

**DEPARTMENT OF AGRICULTURE****Agricultural Marketing Service**

[Docket No. DA-98-06]

**Milk in the New England and Other Marketing Areas; Determination of Equivalent Grade A Butter Price Series****AGENCY:** Agricultural Marketing Service, USDA.**ACTION:** Determination of equivalent price series.

**SUMMARY:** This document announces that the Chicago Mercantile Exchange (CME) Grade AA Butter Spot Call for the month minus 9 cents is an equivalent butter price alternative for use in computing the butterfat differential and the Basic Formula Price (BFP) which are used to establish minimum class prices in all Federal milk marketing orders. The CME announced that trading of Grade A and Grade B butter in the Butter Spot Call contract will be suspended effective June 26, 1998. The CME Grade A butter price currently is used to establish milk prices under Federal orders. The establishment of an equivalent Grade A butter price series is essential to the continuing operation of the Federal order program.

**EFFECTIVE DATE:** June 26, 1998.**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:** This document provides an equivalent butter price series for calculation of the butterfat differential and the BFP which are used to derive milk prices in all Federal milk marketing orders (7 CFR Parts 1001, 1002, 1004, 1005, 1006, 1007, 1012, 1013, 1030, 1032, 1033, 1036, 1040, 1044, 1046, 1049, 1050, 1064, 1065, 1068, 1076, 1079, 1106, 1124, 1126, 1131, 1134, 1135, 1137, 1138, and 1139). Currently, the CME Grade A butter price series is used to establish values for the butterfat differential and the BFP which are used to compute minimum class prices in all Federal milk marketing orders. The new butter price series is essential to the continuing operation of the Federal order program.

The final CME Grade A butter price will be announced on June 19, 1998, and this price will be used until June 25. However, a new equivalent price series needs to be effective June 26, 1998, to compute the butterfat differential and the BFP for the month

of June and subsequent months. For the month of June, the butterfat differential and the BFP will be computed by using a simple average of the CME Grade A butter prices for the first 25 days (June 1 through June 25) and the CME Grade AA butter prices minus 9 cents for the last 5 days (June 26 to June 30). The June butterfat differential and BFP will be announced on July 2, 1998. Thereafter, on or before the 5th day of each month, a simple average of the CME Grade AA butter prices less 9 cents will be used to compute the butterfat differential and the BFP for the preceding month.

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and the applicable provisions of the orders, as amended, regulating the handling of milk in the aforesaid marketing areas, it is hereby found and determined that:

(1) The CME announced that trading on Grade A and Grade B butter in the Butter Spot Call contract will be suspended effective June 26, 1998.

(2) The absolute level of the CME Grade A butter price is needed to determine the value of the butterfat differential and the month-to-month change in the price level is used in the product price formula update component of the BFP.

(3) Each order provides that if for any reason a price or pricing constituent required by the order for computing class prices or for other purposes is not available as prescribed in the order, the market administrator shall use a price or pricing constituent determined by the Secretary to be equivalent to the price or pricing constituent that is required.

(4) The International Dairy Foods Association (IDFA) requested that the CME Grade AA Butter Spot Call for the month less 9 cents be used as an equivalent Grade A butter price. IDFA suggested that the equivalent butter price series become effective June 5, 1998, or as soon as possible. Agri-Mark Dairy Cooperative submitted a comment letter supporting IDFA's request and the recommended effective date. In addition, Michigan Milk Producers Association suggested that the CME Grade AA butter price less 9 cents or the formula (i.e., Grade AA butter price—.1342/.82) proposed by National Milk Producers Federation for Federal Order Reform be used as the equivalent butter price replacement.

(5) The CME Grade AA butter price for the month less 9 cents should be used as an equivalent price for the purposes of establishing minimum prices under all Federal orders. The new butter price series is expected to yield

a price generally equal to the suspended price series. However, in regards to IDFA's suggested effective date, the proper exercise of the Department's authority would require that the Secretary issue an equivalent price determination with an effective date only after the June 26 suspension of Grade A butter trading on the CME.

(6) The final CME Grade A butter price will be announced on June 19, 1998, and that price will be applicable until June 25. Therefore, for the month of June, the butterfat differential and the BFP will be computed by using a simple average of the CME Grade A butter prices for the first 25 days (June 1 through June 25) and the CME Grade AA butter prices minus 9 cents for the last 5 days (June 26 to June 30). These prices will be announced on July 2, 1998. Thereafter, on or before the 5th of each month, the new equivalent price series will be used to compute the butterfat differential and the BFP for the preceding month.

(7) In conclusion, the Department has determined that the CME Grade AA Butter Spot Call for the month less 9 cents is an equivalent Grade A butter price for the purposes of computing the butterfat differential and the BFP which are used to establish milk prices under all Federal milk orders. The new equivalent butter price series will be effective June 26, 1998.

Dated: June 26, 1998.

**Authority:** 7 U.S.C. 601-674.**Isi A. Siddiqui,***Acting Assistant Secretary, Marketing and Regulatory Programs.*

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**DEPARTMENT OF AGRICULTURE****Forest Service****California Coast Province Advisory Committee (PAC)****AGENCY:** Forest Service, USDA.**ACTION:** Notice of meeting.

**SUMMARY:** The California Coast Province Advisory Committee (PAC) will meet on July 16 and 17, 1998, at the Pt. Reyes National Seashore Administration Building Main Conference Room in Olema, CA. The meeting will be held from 9:00 a.m. to 5:00 p.m. July 16 and 8:30 a.m. to 5 p.m. July 17. The Pt. Reyes National Seashore Administration Building is located at #1 Bear Valley Road in Olema. Agenda items to be covered include: (1) Status of 2 PAC letters; (2) Status of Aquatic/Riparian Monitoring Team; (3) New National