# United States Department of Agriculture Agricultural Marketing Service, Dairy Programs

**Market Administrator** 

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# Guidelines for Farm-Separated <u>Milk</u>

7 CFR §1000.4	<ul> <li>(b) Plant shall not include:</li> <li>(1) An on-farm facility operated as part of a single dairy farm entity for the separation of cream and skim or the removal of water from milk.</li> </ul>

## Farm and Producer vs Plant and Handler

To be considered a farm and a producer, as opposed to a plant and a handler, an RO or UF unit must be under the same ownership as the farm on which it is located and only milk from that farm may be processed through the unit.

## RO or UF milk as Producer Milk

The retentate and cream (if the plant has a separator) received from a farm with a RO or UF system will be treated as producer milk at the pool plant at which the milk is physically received or, if the retentate and/or cream are shipped to a nonpool plant, as producer milk diverted to a nonpool plant. In either case, the milk or milk components will be priced at the pool plant or nonpool plant where the milk is physically received.

#### Pricing of RO or UF Retentate

RO and UF retentate will be considered to be producer milk at the plant which received it. The pounds of RO and UF retentate received will be priced according to the skim-equivalent pounds of such milk.

The skim-equivalent pounds for **RO retentate** will be determined by dividing the solids-not-fat pounds in the retentate by the average producer solids-not-fat test in the skim portion of the farm milk used in the product. The butterfat pounds would then be added to this number to arrive at the product equivalent pounds.

The skim equivalent pounds of **UF retentate**, will be determined by dividing the true protein pounds in the retentate by the true protein test in the skim milk portion of the farm milk used in the product. The butterfat pounds would then be added to this number to arrive at the product equivalent pounds.

#### The producer operating the unit shall be responsible for:

- 1) providing records of the daily weights to the Market Administrator of the farm milk going through the unit;
- 2) providing samples to the Market Administrator for each load of farm milk (skim and cream) going through the unit;
- 3) providing the receiving plant and the Market Administrator with a manifest or bill of lading on each load of retentate and cream showing the scale weight along with samples of the retentate and cream;
- *4)* maintaining records of all transactions (including plant of ultimate disposition) which must be available to the Market Administrator upon request.

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