St. Louis distribute milk on routes extending as far as 100 miles south of the marketing area. They also have extensive distribution in the suburban St. Louis marketing area. Thus a substantial part of their Class I distribution is outside the marketing area. To assure that such handlers retain pool status the requirement that 25 percent of receipts be distributed as Class I in the marketing area should be reduced to 10 percent. This same performance level should also be included in the suburban St. Louis and Ozarks orders. The overlap of production and sales under the three orders requires similar provisions to maintain orderly marketing.

The proposal to pool a plant from which an average of 200 pounds of milk per day is distributed in the marketing area should not be adopted. The proponent witness reasoned that the recent court decision in the Lehigh Valley case would necessitate low pool plant qualification standards to maintain equity in Class I costs between regulated and partially regulated handlers. Since the hearing, a decision has been issued on the treatment, under the order, of milk from partially regulated handlers and of milk from unregulated and regulated sources. The decision was based on a regional hearing held in January 1963 concerning the order provisions affected by the Lehigh Valley case. Accordingly, the action on the issue should be decided on the basis of the regional hearing.

Pool plant qualification provisions for country plants should also be modified. The change from can to bulk tanks has reduced the role of country plants in the St. Louis market. During the past several years, country plants at Carlyle and Pecan Grove, Illinois; Alton, Ava, Versailles, Linn, and Mountain Grove, Missouri, have been closed. However, the milk formerly received at these plants is still associated with the market—in most cases, on a direct shipping basis. In 1958, the receipts at country plants were 42 percent of the total receipts of the market. In 1962 receipts at country

plants represented 29 percent of the total receipts of the market. In 1959, 59 percent of the receipts at country plants were shipped to city plants. The proportion shipped in 1962 was 26 percent.

A country plant should be a pool plant if it ships to pooled city plants 20 percent of its receipts from dairy farmers and cooperative associations in their capacity as handlers of producer milk. This performance standard is very similar to the present provision for qualifying an individual country plant. It was proposed that this provision be modified by pooling a country plant which ships 20 percent of its receipts to city plants with 50 percent Class I use irrespective of whether the city plant is a pool plant. Such a provision would not guarantee association with the market as it would allow pooling a country plant if it ships to a plant which has only token distribution in the marketing area. To assure that the supply at a country plant is sufficiently associated with the market to participate in the marketwide pool, the order should continue to provide that supply plant qualifications be based on shipments to city plants which are pool plants.

A country plant which qualifies as a pool plant in each of the months of September through February should continue to be afforded automatic pool plant status in each of the following months of March through August. This provision has facilitated orderly disposition of the market's reserve supply during the months of flush production by not requiring that milk be moved to city plants when it is not needed for Class I use.

The order now provides that country plants may be qualified for pool status on a system basis. All but one of the country plants on the market are operated by cooperatives and the cooperatives have been using system pooling to qualify their country plants. However, the cooperatives proposed to change the technique to be used in measuring the association of a country plant operated by a cooperative association with the market. In place of the system pooling provisions the proponent cooperatives would substitute a provision which would measure the association of a country plant operated by a cooperative on the basis of the total relationship of the milk of the membership of the cooperative with the market. The proponent witness states that such a provision would permit a greater degree of flexibility in handling the market's reserve supplies of milk.

Prior to the advent of farm bulk tanks, country plants were necessary for assembling for shipment to the market milk produced some distance from St. Louis. The advent of the bulk tank has changed this and now most of the milk used in the St. Louis market is shipped in bulk tank trucks directly from the farms where produced. The country plant has thus become a standby operation that acts as a balancing element to equate the fluctuation of the demand and supply of the market rather than as a regular source of supply. There is a wide variation in day-to-day demand for milk for bottling in the St. Louis market. Shipments from country plants may be sub-

stantial on one or two days in a week and virtually nonexistent the remainder of the week, depending on handlers' bottling schedules.

To recognize the changed role of the country plant and to afford greater flexibility in operation of such plants the cooperative proposal should be adopted.

Specifically the proposal would provide that a country plant operated by, or under contract to a cooperative association would be qualified as a pool plant if, during the immediately preceding 12 months, an average of 50 percent of the total milk supply of the producers who are members of such association and who are approved for the market has been shipped directly to a pool plant of another handler, or has been transferred from a country plant of the association to a city plant which is a pool plant.

The proponents of the above modifications in the country plant provision of the St. Louis order recommended that similar changes be made in the Ozarks and suburban St. Louis orders. The record does not indicate that supply plants in these markets function as standby operations in the same manner as those in the St. Louis market. Accordingly, the pool plant provisions of the Ozarks and suburban St. Louis order should not be changed as they relate to supply plants. However, to conform with the change to unlimited diversion during August, the month of August should be included as a month of automatic pool plant status for supply plants which were pool plants during the previous months of September through January.

The St. Louis order should be amended to provide that a country plant meeting the performance standards of both the St. Louis order and another order issued pursuant to the Act, should be regulated under the order to which it moves the greater volume of milk during the month. Milk is regularly shipped to the St. Louis market from plants which also supply other Federal order markets. Thus, there is the possibility that such a plant would be qualified as a pool plant in more than one order and there should be some means of establishing which order should apply. It is most appropriate that this be determined on the basis of where it ships the greater volume of its receipts.

4. *Diversions.* The St. Louis order should be modified to provide for (a) unlimited diversion during the month of August; (b) uniform application of diversion to all handlers; (c) extension of the "surplus disposal area"; (d) pricing diverted milk at the location of the plant to which diverted; (e) diversion to other order plants; and (f) diversion to other pool plants. The suburban St. Louis and Ozarks orders should also provide for unlimited diversion during the month of August. The suburban St. Louis order should also provide for diversion to other order plants and to other pool plants.

(a) The present St. Louis order provides for unlimited diversion of producer milk during the months of March through July. Producer and handler witnesses proposed that the period of unlimited diversion be extended through the month of August. Production of

milk in the St. Louis market varies seasonally, reaching its highest level during May and its lowest level in November. For example, in 1962 average daily receipts from producers were 2.48 million pounds in May and 1.97 million pounds in November. Although sales of Class I milk tend to be more uniform throughout the year, there is some seasonal variation. They are lower during the summer months than in other months of the year. Consequently, the period of greatest surplus production is during the spring and summer months. Permitting unlimited diversion to manufacturing plants will facilitate the orderly disposal of surplus supplies during the months when such surpluses are at the highest peak.

In the St. Louis market reserve supplies of milk have become more burdensome during the month of August. This is partly due to a slight shift in the seasonal pattern of production. However, the overall increased level of production relative to Class I sales over the past few years has been the principal reason for the increased proportion of the supply being used in Class II during the month of August. In 1958 the annual average Class I utilization of producer milk was 81.5 percent. This declined over the next few years to 71.3 percent in 1962. In August 1962 it was necessary to suspend the limit on diversion of producer milk to provide for the orderly disposition of the market's reserve supplies. In view of these considerations it is appropriate that the order be modified to permit unlimited diversion of producer milk during the month of August as well as the months of March through July.

The suburban St. Louis and Ozarks orders should also provide for unlimited diversion during the month of August. As was the case under the St. Louis order, it was found necessary in 1962 to suspend the limit on diversion of producer milk during the month of August in the suburban St. Louis and Ozarks orders. The production and sales conditions in these markets are very similar to those mentioned above for the St. Louis market. Thus, unlimited diversion in August is also necessary in these markets for orderly disposition of reserve supplies.

(b) The diversion provisions of the St. Louis order should be amended to permit proprietary handlers to divert milk during the fall and winter months. The St. Louis order provides for unlimited diversion by both cooperative and proprietary handlers during the months of March through July and for limited diversion (16 days' production), but only by cooperative associations, during other months. Handlers proposed that all handlers be permitted to divert milk during the period September-February.

Limited diversion by all handlers is necessary for orderly marketing of milk to avoid uneconomic movements of milk to city plants when it is not needed for Class I purposes. Since city plants operate only part of the week and day-to-day sales vary greatly, the volume of milk needed at such plants for Class I use varies considerably on a daily basis

throughout the week. Production tends to be constant throughout the week. Thus on certain days, particularly weekends, there will be no need for all or a portion of a handler's regular supply of milk at his plant. Oftentimes the most economical method of disposing of such excess production is to divert it to a manufacturing plant close to the farms where it is produced. However, under the present provisions it would be necessary for the milk to be shipped to the city plant and then transferred to a manufacturing milk plant in order to retain pool status. By permitting diversion of such milk directly to a manufacturing plant substantial savings in transportation and handling costs can be realized.

(c) The St. Louis order should be amended to permit Class II classification of milk which is transferred or diverted to nonpool plants within 350 airline miles of the City Hall in St. Louis, Missouri. The present order provides that milk shall be Class I if transferred or diverted to a nonpool plant more than 110 airline miles from the City Hall in St. Louis and not located, either in that part of the State of Missouri south of the Missouri River, or in Fulton County, Arkansas.

This area within which milk may be diverted to nonpool plants and classified in accordance with its actual use is commonly called the "surplus disposal area." The area proposed will encompass the normal production area for the market and the nonpool plants where the surplus production can be conveniently handled. It represents a proper limit to be placed on the distance which milk may be transported without being assigned a Class I utilization, since verification of the actual use of a shipment of milk beyond that distance would be very costly.

The production area for the St. Louis market has in recent years, expanded beyond the surplus disposal area now provided in the order. Since September 1960 milk has been shipped to St. Louis from a country plant in northeastern Iowa at Fredericksburg about 320 airline miles from St. Louis. There is also a substantial number of producers located in southeastern Iowa and northeastern Missouri which are outside the present surplus disposal area. Expansion of the surplus disposal area to 350 airline miles from St. Louis will encompass the area within which are located the plants which can most economically handle the reserve supplies produced in the northern half of the milkshed. It will thus provide for more orderly and economical marketing of the market's reserve supplies and accordingly should be adopted.

(d) Milk which is diverted to nonpool plants should be priced at the location of the plant to which it is diverted. The present order provides that only that milk diverted to plants located more than 110 airline miles from the City Hall in St. Louis shall be priced at the location of the plant to which diverted. It was proposed that this provision of the order be based on the number of days the milk is diverted rather than mileage.

The proponent witness proposed that the order should provide that diverted

milk of a producer shall be priced at the location of the pool plant from which diverted, if sixteen days or more of the milk production of such producer is received at said pool plant during the month. However, it would be more appropriate to price all milk at the location of the plant where it is physically received since it would reflect the actual value of the milk. When milk is priced at the location of the plant from which diverted, producers located a substantial distance from St. Louis can receive the f.o.b. St. Louis price without shipping their milk to the market. In a large market like St. Louis with a production area extending as far as 320 miles the location differential is an important factor in the price of milk. Consequently, whether milk is priced at the plant from which diverted or to which diverted can make a big difference in the price received by producers.

In this market with relatively low performance requirements for country plants there would be an unwarranted incentive to associate more milk with the market than is needed if diverted milk were priced at the plant from which diverted.

In view of these considerations it is concluded that the order should price diverted milk at the location of the plant to which diverted.

(e) The St. Louis and suburban St. Louis orders should provide for diversion to a plant regulated under another order. This is necessary to avoid uneconomic transportation of surplus milk to a pool plant before shipping it to a plant with manufacturing facilities which is regulated under another order but which is close to the farms where the milk is produced. A suburban St. Louis pool plant at Litchfield, Illinois, purchases surplus Grade A milk from handlers regulated under the St. Louis order. A St. Louis order handler has a number of producers south and east of Litchfield whose milk is reloaded to over-the-road transport tank trucks at Vandalia, Illinois, and shipped to St. Louis.

At times this milk is not needed for bottling and the St. Louis handlers must move the milk to a manufacturing outlet. If the milk were moved directly to the Litchfield plant (33 miles from Vandalia) it would not be St. Louis pool milk under the present provisions of the order. It would be suburban St. Louis order milk and would be considered in the pool plant performance standards under that order. Under such circumstances the plant is limited by the terms of the order with respect to the amount of surplus milk it can handle and still be a pool plant. However, the milk can be disposed of at this plant if it remains as St. Louis order milk. This is being done by transporting it 50 miles to St. Louis where it is received at the St. Louis order plant, then reloaded and moved 54 miles back to the Litchfield plant. This uneconomic movement of milk can be avoided by providing for diversion of milk between such plants in the two markets. However, such diversion should be limited in accordance with the present number of days' production per month which can be diverted under the orders.

(f) Likewise, the St. Louis and suburban St. Louis orders should provide for limited diversion between pool plants, to accommodate the economical movement of milk. There are many circumstances that arise when it is more practical and economical to move milk directly from the farm to the pool plant of another handler, particularly on weekends and holidays when many bottling plants do not operate. In these markets it is common for operators of bottling plants to move their reserve supplies to other pool plants which have facilities for processing such supplies into manufactured dairy products. By permitting diversion between pool plants, the milk can be moved directly to the processing plant from the farm without being first received at a plant and then transferred from one plant to the other.

5. *Classification.* (a) The St. Louis and Ozarks orders should be revised to provide for classification in Class II of the skim milk and butterfat contained in fluid milk products disposed of for livestock feed, and in products which are dumped if the market administrator has been notified in advance and afforded the opportunity to verify such dumping.

Inasmuch as fluid milk products are perishable there are occasions when certain amounts of such products become unfit for human consumption. This may occur, for example, when there is a breakdown in refrigeration or when an item remains in the dairy case of a store for an extended time without being sold. Products which have spoiled frequently have no salvageable use except as livestock feed.

Route returns of fluid milk products are often salvageable for use in manufactured dairy products, particularly the butterfat contained in such returned items. However, this is not always the case particularly with respect to items that are flavored such as chocolate milk or chocolate drink.

Some handlers have enough volume of unsalvageable fluid milk products to warrant accumulating them for disposition as livestock feed—thus realizing some value from the products. However, some handlers lacking such outlets find it more advantageous simply to dump such items.

Accordingly, it is appropriate that the orders be amended to recognize that it is often necessary for milk products to be sold for livestock feed or dumped. Such use should be accounted for at the Class II price. In order to assure that such disposition be kept at a minimum the handler should be required to maintain records of disposition for livestock feed including a receipt from the purchasers thereof. In addition, in the case of milk which is dumped, the market administrator should be notified in advance and be afforded the opportunity to witness such dumping, as this is the only positive means of verifying the quantity so disposed of.

(b) The classification provisions of the St. Louis, suburban St. Louis and Ozarks orders should also be amended to provide for the classification of fluid milk products fortified with additional milk solids as Class I milk only to the extent of the weight of an unmodified product

of the same nature and butterfat content. The skim milk equivalent of the added solids in excess of such weight should be classified as Class II milk.

Fortification of a fluid milk product involves the addition of nonfat dry milk powder or condensed skim milk to a fluid milk product to yield a finished product with a higher nonfat solids content than that contained in an equivalent amount of whole milk. The nonfat milk solids content of normal whole milk is approximately 8.6 percent. A typical fortified fluid milk product contains 10.6 percent nonfat milk solids. Fluid milk processors prepare such a product by adding two pounds of nonfat milk solids to each 98 pounds of whole milk of the appropriate butterfat content. Under the present order provisions the skim milk equivalent amount of the added milk powder is priced as Class I milk. Since the skim milk equivalent of two pounds of nonfat milk solids is about 22 pounds, 100 pounds of such a fortified product represents approximately 120 pounds of milk equivalent products.

Handler proponents of the change in the classification and pricing of solids used to fortify fluid milk products testified that the addition of milk solids would enable them to increase Class I milk sales by supplying consumers with a more palatable product. The present order provision was cited as a deterrent to a practice which helps maintain a volume of milk in Class I which might otherwise be used in the surplus class.

Nonfat dried milk powders used for fortification does not significantly increase the volume of the finished product and hence is not a substitute for producer milk in Class I. It appears that the production of a product with greater consumer appeal may actually increase consumption of producer milk in Class I uses. The change in classification of fortified products by lowering handler's raw product costs will provide an incentive for further expansion of sales of these products thereby enhancing overall returns to producers.

For accounting purposes, the nonfat milk solids added to fluid milk items should be converted to their skim milk equivalent and an amount equal to the difference between the skim milk equivalent of the fortified product and the actual weight of the product disposed of in fluid form should be classified as Class II. The skim milk equivalent of the added solids should be considered as a receipt of other source milk.

Skim milk powder or condensed milk products which are used for reconstitution of fluid milk products should be accounted for on a skim milk equivalent basis and classified in Class I, as is now provided in the orders. Reconstituted fluid milk products are equal in volume to like products which are made from producer milk.

The orders should provide that any disappearance of nonfluid milk products not otherwise accounted for should be considered a receipt of other source milk.

For purposes of clarity and to conform with common terminology in Federal milk orders a definition of "fluid milk products" should be included in the

orders. This definition should include those products which are, under certain conditions, classified as Class I milk.

6. *Transfers.* The provision which requires prior notification to the market administrator with respect to cream shipments made without Grade A certification to nonpool plants outside the surplus disposal area should be deleted from the St. Louis and suburban St. Louis orders.

The orders provide for classifying cream in Class II when transferred outside the surplus disposal area if it is transferred without Grade A certification, the shipment is so invoiced and the market administrator has been given sufficient notice to permit him to verify the conditions of shipment. It was proposed that the prior notification provision on such shipments of cream be removed because it creates a problem in disposing of surplus cream.

Sales of cream to nonpool plants outside the surplus disposal area are frequently made on short notice and sometimes on an emergency basis. In the flush production months the amount of cream available may exceed the capacity of nearby facilities to dispose of such cream. This would be most apt to occur on weekends when bottling plants are not operating. On such days the office of the market administrator would also be closed. The requirement of prior notification in such circumstances could seriously interfere with the disposal of the market's reserve supplies. Elimination of the prior notification as a condition for classifying cream shipments in Class II will facilitate the disposition of excess cream supplies and thereby contribute to orderly marketing.

7. *Class I price.* (a) The method of determining the Class I price under the St. Louis order should be modified by using a fixed differential over the basic formula price in place of the 50-cent fixed differential over the Chicago order price. No change, however, should be made in the level of the Class I price.

Since the suburban St. Louis and Ozarks Class I prices are tied to the St. Louis Class I price, no change in the method of determining the Class I price under those orders is necessary.

The present St. Louis Class I price provision specifies that the Class I price be the price for Class I milk established for the same month under Federal Order No. 30 regulating the handling of milk in the Chicago, Illinois, marketing area, plus 50 cents, and plus or minus a supply-demand adjustment.

The Chicago order provides that the Class I price be the basic formula price (Minnesota-Wisconsin price series) plus \$1.10 in the months of August, September, October and November; \$.90 during December, January, February and July; \$.70 in all other months; and plus or minus a supply-demand adjustment.

Chicago order prices are announced for the 55-70 mile zone. Payments to producers are adjusted upward at plants less than 55 miles from the City Hall in Chicago and downward at plants beyond 70 miles from Chicago. It was proposed at a hearing in Chicago during May 1963 (28 F.R. 3858) that the Chicago order be amended so as to announce the prices

f.o.b. the marketing area. Without changing the language in the St. Louis order, such a change in the Chicago order would raise the Class I price in St. Louis. A St. Louis handler proposed that the St. Louis order Class I price provision be modified so that a change in the location for which prices are announced under the Chicago order would not affect the St. Louis price. Such a modification of the St. Louis Class I price provision is obviously appropriate.

The 50-cent differential between the St. Louis and Chicago Class I prices represents the approximate cost of hauling milk from the northern Illinois and southern Wisconsin portions of the Chicago production area. Since there is a substantial amount of surplus milk production under the Chicago order, this production area represents an alternative supply area for the St. Louis market. Therefore, any change in the computation of the St. Louis Class I price should continue to maintain the present alignment with the Chicago market. This can be accomplished by providing that the St. Louis Class I price be the Minnesota-Wisconsin price for the preceding month plus \$1.60 during the months of August, September, October and November; \$1.40 during December, January, February and July; \$1.20 in all other months; and plus or minus the amount of the Chicago supply-demand adjustment and the amount of the St. Louis supply-demand adjustment.

The proponent of the proposal argued that the current level of the Chicago supply-demand adjustment (minus 24 cents) should be written into the St. Louis order by reducing the amount of the fixed differential over the Minnesota-Wisconsin price. Contrariwise, producer witnesses proposed that the effect of the Chicago supply-demand adjustment be eliminated in computing the St. Louis price. Adoption of either of these proposals would tend to disrupt the alignment of prices between markets.

The Chicago order supply-demand adjustment is operative over a range of 48 cents—from plus 24 cents to minus 24 cents. Thus, if the St. Louis price were set to permanently reflect the current level of the Chicago supply-demand adjustment it would be possible for the Chicago price to increase as much as 48 cents relative to St. Louis. If no allowance were made for the Chicago supply-demand adjustment there would be a change of 24 cents in the relationship of Class I prices between the markets. Such changes would provide an incentive for uneconomic shifts of available supplies between the markets and accordingly should not be adopted.

Since the Minnesota-Wisconsin price is recommended as the basic price from which the Class I price is computed and is also recommended elsewhere in this decision as the Class II price for the Ozarks, suburban St. Louis and St. Louis markets it should be designated the basic formula price in the orders.

(b) Several proposals were made by producer witnesses to increase the Class I prices under the St. Louis, suburban St. Louis and Ozarks orders. Some witnesses proposed that the price be set at

a level which would reflect their estimated cost of producing milk, while others proposed that the price be set at a level which would return to farmers the parity price for all milk sold at wholesale in the United States. The estimates of cost of production ranged from \$5.00 to \$8.00 per hundredweight, while the parity price was \$5.35 per hundredweight. These proposals represent substantial increases over the prices under the orders. During 1962 the St. Louis order Class I price averaged \$4.25 and the blend price to producers averaged \$3.94. Some proponents of a Class I price increase indicated only that the price should be increased without recommending a specific amount.

Any change in the level of the Class I price would have to be justified under the pricing standards of the Agricultural Marketing Agreement Act of 1937, which authorizes the issuance of milk orders. The Act requires that if the Secretary of Agriculture finds that the parity prices are not reasonable in view of the price of feeds, the available supplies of feeds and other economic conditions which affect market supply and demand for milk and its products in the marketing area, he shall fix minimum prices which will reflect such factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest.

The parity prices are unreasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area. Market statistics show that supplies of fluid milk are adequate to meet Class I needs in the St. Louis, suburban St. Louis and Ozarks marketing areas. In the individual markets the percent of producer milk utilized in Class I during 1962 was 71 percent in St. Louis, 75 percent in suburban St. Louis and 62 percent in the Ozarks. Class I utilization in the St. Louis market is significantly lower than its historical level for the market. During the five-year period of 1955 through 1959 the annual average proportion of producer milk used in Class I ranged between 78 and 82 percent. In 1960 and 1961 Class I use in St. Louis was 75 and 71 percent, respectively. During the eight-year period of 1955 through 1962 Class I use under the Ozarks order never exceeded the 72 percent level reached in 1959. Class I utilization under the suburban St. Louis order was 75 percent in each of the first two years the order was in effect, namely 1961 and 1962.

Several witnesses pointed out that any significant increase in price for these markets would have to be accompanied by provisions in the orders which exclude imports of lower-priced milk from markets to the north. Such an exclusion is clearly not authorized by the statute.

If Class I prices in these markets were set higher than the price level in an alternative supply area plus the cost of shipping milk from such area to these markets, handlers would be encouraged to obtain their supply of milk from the other area. This would not be in the interest of producers who regularly supply the markets as their milk would un-

doubtedly be used in manufactured dairy products which return a lower price. Thus, the practical ceiling on the Class I price for a market is the price in an alternative supply area plus the cost of transporting the milk to such market.

Milk produced on farms in eastern Iowa, northern Illinois, and southern Wisconsin represents an alternative supply for the St. Louis market. There are 43 producers located in eastern Iowa and nine producers in southern Wisconsin who ship milk to St. Louis handlers. These producers are located in the supply area of Federal order markets in eastern Iowa, and northern Illinois which have quantities of surplus milk that are potentially available for Class I use in St. Louis. In addition to the milk shipped directly to St. Louis from farms in Iowa, milk imported from Federal order sources in Iowa accounts for about five percent of Class I sales under the St. Louis order.

In recognition of markets to the north as alternative sources of milk supplies for the St. Louis market, the St. Louis Class I price is fixed in line with the price under the Chicago order. This price relationship (plus 50 cents) represents the approximate cost of transporting milk from the Chicago market production area to the plants of handlers in St. Louis. The distance from St. Louis to plants in the Chicago 55-70-mile zone is approximately 230 miles at the closest point. The only evidence presented on the cost of transporting milk long distances to St. Louis was 35 cents per hundredweight from Ozarks, Missouri, which is about 200 miles, and 55 cents from Fredricksburg, Iowa, which is about 320 miles. Interpolating from these rates, it would cost 50 cents per hundredweight to move milk 290 miles. A radius of 290 miles from St. Louis encompasses a large proportion of the Chicago order production area where alternative supplies could be shipped into St. Louis at a hauling cost of about 50 cents. Thus it is appropriate that the price relationship between the St. Louis and Chicago markets be maintained at a plus 50 cents per hundredweight. Such a price alignment is especially significant in considering a price change which would be effective on a long-range basis whereby handlers would have time to change their source of supply.

Several witnesses stated that a price increase was necessary to reflect the increased cost of feed grains, equipment, labor and other production items. Other factors such as poor pasture and reduced hay crops due to inadequate rainfall were also cited as justification to increase the Class I price. During the first five months of 1963 the price of mixed dairy feed was up 4.2 percent in Illinois and up 6.3 percent in Missouri from the same months of the previous year. On May 1, 1963, pasture conditions were 68 percent of normal in Missouri due to the abnormally low amount of rainfall. The dry weather also reduced the quality and yield of hay below normal levels. Obviously such factors are significant on the supply side of the market because of their effect on future production.

However, within the framework of the Agricultural Marketing Agreement Act, a price increase is appropriate when production is affected to the point where an actual reduction in the supply of milk occurs to a degree that the fluid milk requirements of the market are threatened. In this connection, official notice is taken of the emergency Class I price hearing held at Kansas City, Missouri, on October 28-29, 1963, and the subsequent actions pursuant to the hearing.

Since the drought conditions in the production area persisted throughout the remainder of the growing season it adversely affected feed supplies and prices, which in turn affected the production of milk for the St. Louis, suburban St. Louis and Ozarks markets. Thus Class I prices were increased 10 cents above what they would otherwise have been in these markets. The price increase was made effective through March 1964. Since April is normally the beginning of the flush production period and producer receipts could be expected to be more than ample to meet the market requirements for fluid milk, the price increase was not extended into that month.

By January 1964 the supply-sales conditions in all three markets had reversed from the relatively short supply condition which existed in the fall months to a surplus supply condition. Deliveries of producer milk in the St. Louis, suburban St. Louis and Ozarks markets during January 1964 were 126 percent, 130 percent and 130 percent, respectively, of gross Class I sales. The corresponding percentages for January 1963 were 119 percent, 120 percent and 124 percent, respectively, for the three markets. In February 1964 it was found necessary to suspend the country plant shipping requirement-provision of the St. Louis order to facilitate the orderly disposition of the market's reserve supply of milk. Official notice is taken of the suspension order (29 F.R. 2859) and the "Statistical Summary for January 1964" for each market released by the market administrator.

Except for unusual circumstances, such as the severe drought in 1963, the pricing mechanism provided in the order tends to reflect supply and demand conditions in the market and adjust prices so as to assure adequate supplies of milk. The supply-demand adjuster automatically increases the Class I price when receipts fall in relation to Class I sales. Irrespective of an increase in the Class I price, the blend price to producers increases when the proportion of the available supply used for fluid purposes increases.

In view of the above considerations it is concluded that: The Class I price levels in the St. Louis, suburban St. Louis, and Ozarks markets have and are expected to continue to reflect the economic factors, including the price of feeds and the available supplies of feeds, which affect market supply and demand for milk in the marketing areas, assure adequate supplies of milk and are in the public interest. Therefore, the proposed increases should not be adopted.

8. *Class II price.* The St. Louis suburban St. Louis, and Ozarks orders should be amended to provide that the price for Class II milk shall be the average price

per hundredweight for manufacturing grade milk, f.o.b. plants in Minnesota and Wisconsin, as reported by the United States Department of Agriculture adjusted to a 3.5 percent butterfat test. This price series has been recommended as the Class II price for the suburban St. Louis order on the basis of an earlier hearing (29 F.R. 1530). Since the present suburban St. Louis Class II price is tied to the St. Louis Class II price, the simultaneous amendment of both orders to use the Minnesota-Wisconsin price series as the Class II price is most appropriate.

The present Class II price under the St. Louis order during the months of August through February is the higher of either the average price paid by a specified group of midwestern condenseries or a price resulting from a butter-powder formula. For the months of March through July the Class II price is based on a butter-powder formula which results in a somewhat lower price than that used during the other months of the year. The Ozarks order Class II price provision is identical to the St. Louis provision during the August-February period, but the butter-powder formula effective during March through July returns a six-cent higher price than does the one in the St. Louis order.

In addition to the Minnesota-Wisconsin price series recommended herein, it was proposed that the Class II price be the higher of either the average price of milk for manufacturing purposes in the United States or the average of the prices paid by five specified manufacturing plants, plus 15 cents.

For the 12-month period April 1962 through March 1963 the average monthly Class II price for milk of 3.5 percent butterfat content in St. Louis was \$2.93. The Minnesota-Wisconsin price series and the U.S. manufacturing milk price series for 3.5 percent milk averaged \$3.06 and \$2.99, respectively, during this period. The prices paid by a local manufacturing plant averaged \$2.74 for the same 12 months.

Certain handler witnesses argued that the Minnesota-Wisconsin price series would result in too high a price for Class II milk. The Class II price should be at such level that handlers will accept and market whatever quantities of milk in excess of Class I needs may occur from time to time. The price, however, should not be so low, that handlers will be encouraged to procure milk supplies solely for the purpose of converting them into Class II products.

Regulated plants use reserve milk regularly each month in relatively high value Class II products such as cottage cheese and ice cream. Milk in excess of need for such uses is manufactured into butter and powder which must compete on a nationwide market.

In order to obtain a supply of quality milk, manufacturing plants in the area pay premiums over their basic prices. It is a common practice for plants to pay a premium if the farm has a cooler and an additional premium for volume of milk shipped. During 1962 these premiums averaged 25 cents per hundredweight. Producers shipping to Federal order plants would undoubtedly qualify

for such premiums. The 1962 average of the basic prices plus the premium was \$3.00 per hundredweight at the 5 manufacturing plants in the area proposed as an alternative Class II price. During 1962 the St. Louis order Class II price averaged \$2.98 and the Minnesota-Wisconsin price series averaged \$3.11. During 1962 the premiums paid to producers supplying the St. Louis market averaged 20.3 cents per hundredweight on all milk. From the above considerations it appears that the Minnesota-Wisconsin price series would not be so high that handlers would refuse to accept the market's reserve milk and it would more realistically reflect the actual use value of the milk. The use of a lower price would not assure producers of the full use value of their milk.

The use of local manufacturing plant basic pay price plus an arbitrary fixed amount to reflect premiums paid would not provide as good a measure of the value of Class II milk as the Minnesota-Wisconsin price series. Since the amounts of the premiums paid are subject to change it would be virtually impossible to write a realistic allowance into the order. Similarly the butter-powder formula involves an arbitrary fixed allowance for manufacturing costs which are subject to change. Use of such formula could very easily result in prices which are either too low or too high and could cause intermarket dislocation of reserve supplies.

A manufacturing milk price series would be more appropriate as it would automatically reflect changing premium and manufacturing costs.

Of the two manufacturing milk price series proposed for use as the Class II price, the Minnesota-Wisconsin price series would be more appropriate for use in these markets. This is the price series used in many Federal order markets in the Midwest and it has been recommended for use as the price for reserve supplies in Illinois markets where the production area is coextensive with part of the St. Louis market supply area.

Official notice is taken of the Under Secretary's decision issued February 21, 1963 (27 F.R. 1802) to use the Minnesota-Wisconsin price series as the basic formula price in the determination of Class I prices in 36 Federal milk orders in the Midwest, including the St. Louis, suburban St. Louis and Ozarks orders. (Since the Class I price in these three orders are either directly or indirectly tied to the Chicago order, the use of the Minnesota-Wisconsin price in determining the Class I prices was effectuated through an amendment to the Chicago order on March 1, 1962.) The price for manufacturing grade milk in the two-state area of Minnesota and Wisconsin is issued by the State-Federal Crop Reporting Service on about the 5th day of each month for milk received at manufacturing plants in these States in the previous month. Plant operators report the total pounds of manufacturing grade milk received from farmers, the butterfat content, and total money paid to farmers for the milk. The two-state area is one in which there is a heavy concentration of manufacturing grade milk and where many plants are competing for such sup-

ply. In Minnesota about 80 percent of the milk sold off farms is manufacturing grade and in Wisconsin about 65 percent. About 50 percent of the manufacturing grade milk sold off farms in the United States is produced in these two States.

The manufacturing milk price for the two-state area is reported by the Department as the price at actual butterfat test. The announced price is adjusted to the 3.5 percent butterfat test used in the orders by means of a butterfat differential equal to 0.12 times the average wholesale price for 92-score butter at Chicago.

The Minnesota-Wisconsin price series is a better index for determining the value of Class II milk in the orders than the other means which were proposed. It is representative of prices paid to farmers for about half of the manufacturing grade milk produced in the country. It is a price level determined by competitive conditions which are affected by demand in all of the major uses of manufactured dairy products. The system of reporting has been developed so that a reliable average price is available promptly and thus it provides just as current a basis for pricing milk as the present formula.

9. *Location differentials.* (a) The St. Louis order location differential provisions should be modified by providing that prices should not be adjusted for location at pool plants within a newly designated base zone consisting of the city of St. Louis and the counties of St. Louis, Jefferson, Perry, Ste. Genevieve, and Cape Girardeau. The St. Louis order should also provide that the location adjustment at pool plants located in the suburban St. Louis marketing area be limited to the amount that the suburban St. Louis Class I price is less than the St. Louis Class I price.

Under the St. Louis order Class I and uniform prices are reduced 16 cents at plants in the 30-40-mile zone and an additional cent for each 10 miles or fraction thereof beyond 40 miles from the City Hall in St. Louis.

The expansion of the marketing area recommended herein would regulate city plants beyond 40 miles from the City Hall in St. Louis. One such plant is located at Cape Girardeau, Missouri, approximately 100 miles south of St. Louis. Under the present order a location differential of minus 22 cents would be applicable at this plant. Several witnesses proposed that the order provide for a plus differential of 26 cents at Cape Girardeau. The proponents argued that the plus differential would be necessary for price alignment with markets in Kentucky, Tennessee, and Arkansas.

Producer milk should be priced in relation to its location value. Generally, in order to obtain an adequate supply of milk, markets south of the surplus milk production area (Minnesota and Wisconsin) require progressively higher prices for milk corresponding to the increased cost of transporting milk from such alternative milk supply areas. However, the record indicates that the Cape Girardeau area can be adequately supplied with milk if the price is equal to that applicable f.o.b. St. Louis.

The handler at Cape Girardeau purchases most of his supply of milk from producers located in Cape Girardeau County. This county is also part of the St. Louis and suburban St. Louis production area. Producers in the county ship milk directly to regulated bottling plants at which no location adjustment is applicable. Thus, the competitive buying price in the area is the same as the 0-30 mile zone price. Handlers located in the city of St. Louis and handlers under the suburban St. Louis order (where the Class I price is 10 cents less) compete for sales in the Cape Girardeau area.

In view of the above considerations, the proposal to provide a plus differential at Cape Girardeau should not be adopted. However, under present conditions a minus differential would not be appropriate for the Cape Girardeau area either. The order, therefore, should provide no location differential at plants in Cape Girardeau County.

At the present time there are no plants located in the counties of Jefferson, Perry, and Ste. Genevieve. These counties lie along the Mississippi River between Cape Girardeau County and St. Louis County. If a plant were to be located in these counties, the Class I price at such a plant should be the same as at St. Louis or Cape Girardeau since all these counties are located in the supply area of both the St. Louis and suburban St. Louis markets. Application of a location differential at a plant located here would disrupt the price alignment within the St. Louis market as well as between the St. Louis and suburban St. Louis markets.

Therefore, the city of St. Louis and the counties of St. Louis, Jefferson, Perry, Ste. Genevieve, and Cape Girardeau should constitute a base zone within which a location differential should not apply.

(b) As an adjunct to the proposal to shift part of the suburban St. Louis marketing area to the St. Louis marketing area the Class I price would be increased 16 cents per hundredweight at a St. Louis regulated plant located in Breese, Illinois. This plant is in the 30-40-mile zone area as measured from the City Hall in St. Louis. The present location differential in the order reduces the Class I price 16 cents at plants located in the 30-40-mile zone.

The plant at Breese is the only St. Louis regulated plant at which a location differential is applicable and which has sales in that part of the suburban St. Louis marketing area proposed for inclusion in the St. Louis marketing area. Its sales in the St. Louis marketing area are made within the city of Belleville and Scott Military Reservation. Belleville and Scott Military Reservation are located approximately half-way between the Breese plant and the city of St. Louis.

The St. Louis order Class I price applicable at the Breese plant is 16 cents less than at plants of other St. Louis regulated handlers that have sales within the city of Belleville and Scott Military Reservation. The Breese plant is located in the suburban St. Louis order market-

ing area base zone where the Class I price is fixed 10 cents below the St. Louis order Class I price for the 0-30-mile zone. Thus, the Class I price at this plant is six cents lower than it would be if the plant were regulated under that order. Historically the Breese plant has been regulated under the suburban St. Louis order. It became a St. Louis regulated plant beginning September 1962 due to sales at Scott Military Reservation.

The record does not show the complete distribution pattern from the Breese plant. However, it does indicate that there are sales from this plant in densely populated areas of the suburban St. Louis order. In fact there are a number of handlers under these two orders whose sales territories overlap. The suburban St. Louis marketing area covers a substantial proportion of the production area for the St. Louis and suburban St. Louis markets. Thus, close alignment of pricing under the two orders is essential for orderly marketing.

In view of the above consideration the St. Louis Class I price at pool plants located in the suburban St. Louis marketing area should not be less than the price which would be applicable at such plant under that order. This would increase the price six cents per hundredweight at the Breese plant, thus the applicable Class I price under either order would be the same for the plant.

(c) It was proposed that the location differential of 32 cents at Aurora, Missouri, be reduced to 27 cents. The proponent witness argued that this was necessary to reflect the competitive price in the vicinity of these country plants since part of the supply for these plants originates from producers who are located near producers who ship milk to county plants at Lebanon, Missouri, where the location adjustment is 27 cents.

Milk is assembled at these country plants for shipment to plants in St. Louis. The value of milk at the country plants is equal to the f.o.b. St. Louis price minus the cost of hauling. The lower differential at the Lebanon, Missouri, plants reflects the fact that Lebanon is approximately 50 miles closer to St. Louis than Ozarks, Missouri. Consequently, the cost of hauling milk to St. Louis from Lebanon is about five cents less than from Ozarks. The order price should reflect the value of the milk at the plant where it is received rather than the location of the farm. Therefore it is concluded that no change should be made in the location differential at country plants.

10. *Type of pooling.* The market-wide equalization pool should be retained under each of the orders. Proposals were made to change each of the three orders to individual-handler pooling as a means of distributing returns to farmers. Under the present marketwide pools producers all share equally in the Class I sales by all handlers in the respective markets and the burden of carrying the necessary reserve supply is borne equally by all producers. Under an individual-handler pool a producer would receive a price based on the utilization of the particular handler to whom he ships his milk.

Since the handler who maintains the highest Class I utilization would also have the highest producer price under an individual-handler pool, handlers would be encouraged to buy only enough milk from producers to meet their Class I needs. Thus, many producers who are now supplying these markets would undoubtedly be dropped—at least during the months of flush production. In the fall months when production tends to drop, handlers would be adding additional producers or depending on another market for needed supplies. Such adding and dropping of producers would create unstable marketing conditions and would shift the burden of carrying the necessary reserve for the market to a particular group of producers or another market.

In these markets some plants have no manufacturing facilities. Such plants normally limit their receipts of producer milk to the quantity needed for Class I in the flush production season and in the short production months procure supplemental supplies of milk from plants which maintain manufacturing facilities and carry adequate supplies throughout the year. The marketwide pools enable handlers with manufacturing facilities or cooperative associations to handle the reserve supplies and to pay producers the same price as is paid by handlers who do not assume the responsibility of carrying the necessary reserve. Thus, the lower return for the reserve milk is apportioned equally among all producers.

The marketwide pools facilitate orderly marketing with respect to Class I sales under contracts to military installations. These contracts are let on a bid basis and often shift from one handler to another. The marketwide pool aids in shifting supplies to the handler obtaining such a contract and assures that all producers share in the sales.

In view of the above considerations it is concluded that marketwide pooling will maintain more efficient and orderly marketing of milk in these markets than would individual-handler pools.

11. *Overdue accounts.* The provision of the St. Louis order which applies an interest charge on overdue accounts handled by the market administrator should not be extended to cover handlers' money obligations which are not handled by the market administrator.

A cooperative association proposed that handlers' payments to cooperative associations be increased one-half of one percent for each month or portion thereof that such payment is overdue. The order now provides that such interest rate shall be applicable to overdue payments into and out of the producer-settlement fund and to marketing service and administrative expense payments.

The order provides that handlers shall pay cooperative associations for milk received from producer members of the association if the association so requests, rather than make payments directly to the producers. These payments are due the cooperative on or before the 14th day of each month for the previous month's receipts. A partial payment is due on or before the 25th day of the month for milk received during the first

fifteen days of the month. The proponent stated that one handler has been from four to fifteen days late in making each of these payments to the proponent cooperative over a period of several months. The proponent witness proposed that the order provide for an interest penalty on such late payments to encourage prompt payment of the obligations. The witness knew of no other handler who did not make payments on or before the due dates provided in the order.

Assessment of interest charges on late payments by a handler to a cooperative association is not administratively feasible. The market administrator is not in a position to verify the actual date of payment because of the possibility of pre-dating of checks, of agreements between handlers and cooperative associations with the respect to the extension of credit, and the issuance of notes to cover all or a part of the indebtedness.

It should be recognized also that the cooperative association as the marketing agent for its member producers has authority to enter into contractual relations with the purchasing handler which could provide for the payment of interest or other penalty on delinquent debts. These terms and conditions of sale should be left to the contract between the cooperative association and the purchasing handler rather than being incorporated in the order.

Rulings on proposed findings and conclusions. Briefs and proposed findings and conclusions were filed on behalf of certain interested parties. These briefs, proposed findings and conclusions and the evidence in the record were considered in making the findings and conclusions set forth above. To the extent that the suggested findings and conclusions filed by interested parties are inconsistent with the findings and conclusions set forth herein, the requests to make such findings or reach such conclusions are denied for the reasons previously stated in this decision.

General findings. The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid orders and of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) The tentative marketing agreements and the orders, as hereby proposed to be amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(b) The parity prices of milk as determined pursuant to section 2 of the Act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing areas, and the minimum prices specified in the proposed marketing agreements and the orders, as hereby proposed to be amended, are such

prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(c) The tentative marketing agreements and the orders, as hereby proposed to be amended, will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in, a marketing agreement upon which a hearing has been held.

Recommended marketing agreements and orders amending the orders. The following orders amending the orders as amended regulating the handling of milk in the suburban St. Louis, St. Louis and Ozarks, Missouri, marketing areas are recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreements are not included in this decision because the regulatory provisions thereof would be the same as those contained in the orders, as hereby proposed to be amended:

AMENDMENTS TO PART 1032 REGULATING THE HANDLING OF MILK IN THE SUBURBAN ST. LOUIS MARKETING AREA

1. Sections 1032.7 through 1032.18 are revised and renumbered to read as follows:

§ 1032.7 Producer.

"Producer" means any person, other than a producer-handler as defined in any order (including this part) issued pursuant to the Act, who produces milk in compliance with the Grade A inspection requirements of a duly constituted health authority, and whose milk is (a) received at a pool plant, or (b) diverted as producer milk pursuant to § 1032.14.

§ 1032.8 Handler.

"Handler" means:

(a) Any person in his capacity as the operator of a distributing plant or a supply plant;

(b) Any cooperative association with respect to milk from producers diverted for its account from a pool plant to a nonpool plant; and

(c) Any cooperative association with respect to the milk of its members which is delivered from the farm to the pool plant of another handler in a tank truck owned and operated by, or under contract to such cooperative association, if the cooperative association, prior to delivery, notifies in writing the market administrator and the handler to whose plant the milk is delivered, that it will be the handler for the milk. Milk so delivered shall be deemed to have been received by the cooperative association at a pool plant at the location of the pool plant to which it is delivered.

§ 1032.9 Producer-handler.

"Producer-handler" means a person who:

(a) Operates a distributing plant and processes milk from his own farm production, and who distributes all or a portion of such milk within the marketing area on a route but who receives no milk from other dairy farmers or from nonpool plants in the form of fluid milk products; and

(b) Assumes as his personal enterprise and risk the processing and distribution of fluid milk products and the maintenance, care and management of dairy animals and other resources necessary to produce his own farm milk production.

§ 1032.10 Distributing plant.

"Distributing plant" means any plant at which fluid milk products are processed and packaged and from which Grade A fluid milk products are disposed of on a route(s) in the marketing area during the month.

§ 1032.11 Supply plant.

"Supply plant" means any plant at which Grade A milk is received from dairy farmers and from which fluid milk products are moved to a distributing plant.

§ 1032.12 Pool plant.

"Pool plant" means:

(a) A distributing plant, other than that of a producer-handler or one described in § 1032.61, from which during the month:

(1) Disposition of fluid milk products in the marketing area on routes is equal to 10 percent or more of its Grade A receipts from dairy farmers and cooperative associations in their capacity as handlers pursuant to § 1032.8(c), or from which an average of not less than 7,000 pounds per day of fluid milk products is distributed on routes in the marketing area; and

(2) Total disposition of fluid milk products on routes is equal to 50 percent or more of its Grade A receipts from dairy farmers and cooperative associations in their capacity as handlers pursuant to § 1032.8(c);

(b) A supply plant from which during the month an amount equal to 50 percent or more of its receipts of Grade A milk from dairy farmers and from cooperative associations in their capacity as handlers pursuant to § 1032.8(c) is moved to and received at a pool plant(s) described in paragraph (a) of this section.

(c) Any supply plant during the months of February through August that was a pool plant during each of the preceding months of September through January, unless the operator of such plant notifies the market administrator in writing before the first day of any such month of his intention to withdraw such plant as a pool plant, in which case such plant shall thereafter be a nonpool plant until it again meets the shipping requirements set forth in paragraph (b) of this section.

§ 1032.13 Nonpool plant.

"Nonpool plant" means any milk receiving, manufacturing, or processing plant other than a pool plant.

§ 1032.14 Producer milk.

"Producer milk" means all skim milk and butterfat contained in milk which is:

(a) Received during the month at a pool plant directly from producers except that received by diversion pursuant to paragraph (b)(1) of this section: *Provided*, That milk received at a pool plant

by diversion from a plant at which such milk would be fully subject to the pricing and pooling under the terms or provisions of another order issued pursuant to the Act shall not be producer milk; or

(b) Diverted by the operator of a pool plant or by a cooperative association subject to the following conditions:

(1) Diverted during the month from a pool plant to another pool plant(s) for not more than 10 days' production;

(2) Diverted from a pool plant to a nonpool plant(s) at which the handling of milk is not fully subject to the pricing and pooling provisions of another order issued pursuant to the Act on any day during the months of March through August and in any other month for not more than 10 days' production;

(3) Diverted during the month from a pool plant to a nonpool plant(s) at which the handling of milk is fully subject to the pricing and pooling provisions of another order issued pursuant to the Act for not more than 10 days' production: *Provided*, That milk so diverted shall not be producer milk if, notwithstanding the provisions of this subparagraph, the milk is fully subject to the pricing and pooling provisions of the other order;

(4) Milk diverted for the account of a handler in his capacity as operator of a pool plant shall be deemed to have been received at the pool plant from which diverted; and

(5) Milk diverted for the account of a cooperative association shall be deemed to have been received by the cooperative association at a pool plant at the location of the pool plant from which diverted.

§ 1032.15 Other source milk.

"Other source milk" means all skim milk and butterfat contained in:

(a) Receipts during the month of fluid milk products except:

(1) Fluid milk products received from pool plants;

(2) Producer milk; and

(3) Inventory of fluid milk products on hand at the beginning of the month;

(b) Products other than fluid milk products, from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month; and

(c) Any disappearance of nonfluid milk products not otherwise accounted for.

§ 1032.16 Fluid milk product.

"Fluid milk product" means milk, skim milk, buttermilk, flavored milk, milk drinks (plain or flavored), cream (sweet or sour), concentrated milk, fortified milk or skim milk, reconstituted milk or skim milk and mixtures of milk, skim milk or cream (except frozen dessert mixes, eggnog, aerated cream, and sterilized products in hermetically sealed containers).

§ 1032.17 Route.

"Route" means a delivery (including disposition from a plant store or from a distribution point and distribution by a vendor or vending machine) of any fluid milk product to a retail or whole-

sale outlet other than a pool plant or a nonpool plant.

§ 1032.18 Chicago butter price.

"Chicago butter price" means the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) per pound of 92-score bulk creamery butter at Chicago as reported during the month by the Department.

§ 1032.22 [Amendment]

2. Paragraph (1) of § 1032.22 is revised to read as follows:

§ 1032.22 Duties.

(1) On or before the 12th day after the end of each month, report to each cooperative association which so requests, the class utilization of producer milk received by each handler from members of the association. For the purpose of this report, the milk caused to be so delivered by an association shall be prorated to each class in the proportion that the total receipts of milk received from producers by such handler were used in each class.

§ 1032.30 [Amendment]

3. In § 1032.30 the reference to "§ 1032.9 (b) and (c)" is changed to "§ 1032.8 (b) and (c)".

4. Section 1032.40 is revised to read as follows:

§ 1032.40 Skim milk and butterfat to be classified.

The skim milk and butterfat to be reported by each handler pursuant to § 1032.30 shall be classified each month by the market administrator pursuant to the provisions of §§ 1032.41 through 1032.46.

5. Section 1032.41 is revised to read as follows:

§ 1032.41 Classes of utilization.

Subject to the conditions set forth in §§ 1032.42 to 1032.46 the classes of utilization shall be as follows:

(a) *Class I.* Class I shall be all skim milk and butterfat:

(1) Disposed of in the form of fluid milk products, except those classified pursuant to paragraph (b) (2), (3), and (4) of this section. Fluid milk products which have been fortified by the addition of nonfat solids shall be Class I in an amount equal only to the weight of an equal volume of an unmodified product of the same nature and butterfat content; and

(2) Not accounted for as Class II.

(b) *Class II.* Class II shall be:

(1) All skim milk and butterfat used to produce any product other than a fluid milk product;

(2) All skim milk and butterfat authorized by the market administrator to be dumped;

(3) All skim milk and butterfat accounted for as disposed of for livestock feed;

(4) The inventories of fluid milk products on hand at the end of the month;

(5) The skim milk contained in that portion of "fortified" fluid milk products

not classified as Class I pursuant to paragraph (a) (1) of this section;

(6) Actual shrinkage of skim milk and butterfat allocated pursuant to § 1032.46 (b) (2) not to exceed the following: two percent of the skim milk and butterfat, respectively, received from producers except that which is diverted pursuant to § 1032.14, plus 1½ percent of skim milk and butterfat, respectively, received from pool plants of other handlers in bulk tank lots or from a cooperative association which is the handler for the milk pursuant to § 1032.8(c), less 1½ percent of skim milk and butterfat, respectively, disposed of in bulk tank lots to other plants excluding milk diverted pursuant to § 1032.14; and

(7) In shrinkage of skim milk and butterfat, respectively, allocated to other source milk pursuant to § 1032.46(b) (1).

6. In section 1032.43 the introductory paragraph preceding paragraph (a), paragraph (b), and paragraph (c) are revised to read as follows:

§ 1032.43 Transfers.

Skim milk and butterfat disposed of by a handler, including a cooperative association in its capacity as a handler pursuant to § 1032.8 (b) and (c) shall be classified:

(a) As Class I milk if transferred or diverted to a pool plant unless:

(1) Utilization as Class II is claimed by both handlers in their reports submitted pursuant to § 1032.30; and the amount of skim milk or butterfat so assigned to Class II does not exceed the amount of skim milk or butterfat remaining in Class II at either plant after the subtraction of other source milk pursuant to § 1032.45(a) (4) and the corresponding subtraction pursuant to § 1032.45(b), or

(2) If a specified utilization is not claimed by both handlers, skim milk and butterfat transferred to a pool plant of another handler by a cooperative association pursuant to § 1032.8(c), shall be classified pro rata to the respective amounts remaining in each class for such month at the pool plant of the receiving handler after the computations pursuant to § 1032.45(a) (7) and the corresponding step of § 1032.45(b).

(e) As Class I if moved to a nonpool plant in the form of cream unless the handler:

(1) Claims classification as Class II; and

(2) Establishes that such cream was transferred to a nonpool plant without Grade A certification and that each container was labeled or tagged to indicate that the contents were for manufacturing use and that the shipment was so invoiced.

§ 1032.44 [Amendment]

7. In § 1032.44 the reference to "§ 1032.9(c)" is changed to "§ 1032.8(c)" and the reference to "§ 1032.9(b)" is changed to "§ 1032.8(b)".

8. In § 1032.45 subparagraphs (5) and (7) of paragraph (a) are revised to read as follows:

§ 1032.45 Allocation of skim milk and butterfat.

(a) * * *

(5) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II milk the pounds of skim milk in inventory of fluid milk products at the beginning of the month;

(6) * * *

(7) Subtract from the remaining pounds of skim milk in each class the pounds of skim milk in fluid milk products received from pool plants of other handlers and cooperative associations according to the classification assigned pursuant to § 1032.43(a); and

§ 1032.46 [Amendment]

9. In § 1032.46 the references to "§ 1032.9(c)" are changed to "§ 1032.8(c)".

10. Section 1032.50 is revised to read as follows:

§ 1032.50 Basic formula price.

The basic formula price shall be the average price per hundredweight for manufacturing grade milk, f.o.b. plants in Wisconsin and Minnesota, as reported by the Department for the month. Such price shall be adjusted to a 3.5 percent butterfat basis by a butterfat differential rounded to the nearest one-tenth cent computed at 0.12 times the Chicago butter price for the month. The basic formula price shall be rounded to the nearest full cent.

11. In § 1032.51 paragraph (b) is revised to read as follows:

§ 1032.51 Class prices.

(b) *Class II price.* The Class II price shall be the basic formula price for the month.

12. In § 1032.61 paragraphs (a) and (b) are revised to read as follows:

§ 1032.61 Plants subject to other Federal orders.

(a) Any distributing plant which would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless such plant qualifies as a pool plant pursuant to § 1032.12(a) and the Secretary determines that more Class I milk is disposed of from such plant to retail or wholesale outlets (except pool plants) in the Suburban St. Louis marketing area than in the marketing area regulated pursuant to such other order;

(b) Any supply plant which would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless such plant is a pool plant pursuant to § 1032.12(c); or

§ 1032.62 [Amendment]

13. In § 1032.62(b) the reference to "§ 1032.13(b)" is changed to "§ 1032.12(b)".

AMENDMENTS TO PART 1062 REGULATING THE HANDLING OF MILK IN THE ST. LOUIS, MISSOURI, MARKETING AREA

1. Section 1062.6 is revised to read as follows:

§ 1062.6 St. Louis, Missouri, marketing area.

"St. Louis, Missouri, marketing area", hereinafter called the "marketing area", means the territory within the corporate limits of the cities of St. Louis and St. Charles and the territory within the counties of Bollinger, Cape Girardeau, Crawford, Franklin, Jefferson, Perry, St. Francois, Ste. Genevieve, St. Louis, and Washington, all in Missouri; and the territory within Scott Military Reservation, and East St. Louis, Centerville, Canteen, and Stites Townships, and the city of Belleville, all in St. Clair County, Illinois. "Base zone" means the city of St. Louis and the counties of St. Louis, Jefferson, Perry, Ste. Genevieve, and Cape Girardeau.

2. Section 1062.7 is revised to read as follows:

§ 1062.7 Producer.

"Producer" means any person, other than a producer-handler as defined in any order (including this part) issued pursuant to the Act, who produces milk in compliance with the Grade A inspection requirements of a duly constituted health authority and whose milk is (a) received at a pool plant, or (b) diverted as producer milk pursuant to § 1062.14.

3. Section 1062.10 is revised to read as follows:

§ 1062.10 Pool plant.

"Pool plant" means:

(a) A city plant from which not less than 50 percent of the receipts of approved milk from dairy farmers, cooperative associations in their capacity as handlers pursuant to § 1062.12(c), and country plants is distributed during the month as Class I milk on routes and from which not less than 10 percent of such receipts are distributed on routes in the marketing area; *Provided*, That a plant which qualifies as a pool plant pursuant to this paragraph during the month shall be a pool plant during the following month;

(b) A country plant from which not less than 20 percent of receipts during the month of approved milk from dairy farmers and cooperative associations in their capacity as handlers pursuant to § 1062.12(c) is shipped to city plants which are pool plants pursuant to paragraph (a) of this section;

(c) A country plant during the months of March through August that was a pool plant in each of the preceding months of September through February, unless the operator of such plant submits a written request to the market administrator that such plant not be a pool plant, such nonpool status to be effective the first month following receipt of such notice and thereafter until the plant qualifies as a pool plant on the basis of shipments;

(d) A country plant operated by, or under contract to a cooperative association if 50 percent of the total milk supply of producers who are members of such an association has during the immediately preceding 12 months been:

(1) Shipped directly from farms to pool plants not operated by such cooperative association; and

(2) Transferred from a country plant operated by, or under contract to, the cooperative association to a pool plant described in paragraph (a) of this section.

4. Section 1062.14 is revised to read as follows:

§ 1062.14 Producer milk.

"Producer milk" means all skim milk and butterfat contained in milk which is:

(a) Received during the month at a pool plant directly from producers except that received by diversion pursuant to paragraph (b)(1) of this section: *Provided*, That milk received at a pool plant by diversion from a plant at which such milk would be fully subject to the pricing and pooling under the terms or provisions of another order issued pursuant to the Act shall not be producer milk; or

(b) Diverted by the operator of a pool plant or by a cooperative association subject to the following conditions:

(1) Diverted during the month from a pool plant to another pool plant(s) for not more than 16 days' production;

(2) Diverted from a pool plant to a nonpool plant(s) at which the handling of milk is not fully subject to the pricing and pooling provisions of another order issued pursuant to the Act on any day during the months of March through August and in any other month for not more than 16 days' production;

(3) Diverted during the month from a pool plant to a nonpool plant(s) at which the handling of milk is fully subject to the pricing and pooling provisions of another order issued pursuant to the Act for not more than 16 days' production: *Provided*, That milk so diverted shall not be producer milk if, notwithstanding the provisions of this subparagraph, the milk is fully subject to the pricing and pooling provisions of the other order;

(4) Milk diverted for the account of a handler in his capacity as operator of a pool plant shall be deemed to have been received at a pool plant at the location of the plant to which diverted; and

(5) Milk diverted for the account of a cooperative association shall be deemed to have been received by the cooperative association at a pool plant at the location of the plant to which diverted.

5. Section 1062.16 is revised to read as follows:

§ 1062.16 Other source milk.

"Other source milk" means all skim milk and butterfat contained in:

(a) Receipts during the month of fluid milk products except:

(1) Fluid milk products received from pool plants;

(2) Producer milk; and

(3) Inventory of fluid milk products on hand at the beginning of the month;

(b) Products, other than fluid milk products, from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month; and

(c) Any disappearance of nonfluid milk products not otherwise accounted for.

6. The material contained in § 1062.17 is revoked and a new § 1062.17 is added to read as follows:

§ 1062.17 Fluid milk product.

"Fluid milk product" means milk, skim milk, buttermilk, flavored milk, milk drinks (plain or flavored), concentrated milk, fortified milk or skim milk, reconstituted milk or skim milk, cream (sweet or sour) and mixtures of milk, skim milk or cream (except frozen dessert mixes, eggnog, aerated cream, sterilized products in hermetically sealed containers, and cultured sour mixtures to which cheese or another food substance other than a milk product has been added and which contains not more than 15 percent butterfat).

7. Section 1062.41 is revised to read as follows:

§ 1062.41 Classes of utilization.

Subject to the conditions set forth in §§ 1062.42 and 1062.43, the classes of utilization shall be as follows:

(a) *Class I milk.* Class I milk shall be all skim milk and butterfat:

(1) Disposed of in the form of fluid milk products, except those classified pursuant to paragraph (b) (2), (3), and (4) of this section. Fluid milk products which have been fortified by the addition of nonfat solids shall be Class I in an amount equal only to the weight of an equal volume of an unmodified product of the same nature and butterfat content; and

(2) Not accounted for as Class II.

(b) *Class II milk.* Class II milk shall be all skim milk and butterfat:

(1) Accounted for and used to produce any product other than a fluid milk product;

(2) All skim milk and butterfat authorized by the market administrator to be dumped;

(3) All skim milk and butterfat accounted for as disposed of for livestock feed;

(4) In inventory of fluid milk products on hand at the end of the month;

(5) The weight of the skim milk in fortified fluid milk products not classified as Class I pursuant to paragraph (a) (1) of this section; and

(6) In actual shrinkage of skim milk and butterfat, respectively, not to exceed the following:

(i) Two percent of that received from dairy farmers excluding that which is diverted pursuant to § 1062.14; plus

(ii) One and one-half percent of that contained in milk received in bulk tank lots excluding that contained in milk received from dairy farmers; less

(iii) One and one-half percent of that contained in milk disposed of in bulk tank lots to other plants excluding milk diverted pursuant to § 1062.14: *Provided*, That shrinkage of skim milk and butterfat not in excess of the percentages specified herein shall be assigned pro rata pursuant to this subparagraph to skim milk and butterfat, respectively, in approved milk received from producers and from other pool plants and in other source milk.

8. Section 1062.43 is revised to read as follows:

§ 1062.43 Transfers.

Skim milk and butterfat transferred or diverted in bulk form from a pool plant or by a cooperative association in its capacity as a handler pursuant to § 1062.12 (b) and (c) shall be classified as follows:

(a) As Class I milk if transferred or diverted to a pool plant unless:

(1) Both handlers claim Class II utilization in their reports submitted pursuant to § 1062.30;

(2) The transferee plant has utilization in Class II of an equivalent amount of skim milk and butterfat, respectively, after the subtractions pursuant to § 1062.45(a) (1), (2), (3), and (4) and the corresponding subtractions pursuant to § 1062.45(b): *Provided*, That if the transferor plant received other source milk, the classification of skim milk and butterfat transferred results in the highest valued class utilization to milk of producers; and

(3) The transfer is by a cooperative association in which case the skim milk and butterfat so transferred shall be allocated pro rata to each class in the proportion remaining after the subtraction pursuant to § 1062.45(a) (7) and the corresponding step of § 1062.45(b).

(b) As Class I milk if moved to the plant of a producer-handler.

(c) As Class I milk, if moved to a nonpool plant that is not a producer-handler plant, located not more than 350 airline miles from the City Hall in St. Louis, Missouri, unless requirements of subparagraphs (1) and (2) of this paragraph are met, in which case the skim milk and butterfat so transferred or diverted shall be classified in accordance with the assignment resulting from subparagraph (3) of this paragraph;

(1) The transferring or diverting handler claims classification pursuant to the assignment set forth in subparagraph (3) of this paragraph in his report submitted to the market administrator pursuant to § 1062.30 for the month within which such transaction occurred;

(2) The operator of the transferee plant maintains books and records showing the utilization of all skim milk and butterfat received in any form at such plant, which are made available if requested by the market administrator for the purpose of verification;

(3) The skim milk and butterfat so transferred or diverted shall be classified on the basis of the following assignment of utilization at such nonpool plant:

(i) From the total skim milk and butterfat, respectively, disposed of from such nonpool plant and classified as Class I milk pursuant to the classification provisions of this part applied to such nonpool plant, subtract the skim milk and butterfat received at such plant directly from dairy farmers who are approved to supply Grade A milk and who the market administrator determines constitute the regular source of supply for such nonpool plant (if the nonpool plant is a pool plant pursuant to the terms of another Federal order also subtract Class I transfers to that plant which are priced and pooled pursuant to the terms of the same Federal order);

(ii) From the remaining amount of skim milk and butterfat, respectively,

classified as Class I milk at such nonpool plant subtract any Class I milk received in consumer-type packages from a plant fully regulated by this or another Federal order issued pursuant to the Act;

(iii) Prorate the remaining Class I milk to bulk receipts at the nonpool plant which are allocated to Class I pursuant to this and other Federal milk orders issued pursuant to the Act;

(iv) The quantity of such Class I prorated to receipts from pool plants subject to this part shall be further prorated to such plants in accordance with the quantities claimed to be moved to such nonpool plant as Class II milk; and

(v) If any skim milk or butterfat is disposed of from the first receiving nonpool plant in the form of bulk milk, skim milk, or cream to another nonpool plant(s), the market administrator shall determine in the same manner the classification of such skim milk and butterfat at the nonpool plant where actually used or processed when necessary to support a claim of Class II classification.

(d) As Class I milk, if transferred or diverted to a nonpool plant that is not a producer-handler plant, located more than 350 airline miles from the City Hall in St. Louis, Missouri, except that cream so transferred may be classified as Class II if the handler claims Class II use and establishes that such cream was transferred to a nonpool plant without Grade A certification and that the contents were for manufacturing use and that the shipment was so invoiced.

9. Section 1062.45 is revised to read as follows:

§ 1062.45 Allocation of skim milk and butterfat classified.

(a) The pounds of skim milk remaining in each class after making the following computations, with respect to each handler shall be the pounds of skim milk in such class allocated to the producer milk received by each handler.

(1) Subtract from the total pounds of skim milk in Class II milk the shrinkage of skim milk in approved milk from producers and other pool plants classified as Class II milk pursuant to § 1062.41 (b) (6);

(2) Subtract from the pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk in other source milk which is not classified and priced as Class I under the terms of another order issued pursuant to the Act (with that which is subject to another order but not classified and priced as Class I subtracted last);

(3) Subtract from the pounds of skim milk remaining in each class, in series amount equal to the lesser of such remainder or the product obtained by multiplying by 0.05 the pounds of skim milk contained in receipts of producer milk and receipts from country plants qualified pursuant to § 1062.10 which were producer milk;

(4) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II milk, the pounds of skim milk in other source milk which is classified and priced as Class I under the terms of another order issued pursuant to the Act;

(5) Add to the pounds of skim milk remaining in Class II milk the pounds of skim milk subtracted pursuant to subparagraph (3) of this paragraph;

(6) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II milk, the pounds of skim milk contained in inventory of fluid milk products on hand at the beginning of the month;

(7) Add to the pounds of skim milk remaining in Class II milk the pounds of skim milk subtracted pursuant to subparagraph (1) of this paragraph; and

(8) Subtract the pounds of skim milk in fluid milk products received from other pool plants and from cooperative associations from the pounds of skim milk in the respective classes in which such skim milk is classified pursuant to § 1062.43 (a); and

(9) If the pounds of skim milk remaining in all classes exceed the pounds of skim milk in milk received from producers, subtract such excess from the pounds of skim milk remaining, in series beginning with Class II milk. Any amount so subtracted shall be known as "overage".

(b) Determine the pounds of butterfat in each class to be allocated to producer milk in the manner prescribed in paragraph (a) of this section for determining the allocation of skim milk to producer milk.

10. Section 1062.50 is revised to read as follows:

§ 1062.50 Basic formula price.

The basic formula price shall be the average price per hundredweight for manufacturing grade milk, f.o.b. plants in Wisconsin and Minnesota, as reported by the Department for the month. Such price shall be adjusted to 3.5 percent butterfat basis by a butterfat differential rounded to the nearest one-tenth cent computed at 0.12 times the Chicago butter price for the month. The basic formula price shall be rounded to the nearest full cent.

11. Section 1062.51 is revised to read as follows:

§ 1062.51 Class prices.

Subject to the provisions of §§ 1062.52 and 1062.53, the class prices per hundredweight shall be as follows:

(a) **Class I milk price.** The Class I price shall be the basic formula price for the preceding month plus \$1.60 during the months of August, September, October and November; plus \$1.40 during the months of December, January, February and July; and plus \$1.20 during all other months. Such price shall be increased or decreased, respectively, two cents each month for each full percentage that the adjusted supply-demand ratio computed pursuant to Part 1030 (Chicago) of this chapter is greater or less than 72 percent, but shall not be increased or decreased more than 24 cents because of such adjusted supply-demand ratio; and plus or minus the amounts provided in subparagraphs (1) and (2) of this paragraph:

- (1) * * *
- (2) * * *

(b) **Class II milk price.** The Class II price shall be the basic formula price for the month.

12. Section 1062.52 is revised to read as follows:

§ 1062.52 Location adjustments to handlers.

(a) For producer milk which is received at a pool plant located outside the base zone and more than 30 airline miles from the City Hall in St. Louis, Missouri, which is classified as Class I milk, the price specified in § 1062.51 (a) shall, except as provided in paragraphs (b) and (c) of this section, be reduced by 16 cents, plus one cent for each 10 miles or fraction thereof that such distance exceeds 40 miles.

(b) The adjustment at a pool plant located within the marketing area of the suburban St. Louis Federal Order No. 32 shall be limited to the amount that the suburban St. Louis Class I price, applicable at the location of the pool plant, is less than the St. Louis order Class I price for the 0-30-mile zone.

(c) For purposes of calculating such adjustment, transfers between pool plants shall be assigned Class I disposition at the transferee plant in excess of the sum of 95 percent of the receipts at such plant from producers and cooperative associations pursuant to § 1062.12 (c), such assignment to be made first to transferor plants at which no location adjustment credit is applicable and then in sequence beginning with the plant at which the least location adjustment would apply.

§ 1062.55 [Revocation]

13. Section 1062.55 is revoked.

14. Section 1062.60 is revised to read as follows:

§ 1062.60 Producer-handlers.

Sections 1062.40 through 1062.46, 1062.50 through 1062.54, 1062.70 through 1062.72, and 1062.80 through 1062.89 shall not apply to a producer-handler.

§ 1062.61 [Amendment]

15. In § 1062.61 paragraph (b) is revised to read as follows:

§ 1062.61 Plants subject to other Federal orders.

(b) Any country plant which would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless such plant qualifies as a pool plant pursuant to § 1062.10 and ships more milk to city plants regulated under this order than to city plants regulated pursuant to such other order.

§ 1062.62 [Revocation]

16. Section 1062.62 is revoked.

17. Section 1062.70 is revised to read as follows:

§ 1062.70 Computation of the obligation of each handler.

For each month, the market administrator shall compute the value of producer milk for each handler as follows:

(a) Multiply the quantity of producer milk in each class computed pursuant to § 1062.46 by the applicable class price,

total the resulting amounts, and add any amount necessary to reflect adjustments in location differential allowance required pursuant to § 1062.52;

(b) Add the amounts computed by multiplying the pounds of overage deducted from each class, pursuant to § 1062.45 (a) (9) and (b), by the applicable class price; and

(c) Add the amount computed by multiplying the difference between the applicable Class II price for the preceding month and the applicable Class I price for the month by the pounds of skim milk and butterfat remaining in Class II milk after the calculations pursuant to § 1062.45(a) (6) and the corresponding step of § 1062.45(b) for the preceding month, or the pounds of skim milk and butterfat subtracted from Class I milk pursuant to § 1062.45(a) (6) and the corresponding step of § 1062.45 (b) for the month, whichever is less.

18. Section 1062.82 is revised to read as follows:

§ 1062.82 Location differential to producers.

The uniform price for producer milk received at a pool plant shall be reduced according to the location of the pool plant at the rates set forth in § 1062.52.

19. Section 1062.87 is revised to read as follows:

§ 1062.87 Expense of administration.

As his pro rata share of the expense of the administration of this part, each handler shall pay to the market administrator on or before the 15th day after the end of each month for such month two and one-half cents, or such lesser amount as the Secretary may prescribe, for each hundredweight of skim milk and butterfat contained in (a) producer milk, and (b) Grade A other source milk (except other source milk which was subject to another order issued pursuant to the Act) which is allocated to Class I.

AMENDMENTS TO PART 1067 REGULATING THE HANDLING OF MILK IN THE OZARKS MARKETING AREA

1. Section 1067.7 is revised to read as follows:

§ 1067.7 Producer.

"Producer" means any person, other than a producer-handler, who produces milk under a dairy farm permit issued by a health authority duly authorized to administer regulations governing the quality of milk disposed of in the marketing area or acceptable to agencies of the United States Government for fluid consumption in its institutions or bases in the marketing area which is (a) delivered from the farm to a pool plant, or (b) caused to be diverted from the farm to a nonpool plant (providing such nonpool plant is not subject to the classification and pricing provisions of another order issued pursuant to the Act) during any of the months of February through August, or to the extent of not more than 10 days' production during any of the months of September through January for the account of a handler. Milk so diverted shall be deemed to have

been received at the pool plant from which diverted.

2. Section 1067.11 is revised to read as follows:

§ 1067.11 Pool plant.

"Pool plant" means:

(a) An approved plant from which not less than 50 percent of its receipts of approved milk during the month is disposed of as Class I milk to wholesale or retail outlets (including sales through plant stores or vendors but not including sales to pool plants or nonpool plants) and from which not less than 10 percent of such receipts is disposed of as Class I milk in the marketing area to wholesale or retail outlets (including sales through plant stores or vendors but not including sales to pool plants or nonpool plants).

(b) A supply plant from which a quantity of milk equal to at least 25 percent of its supply of approved milk is shipped to a plant described in paragraph (a) of this section during any of the months of February through August or the applicable percentage during any other month, as follows:

Month:	Percentage
September -----	35
October -----	40
November -----	45
December -----	40
January -----	35

Provided, That if a supply plant qualifies as a pool plant during each of the months of September through January, such plant shall be designated as a pool plant during each of the subsequent months through the following August unless such plant requests nonpool designation by means of a prior written application to the market administrator.

3. Section 1067.14 is revised to read as follows:

§ 1067.14 Other source milk.

"Other source milk" means all skim milk and butterfat contained in:

(a) Receipts during the month of fluid milk products except:

(1) Fluid milk products received from pool plants;

(2) Producer milk; and

(3) Inventory of fluid milk products on hand at the beginning of the month;

(b) Products, other than fluid milk products, from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month; and

(c) Any disappearance of nonfluid milk products not otherwise accounted for.

4. A new § 1067.17 is added to read as follows:

§ 1067.17 Fluid milk product.

"Fluid milk product" means milk, skim milk, buttermilk, flavored milk, milk drinks (plain or flavored), fortified milk or skim milk, reconstituted milk or skim milk, cream (sweet or sour) and mixtures of milk, skim milk or cream (except aerated cream, ice cream mix and eggnog).

5. Section 1067.41 is revised to read as follows:

§ 1067.41 Classes of utilization.

Subject to the conditions set forth in §§ 1067.43 and 1067.44, the classes of utilization shall be as follows:

(a) Class I milk shall be all skim milk and butterfat:

(1) Disposed of in the form of fluid milk products, except those classified pursuant to paragraph (b) (2), (3) and (4) of this section. Fluid milk products which have been fortified by the addition of nonfat solids shall be Class I in an amount equal only to the weight of an equal volume of an unmodified product of the same nature and butterfat content; and

(2) Not specifically accounted for as Class II.

(b) Class II milk shall be:

(1) All skim milk and butterfat used to produce any product other than a fluid milk product;

(2) All skim milk and butterfat authorized by the market administrator to be dumped;

(3) All skim milk and butterfat accounted for as disposed of for livestock feed;

(4) The inventories of fluid milk products on hand at the end of the month;

(5) The weight of the skim milk in fortified fluid milk products not classified as Class I pursuant to paragraph (a) (1) of this section;

(6) In shrinkage allocated to receipts of producer milk but not in excess of two percent of receipts of skim milk and butterfat, respectively, directly from producers (except producer milk diverted in producer cans to a nonpool plant pursuant to § 1067.7) and pursuant to § 1067.8(b) from cooperative associations, plus 1.5 percent of receipts of skim milk and butterfat, respectively, transferred in bulk tanks from pool plants of other handlers, less 1.5 percent of skim milk and butterfat, respectively, disposed of in bulk tank lots to the pool plants of other handlers; and

(7) In shrinkage allocated to receipts of other source milk.

§ 1067.46 [Amendment]

6. In section 1067.46(a) (1) the reference "§ 1067.41(b) (3)" in changed to "§ 1067.41(b) (6)".

7. Section 1067.50 is revised to read as follows:

§ 1067.50 Basic formula price.

The basic formula price shall be the average price per hundredweight for manufacturing grade milk, f.o.b. plants in Wisconsin and Minnesota, as reported by the United States Department of Agriculture for the month. Such price shall be adjusted to a 3.5 percent butterfat basis by a butterfat differential rounded to the nearest one-tenth cent computed at 0.12 times the simple average of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago, as reported by the United States Department of Agriculture for the month. The basic formula price shall be rounded to the nearest full cent.

8. In section 1067.51 paragraph (b) is revised to read as follows:

§ 1067.51 Class prices.

(b) *Class II price.* The Class II price shall be the basic formula price for the month.

Signed at Washington, D.C., on May 15, 1964.

CLARENCE H. GIRARD,
Deputy Administrator,
Agricultural Marketing Service.

[F.R. Doc. 64-5076; Filed, May 20, 1964;
8:48 a.m.]

[7 CFR Parts 1040, 1042, 1043]

[Docket Nos. AO-225-A-12, AO-247-A-6,
AO-240-A-5]

MILK IN THE SOUTHERN MICHIGAN,
UPSTATE MICHIGAN AND MUS-
KEGON, MICHIGAN, MARKETING
AREASDecision on Proposed Amendments
to Tentative Marketing Agree-
ments and to Orders

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held at Lansing, Traverse City and Holland, Michigan, on October 17-26, 1961, pursuant to notice thereof issued on September 15, 1961 (26 F.R. 8844) and October 3, 1961 (26 F.R. 9514).

Upon the basis of the evidence introduced at the hearing and the record thereof, the Under Secretary on October 31, 1962 (27 F.R. 10795; F.R. Doc. 62-11074) filed with the Hearing Clerk, United States Department of Agriculture, his recommended decision containing notice of opportunity to file written exceptions thereto.

The material issues on the record of the hearing related to:

1. Expansion of the southern Michigan marketing area, and consolidation of the Muskegon, Michigan, and upstate Michigan orders with the southern Michigan order.
2. Provisions in the applicable orders or in their consolidation with respect to:
 - (a) Exempt status for producer-handlers;
 - (b) Pooling provisions;
 - (c) "Call percentage" applicable to pool plant supplies;
 - (d) Classification and accounting for liquid dietary products and other fortified fluid milk products;
 - (e) Computation of plant shrinkage;
 - (f) Computation and application of the basic formula, Class I and Class II prices and the supply-demand adjuster;
 - (g) Direct delivery "incentive" payments and zone location adjustments;
 - (h) Butterfat differentials;
 - (i) Base-excess provisions;
 - (j) Advance payments to producers; and
 - (k) Miscellaneous and conforming changes.

Findings and conclusions. No further action is taken herein concerning the is-

ssues numbered 1 and 2 (b), (c), (e), (f), (g), (h), (i), and (k) of the recommended decision (27 F.R. 10795; F.R. Doc. 62-11074). This was requested by a cooperative association representing a major proportion of producers supplying milk to handlers regulated by southern Michigan, upstate Michigan and Muskegon orders because marketing conditions in these order markets have changed significantly since 1961 and a decision based on facts and data prevalent at that time on the foregoing issues would be inadequate under present marketing conditions. Therefore, the cooperative requested that interested parties be afforded an opportunity to file new proposals and present complete and new testimony on the aforesaid issues. In view thereof, this proceeding is hereby terminated with respect to such issues.

The following findings and conclusions on the material issues are based on evidence presented at the hearing and the record thereof:

2(a). *Exempt status for producer-handlers.* Own farm production of a producer-handler should continue to be exempt from the pricing and pooling provisions of the order and his purchases from pool plants should not be limited.

Three proposals were considered at the hearing. Two were presented by cooperative associations and one by a proprietary handler regulated by Order 40. Generally, the proposals would change the standards by which "own farm" production of a plant operator may qualify for exemption from regulation by the order.

The associations' proposals establish fluid milk product distribution in the marketing area and milk received from other pool plants as the standards for determining producer-handler status. One proposal would exempt a handler's own farm production from regulation by the order if his fluid milk product sales in the marketing area during the month do not exceed an average of 1,200 units (quarts of milk equivalent) per day or if his average daily purchases from other pool plants during the month do not exceed 1,000 pounds of fluid milk products.

Another proposal would exempt own herd production from regulation when a handler distributes less than a daily average of 2,150 pounds of fluid milk products in the marketing area during the month or when purchases from pool plants do not exceed one percent of his fluid milk product sales during the month.

In addition, the associations' proposals establish more detailed guides for determining producer-handler status. These guides encompass residence requirements, location of the plant, type of ownership and operating methods.

Another proposal provides that packaged fluid milk products not physically received at a handler's plant, but delivered to outlets, such as vending machines in the marketing area, for his account shall be considered as receipts by such handler in determining his producer-handler status.

A proprietary handler's proposal provides a sales standard of 2,150 pounds per day, or 65,000 pounds monthly. Under

this proposal, fluid milk product sales in the marketing area by a handler in an amount not exceeding the standard would entitle his own herd production to exemption from regulation by the order.

Under the current order, a handler (who does not buy milk from dairy farmers or nonpool sources) may retain producer-handler status for his own herd production irrespective of the volume of such milk produced and sold, and whether such handler who receives no milk from other dairy farmers (but relies on varying amounts of milk purchased from pool sources) should continue to be exempt from pricing and pooling.

Proponents contend that when producer-handlers are permitted to purchase unlimited amounts of milk from pool sources, it is a relatively simple matter for them to balance their milk processing operations out of the pool. In this circumstance, producers supplying milk to regulated handlers carry the reserve supply needed to service the producer-handlers' Class I sales, which do not have to be shared with other producers through the pool.

A 1960 amendment provided a producer-handler definition for a significantly enlarged marketing area designated as southern Michigan. This replaced an order applicable primarily to the Detroit area. The definition provided, among other things, that producer-handlers may receive milk by transfer from a pool plant. With the advent of the new regulation, some handlers changed their operations to attain the exempt status provided. One handler, who had been receiving milk from about 27 producers gradually converted to producer-handler status. Another received milk from about 20 producers before so adjusting his operations.

Some producer-handler operations in the market are not significantly different in some respects from the operations of pool plant handlers. Generally, however, the size of producer-handler operations varies and the geographical area in which they operate is limited. The number of them has not changed significantly. For example, in the vicinity of Flint, an area about which considerable testimony was introduced concerning producer-handler operations, there were about nine of them operating 15 years ago compared with seven at the time of the hearing. Neither is there any indication that the daily average production of producer-handlers as a group has increased at a greater rate than that of other producers.

One of proponents' principal contentions is that a number of producers were dropped by certain handlers after the 1960 amendment referred to heretofore. The handlers then attained producer-handler exemption. The handler who subsequently received milk from those producers became a source of supplemental milk for one of the producer-handlers, mainly by diversion. A clarification provided herein will correct that condition without the need to limit purchases of milk from pool plants. The present order language is adequate to convey the intent of limiting a producer-handler's purchases to supplies trans-

ferred (and not diverted) from a pool plant. Consequently, no change in this regard is needed in the order language at this time.

The reliance of producer-handlers on supplemental milk from pool plants ranges from between about 2 to 50 percent of their total receipts, with the latter percentage being more nearly representative of the group. Thus, the proposals to limit supplemental purchases from pool plants would result in the pooling of own-farm production of most producer-handlers and would provide an incentive for such operators to increase own-farm production significantly in order to maintain exempt status. To provide such encouragement for increased milk production in the Southern Michigan, Muskegon and Upstate Michigan markets, which already are adequately supplied, might interfere with the efficient use of agricultural resources.

There is no contention that producer-handlers are not paying the Class I price for milk purchased from pool plants. It was contended, however, that producer-handlers' costs for such milk are lower than that for regulated handlers because all of them do not pay the premiums over Class I prices that many other handlers in the market pay. Insofar as order prices are concerned, such costs are uniform. It would be inappropriate to amend the order as proposed in order to eliminate the marketing situation complained of.

Another proposal considered at the hearing would clarify the effect on the status of the producer-handler of purchases from plants regulated under this or other orders of packaged fluid milk products which are caused by such person to be delivered to wholesale or retail outlets without first being received physically at the producer-handler's plant.

If such products were delivered to vending machines in the marketing area by an unregulated handler, such transaction would be no different than a route disposition by the unregulated handler. Consideration is being given under another proceeding to provisions that will assure competitive parity among regulated and unregulated handlers. Under these circumstances, such transactions when they indirectly involve producer-handlers are subordinate to the larger issue of competitive parity among handlers.

If such products originated at plants regulated by another order, the transactions would involve the classification and allocation of packaged fluid milk products moving between orders. The treatment of such transactions in Federal orders was also a consideration at the proceeding previously mentioned. Therefore, it is incidental to the producer-handler definition considered herein. In the absence of percentage or volume limits on the purchases that producer-handlers may make from pool sources, the proposal concerning packaged milk delivered to vending machines is unnecessary and is denied.

A question was raised at the hearing concerning the producer-handler status of a plant operator with own-farm production who received milk at his plant

as a diversion from a pool plant, as compared with the milk having been physically transferred from such pool plant.

The provisions concerning diverted milk are an accommodation to the market. They allow milk to be disposed of from farms to manufacturing outlets without first transporting such milk to pool plants. This marketing technique infers that such milk is utilized in Class II products at nonpool manufacturing plants.

Producer-handlers enjoy exempt status because they balance their need for Class I milk from their own seasonal reserves or rely on supplemental purchases from pool plants. To obtain that exemption, such operations should receive no other source milk, or receive milk from other dairy farmers. Milk received for Class I use at a producer-handler's plant directly from farms by diversion from pool plants is not consistent with the accommodation initially sought by providing for diverted milk in the orders. There is no valid distinction between such receipts and direct receipts from dairy farmers. The exempt status held by producer-handlers distinguishes their operations from those of pool plants. The accommodation afforded the market allowing diversions to non-pool plants is not appropriate in the case of producer-handlers. Supplemental supplies that producer-handlers may obtain from pool plants must be by transfer, and not by diversion. If a producer-handler receives milk directly from dairy farms, this must be considered as a receipt of producer milk and the receiving handler would not then have the status of a producer-handler.

Since the exemption from pooling own-farm production may provide an incentive for individuals to attain producer-handler status, it is necessary to preclude certain devices which may be used to circumvent the intent of the order provisions. Producers proposed that the order be made more explicit to prevent regulated handlers' processing operations from masquerading as producer-handler operations. The order should provide that the care and management of all dairy animals and other resources necessary to produce the entire volume of fluid milk products handled, not including purchases from other pool plants, and the operation of the processing and packaging business are the personal enterprise and risk of the producer-handler. The person claiming such status should provide proof to the market administrator that the foregoing qualifications are met.

The recommendations proposed herein do not hinder an operation that is based primarily on own-farm production. They provide standards for determining when such operations are distinguishable from those of pool handlers. From this standpoint, they are appropriate and will contribute to orderly marketing and improve the effectiveness of the order.

(d) *Classification and accounting for liquid dietary products and other fortified fluid milk products.* Fortified fluid milk products, including dietary products, should be classified as Class I only

to the extent of the weight of an unmodified fluid milk product of the same nature and butterfat content. The skim milk equivalent of the nonfat milk solids not classified as Class I should be considered a Class II disposition.

Under the existing classification provisions of Orders 40, 42 and 43, the products included in Class I are those fluid milk products which are disposed of for fluid consumption and which are normally required to be made from approved milk supplies. The orders provide for full skim milk equivalent accounting. When nonfat milk solids in the form of nonfat dry milk or condensed skim milk are added to a fluid milk product to increase the nonfat milk solids content of the finished product, the skim milk equivalent of the total nonfat milk solids in the product is classified as Class I.

Proprietary handlers propose that liquid dietary products be classified as Class II and that skim milk equivalent accounting for nonfat milk solids used in fortification be discontinued. They contend that the product cost resulting from the present Class I classification of dietary fluid milk products places them at a competitive disadvantage with dietary products, in dry form or in liquid form in hermetically sealed containers, which are made from non-Grade A milk and distributed through groceries, drug stores and similar outlets. A lower classification and pricing would permit more competitive resale pricing and hence would tend to create greater sales of the dietary product. They contend also that Class I classification and pricing of the skim milk equivalent of nonfat milk solids used in the fortification of Class I products, is unrealistic and results in an undue cost to handlers.

Producers oppose any change in the present accounting procedure. It is their position that full skim milk equivalent accounting is essential to prevent a substantial reduction in returns to producers.

Because of the perishability of the finished dietary product, handlers use only milk of the highest quality and hence they require and rely on local producers to furnish their full fluid milk requirements. Therefore, it is appropriate and necessary that the Class I classification be retained.

Fortified fluid milk products result from the addition of concentrated nonfat milk solids to fluid milk products. Reconstituted products, on the other hand, involve the process of "floating" concentrated milk solids in water to yield a weight of product approximately equal to the weight of the fluid milk product from which the concentrated product was first made by the removal of water.

Nonfat dry milk and condensed skim milk are ordinarily derived from unpriced milk or milk priced as other than Class I under a Federal order. These products are not necessarily processed from producer milk and may be made from ungraded milk. An economic incentive exists for handlers to substitute, where possible, reconstituted fluid milk products for fluid milk products processed from current receipts of producer milk. Since

such substitution would displace an equivalent amount of producer milk in Class I, the application of skim equivalent accounting in this circumstance is economically sound and is necessary to maintain orderly marketing.

The same economic incentive does not exist, however, with respect to the use of nonfat dry milk or condensed skim milk to fortify a fluid milk product. If such solids are to be derived from producer milk, the skim milk must first be processed into usable form; i.e., nonfat dry milk or condensed skim milk. Such products processed from producer milk have no greater value for fortification purposes than similar products purchased on the open market. Such products are used in fortification to increase the palatability of, and hence the salability of, the finished product.

When the skim milk equivalent provision is applied to fortified milk products, it inflates significantly the utilization and disposition of Class I milk. The inflation in the case of dietary food products results in a Class I classification of about two and one-half times the actual volume.

Until recently, fortified milk products represented a small proportion of total fluid milk sales. The increased emphasis on low fat diets and the high nutritional value of nonfat milk solids in relation to their weight are the most often cited reasons for the rapid sales increase for added nonfat milk solids in fluid milk products.

The orders should give proper recognition to the role played by fortified fluid milk products in the orderly marketing of producer milk in the market. The development of new fluid milk products in which producer milk may be utilized has had no evident adverse effect on the total Class I market even if in some instances they may represent for consumers a substitute for other fluid milk products with established markets. To the extent that such new fluid milk products add to the total demand for fluid milk products, returns to producers are improved through the resulting higher Class I utilization.

Current receipts of producer milk are not utilized entirely for Class I purposes and any excess must be manufactured into lower-valued, storable milk products. The development of new fluid milk products in which such excess may be effectively utilized assists in the orderly disposition of producer milk. The use of nonfat milk solids in fortified fluid milk products represents an outlet of increasing importance in this regard. Pricing the fluid skim equivalent of nonfat milk solids at the Class I price increases dealers' costs for the resulting products. The higher cost inhibits dealers' incentive to process them and to promote their sale. In the long run, producer returns may be affected adversely.

For reasons previously stated it is neither necessary nor appropriate that handlers continue to be required to account and pay for this inflated volume in Class I. Nevertheless, it is practical and administratively necessary to maintain full skim milk equivalent accounting.

These conclusions can be reconciled by providing that fortified fluid milk products shall be classified as Class I only to the extent of the weight of any nonmilk additive, such as flavoring and sugar. The skim milk equivalent of the nonfat milk solids not classified in Class I should be considered as Class II disposition.

(j) *Advance payments to producers.* The orders should provide for an advance payment for producer milk received during the first half of each month. The rate of payment should be at the Class II milk price for the previous month.

Orders 40, 42, and 43, presently provide that producers be paid by the 15th day of each month for milk delivered during the previous month. This permits handlers the use of producer money for milk for a period of up to a month and a half at some risk to producers.

All segments of the markets require substantial operating capital. Producers must make substantial cash investments and have the ready cash to meet their obligations. Regular partial payment for milk delivered during the first part of the month will reduce the need for producers to increase operating capital in order to adjust effectively to prevailing, operating conditions in the markets.

Use of the Class II milk price for the previous month in computing advance payments will result in a minimum of overpayments. Administrative work will be minimized by making no provision to adjust the advance payment for butterfat test, hauling charges or other deductions.

Rulings on proposed findings and conclusions. Briefs and proposed findings and conclusions were filed on behalf of certain interested parties. These briefs, proposed findings and conclusions, and the evidence in the record were considered in making the findings and conclusions set forth above. To the extent that the suggested findings and conclusions filed by interested parties are inconsistent with the findings and conclusions set forth herein, the requests to make such findings or to reach such conclusions are denied for the reasons previously stated in this decision.

General findings. The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid orders and of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) The tentative marketing agreements and the orders as hereby proposed to be amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the Act;

(b) The parity prices of milk as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing areas, and the

minimum prices specified in the proposed marketing agreements and the orders as hereby proposed to be amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(c) The tentative marketing agreements and the orders as hereby proposed to be amended, will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in, a marketing agreement upon which a hearing has been held.

Rulings on exceptions. In arriving at the findings and conclusions, and the regulatory provisions of this decision, each of the exceptions received was carefully and fully considered in conjunction with the record evidence pertaining thereto. To the extent that the findings and conclusions, and the regulatory provisions of this decision are at variance with any of the exceptions, such exceptions are hereby overruled for the reasons previously stated in this decision.

Annexed hereto and made a part hereof are six documents entitled, respectively, "Marketing Agreement Regulating the Handling of Milk in the Southern Michigan Marketing Area" and "Order Amending the Order Regulating the Handling of Milk in the Southern Michigan Marketing Area"; "Marketing Agreement Regulating the Handling of Milk in the Upstate Michigan Marketing Area" and "Order Amending the Order Regulating the Handling of Milk in the Upstate Michigan Marketing Area"; "Marketing Agreement Regulating the Handling of Milk in the Muskegon, Michigan Marketing Area" and "Order Amending the Order Regulating the Handling of Milk in the Muskegon, Michigan Marketing Area"; which have been decided upon as the detailed and appropriate means of effectuating the foregoing conclusions.

It is hereby ordered. That all of this decision, except the attached marketing agreements, be published in the FEDERAL REGISTER. The regulatory provisions of said marketing agreements are identical with those contained in the orders as hereby proposed to be amended by the attached orders which will be published with this decision.

Determination of representative period. The month of March 1964 is hereby determined to be the representative period for the purpose of ascertaining whether the issuance of the attached orders amending the orders regulating the handling of milk in the southern Michigan, upstate Michigan and Muskegon, Michigan, marketing areas, are approved or favored by producers, as defined under the terms of the orders as hereby proposed to be amended, and who, during such representative period, were engaged in the production of milk for sale within the aforesaid marketing areas.

Signed at Washington, D.C., on May 18, 1964.

GEORGE L. MEHREN,
Assistant Secretary.

Order¹ Amending the Order Regulating the Handling of Milk in the Southern Michigan Marketing Area

§ 1040.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of the previously issued amendments thereto and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Southern Michigan marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order as hereby amended are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest;

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof the handling of milk in the Southern Michigan marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order as amended, and as hereby further amended as follows:

1. Section 1040.8 is revised to read as follows:

§ 1040.8 Producer-handler.

"Producer-handler" means a person who operates a dairy farm and a milk plant from which fluid milk products are distributed in the marketing area and who received no fluid milk products ex-

cept from his own production or by transfer from a pool plant: *Provided*, That such person provides proof that the care and management of all dairy animals and other resources necessary to produce the entire volume of fluid milk products handled (excluding receipts by transfer from a pool plant) and the operation of the processing business is the personal enterprise and risk of such person.

2. Section 1040.41 is revised to read as follows:

§ 1040.41 Classes of utilization.

- (a) * * *
- (1) Disposed of in the form of a fluid milk product, except as provided in paragraphs (b) (2), (3) and (8) of this section; and
- (2) * * *
- (b) * * *
- (8) In skim milk represented by the nonfat milk solids added to a fluid milk product which is in excess of the weight of an equivalent volume of the fluid milk product.

3. Section 1040.80 is revised to read as follows:

§ 1040.80 Time and method of payment.

(a) Except as provided by paragraph (b) of this section, on or before the 15th day of each month, each handler (except a cooperative association) shall pay each producer for milk received from him during the preceding month, not less than an amount of money computed by multiplying the total pounds of such milk by the applicable uniform prices computed pursuant to §§ 1040.62, 1040.63, 1040.64 or 1040.65 adjusted by the location and butterfat differentials pursuant to §§ 1040.67 and 1040.68, less the payment made pursuant to paragraph (d) of this section and any proper deductions authorized by the producer: *Provided*, That if by such date such handler has not received full payment for such month pursuant to § 1040.83 he may reduce such payments uniformly per hundredweight for all producers, by an amount not in excess of the per hundredweight reduction in payment from the market administrator; however, the handler shall make such balance of payment to those producers to whom it is due on or before the date for making payments pursuant to this paragraph next following that on which such balance of payment is received from the market administrator;

(b) (1) Upon receipt of a written request from a cooperative association which the Secretary determines is authorized by its members to collect payment for their milk and receipt of a written promise to reimburse the handler the amount of any actual loss incurred by him because of any improper claim on the part of the association, each handler shall pay to the cooperative association on or before the second day prior to the end of the month an amount equal to the payments authorized pursuant to paragraph (d) of this section, and on or before the 13th day of each month, in lieu of payments pursuant to

paragraph (a) of this section an amount equal to the gross sum due for all milk received from certified members, less amounts owing by each member-producer to the handler for supplies purchased from him on prior written order or as evidenced by a delivery ticket signed by the producer and each handler shall submit to the cooperative association written information on or before the 6th working day of each month which shows for each such member-producer (i) the total pounds of milk received from him during the preceding month, (ii) the total pounds of butterfat contained in such milk, (iii) the number of days on which milk was received, and (iv) the amounts withheld by the handler in payment for supplies sold. The foregoing payment and submission of information shall be made with respect to milk of each producer whom the cooperative association certifies is a member, which is received on and after the first day of the month next following receipt of such certification through the last day of the month next preceding receipt of notice from the cooperative association of a termination of membership or until the original request is rescinded in writing by the association;

(c) * * *

(d) On or before the last day of each month, for producer milk received during the first 15 days of the month at not less than the Class II milk price for the preceding month.

Order¹ Amending the Order Regulating the Handling of Milk in the Muskegon, Michigan Marketing Area

§ 1042.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of the previously issued amendments thereto and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Muskegon, Michigan marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand

¹ This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

for milk in the said marketing area, and the minimum prices specified in the order as hereby amended are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest;

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof the handling of milk in the Muskegon, Michigan marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order as amended, and as hereby further amended as follows:

1. Section 1042.9 is revised to read as follows:

§ 1042.9 Producer-handler.

"Producer-handler" means a person who operates a dairy farm and a milk plant from which fluid milk products are distributed in the marketing area, and who received no fluid milk products except from his own production or by transfer from a pool plant: *Provided*, That such person provides proof that the care and management of all dairy animals and other resources necessary to produce the entire volume of fluid milk products handled (excluding receipts by transfer from a pool plant) and the operation of the processing business is the personal enterprise and risk of such person.

2. Section 1042.41 is revised to read as follows:

§ 1042.41 Classes of utilization.

(a) * * *

(1) disposed of for consumption in fluid form (except as provided in paragraphs (b) (4) and (5) of this section) as milk, skim milk, buttermilk, flavored milk, sweet or sour cream, and

(2) * * *

(b) * * *

(5) in skim milk represented by the nonfat milk solids added to a Class I milk product which is in excess of the weight of an equivalent volume of the Class I milk product; and

3. Section 1042.80 is revised to read as follows:

§ 1042.80 Time and method of payment.

(a) On or before the last day of each month each handler shall pay to each producer for producer milk received during the first 15 days of the month, and for which payment is not made to a cooperative association pursuant to paragraph (b) of this section, at not less than the Class II milk price for the preceding month; and

(b) Each handler who received milk from producers or from a cooperative association shall pay for milk received during such month to each producer, or to a cooperative association for milk

received from producers for the account of such association, on or before the second day prior to the end of the month the payments authorized pursuant to paragraph (a) of this section, and on or before the 15th day after the end of each month the uniform price adjusted as provided in § 1042.70(b), or the base price for base milk and the excess price for excess milk, adjusted by the butterfat differential pursuant to § 1042.81 and less the payments made pursuant to paragraph (a) of this section: *Provided*, That if by such date such handler has not received full payment for such month pursuant to § 1042.84 he shall not be deemed to be in violation of this section if he reduces uniformly to all producers and cooperative associations his payments per hundredweight by a total amount not in excess of the reduction in payments due from the market administrator; however, the handler shall make such balance of payments uniformly to those producers to whom it is due on or before the date for making payments pursuant to this section next following that on which such balance of payment is received from the market administrator.

Order Amending the Order Regulating the Handling of Milk in the Upstate Michigan Marketing Area

§ 1043.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and/or the previously issued amendments thereto and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Upstate Michigan marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and

¹ This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

the minimum prices specified in the order as hereby amended are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest;

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof the handling of milk in the Upstate Michigan marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order as amended, and as hereby further amended as follows:

1. Section 1043.12 is revised to read as follows:

§ 1043.12 Producer-handler.

"Producer-handler" means a person who operates a dairy farm and a distributing plant and who received no fluid milk products except from his own production or by transfer from a pool plant: *Provided*, That such person provides proof that the care and management of all dairy animals and other resources necessary to produce the entire volume of fluid milk products handled (excluding receipts by transfer from a pool plant) and the operation of the processing business is the personal enterprise and risk of such person.

2. Section 1043.41 is revised to read as follows:

§ 1043.41 Classes of utilization.

(a) * * *

(1) disposed of for consumption in the form of fluid milk products except as provided in paragraphs (b) (5) and (c) (2) of this section; and

(b) * * *

(5) in skim milk represented by the nonfat milk solids added to a fluid milk product which is in excess of the weight of an equivalent volume of the fluid milk product; and

3. Section 1043.45 is revised to read as follows:

§ 1043.45 Computation of skim milk and butterfat in each class.

For each month the market administrator shall correct for mathematical and obvious errors the monthly report submitted by each handler and compute the total pounds of skim milk and butterfat, respectively, in Class I, and Class II and Class III utilization for such handler: *Provided*, That if any water contained in the milk from which a product is made is removed before the product is utilized or disposed of by a handler, the pounds of skim milk disposed of in such product shall be considered to be a quantity equivalent to the nonfat milk solids contained in such product plus all the water originally associated with such solids.

4. Section 1043.70 is revised to read as follows:

§ 1043.70 Time and method of payment.

(a)(1) Except as provided in paragraph (b) of this section, on or before the 15th day after the end of each month each handler who received milk from producers shall pay for milk received during such month to each producer for milk received from him the uniform price as provided in § 1043.61 adjusted by the butterfat differential pursuant to § 1043.62 and the location differential adjustment pursuant to § 1043.63 and less the payments made pursuant to subparagraph (3) of this paragraph.

(2) * * *

(3) Except as provided in paragraph (b) of this section, on or before the last day of each month each handler who received milk from producers shall pay for milk received during the first 15 days of such month at not less than the Class II milk price for the preceding month.

(b) * * *

(1) Upon receipt of a written request from a cooperative association which the Secretary determines is authorized by its members to collect payment for their milk and receipt of a written promise to reimburse the handler the amount of any actual loss incurred by him because of any improper claim on the part of the association, each handler shall pay to the cooperative association on or before the second day prior to the end of the month an amount equal to the payments authorized pursuant to paragraph (a)(3) of this section, and on or before the 15th day of each month, in lieu of payments pursuant to paragraph (a)(1) of this section an amount equal to the gross sum due for all milk received from certified members, less amounts owing by each member-producer to the handler for supplies purchased from him on prior written order or as evidenced by a delivery ticket signed by the producer and submit to the cooperative association written information which shows for each such member-producer (i) the total pounds of milk received from him during the preceding month, (ii) the total pounds of butterfat contained in such milk, (iii) the number of days on which milk was received, and (iv) the amounts withheld by the handler in payment for supplies sold. The foregoing payment and submission of information shall be made with respect to milk of each producer whom the cooperative association certifies is a member, which is received on and after the first day of the calendar month next following receipt of such certification through the last day of the month next preceding receipt of notice from the cooperative association of a termination of membership or until the original request is rescinded in writing by the association.

[F.R. Doc. 64-5077; Filed, May 20, 1964; 8:49 a.m.]

[7 CFR Part 1074]**MILK IN THE SOUTHWEST KANSAS MARKETING AREA****Notice of Proposed Suspension of Certain Provision of the Order**

Notice is hereby given that, pursuant to the provisions of the Agricultural

Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), the suspension of a certain provision of the order regulating the handling of milk in the Southwest Kansas marketing area effective June 1, 1964, is being considered.

The provision proposed to be suspended is the language in the introductory text of § 1074.51(a)(3) which reads "For a minus net deviation percentage the Class I price shall be increased and".

This provision relates to the computation of the supply-demand adjustment factor which is used in determining the Class I price. The suspension of the provision would eliminate any increase in the Class I price which otherwise would result from any plus supply demand adjustment factor.

This action has been requested by the Southwest Milk Producers Association whose members produce approximately 97 percent of the producer milk on the Southwest Kansas market. The association, which assumes the responsibility for supplying the fluid needs of the market, states that for the coming summer months its activities in marketing milk outside the marketing area will result in the supply-demand adjuster establishing this fall a price higher than necessary to insure an adequate milk supply available for the Class I needs of the Southwest Kansas market and a price which will tend to threaten the loss of their regular outside milk sales.

All persons who desire to submit written data, views, or arguments in connection with the proposed suspension should file the same with the Hearing Clerk, Room 112, Administration Building, United States Department of Agriculture, Washington, D.C., 20250, not later than 3 days from the date of publication of this notice in the *FEDERAL REGISTER*. All documents filed should be in quadruplicate.

Signed at Washington, D.C., on May 18, 1964.

CLARENCE H. GIRARD,
Deputy Administrator,
Agricultural Marketing Service.

[F.R. Doc. 64-5078; Filed, May 20, 1964; 8:49 a.m.]

DEPARTMENT OF THE INTERIOR**Bureau of Land Management****[43 CFR Part 3210]****ACQUIRED LANDS LEASING ACT****Lease Requirements**

Basis and purpose. Notice is hereby given that, pursuant to the authority vested in the Secretary of the Interior by section 10 of the Act of August 7, 1947, (61 Stat. 915; 30 U.S.C. sec. 359), it is proposed to amend 43 CFR Subpart 3212 as set forth below.

The purpose of the amendments is to provide that oil and gas lease offers and applications for mineral permits and leases for acquired lands must be accompanied by a copy of the deed of the lands to the United States and by a map with the desired lands clearly marked thereon. Also, to provide that acquired lands in such offers and appli-

cations not within the area of the public land surveys be described in the same manner as in the deed of conveyance to the United States, and to provide that, in certain other situations, acquired lands in offers and applications must be described by metes and bounds with appropriate ties to the nearest existing official survey corner.

It is the policy of the Department of the Interior, whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendments to the Bureau of Land Management, Washington, D.C., 20240, within 30 days of the date of publication of this notice in the *FEDERAL REGISTER*.

Paragraph (a) of § 3212.1 is amended to read as follows:

§ 3212.1 Supplemental information required in offers and applications for leases and permits; place of filing.

(a) Each offer or application for a lease or permit must (1) contain a statement that applicant's interest, direct or indirect, in leases, permits, or applications for similar minerals does not exceed the maximum chargeable acreage permitted to be held for that mineral in federally-owned acquired lands in the same State; (2) be accompanied by a copy of the deed under which the lands or mineral rights were acquired by the United States together with a copy of any deed by which the United States conveyed any interest in the mineral rights, if that be the case, except where the desired lands have been surveyed under the rectangular system of public land surveys, and the land description can be conformed to that system; (3) be accompanied by a map with the desired lands clearly marked thereon, and showing their location with respect to the administrative unit or project of which they are a part, except where the desired lands have been surveyed under the rectangular system of public land surveys, and the lands for which the lease or permit is desired as follows:

(i) If the land has been surveyed under the rectangular system of public land surveys, and the description can be conformed to that system, the land must be described by legal subdivision, section, township, and range. Where the description cannot be conformed to the public land surveys, and boundaries which do not so conform must be described by metes and bounds, giving courses and distances between the successive angle points with appropriate ties to the nearest existing official survey corner. If not so surveyed and if within the area of the public land surveys, the land must be described by metes and bounds, giving courses and distances between the successive angle points on the boundary of the tract, and connected with the nearest existing official corner of those surveys by courses and distances.

(ii) If the lands have not been surveyed under the rectangular system of public land surveys and the tract is not within the area of the public land surveys, it must be described in exactly the same manner as in the deed(s) con-

veying the said lands to the United States. In addition, if the description of the offer and the deed(s) does not include the courses and distances between the successive angle points on the boundary of the desired tract, the description in the offer must be expanded to include such courses and distances.

(iii) If an acquisition tract number has been assigned by the acquiring agency to the identical tract desired, a description by such tract number will be accepted. Such offer or application must be accompanied by the documents prescribed in subparagraph (2) of this paragraph and this subparagraph (3).

(iv) Where an offer or application includes any accreted lands that are not described in the deed to the United States, such accreted lands must be described by metes and bounds, giving courses and distances between the successive angle points on the boundary of the tract, and connected by courses and distances to an angle point on the perimeter of the acquired tract to which the accretions appertain.

(v) The offeror or applicant must give the name of the administrative unit or project of which the lands applied for are a part.

STEWART L. UDALL,
Secretary of the Interior.

MAY 14, 1964.

[F.R. Doc. 64-5063; Filed, May 20, 1964;
8:47 a.m.]

National Park Service

[36 CFR Part 7]

GLACIER NATIONAL PARK, MONTANA

Speed, Camping, Pets and Domestic Animals

Notice is hereby given that pursuant to the authority contained in section 3 of the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 3), 245 DM-1 (27 F.R. 6395), National Park Service Order No. 14 (19 F.R. 8824), and Regional Director, Midwest Region, Order No. 3 (21 F.R. 1494), as amended, it is proposed to amend § 7.3 of Title 36, Code of Federal Regulations, as is set forth below. The purposes of these amendments are to clarify truck speed regulations and delete unnecessary speed limits; delete outmoded camping limits; provide for quiet in campgrounds at night; prohibit house-trailers in the Sprague Creek Campground; and provide necessary restrictions for control of domestic pets and pack and saddle animals on trails.

It is the policy of the Department of the Interior whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendment to the Superintendent, Glacier National Park, West Glacier, Montana, within thirty days of the date of publication of this notice in the FEDERAL REGISTER.

Paragraph (d) of § 7.3 is revised in its entirety, paragraph (e) is amended,

paragraph (f) is deleted, and new paragraphs (h) and (i) are added thereto to read as follows:

§ 7.3 Glacier National Park.

(d) *Speed.* The maximum speed of all trucks and buses of 1½-ton capacity or over and all vehicles towing other vehicles, including but not limited to house trailers, is limited to 35 miles per hour except when a lesser limit is posted by official signs.

(e) *Camping.* (1) Quiet shall be maintained in the park between the hours of 10:00 p.m. and 6:00 a.m. During these hours, one may not use any noise producing device, including but not limited to motors, television sets and radios, at campgrounds, or use any such noise producing device to the annoyance of others in hotels and other buildings.

(2) House trailers, including any wheeled vehicle designed to be towed, which contain sleeping accommodations for one or more persons are prohibited in Sprague Creek Campground.

(f) *Mufflers.* [Deleted]

(h) *Dogs, cats, and domestic pets.* Dogs, cats, and other domestic pets are prohibited on all trails.

(i) *Pack and saddle animals.* Pack and saddle animals are prohibited on trails when posted by official signs.

HARTHON L. BILL,
Superintendent,
Glacier National Park.

[F.R. Doc. 64-5068; Filed, May 20, 1964;
8:48 a.m.]

[36 CFR Part 7]

BUCK ISLAND REEF NATIONAL MONUMENT, VIRGIN ISLANDS

Submerged Features, Marine Operations, Wrecks, Boats and Fishing

Notice is hereby given that pursuant to the authority contained in section 3 of the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 3), 245 DM-1 (27 F.R. 6395), National Park Service Order No. 14 (19 F.R. 8824), and Regional Director, Southeast Region, Order No. 3 (21 F.R. 1493), as amended, it is proposed to amend Part 7 of Title 36, Code of Federal Regulations, as is set forth below. The purpose of this amendment is to add to Part 7 a new section that will provide for protection of submerged features and wrecks and will regulate boats, fishing and marine operations within Buck Island Reef National Monument.

It is the policy of the Department of the Interior, whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendment to the Superintendent, Virgin Islands National Park, Charlotte Amalie, St. Thomas, Virgin Islands, within thirty days of the date of publication of this notice in the FEDERAL REGISTER.

A new section is added to Part 7 to read as follows:

§ 7.73 Buck Island Reef National Monument.

(a) *Submerged features.* (1) No person shall cut, carve, injure, mutilate, remove, displace or break off any underwater growth or formation. Nor shall any person dig in the bottom, or in any other way injure or impair the natural beauty of the underwater scene. No rope, wire or other contrivance whether such contrivance is temporary or permanent in character or use shall be attached to any coral, rock or other underwater formation.

(2) No person shall destroy, mark, deface, displace, remove or tamper with any underwater sign, notice, float, placard or underwater device.

(b) *Marine operations.* No dredging, excavating or filling operations of any kind are permitted, and no equipment, structures, byproducts or excavated materials associated with such operations may be deposited in or on the waters or ashore within the boundaries of the Monument.

(c) *Wrecks.* No person shall destroy, molest, remove, deface, displace or tamper with wrecked or abandoned waterborne craft of any type or condition, or any cargo pertaining thereto, unless permitted in writing by an authorized official of the National Park Service.

(d) *Boats.* (1) No watercraft shall be operated in such a manner, nor shall anchors or any other mooring device be cast or dragged or placed, so as to strike or otherwise cause damage to any underwater features.

(2) Anchoring or maneuvering watercraft within the waters that contain underwater marked swimming trails and interpretive signs is prohibited.

(3) All watercraft, carrying passengers for hire, shall comply with applicable regulations and laws of the U.S. Coast Guard and Territory of the Virgin Islands.

(e) *Fishing.* (1) Taking of fishes or any other marine life in any way except with rod or line, the rod or line being held in the hand, is prohibited: *Provided*, That fish may be taken by pots or traps of conventional Virgin Islands design and not larger than five feet at the greatest dimension, and bait fish may be taken by nets of no greater overall length than 20 feet and of mesh not larger than 1 inch stretched: *Provided further*, That subparagraphs (3), (4), and (5) of this paragraph shall apply.

(2) The use or possession of any type of spearfishing equipment within the boundaries of the Monument is prohibited.

(3) The species of crustaceans known as Florida Spiny Lobster (*Panulirus argus*) may be taken by hand or hand-held hook or snare. No person shall take female lobsters with eggs; or take more than two lobsters per person per day; or have in possession more than two days' limit: *Provided*, That subparagraph (5) of this paragraph shall apply.

(4) Species of mollusks commonly known as whelks and conchs may be taken by hand. No person shall take