FSA HANDBOOK

Margin Protection Program for Dairy Producers

For State and County Offices

SHORT REFERENCE

1-MPP

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250.

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Margin Protection Program for Dairy Producers 1-MPP	**Amendment 1**

Approved by: Deputy Administrator, Farm Programs

Amendment Transmittal

A Reasons for Issuance

This handbook has been issued to provide instructions and procedures for administering MPP-Dairy according to Agricultural Act of 2014 provisions.

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Part 1 Basic Provisions

1 Purpose, Availability, and Restrictions

A Purpose

This handbook provides general instructions for MPP-Dairy.

B MPP-Dairy Availability

MPP-Dairy is available to producers on dairy operations throughout the U.S., if the dairy operation produces and commercially markets milk.

C Restrictions

STC's, COC's, and representatives and employees thereof, do **not** have the authority to modify or waive any of the provisions of this handbook, **unless** authorized by DAFP.

D Delegations of Authority

The authority to approve or disapprove all CCC-781's, CCC-782's, and all other applicable MPP-Dairy documents, **must** be redelegated, in writing, to the next authority, according to the following table. See subparagraphs 3 C and D for exceptions.

IF the producer is…	THEN the approval authority shall be…
a State, Federal, or non-Federal County Office employee	CED.
CED	COC.
COC member	DD.
STC member	SED.
DD	SED.
SED	STC.

Questionable cases may be referred to the next higher authority for determination.

2 Source of Authority and Related References

A Legislative History

The authority for MPP-Dairy is the Agricultural Act of 2014 (7 U.S.C. 9051-9060, Pub. L. 113-79) that requires USDA to establish and administer MPP for dairy producers under which participating dairy operations are paid a margin protection payment when actual dairy production margins are less than the threshold levels for a margin protection payment.

B MPP-Dairy Duration

MPP-Dairy is authorized from September 1, 2014, through December 31, 2018.

C Federal Regulations

Regulations governing the administration of MPP-Dairy are provided in 7 CFR Part 1430, Subpart A.

D Related Handbooks

Handbooks related to MPP-Dairy include the following.

Purpose	Handbook
Appeals	1-APP
Assignments and joint payments	63-FI
Foreign person provisions	5-PL
HELC and/or WC provisions	6-CP
Issuing payments	1-FI
Misaction, misinformation, or equitable relief	7-CP
Offsets	58-FI
Prompt payment provisions or foreign person tax withholding	61-FI
Reporting to IRS	62-FI
Scheme, device, or failure to fully comply	7-CP
Signatures, estates, trusts, minors, or powers of attorney, registers, or controlled substance violations	1-CM
Web-based eligibility records	3-PL

3 Administration and Responsibilities

A MPP-Dairy Administration

Administered under the general supervision of DAFP through PSD, FSA has the primary responsibility, through STC's and COC's, for administering MPP-Dairy.

State Offices may direct questions about MPP-Dairy policy and procedure to Dani Cooke in PSD, by either of the following:

- e-mail to **danielle.cooke@wdc.usda.gov**
- telephone at 202-720-1919.

B STC Responsibilities

STC's shall:

- supervise and monitor MPP-Dairy to ensure that policies and procedures authorized in this handbook are being uniformly followed by County Offices

- take any action required by this handbook that has **not** been taken by COC

- correct, or require COC to correct, any action taken by COC that is **not** authorized according to this handbook.

C COC Responsibilities

COC's shall:

- administer MPP-Dairy at the county level through CED under STC supervision

- inform producers about the eligibility requirements for MPP-Dairy payments

- complete and review applicable MPP-Dairy forms for completeness and accuracy

- approve or disapprove requests for MPP-Dairy benefits according to this handbook

3 Administration and Responsibilities (Continued)

C COC Responsibilities (Continued)

- determine whether the submitted marketing documentation is reasonable and provides the required information needed to establish production history for participating dairy operations.

Note: Except for CCC-781's and CCC-782's in which CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-781's and CCC-782's, and any other MPP-Dairy documents, to CED.

D CED Responsibilities

CED's shall:

- carry out the day-to-day operations of MPP-Dairy according to COC's determinations and this handbook

- approve or disapprove CCC-781's and CCC-782's, if delegated by COC.

Note: Except for CCC-781's and CCC-782's in which the person approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-781's, CCC-782's, and any other MPP-Dairy documents, to Federal and non-Federal County Office employees.

E Nondiscrimination Responsibilities

STC or COC shall **not**, on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in MPP-Dairy.

F Outreach Responsibilities

STC and COC shall ensure that MPP-Dairy information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities, may include, but are **not** limited to minority, Amish, and Mennonite farmers.

4-9 Reserved

Part 2 Eligibility Requirements

10 Dairy Operation Eligibility

A Eligible Dairy Operation Definition

Eligible dairy operation means any dairy facility that produces and commercially markets milk produced from cows, as a single unit, and has a production facility located in the U.S.

Note: Participating dairy operations can be operated by more than 1 producer and a single producer may be a member of more than 1 separate and distinct dairy operation.

B Dairy Operation Eligibility for Participation

To be eligible to participate in MPP-Dairy a dairy operation **must**:

- have produced milk from cows in the U.S.
- be commercially marketing the milk at the time of registration and annual coverage election in MPP-Dairy
- have a production history approved for the dairy operation on CCC-781
- submit a completed CCC-782, during the applicable registration and coverage election period, agreeing to the terms and conditions prescribed by CCC
- provide, to the local FSA County Office, proof of milk production marketed commercially, by all persons in the dairy operation during the periods relevant to establish production history for the dairy operation
- **not** participate in the LGM-Dairy administered by RMA, **except** as provided by paragraph 50

10 Dairy Operation Eligibility (Continued)

B Dairy Operation Eligibility for Payment (Continued)

- annually pay:
  - the required administration fee for participation in MPP-Dairy
  - premium for buy-up coverage, as applicable.

C Eligible Applicants

An eligible dairy operation may include any of the following entities that are engaged in an operation that markets milk commercially in the U.S.:

- an individual

- a corporation, partnership, joint operation, estate, association, cooperative, or other business enterprise or other legal entity

- Indians represented by BIA

- Indian tribal ventures.

D States, Political Subdivisions, and Agencies Thereof

States, political subdivisions, and agencies; thereof, are **not** eligible for MPP-Dairy benefits. These provisions include, but are **not** limited to, State universities and prisons.

E Dairy Operations Under MILC Program

Any dairy facility that was part of a single dairy operation, that was eligible for and participated in the MILC Program, will exist as a separate and distinct dairy operation in the same manner under MPP-Dairy.

10 Dairy Operation Eligibility (Continued)

F Dairy Operations Not Under MILC Program

For dairy operations that did **not** exist or participate under the MILC Program, SED's and STC's shall:

- establish State-specific criteria consistent with the same criteria established under the MILC Program that was used to determine a separate and distinct dairy operation

- issue a State directive to County Offices based on the established criteria

- use the criteria as a guideline for dairy operations that did **not** exist or participate in the MILC Program to determine how they will exist under MPP-Dairy

- submit a copy of the State directive to the National Office PSD contact, according to subparagraph 3 A, by **COB December 5, 2014**.

COC shall use their best judgment and knowledge of the dairy operation when determining an operation is separate from another operation. Any questionable cases shall be forwarded to STC, through the State Office specialist, for review and concurrence.

G Existing Dairy Operations

An existing dairy operation for MPP-Dairy purposes **must** have been in operation and producing and commercially marketing milk:

- as of February 7, 2013
- during any of the calendar years 2011, 2012, and/or 2013.

11 New Dairy Operations

A New Dairy Operation

A new dairy operation for MPP-Dairy purposes:

- has less than 12 full months of milk marketings as of February 7, 2014
- is subject to the affiliation test provided in subparagraph B
- is subject to review by COC decision to determine legitimacy.

B Affiliation Test

A new dairy operation will be treated as an affiliated dairy operation and **not** be treated as a separate dairy operation under MPP-Dairy if producers that collectively own more than 50 percent interest of the new dairy operation also collectively own more than 50 percent interest in another dairy operation registered in MPP-Dairy.

If shares of common members in either dairy operation (existing and new) is greater than 50 percent in **both** operations, then the new dairy operation is **not** eligible for coverage under MPP-Dairy. The affiliation test does **not** apply to a new operation purchased with an existing CCC-approved production history.

Note: After a MPP-registered dairy operation is sold, the producers affiliation to that operation is severed and are **no** longer considered affiliated for purposes of establishing a new dairy operation.

C Affiliation Test Example

ABC Dairy Operation is comprised of Producer A (75 percent share) and Producer B (25 percent share). Producer A decides to build a new operation with a 100 percent share.

In this example, Producer A has more than a 50 percent interest in **both** ABC Dairy Operation and the new dairy operation. Therefore, Producer A fails the affiliation test and **cannot** register the new dairy operation in MPP-Dairy.

11 New Dairy Operations (Continued)

D Affiliation Test Example Scenarios

The following table provides examples of the outcome of various scenarios when applying the affiliation test to new dairy operations. An affiliation test outcome of “Fail”, in this table, indicates that the new operation must be disapproved for coverage under MPP-Dairy. See Exhibit 7 for additional affiliation examples.

Existing Dairy Operation			**New Dairy Operation**			**Affiliation Test Outcome**
Producer Alex	**Producer Bob**	**Producer Cody**	**Producer Alex**	**Producer Bob**	**Producer Cody**	
50 %	50 %		50 %	50 %		Fail
50 %	50 %		100 %			Pass
33 %	33 %	34 %	50 %	50 %		Fail
60 %	40 %		100 %			Fail
60 %	40 %		60 %		40 %	Fail
60 %	40 %		50 %		50 %	Pass
60 %	40 %		20 %	10 %	70 %	Pass
50 %	10 %	40 %	20 %	50 %	30 %	Fail

E Not a New Dairy Operation

A dairy operation is **not** considered new if the dairy registered in MPP-Dairy does any of the following:

- changes the name of the dairy operation
- changes dairy TIN for tax purposes
- relocates to another State or county
- adds additional shareholders to the dairy operation
- spouse, child, or heir takes over the dairy operation for a decedent.

12 Foreign Entities and Foreign Persons

A Foreign Entities

A corporation or other entity shall be ineligible to receive MPP-Dairy benefits, if more than 10 percent of the beneficial ownership of the entity is held by persons who are **not** citizens of the U.S., or lawful resident aliens possessing a valid I-551, **unless** each foreign individual who is a stockholder or other type of member provides a substantial amount of active personal labor in producing milk in the dairy operation that is owned or operated by such entity.

The following foreign person and/or entity provisions apply to MPP-Dairy benefits:

- 7 CFR Part 1400, Subpart E
- 5-PL, Part 3
- 5-PL, subparagraph 156 B for rules on significant contributions.

Each foreign person who is a stockholder or other type of member in the foreign entity **must** make a significant contribution of active personal labor to be considered eligible for MPP-Dairy benefits. Foreign stockholders or other types of members in the foreign entity that:

- do **not** contribute active personal labor are **not** eligible to receive MPP-Dairy benefits

- do contribute active personal labor may receive his or her share of the payment earned by the operation, less the share percentage held by the interest holder that made no active labor contribution

  Note: This **cannot** be increased because of the ineligibility of another member.

- are deemed eligible according to the active personal labor requirement **must** have a valid U.S. TIN.

  Note: 62-FI, Part 5 provides guidance for tax reporting purposes when MPP-Dairy payments are made to producers that are nonresident aliens. County Offices **must** follow 62-FI, Part 5, **before** issuing payments and make withholdings to IRS, if required.

12 Foreign Entities and Foreign Persons (Continued)

B Requesting Benefits for Nonforeign Shares

Entities that have been determined ineligible for payment because of the foreign person rule may receive the amount of payment that represents the percentage interest of the entity that is owned by U.S. citizens or lawful aliens, according to 5-PL, paragraph 157.

Note: This provision is also applicable to foreign stockholders, etc., of an entity, if some, but **not** all of the foreign persons provide a significant contribution of active personal labor.

C Foreign Person Eligibility

Foreign persons legally admitted in the U.S., with a valid TIN, and in an eligible dairy operation, are eligible to receive MPP-Dairy benefits, if they are an individual who is providing land, capital, a substantial amount of active personal labor on the dairy operation, and meet the requirements of the following:

- 7 CFR Part 1400, Subpart E
- 5-PL, Part 3
- 5-PL, subparagraph 156 B for rules on significant contributions.

Note: A CCC-902 is required for foreign person determinations according to 5-PL.

See 62-FI, Part 5, for tax reporting guidelines when MPP-Dairy payments are made to producers that are nonresident aliens.

13 Producer Eligibility

A Eligible Producer Definition

Eligible producer means, for MPP-Dairy purposes, any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the United States, **except** as provided in subparagraph 12 C
- share in the pooling of resources under a common ownership structure
- directly or indirectly shares in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy operation, at least commensurate to the producer's share of the operation, to the dairy operation of the individual or entity.

B Estates and Trusts

An eligible producer may be an estate or trust.

MPP-Dairy documents executed by producers legally authorized to represent estates or trusts will be accepted **only** if producers legally authorized to represent estates or trusts furnish evidence of the authority to execute MPP-Dairy documents.

13 Producer Eligibility (Continued)

C Minors

A minor may be an eligible producer if any of the requirements in 1-CM are met.

D Deceased Producer

The heir or estate of a deceased producer **must** complete CCC-782 as a successor-in-interest for payments earned after the date of death. MPP-Dairy participants shall use FSA-325, according to 1-CM.

Documents to verify succession-in-interest may be requested, as necessary, to COC's satisfaction.

E HELC and WC

HELC and WC provisions of 7 CFR Part 12 apply to MPP-Dairy benefits. To be eligible to receive MPP-Dairy payments each producer in a participating dairy operation **must** certify compliance with HELC and WC provisions on AD-1026. See 6-CP for guidance on HELC and WC provisions.

F AGI

MPP-Dairy benefits are **not** subject to average AGI limitations.

14 Producer Ineligibility

A Ineligibility

Ineligible producers are producers who:

- do **not** meet the definition of eligible producer, according to paragraph 13
- are **not** a part of an eligible dairy operation, according to paragraph 10
- have insured active target marketings under LGM-Dairy
- violate HELC and WC provisions, according to 6-CP
- are convicted under Federal or State law of a controlled substance violation, according to 1-CM.

B Ineligible Producer Shares

Ineligible producers on CCC-782's with other eligible producers are still required to provide applicable marketed production documentation, for the relevant period, to the County Office to establish the production history for the dairy operation. However, the ineligible producer's share percentage of the dairy operation's covered production history will be excluded from the total payment to the dairy operation.

15-19 (Reserved)

Part 3 Production History

20 Establishing Production History

A Eligible Production History

Production history is established for a participating dairy operation by completing CCC-781, according to Exhibit 10. The established production history **must** be approved by FSA and is assigned to the participating dairy operation, **not** an individual producer. Eligible production history for MPP-Dairy purposes **must** be:

- milk produced by cows in the U.S. and marketed commercially
- determined from the period of milk marketings applicable to a participating dairy operation being either of the following:
  - an existing dairy operation according to subparagraph 10 G
  - a new dairy operation according to paragraph 11.

Note: Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

B Maximum Eligible Production History

There is **no** maximum on the quantity of lbs. that can be used to establish the production history for a participating dairy operation.

C Production History Requirements

Adequate proof of all milk production marketed commercially by all persons in the dairy operation, to FSA's satisfaction, **must** be provided to establish production history. See paragraph 53 for acceptable documentation requirements.

D Production Marketed Outside the U.S.

Dairy operations that produce milk in the U.S., and commercially market the milk production outside the U.S., are eligible to receive MPP-Dairy benefits.

20 Establishing Production History (Continued)

E Eligible Dumped Production

Milk delivered to a handler that does **not** contaminate the bulk load that is paid for by the handler and reflected in the milk check, but is ultimately dumped by the handler, is eligible production that may be included in the production history for a participating dairy operation.

Note: Dumped milk production is typically identified as prenotification milk on the producer's production statement from the milk handler or dairy cooperative.

F Ineligible Dumped Milk Production

The following situations are **not** considered commercially marketed milk and production from these situations **cannot** be included in the total quantity of commercially marketed production used to establish the production history for the dairy operation are as follows:

- dumped milk that causes the contamination of a bulk load for which an insurance indemnity is paid to the producer for the contaminated milk

- milk dumped on the farm by State or health department order **not** indemnified by the DIPP Program

- a loan made from a milk handler to a producer that temporarily compensates the dairy operation for contaminated or dumped milk production.

21 Establishing Production History for Existing Dairy Operations

A Existing Dairy Operation Production History

To establish production history for an existing dairy operation, FSA will use the **highest** annual marketings from the following calendar years:

- 2011
- 2012
- 2013.

Note: If more than 1 separate and distinct dairy operations are in existence and operating at any time during the calendar years of 2011 through 2013 and have merged into 1 dairy operation before MPP-Dairy began, then the production histories from the separate and distinct operations may be combined and registered as the 1 dairy operation under MPP-Dairy. Legitimate mergers of existing dairy operations, before MPP-Dairy began, are reviewable by COC for approval of the combined production history for the registering dairy operation.

B Dairy Operations With Less Than 12 Months of Marketings in 2013

Dairy operations that began marketing milk anytime from January 2 through February 7, 2013, will **not** have an entire calendar year of marketings for 2013. Because a dairy operation under this scenario would be considered an existing dairy operation, it **cannot** have marketings extrapolated to a full year for purposes of establishing production history.

FSA will use actual milk marketings to establish the production history for an existing dairy operation that meets all of the following:

- has 12 months of milk marketings as of February 7, 2014
- does **not** have marketings in 2011 and 2012
- does **not** have a full year of marketings in 2013.

Example: ABC Dairy Operation begins marketing milk on February 2, 2013. FSA will use actual marketings from February 2 through December 31, 2013, to establish production history.

22 Establishing Production History for New Dairy Operations

A New Dairy Operation Production History

A new dairy operation can establish production history based on either of the following:

- volume of actual milk marketings for the months the dairy operation has been in operation, extrapolated to a yearly amount based on a national seasonally adjusted index

- an estimate of the actual milk marketings of the dairy operation based on the herd size of the dairy operation relative to the national rolling herd average.

If the new dairy is occupying the land and facilities of a previously MPP registered dairy operation with an established FSA-approved production history that has **not** otherwise been sold or transferred, the new dairy operation can do either of the following:

- establish new history according to this subparagraph
- take the already established CCC-approved production history of the vacated facility.

B Pseudo New Dairy Operations

New dairy operations are subject to FSA review to determine legitimacy. A dairy operation will **not** be considered a new dairy operation for the purpose of establishing production history if FSA determines that a new dairy operation was formed for the purposes of circumventing MPP-Dairy provisions, including, but **not** limited to, the following:

- reconstituting a dairy operation to receive additional benefits
- establishing new production history.

C Extrapolation Method

A new dairy operation that selects the extrapolation method to establish production history **must** have at least 1 full month of commercial milk marketings. The extrapolation to an annual amount of production will be calculated based on the following:

- a national seasonality index

- full months of marketings for the year in which the dairy operation first begins to market milk.

22 Establishing Production History for New Dairy Operations (Continued)

D Seasonality Index

The seasonality index was created based on monthly milk production data from 2009 through 2013 to more accurately reflect annual dairy production fluctuations during different seasons of the year. The seasonality index is fixed through 2018 at the following rates.

Month	Index	Month	Index
January	.0844	July	.0840
February	.0782	August	.0831
March	.0872	September	.0795
April	.0854	October	.0820
May	.0883	November	.0800
June	.0841	December	.0838

E Extrapolation Method Calculation

The annual production history for a new dairy operation that selects the extrapolation method is calculated as follows:

- adding the full months of milk marketings for the new dairy operation
- adding the seasonal index rate applicable to each of the full month marketings
- dividing the sum of the full month marketings by the sum of the seasonal index rates.

Note: A full month of milk marketings is not required for a new dairy operation that begins marketing in December of a calendar year. Actual marketings for the month of December must be used and multiplied by the number of days in December (31) and divided by the number of days marketed, to get a full month to then extrapolate for a full calendar year.

22 Establishing Production History for New Dairy Operations (Continued)

E Extrapolation Method Calculation (Continued)

If the new dairy operation intends to operate on a seasonal basis, meaning, the dairy operation will customarily operate only a specific number of months annually, then the extrapolation **must** be calculated as follows:

- adding the full months of milk marketings for the new dairy operation
- adding the seasonal index rate applicable to each of the full month marketings
- dividing the sum of the full month marketings by the sum of the seasonal index rates
- dividing the result by 12
- multiplying the result by the number of months the dairy operates annually.

F Example of Extrapolation Method for Nonseasonal Dairy Operation

ABC Dairy Operation begins marketing milk September 15, 2014, and has actual full month marketings for the months of October through December according to the following table.

	October	November	December	SUM
Marketings	256,500 lbs.	250,000 lbs.	259,000 lbs.	765,500 lbs.
Index Rate	.0820 Percent	.0800 Percent	.0838 Percent	.2458 Percent
Annual Production History				3,114,321 lbs.

Calculated: 765,500 ÷ .2458 = 3,114,321 lbs.

Note: Even if ABC Dairy Operation didn't register for MPP-Dairy until the 2017 registration period, FSA **must** still use the full months of marketings from 2014, the year the dairy operation first began to market milk, to determine their annual production history using the extrapolation method.

22 Establishing Production History for New Dairy Operations (Continued)

G Example of Extrapolation Method for Seasonal Dairy Operation

ABC Dairy Operation begins marketing milk March 2, 2015, and comes in to register for MPP-Dairy on July 10, 2015. ABC Dairy Operation has actual full month marketings for the months of April through June, according to the following table, and intends to operate only 10 months out of a year on an annual basis.

	April	May	June	SUM
Marketings	221,200 lbs.	235,000 lbs.	229,800 lbs.	686,000 lbs.
Index Rate	.0854 Percent	.0883 Percent	.0841 Percent	.2578 Percent
Annual Production History				2,217,481 lbs.

Note: 686,000 ÷ .2578 = 2,660,978 lbs. ÷ 12 = 221,748 x 10 = 2,217,481 lbs.

H National Rolling Herd Average Method

New dairy operations may select the national rolling herd average method to establish production history. The national rolling herd average method will be:

- announced by USDA each February before the applicable calendar year of coverage
- based on production data available from the year preceding the current registration period, **except** for calendar year 2015.

  Note: Because the registration period for 2014 and 2015 are concurrent, the same national rolling herd average will be used for both years.

22 Establishing Production History for New Dairy Operations (Continued)

I National Rolling Herd Averages

The national rolling herd averages applicable to each calendar year of coverage are provided in the following table.

Calendar Year of Coverage	Lbs. Per Cow
2014	21,822 lbs.
2015	21,822 lbs.
2016	TBD
2017	TBD
2018	TBD

J National Rolling Herd Average Calculation

New dairy operations that select the national rolling herd average method will have production history established based on multiplying:

- the national rolling herd average lbs. per cow for the applicable calendar year of coverage; by

- the number of dairy cows in the herd, including dry cows and **excluding** heifers **not** yet fresh.

K Example of National Rolling Herd Average Method

ABC Dairy Operation has a 150 cow operation that began marketing milk on September 15, 2013. Using the national rolling herd average method, the production history for ABC Dairy Operation has been established at 3,273,300 lbs.

Note: 150 x 21,822 = 3,273,300 lbs.

23 Annual Production History Increase

A Production History Adjustments

After the production history of a dairy operation is established and approved by FSA, the production history established will:

- never be reduced because of changes in national milk production
- only increase or "bump" up the established production history of the dairy operation to reflect any increase in the national average milk production.

B The Bump

The bump adjustment percentage will:

- be determined annually from review of the national average milk production data provided by NASS
- be announced each year in May
- be applied to all applicants, existing and new dairy operations, registered in MPP-Dairy in the year in which the bump is announced
- **not** retroactively apply to years before registration in MPP-Dairy
- **not** apply to applicants registering in MPP-Dairy for 2014
- apply to all applicants registering in MPP-Dairy for 2015.

23 Annual Production History Increase (Continued)

C Determining the Bump

The bump percentage is based on total milk production change from one 12-month-period to the next 12-month-period, April through March, **not** milk per cow. For example, the bump is determined from the NASS data from the following:

- April 2013 through March 2014 milk production and compare to April 2012 through March 2013 milk production to calculate the base percentage increase for the 2015 registration and coverage election period
- April 2014 through March 2015 milk production will be compared to April 2013 through March 2014 milk production to calculate the base percentage increase for the 2016 registration and coverage election period.

D Bump Rate Percentages

The bump for each applicable calendar year will be applied according to the rates in the following table.

Calendar Year	Bump Percentage Rate
2014	None
2015	1.0087 Percent
2016	TBD
2017	TBD
2018	TBD

E Example of the Bump

ABC Dairy Operation has an established and CCC-approved production history of 3 million lbs. and is applying during the 2014 and 2015 registration and coverage election period. The 2015 percentage rate of 1.0087 percent is multiplied by the 3 million lbs. production history to determine the adjusted production history for 2015. In this example, 3,000,000 x 1.0087 = 3,026,100 lbs.

24 Production History Transfers

A Types of Production History Transfers

CCC-approved production history can be transferred as follows:

- relocation
- merger
- succession of ownership.

B Production History Transfer Requests

A production history transfer request **must**:

- be requested on CCC-781, **except** for succession of ownership transfers

  Note: Multiple CCC-781's may be required if multiple registered dairies are involved.

- be thoroughly reviewed and approved by COC or designee

- have all associated premiums paid in full for the applicable calendar year of coverage for the transfer to be approved, **except** for relocation transfers.

Note: A dairy operation facility that is being rented or leased **cannot** transfer production history. The production history stays with the diary operation facility.

25 Production History Relocations

A Relocation Transfers

A participating dairy operation with an CCC-approved production history that relocates or otherwise moves their dairy operation to another location may do either of the following:

- transfer the production history of the original operation to the new location, if operation at the new location is **not** registered in MPP-Dairy
- transfer the production history of the original operation **and** add the production history to the production history of a MPP-Dairy-registered operation at the new location that has **not** been transferred.

Note: CCC-approved production history that is transferred to a new location is **no** longer available for use at the previous location.

B Relocation Transfer Example

ABC Dairy Operation has an CCC-approved production history of 10 million lbs. in County A and is relocating to an abandoned dairy facility **not** registered in MPP-Dairy in County B. ABC Dairy Operation submits a completed CCC-781 to the County A FSA Office. County A approves the production history relocation transfer to County B.

C Relocation and Merger Transfer Example

XYZ Dairy Operation has an CCC-approved production history of 5 million lbs. in County A and is relocating to a dairy facility with an CCC-approved production history of 7 million lbs. from a dairy operation that was previously registered in MPP-Dairy in County B.
XYZ Dairy Operation submits a completed CCC-781 to the County A FSA Office requesting that their production history be merged with the production history from the previously registered dairy operation. County A approves the production history relocation transfer to County B and reestablishes the production history of XYZ Dairy Operation at 12 million lbs.

26-27 (Reserved)

28 Production History Transfer Mergers

A Merger Transfers

Producers of more than 1 dairy operation that separately participate in MPP-Dairy may transfer the production histories of these dairy operations into a previously unregistered dairy operation.

Note: After production history has been merged it **cannot** be unmerged, reallocated, or used by another dairy operation.

B Merger Transfer Example

Three separately registered dairy operations under MPP-Dairy decide to pool their resources and build a brand new dairy operation. Operation A has an established CCC-approved production history of 2 million lbs., Operation B has an established CCC-approved production history of 1.5 million lbs., and Operation C has an established CCC-approved production history of 3 million lbs. Each dairy operation is required to submit a completed CCC-781, requesting the merger and describing the merger in detail in the "Remarks" section. After the merger is approved by FSA, a new CCC-781 with the combined production history of 6.5 million lbs. will be generated for all parties to sign.

C Merger Effective Date

FSA will recognize the merger and approve coverage for separately registered dairy operations combining production histories under MPP-Dairy **effective January 1** of the calendar year following the applicable annual registration and coverage election period that the combined dairy operation pays the annual administrative fee and applicable premiums.

Note: Since the merger date is not recognized until January 1, the individual contracts of the merging operations will be recognized through December 31.

29-30 (Reserved)

31 Establishing Farm and Tract Numbers

A Farm and Tract Numbers

County FSA Offices **must** do the following for each dairy operation:

- assign a FSA farm and tract number in MIDAS farm records
- establish and delineate according to 10-CM procedure
- be established in the dairy operations administrative State and County.

Note: Until software is made available to support production history transfer functionality, FSA County Offices **must** manually monitor and document, in CCC-781 "Remarks" section, applicable transfer activity.

32 Reestablishing Production History

A Reestablishing Production History for Affiliated Producers

Inactive production history registered under MPP-Dairy that is left with the operation, in the case of a retirement or abandonment, and **not** part of a transfer or succession will be attributed or reestablished to a dairy operation, with a producer affiliated with the previous production history, that subsequently occupies the facility of the inactive history.

Note: Production history that has been transferred and assumed by another MPP-registered dairy operation **cannot** be reestablished.

B Reestablishing Production History for Non-Affiliated Producers

A new dairy operation that occupies a facility with inactive production history registered under MPP-Dairy that is left with the operation, in the case of a retirement or abandonment, and **not** part of a transfer or succession can elect to establish production history, if the producers were **not** affiliated with the previous production history, according to either of the following options:

- reestablishing the inactive production history from the previously registered dairy operation
- establishing production history based on options available to new dairy operations according to paragraph 22.

C Reestablishing Production History for Affiliated Producer Example

ABC Dairy Operation, made up of Producer A and Producer B, has an established CCC-approved production history of 5 million lbs. Both Producer A and Producer B retire from the dairy business and sell their herd and facility. The facility remains vacant for 1 year, but Producer B decides to get back in the business again at the same facility. Because Producer B is affiliated to the previous operation and established CCC-approved production history, FSA will reestablish the production history for the operation started by Producer B at the same 5 million lbs. production history.

32 Reestablishing Production History (Continued)

D Reestablishing Production History for Non-Affiliated Producer Example

A facility with an established CCC-approved production history of 2 million lbs. is abandoned. XYZ Dairy Operation, a new dairy operation, wants to occupy the abandoned the facility, but wants to modernize the facility and increase the capacity. Because the producers that are a part of XYZ Dairy Operation were **not** affiliated with the previously registered dairy operation they are electing to establish history based on the options available to new dairy operations rather than reestablish the production history of the dairy operation that previously occupied the abandoned facility.

E Determining Affiliation

Determining an affiliated producer for the purpose of reestablishing production history is **not** the same, and should **not** be confused with applying the affiliation test in subparagraph 11 B. County Offices **must** thoroughly check registered dairy operations from the same farm and tract number to determine if any producers are a part of a dairy operation re-occupying the vacated facility to determine if the dairy operation:

- **must** have the previous production history reestablished
- has the option to establish production history as a new dairy operation.

33-34 (Reserved)

35 CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment

A CCC-781 Usage

Form CCC-781 (Exhibit 10) **must** be completed by a participating dairy operation and used for the following purposes:

- initial establishment of production history for a participating dairy operation
- transferring production history
- merging production history.

B Filing CCC-781

FSA will allow any interested producers in a dairy operation to file CCC-781 without regard to whether or **not** the producer is registering the dairy operation in MPP-Dairy. Sole submission of a CCC-781 to determine the production history for a dairy operation does **not** register that production history or the dairy operation in MPP-Dairy, and as such, the production history **cannot** be used for sale, merger, or transfer.

Note: CCC-781 **must** be accompanied by CCC-782 (Exhibit 13) and administrative fee to be considered registered for MPP-Dairy.

C County Office Initial Review of CCC-781's

County Offices shall review and determine the acceptability of each CCC-781 for initial production history establishment to ensure the following:

- accuracy and completeness
- proper determination of new or existing dairy operation
- production history is being determined based on:
  - the relevant period from verifiable source documentation
  - applicable elected option for new dairy operations.

Only CCC-781's thoroughly reviewed according to this subparagraph will be processed and signed by a CCC representative. CCC representative is COC, CED, or any permanent County Office employee.

35 CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

D Processing CCC-781's

Following the initial review of CCC-781 according to subparagraph C, FSA will process CCC-781's according to this table.

IF CCC-781 is submitted during the applicable registration and coverage election period …	THEN do the following…
without: • CCC-782 • administrative fee • premium fee, if applicable	• advise the applicant that CCC-781 does **not** register the dairy operation in MPP-Dairy • advise the applicant that CCC-781 **must** be accompanied by CCC-782 and applicable fees to be considered registered • make an approval or disapproval determination of production history only and file in producer folder.
with: • CCC-782 • administrative fee • premium fee, if applicable	make an approval or disapproval determination of the established production history and file in the producer folder.

35 **CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)**

E Obtaining CCC-781's

Dairy operations can obtain CCC-781 to establish production history by any of the following methods:

- electronically from the following web sites:
  - eForms web site at **http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home**
  - dairy markets and policy web site at **http://dairymarkets.org/MPP/Tool/**
- from any County FSA Office as follows:
  - in person
  - by mail
  - by phone
  - by FAX.

F Signature Requirements

All producers who share in the risk of a dairy operation's total production **must** certify to the information on CCC-781 before CCC-781 will be considered complete or approved by FSA.

County Offices shall follow 1-CM for the following:

- producer's signature and authorization provisions
- persons signing CCC-781 in a representative or fiduciary capacity.

35 CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

G Second Party Review

A second party review of the marketed production entered for an existing dairy operation or the calculated production history determined for a new dairy operation shall be performed before CCC-781 can be approved. The reviewer **must**:

- compare the entries with applicable verifiable documentation for the relevant periods

- review calculations are consistent with what is entered in worksheet and/or automated software

- initial and date in CCC-781 "Remarks" section

- **must not** be the same employee entering the data in the worksheet and/or automated software or approving CCC-781.

36-39 (Reserved)

Part 4 MPP-Dairy Registration Requirements

40 Registering for MPP-Dairy

A Registration and Annual Coverage Election

A dairy operation registers for MPP-Dairy only 1 time and results in a contract with a multi-year obligation between CCC and the dairy operation. After the initial registration, the dairy operation **must** make a coverage election annually according to subparagraph 41 D, through the termination date of MPP-Dairy. Registration and the annual coverage election are both:

- held concurrently on an annual basis
- made using CCC-782.

B Registration and Annual Coverage Election Periods

Dairy operations may register to participate in MPP-Dairy according to the following table.

Year	Registration and Coverage Election Period
2014	September 2 through December 5, 2014
2015	September 2 through December 5, 2014
2016	July 1 through September 30, 2015
2017	July 1 through September 30, 2016
2018	July 3 through October 2, 2017

C Initial Registration

At the time of initial registration for MPP-Dairy, a dairy operation **must**:

- have submitted a completed CCC-781 according to paragraph 35
- make coverage elections and submit a completed CCC-782 according to paragraph 51
- pay a $100 administrative fee and agree to pay the administrative fee annually thereafter before the end of the applicable registration and coverage election periods
- certify that the dairy operation is commercially marketing milk at the time of each registration.

Note: Participation in MPP-Dairy for the duration of MPP-Dairy **cannot** be cancelled after registration has been finalized on COB on the last day of the registration and coverage election period.

40 Registering for MPP-Dairy (Continued)

D Registering a New Dairy Operation

A new dairy operation that is established after the most recent registration and coverage election period is required to do the following:

- submit CCC-782 within the first 90 calendar days from the date on which the dairy operation first commercially markets milk
- elect coverage that begins the next consecutive 2-month period following the approval date of the registration and coverage election.

A new dairy operation that does **not** meet the 90 calendar day requirement to register **cannot** register until the next registration and annual coverage election period for coverage for the following calendar year.

E Registering Multiple Dairy Operations

To receive margin coverage under MPP-Dairy, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than 1 separate and distinct dairy operation, the producer **must** register each operation on CCC-782 for each operation to be eligible for coverage according to paragraph 50.

41 Electing Coverage

A Coverage Elections

During the initial registration and annual coverage election period, a participating dairy operation **must** elect on CCC-782, for the applicable calendar year of coverage, the following:

- coverage level threshold (margin trigger)
  - CAT level coverage ($4 per cwt.)
  - buy-up coverage ($4.50 to $8 per cwt.)
- coverage percentage (25 to 90 percent), if buy-up is elected.

Note: All producers in the participating dairy operation **must** agree to the coverage elections made by the dairy operation.

B Changing Coverage Elections

Coverage elections made by a participating dairy operation:

- become final on the last day of the registration and annual coverage election period
- can **only** be changed **before** the end of a registration and annual coverage election period
- **cannot** be changed for a current calendar year of coverage
- **must** be indicated on a new CCC-782 and signed by all producers in the dairy operation
- may generate a refund if the premium is paid and the change occurs before the end of the registration and annual coverage election period.

Note: After the close of the registration and annual coverage election period, the coverage elections made by the dairy operation **cannot** be changed until the next calendar year during the next registration and annual coverage election period.

41 Electing Coverage (Continued)

C Coverage Period

The applicable year of coverage for approved CCC-782's will be as follows:

- for 2014, September through December 2014

- for 2015 and subsequent calendar years, the calendar year beginning January 1 and ending December 31 following the applicable registration and coverage election period.

D Annual Coverage Election

Each calendar year subsequent to the initial registration of the participating dairy operation, the operation is required to update their coverage elections during the annual coverage election period. If the operation fails to file an update of its election during the annual coverage election period, the coverage level will:

- be reduced to CAT level coverage **only** if the annual administrative fee for the relevant calendar year of coverage has been paid by the dairy operation

- result in loss of coverage for the relevant calendar year of coverage if the annual administrative fee for the relevant calendar year of coverage is **not** paid by the dairy operation according to subparagraph 46 B.

E Coverage Election Reminder

On May 1 of every year the following will be generated and mailed to participating dairy operations the following:

- letter to remind participants to make coverage elections for the next calendar year of coverage by end of the forthcoming annual coverage election period

- CCC-782 to make new coverage elections for the applicable calendar year of coverage.

Coverage election reminder letters will be distributed according to the following:

- mail through USPS
- e-mail, if producer has an e-mail address in SCIMS.

See Exhibit 16 for an example of the annual coverage election reminder letter.

41 Electing Coverage (Continued)

F Continuous Coverage

For participating dairy operations that want to continue or change coverage levels, the dairy operation must mail in applicable fees with the completed CCC-782 during the applicable registration and annual coverage election period without physically visiting the County Office.

Note: Annual coverage elections received by mail after the COB the last day of the applicable annual coverage election period **must** be postmarked no later than the last day of the applicable annual coverage election period for coverage at the elected levels to be approved.

G Decision Tool

A web-based Decision tool has been developed that will allow dairy farmers to quickly and easily calculate their coverage needs under MPP-Dairy. The Decision tool can be securely accessed by computer, Smartphone, tablet, or any other platform, 24-hours a day, 7 days a week, and can be found at **www.fsa.usda.gov/mpptool**.

Note: Users of the Decision tool bear the sole responsibility for the resulting decisions affecting their MPP-Dairy participation in MPP-Dairy and the Decision tool is in **no** way the advice of FSA.

42 Coverage Level Threshold

A Margin Triggers

As part of the initial registration and annual coverage election process for MPP-Dairy, the participating dairy operation is required to select a level of coverage that will be the trigger for a margin payment. A participating dairy operation can select annually any of the following margin triggers:

- $4.00
- $4.50
- $5.00
- $5.50
- $6.00
- $6.50
- $7.00
- $7.50
- $8.00.

B Margin Trigger Elections

A participating dairy operation can only select 1 margin trigger level. Margin trigger elections **cannot** be split. For example, a dairy operation **cannot** purchase margin protection at a $4 margin trigger on 25 percent of production history and also have an $8 margin trigger on 50 percent of production history.

43 Coverage Level Percentage

A Coverage Level Percentage

As part of the initial registration and annual coverage election process for MPP-Dairy, in addition to the requirements of paragraph 42, the participating dairy operation that elects a margin trigger above $4.00 is also required for buy up to select the percentage of production history that will be covered under MPP-Dairy. The coverage level percentage of production history that can be covered under MPP-Dairy can range as follows:

- 25 percent (minimum level coverage)
- 30 percent
- 35 percent
- 40 percent
- 45 percent
- 50 percent
- 55 percent
- 60 percent
- 65 percent
- 70 percent
- 75 percent
- 80 percent
- 85 percent
- 90 percent (maximum level coverage).

Note: The operation can only select annually 1 percentage of production history for coverage under MPP-Dairy.

B Determining Covered Production History

The covered production history under MPP-Dairy is determined by multiplying the coverage level percentage elected by the dairy operation by the CCC-approved production history established for the participating dairy operation.

C Example of Determining Covered Production History

ABC Dairy Operation has a CCC-approved production history established at 10 million lbs. and elects a 75 percent coverage level. The dairy operation will have 7.5 million lbs. of their production history approved for coverage under MPP-Dairy.

Note: 10,000,000 x 75 percent = 7.5 million lbs.

44 Catastrophic Level Coverage

A CAT Level Percentage of Coverage

A participating dairy operation that elects CAT level coverage will receive protection at the maximum amount of production coverage at **90 percent** of the operations production history.

B CAT Level Margin Trigger

CAT level coverage is the lowest level of protection offered under MPP-Dairy. The margin trigger for CAT level coverage is $4 per cwt. The dairy operation will be paid when the margin falls below $4.

C Electing CAT Level Coverage

A participating dairy operation that elects CAT level coverage:

- **must** pay the administrative fee for the applicable calendar year CAT level coverage is elected
- no premium is applicable.

45 Premium Level Coverage

A Buy-Up Coverage

Participating dairy operations may elect a higher margin trigger above the CAT level ($4 per cwt.), up to $8 per cwt. Dairy operations that purchase buy-up coverage at higher margin trigger levels are required to pay a premium for their covered production history based on the premium rate from a two-tier schedule that corresponds to the margin trigger level elected by the dairy operation.

B 2-Tier Premium Rate Schedule for Buy-Up Coverage

At each margin trigger level, corresponding rates are different with respect to the first 4 million lbs. (40,000 cwt.) of covered production history and covered production history above 4 million lbs. Premium rates are in effect for the duration of MPP-Dairy as established in the following table.

	Tier 1 Premium Per Cwt.	**Tier 1 Premium Per Cwt.**	**Tier 2 Premium Per Cwt.**
Coverage Level (Margin) Per Cwt.	**2014 and 2015 Covered Production History at 4 Million Lbs. or Less With 25 Percent Reduction**	**2016 Through 2018 Covered Production History at 4 Million Lbs. Or Less**	**2014 Through 2018 Covered Production History Greater Than 4 Million Lbs.**
$4.00	None	None	None
$4.50	$0.008	$0.010	$0.020
$5.00	$0.019	$0.025	$0.040
$5.50	$0.030	$0.040	$0.100
$6.00	$0.041	$0.055	$0.155
$6.50	$0.068	$0.090	$0.290
$7.00	$0.163	$0.217	$0.830
$7.50	$0.225	$0.300	$1.060
$8.00	$0.475	$0.475	$1.360

Note: For the 2014 and 2015 calendar years only, the premiums for the first 4 million lbs. of eligible covered production history are reduced by 25 percent. The reduction has been applied to the rates displayed in the Tier 1 column for 2014 and 2015 above and are displayed at the reduced rate.

45 Premium Level Coverage (Continued)

C Determining the Applicable Premium Tier for Buy-Up Coverage

A participating dairy operation can determine the applicable premium tier for buy-up coverage by determining the following:

- calculating the amount of covered production history according to subparagraph 43 B
- determining the amount of covered production history that is 4 million lbs. and less under Tier 1
- applying the rates under Tier 2 to the amount of covered production history that exceeds 4 million lbs., if applicable.

Note: The applicable Tier 1 rate is dependent upon the applicable calendar year of coverage because of the special reduction for 2014 and 2015 premium rates.

D Example of Determining Applicable Tier

A dairy operation with a production history of 10 million lbs. elects a coverage level of $6 and a 50 percent coverage percentage will pay a premium for covered production history determined at 5 million lbs., with 4 million lbs. attributed at the applicable lower Tier 1 premium rate that corresponds to the $6 margin trigger and the remaining 1 million lbs. attributed at the higher Tier 2 premium rate that corresponds to the $6 margin trigger.

46 Annual Administrative Fees

A Administrative Fee

Dairy operations **must** pay an initial administrative fee to CCC in the amount of $100 to participate in MPP-Dairy at the time of initial registration. The administrative fee for each approved participating dairy operation is:

- required to be paid each year for the duration of MPP-Dairy
- nonrefundable
- required for each separately registered dairy operation
- **never** prorated.

B Administrative Fee Due Date

Annual administrative fees are due and payable to CCC, in person or by mail, to the administrative County FSA Office **no later than COB** on the last day of the applicable registration and annual coverage election period for each applicable calendar year of margin protection coverage under MPP-Dairy. See subparagraph 40 B for applicable dates.

C Failure to Pay Administrative Fee

Failure to pay administrative fees due under MPP-Dairy by the last day of the applicable registration and annual coverage election period will result in the actions in the following table.

IF participant fails to timely pay…	**THEN the following will result…**
initial administrative fee	disapproval of CCC-782.
annual administrative fee	• disapproval of CCC-782 • loss of coverage under MPP-Dairy for the applicable calendar year of coverage, **regardless** of whether the fee is subsequently paid for the applicable calendar year • establishment of a receivable. **Note:** Coverage under MPP-Dairy can **only** be regained the following calendar year of coverage for nonpayment of an annual administrative fee, **only** if the receivable is satisfied.

D Collecting Administrative Fees

Administrative fees collected in the County Office **must** be recorded in NRRS according to subparagraph 62 D.

Note: A printout or copy of the administrative payment receipt shall be attached to CCC-782 and filed in the producer folder.

47 Premium Fees for Buy-Up Coverage

A Premium Fee Due Date

A participating dairy operation that elects margin protection coverage above the CAT level coverage is required to pay a premium in addition to the annual administrative fee. Premium fees for buy-up coverage are due according to the following table.

Calendar Year of Coverage	Premium Fee Due Date
2014	100 percent due by **COB December 5, 2014**.
2015 through 2018	Either of the following: • 100 percent of the total premium **before** the end of the registration and coverage election period for the applicable calendar year of coverage • at least 25 percent of the total premium by **COB February 1** of the applicable calendar year of coverage.

B Premium Balances Due Date

All remaining premium balances for an applicable calendar year of coverage are due no later than **COB June 1** of the applicable calendar year of coverage. See Exhibit 19 for an example premium balance reminder letter and Exhibit 20 for an example of a minimum balance reminder letter. Premium balances outstanding:

- before June 1 will be deducted from any MPP-Dairy payment triggered during the applicable calendar year of coverage

- 30 calendar days after June 1, see subparagraph 49 D for effects of failure to pay fees.

47 Premium Fees for Buy-Up Coverage (Continued)

C Prorated Premiums for Buy-Up Coverage

Premiums for buy-up coverage will be prorated according to the following table.

IF MPP-Dairy participant is…	THEN prorated period is…
2014 applicant	September through December 2014.
new dairy operation within first 90 calendar days of marketing milk	months remaining in applicable calendar year of coverage.
LGM-Dairy participant in 2014 and 2015	months remaining in applicable calendar year of coverage after target marketings have ended.

D Premium Waiver

The obligation to pay or refund a premium owed by a participating dairy operation may only be waived by DAFP for the following:

- death
- retirement
- permanent dissolution
- other circumstances determined by DAFP.

Requests for a premium waiver for months remaining in a calendar year of coverage **must** be:

- requested in writing by the participating dairy operation
- recommended by COC
- forwarded for an approval determination through STC to DAFP through PSD according to subparagraph 3 A.

E Collecting Premium Fees

Premium fees collected in the County Office shall be recorded in NRRS according to subparagraph 62 D.

Note: A printout or copy of payment receipt of all paid fees shall be attached to CCC-782 and filed in the producer folder.

48 Premium Fees Calculations

A Calculating the Premium Fee for Buy-Up Coverage

Premiums for buy-up coverage are calculated according to the following:

- multiplying the elected coverage percentage times the established production history
- dividing the result by 100 to determine the cwt.
- multiplying the result by the elected trigger level
- multiplying the result by a proration factor, if applicable, according to subparagraph 48 D.

B Tier 1 Premium Fee Calculation Example

ABC Dairy Operation has an CCC-approved production history established at 4.4 million lbs. and has elected 90 percent coverage at a $6 coverage level during the 2016 coverage election period results in a total premium amount due of $2,178. The premium is calculated as follows:

- 4,400,000 x 90 percent = 3,960,000 lbs.
- 3,960,000 ÷ 100 = 39,600 cwt.
- 39,600 x $0.055 = $2,178.

C Tier 1 and Tier 2 Premium Fee Calculation Example

ABC Dairy Operation has an CCC-approved production history established at 16 million lbs. and has elected 40 percent coverage at a $5 coverage level during the 2016 coverage election period results in a total premium amount due of $1,960. The premium is calculated as follows:

- 16,000,000 x 40 percent = 6,400,000 lbs.
- 4,000,000 ÷ 100 = 40,000 cwt. (Tier 1)
- 2,400,000 ÷ 100 = 24,000 cwt. (Tier 2)
- 40,000 x $0.025 = $1,000 (Tier 1)
- 24,000 x $0.040 = $960 (Tier 2)
- $1,000 + $960 = $1,960.

48 Premium Fees Calculations (Continued)

D Prorated Premium Calculation

Participating dairy operations that qualify for a prorated premium for the portion of the calendar year for which the participating dairy operation is eligible and purchases buy-up coverage, will be determined according to the following:

- calculating the total actual premium

- determining the remaining 2-month periods (1 through 6) in the applicable calendar year of coverage according to subparagraph 60 B

- dividing the calculated premium by 6

- multiplying the result by the determined number of remaining 2-month periods.

Note: A consecutive 2-month period **cannot** be split.

E Prorated Premium Calculation Example

ABC Dairy Operation registers to participate in MPP-Dairy on November 19, 2014, for coverage in 2014 and the total actual premium is calculated to be $100,000. The prorated premium is determined to be due by this 2014 applicant is $33,333, calculated as follows:

- 2 consecutive, 2-month periods are determined to be remaining in calendar year 2014
- $100,000 ÷ 6 = $16,667
- $16,667 x 2 = $33,333.

49 Effects of Failure to Pay Applicable Fees

A Legal Obligation

A participating dairy operation that fails to pay a required administrative fee or applicable premium payment remains legally obligated to pay such administrative fee or premiums, as applicable. County Offices **must** establish a receivable for any outstanding administrative fee or premium due CCC.

B Failure to Pay Administrative Fee

See subparagraph 46 C.

C Failure to Pay 25 Percent Minimum Premium Fee

Paying the administrative fee timely but failing to pay the 25 percent minimum premium fee for buy-up coverage by COB February 1 of the applicable year of coverage will result in an automatic reduction in coverage to CAT level until the earlier of such time as the 25 percent minimum is paid or June 1 of the applicable calendar year of coverage. Payments triggered for buy-up coverage during the period coverage has been reduced to CAT level will **not** be paid at the original higher level and will **not** be paid retroactively after the 25 percent minimum is paid.

D Failure to Pay Total Premium Fee for Buy-Up Coverage by June 1

Failure to pay the applicable premium fees buy the final due date of June 1 of the applicable year of coverage will result in the following:

- loss of coverage for remaining months in the applicable year of coverage
- loss of any further MPP-Dairy payments triggered
- ineligibility to select coverage for the next calendar year
- establishment of a receivable for the amount due.

E Regaining Coverage

After coverage has been lost as a result of failure to timely pay a premium amount due, coverage can **only** be regained:

- when premium is paid in full
- for the next consecutive 2-month period following full payment.

Note: A participating dairy operation that loses coverage for nonpayment of an administrative fee due **cannot** regain coverage for the applicable calendar year of coverage if paid after the date due.

49 Effects of Failure to Pay Applicable Fees (Continued)

F Premium Due Reminder Letter

On May 1 of every year Kansas City will generate and mail to participating dairy operations with an outstanding premium due a letter to remind participants of the outstanding amount due.

Premium due reminder letters will be distributed according to the following:

- mail through USPS
- e-mail, if producer has an e-mail address in SCIMS.

See Exhibit 19 for an example of the premium due reminder letter and Exhibit 20 for an example of a minimum balance reminder letter.

G SDA Farmers and Ranchers

Provisions to waive administrative and/or premium fees due by SDA farmers and ranchers under MPP-Dairy **do not** apply.

50 LGM-Dairy Transition Process

A Duplicate Benefits

Producers may participate in either, but **not** both of the following:

- LGM-Dairy administered by RMA
- MPP-Dairy administered by FSA.

Note: Producers with separate and distinct dairy operations **not** registered in MPP-Dairy or that have an operation that fails the affiliation test may insure marketings from that separate operation in LGM-Dairy.

B LGM-Dairy to MPP-Dairy Transition Period

During the registration and annual coverage election period for 2014 and 2015 **only**, dairy producers with an active policy under LGM-Dairy who have target marketings insured into 2015, will be allowed to register to participate in MPP-Dairy while still meeting the contractual requirements of the LGM-Dairy insurance contract. The LGM-Dairy policy requirement for completing the active target marketings will conclude the producer's coverage under LGM-Dairy to ensure transition to MPP-Dairy. Transition to MPP-Dairy may occur at the start of the next available 2-month consecutive period **after** all target marketings under LGM-Dairy are completed.

Note: LGM-Dairy producers that decide to participate in MPP-Dairy after the 2015 **must** register during the applicable registration and coverage election period and have all insured target marketings concluded by December 31 before the applicable calendar year of coverage begins.

50 LGM-Dairy Transition Process (Continued)

C LGM-Dairy to MPP-Dairy Transition Examples

Examples of the LGM-Dairy to MPP-Dairy are as follows.

- A producer purchases LGM-Dairy in May 2014 with target marketings through April 2015. Coverage under LGM-Dairy will conclude at the end of April 2015, and coverage under MPP-Dairy may begin in May 2015.

- A producer purchases LGM-Dairy in June 2014 with target marketings through May 2015. Coverage under LGM-Dairy will conclude at the end of May; however, coverage under MPP-Dairy may **not** begin until July 2015, resulting in a gap in coverage.

D LGM-Dairy to MPP-Dairy Registration

LGM-Dairy participants that register for MPP-Dairy **must** do the following:

- agree **not** to extend or obtain new LGM-Dairy coverage while a participant in MPP-Dairy

- pay $100 administrative fee

- pay prorated premium, if applicable, for remaining months of coverage under MPP-Dairy after LGM-Dairy coverage has concluded.

50 LGM-Dairy Transition Process (Continued)

E LGM-Dairy Participant Verification

County Office **must** verify if an MPP-Dairy applicant has any producers in the dairy operation with an active policy under LGM-Dairy by:

- checking the LGM-Dairy listing provided by the National Office to determine if any producer on the list is a part of a registering dairy operation

- requiring proof, to the satisfaction of COC, of the completion of target marketing months under LGM-Dairy for any producer:

  - found on the LGM-Dairy listing
  - indicated on CCC-782, item 11.

Note: PSD will either distribute the LGM-Dairy Listing by e-mail to State Offices on a monthly basis for dissemination to County Offices or make the listing available on the MPP-SharePoint site.

51 Filing CCC-782

A CCC-782 Usage

CCC-782 (Exhibit 13) **must** be completed by a participating dairy operation and is used for the following purposes:

- initial new contract registration of the dairy operation under MPP-Dairy
- annual coverage elections
- successor-in-interest through sale or ownership transfer of the operation
- contract revisions
- retirement
- permanent dissolution.

B Filing CCC-782

Producers in participating dairy operations **must** file CCC-782 in the producer's administrative County FSA Office.

Note: CCC-781 **must** be accompanied by CCC-782 and administrative fee to be considered for approval and registered for MPP-Dairy.

C Obtaining CCC-782

Eligible dairy operations can obtain CCC-782 to register for MPP-Dairy by any of the following methods:

- electronically from the following web sites:

  - eForms web site at **http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home**
  - dairy markets and policy web site at **http://dairymarkets.org/MPP/Tool/**

- from any County FSA Office as follows:

  - in person
  - by mail
  - by telephone
  - by FAX
  - by e-mail.

51 Filing CCC-782 (Continued)

D Signature Requirements

All producers who share in the risk of a dairy operation's total production **must** certify to the information on CCC-782 **before** CCC-782 will be considered complete or approved by FSA.

County Offices shall follow 1-CM for the following:

- producer's signature and authorization provisions
- persons signing CCC-782 in a representative or fiduciary capacity
- payment of amounts due for persons who have died, disappeared, or have been declared incompetent.

E Approving CCC-782

COC or designee shall:

- be satisfied that all applicable MPP-Dairy eligibility requirements of Part 2 have been met before approving the applicable CCC-782
- **not** approve the CCC-782 without an approved CCC-781
- **not** approve the CCC-782 without payment of the administrative fee
- **not** approve the CCC-782 that was requested or received after COB on the deadline date determined by FSA, **except** for a new operation according to subparagraph 40 D
- **not** approve CCC-782's for a joint venture or joint operation **unless** all members of the joint venture or joint operation who share in the milk marketed commercially from the dairy operation have signed CCC-782
- complete CCC-770 MPPD (Exhibit 26) according to paragraph 63
- provide CCC-782 Appendix (Exhibit 22) to contact producer for the dairy operation at the time operation registers for coverage under MPP-Dairy.

51 Filing CCC-782 (Continued)

G Second Party Review

A second party review of the coverage elections made by the participating dairy operation and all other types of actions allowable by CCC-782 shall be performed each coverage year against the data entered in the worksheet and/or automated software. The reviewer **must**:

- compare data entries are consistent with data from CCC-782
- initial in CCC-782 "Remarks" section
- **not** be the same employee entering the data in the worksheet and/or automated software or approving CCC-782.

H Withdrawing CCC-782

A CCC-782 can be withdrawn **only** during the initial first-time registration of the dairy operation in MPP-Dairy.

Note: The administrative fee paid for a withdrawn CCC-782 will **not** be refunded.

Producers in the dairy operation **must** request, in writing in CCC-782 "Remarks" section, that they are withdrawing CCC-782 from MPP-Dairy and sign and date beside the written statement. County Offices shall write "withdrawn" across the front of CCC-782 and file in producer folder.

52 CCC-782 Modifications

A Successor-In-Interest Changes

Producers of a registered MPP-Dairy may transfer ownership of the dairy operation through sale or other transfer action that includes the established CCC-approved production history to the new owner of the operation. To modify the existing dairy operation associated and corresponding production history for the new ownership, the involved producers **must** take action according to the following table.

IF participating dairy operation is…	THEN participating dairy operation must…

existing owner/seller	• complete CCC-782, items 6, 7, and 19 through 20
	
	• fully describe on CCC-782, item 27, remarks, full details of the sale action, including but **not** limited to:
	
	  • name and address of new owner/buyer
	  • date of sale.

new owner/buyer	Complete CCC-781 as a transfer type action, items 6 and 16, **after** the County Office enters the established CCC-approved production history from the previous owner in item 15 A. **Note:** County Offices may need to revise farm records accordingly.

For a succession-in-interest to become effective during a current year of coverage, all premiums **must** be paid in full so that any payment triggered will go to the successor-in-interest. Otherwise, the succession-in-interest transfer will **not** become effective until the next calendar year of coverage after all outstanding fees have been paid in full and any payment triggered during the current year of coverage will be paid to the debtor of the outstanding fees.

Note: Transfer or purchase actions that include established CCC-approved production history **must** be completed through a successor-in-interest change and is **not** subject to the affiliation test.

52 CCC-782 Modifications (Continued)

B Contract Revisions

A participating dairy operation may make contract revisions to CCC-782 according to the following table.

<table>
<tr><th>Type of Contract Revision</th><th>Effective Date of Revision if COC Approved</th><th>CCC-782 Actions</th></tr>
<tr><td>Shareholder Percentage</td><td>Next 2-month consecutive period following date of CCC-782 submission for type action.</td><td rowspan="6">• Items 6 through 7
• Item 19 through 25.

Note: Some CCC-782 revisions may require immediate update of SCIMS and/or Farm Records.</td></tr>
<tr><td>Shareholder and/or Producer</td><td>Next 2-month consecutive period after both of the following:

• premiums are paid in full

• date of CCC-782 submission for type action.</td></tr>
<tr><td>Dairy Operation TIN</td><td>Immediately.</td></tr>
<tr><td>Dairy Operation Name</td><td>Immediately.</td></tr>
<tr><td>Point-of-Contact</td><td>Immediately.</td></tr>
<tr><td>Farm and/or Tract</td><td>Immediately.</td></tr>
</table>

C Death or Dissolution

Producers in a participating dairy operation **must** notify FSA immediately of any changes that may affect their participation in MPP-Dairy on CCC-782. In cases where a dairy producer on CCC-782 dies, retires, or otherwise permanently goes out of business and dissolves the operation, the dairy operation, or estate of the decedent, may request, in writing, the following:

- termination of MPP-Dairy contract
- waiver of any outstanding fees
- refund of any fully paid premium for the months remaining in the calendar year of coverage.

53 Supporting Documentation

A Evidence of Marketed Production

Dairy operations completing CCC-781 **must** provide verifiable evidence of the operation's commercial marketings to be used in establishing a production history according to Part 2.

The evidence of marketed production **must** be provided to the County Office with any supporting documentation available to assist in verifying the operation's eligible commercial milk marketings for the relevant periods.

B Verifiable Production Records

Verifiable evidence of marketed production by the dairy operation **must** be provided to the County Office before a production history can be established and approved by FSA. Verifiable production records are evidence that is used to substantiate the amount of production marketed that can be verified by CCC through an independent source. The documentation provided **must** be adequate proof, to the satisfaction of the COC.

C Acceptable Documentation

Verifiable production evidence includes, but is **not** limited to, the following:

- sale or delivery record
- milk marketing payment stubs
- milk handler records
- daily milk marketings
- copies of any payments received as compensation from other sources.

Documentation with cumulative totals of annual commercial marketings from a verifiable source may be accepted.

Note: Production evidence in the County Office from the MILC Program is **not** acceptable and should be used as supporting evidence only. New documentation of marketings **must** be submitted.

53 Supporting Documentation (Continued)

D Reviewing Documentation

When the supporting documentation is received in the County Office:

- make a copy, date stamp the copy, and return the originals to the contact producer

- review to verify that during the relevant period applicable to the participating dairy operation:

  - there was milk marketed commercially

  - the source is verifiable

  - all persons involved in the dairy operation have provided milk marketing documentation

- ensure that production history that is being established and approved and all applicable calculations and coverage elections correspond with entries:

  - on CCC-781 and CCC-782
  - in the software application.

Attach all supporting documentation to CCC-781 and CCC-782.

53 Supporting Documentation (Continued)

E Production and Certification Discrepancies

All production and certification discrepancies **must** be resolved to the satisfaction of COC before approving a registering dairy operation or issuing any payment. COC **must** review and determine any of the following:

- good faith
- misrepresentation, scheme, or device according to 1-PL, paragraph 71.

If COC:

- determines good faith corrects the discrepancy, **no further action is necessary**

- **cannot** determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is **not** eligible for coverage and any payments issued **must** be refunded.

COC's shall use their judgment when determining good faith to ensure that the dairy operation did **not** intentionally certify incorrectly.

F Suspected Cases of MPP-Dairy Abuse

When it appears that a producer or operation has provided false or erroneous data, or intentionally misrepresented a material fact in an attempt to enhance potential MPP-Dairy coverage or payments, further action is **necessary**. This does **not** include unintentional reporting or certification errors, unless the errors are so great they impact MPP-Dairy integrity.

53 Supporting Documentation (Continued)

G Production Evidence Submitted by Cooperatives

County Offices may accept production evidence of commercial marketings from dairy cooperatives or handlers on behalf of the dairy operation. The dairy operation authorizes FSA acceptance of the marketed production upon signing both CCC-781 and CCC-782.

Production evidence of commercial marketings received from the dairy cooperative or handler is subject to further verification, if necessary, and may be provided to the County Office by the following:

- in person
- mail
- e-mail
- FAX.

See Exhibit 23 for an example of acceptable production evidence.

H Maintenance and Inspection of Records

Participating dairy operations are required to do the following:

- maintain accurate records and accounts for 3 years after the date of MPP-Dairy payments
- allow USDA representatives to access premises of the dairy operation for the following:
    - review of books, records, and accounts
    - inspection of herd of cattle
    - inspection of milking parlor.

54 Conversion Factors

A Dairy Product Conversion Factors

Producers **must** report the dairy operations commercially marketed production during the relevant period applicable to the participating dairy operation in lbs. Use the weight measurement indicated on the marketing evidence as the same unit of measure (lbs., gallons, etc.) in the conversion. Lbs. will be converted to fluid milk lbs. according to subparagraph B and gallons will be converted to gallons in the same manner. Convert dairy products according to the following table.

Dairy Product (1 Unit of Measure)	Conversion Factor (Equals x Unit of Measure of Milk)
Butter	8.4
Cheese	10
Half and Half	1.8
Heavy Cream (Whipping Cream)	4.2
Ice Cream	1.9
Light Cream	2.5
Nonfat Dry Milk	7.3
Yogurt	0.9

B Conversion From Lbs. to Fluid Milk Lbs.

To convert lbs. of a dairy product to the equivalent fluid milk lbs., multiply the lbs. of the dairy product reported by the conversion factor for the applicable dairy product provided in subparagraph A.

Example: A dairy operation provides the County Office with production evidence of 300 lbs. of commercially marketed cheese during any given month. Multiply 300 by 10 to get a total of 3,000 lbs. of eligible production for that applicable month.

54 Conversion Factors (Continued)

C Conversion from Gallons to Fluid Milk Gallons

To convert gallons of a dairy product to the equivalent fluid milk gallons, multiply the gallons of the dairy product reported by the conversion factor for the applicable dairy product provided in subparagraph A.

Example: A dairy operation provides the County Office with production evidence of 100 gallons of commercially marketed half and half during any given month. Multiply 100 by 1.8 to get a total of 180 gallons of milk.

Conversions from gallons to gallons **must** be further converted to lbs. of eligible production according to subparagraph D.

D Conversion From Gallons to Eligible Lbs. of Production

Production evidence received from producers that indicate gallons **must** be converted to lbs. A conversion rate of 8.6 lbs. is equivalent to 1 gallon of milk.

After applying the conversion factor for gallons according to subparagraph C, multiply the converted gallons by 8.6 to get the total lbs. of eligible production.

Using the example in subparagraph C, after the 100 gallons of half and half are converted to 180 gallons of milk, multiply the 180 gallons times 8.6 to get a total of 1,548 lbs. of eligible production.

55-59 (Reserved)

Part 5 MPP-Dairy Payments

60 Actual Dairy Production Margin

A Determining the Margin

MPP-Dairy supports producer margins and is designed to address conditions of low milk prices and/or high feed costs that result in periods of low margins. The “margin” is determined from both of the following:

- the national all-milk price determined from the average price received, per cwt. of milk, by dairy operations for all milk sold to plants and dealers in the U.S.
- the national average feed cost determined from the cost of feed used to produce a cwt. of milk, calculated by the sum of the products determined by multiplying:
  - 1.0728 by the national price of corn per bushel for a month as reported in the USDA Agricultural Prices Report
  - 0.00735 by the central Illinois price of soybean meal per ton for a month as reported in the USDA Market News-Monthly Soybean Meal Price Report
  - 0.0137 by the national price of alfalfa hay per ton for a month as reported in the USDA Agricultural Prices Report.

The actual dairy production margin is the **difference** between the all-milk price and the average feed cost. For example, if the all-milk price for a month is $20 per cwt. and the calculated average feed cost for the same month is $12 per cwt., the “actual dairy production margin” is $8 per cwt.

Note: USDA will determine the actual dairy margin using the average of the full-month price for a specified consecutive 2-month period, according to subparagraph B.

60 Actual Dairy Production Margin (Continued)

B Consecutive 2-Month Periods

MPP-Dairy provides a calendar year of coverage, **except** for 2014; however, the actual dairy production margin shall be calculated based on the average of the all-milk price and the average of the average feed cost for each of the following consecutive 2-month periods:

- January and February
- March and April
- May and June
- July and August
- September and October
- November and December.

C Calculating the Margin for a Consecutive 2-Month Period

FSA shall calculate the actual dairy production margin for each consecutive 2-month period by subtracting:

- the average feed cost for that consecutive 2-month period, from
- the average all milk-price for that consecutive 2-month period.

D Example of Calculating the Margin for a Consecutive 2-Month Period

The following table provides an example of how to calculate the margin for a consecutive 2-month period.

Month and Year	All-Milk Price	Calculated Average Feed Cost
March and 2014	$25.20	$11.10
April and 2014	$25.30	$11.65
Average Calculation	$25.20 +$25.30 = $50.50 $50.50 ÷ 2 = $25.25 $25.25	$11.10 + $11.65 = $22.75 $22.75 ÷ 2 = $11.38 $11.38
Actual Dairy Production Margin	$25.25 - $11.38 = $13.87	
Actual Dairy Production Margin for March and April 2014		**$13.87**

61 MPP-Dairy Payments and Calculations

A MPP-Dairy Payment Trigger

A participating dairy operation shall receive an MPP-Dairy payment whenever the average actual dairy production margin for a consecutive 2-month period is less than the coverage level threshold selected by the participating dairy operation.

B Determining Payment Amount

MPP-Dairy payment amount will be calculated according to the following table.

Step	Action
1	Determining the amount by which the coverage level (margin trigger) selected exceeds the average actual dairy margin for a consecutive 2-month period.
2	Multiplying the result of step 1 by the amount of covered production history elected by the dairy operation.
3	Dividing the result of step 2 by 100 to determine the cwt.
4	Dividing the result of step 3 by 6 to determine the payment amount.

C MPP-Dairy Payment Calculation Example

ABC Dairy Operation has an established production history of 4.4 million lbs., and has elected $6 margin trigger at a 90 percent coverage level. The September and October margin has been determined to be $5.67. The payment triggered for the dairy operation is $2,178 calculated as follows:

- $6 - $5.67 = $0.33
- $0.33 x 3,960,000 = 1,306,800
- 1,306,800 ÷ 100 = 13,068
- 13,608 ÷ 6 = $2,178.

61 MPP-Dairy Payments and Calculations (Continued)

D Payment Schedule

The following table provides a schedule of MPP-Dairy payments.

2-Month Period	Month Margin is Calculated	Month payment will be issued if margin is either: • below $4 Per Cwt. • between $4 and $8 Per Cwt.	If Margin is Above $8 Per Cwt.	Pay Period
January and February	March	April	No payments triggered.	1
March and April	May	June		2
May and June	July	August		3
July and August	September	October		4
September and October	November	December		5
November and December	January	February		6

62 MPP-Dairy Payment, Collection, and Refund Provisions

A Prompt Payment Provisions

Prompt payment interest will apply to MPP-Dairy payments issued by CCC later than 30 calendar days after the latter of the date of the following:

- all eligibility requirements are met, including receipt of eligibility documentation, such as AD-1026
- full month price data necessary to calculate the national average feed cost to determine the actual dairy production margin for the relevant period.

See 61-FI for prompt payment interest provisions.

B Assignments, Joint Payments and Offsets

Information about establishing assignments and joint payments in FSA Financial Services is provided in 63-FI, Parts 3 and 4. See 58-FI for offsets. Use code "XXMPPD" when entering information in FSA Financial Services for new assignments or joint payments for MPP-Dairy. Replace "XX" with the appropriate MPP-Dairy contract year.

C Accounting Program Code

The alpha and numeric accounting program code for MPP-Dairy is "XXMPPD (8025)". Replace "XX" with the appropriate MPP-Dairy contract year.

D Program Codes for Recording Receipts in NRRS

The following table provides program codes for recording receipts in NRRS as "Direct Sales" for MPP-Dairy administrative fee and additional premium collections for 2014 and 2015.

Program	Code
MPP-Dairy Administrative Fee for 2014	14MPPDADMFEE
MPP-Dairy Administrative Fee for 2015	15MPPDADMFEE
MPP-Dairy Premium Collection for 2014	14MPPDPREMFEE
MPP-Dairy Premium Collection for 2015	15MPPDPREMFEE

See 64-FI for additional guidance.

62 MPP-Dairy Payment, Collection, and Refund Provisions (Continued)

E Advance Payments

Advance payments will not be issued for MPP-Dairy.

F Direct Deposit Requirement

DCIA requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by EFT. All producers receiving benefits under the MILC Program **must** file SF-1199A according to 1-FI, Part 3.

Note: New ACH direct deposit information shall be obtained on SF-3881 only. County Offices may retain prior SF-1199A.

G Sequestration

Payments under MPP-Dairy may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount.

H Refunding Payments

For dairy operations that **must** refund payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are **not** paid by the due date, establish a receivable according to 58-FI in the normal manner.

63 Using CCC-770 MPPD

A Background

The Improper Payments Information Act of 2002 requires Federal agencies to evaluate programs to determine if internal controls are sufficient to prevent improper payments.

The checklist, CCC-770 MPPD (Exhibit 26), was developed to address areas of concern to ensure MPP-Dairy payments are issued properly to the intended recipient.

B General Information

It is **not** the intent that CCC-770 MPPD to supersede or replace procedure. County Offices shall use CCC-770 MPPD in administering MPP-Dairy during registration and annual coverage election.

County Offices should recognize that the questions asked on CCC-770 MPPD are very general in nature. For CCC-770 MPPD to address every conceivable situation as it pertains to eligibility would **not** be practical.

C Using CCC-770 MPPD

CCC-770 MPPD (Exhibit 26) developed by the National Office is the only authorized checklist for MPP-Dairy. County Offices shall **not** use State or locally generated checklists for MPP-Dairy.

County Offices shall:

- complete one CCC-770 MPPD for the first 5 dairy operations applying for CAT level coverage per calendar year
- complete 1 CCC-770 MPPD for the first 5 dairy operations applying for buy-up coverage per calendar year
- see Exhibit 26 for instructions on completing CCC-770 MPPD
- maintain CCC-770 MPPD with each CCC-782 in the producer’s MPP-Dairy folder.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		13, 62
CCC-781	Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment	Ex. 10	Text
CCC-782	Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election	Ex. 13	Text
CCC-782 Appendix	Margin Protection Program for Dairy Producers Terms and Conditions	Ex. 22	51
CCC-770 MPPD	Margin Protection Program for Dairy Producers (MPP-Dairy) Checklist	Ex. 26	51, 63
Automated CCC-902	Farm Operating Plan for Payment Eligibility – 2014 and Subsequent Program Years		12
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		13

Abbreviations Not Listed in 1-CM

Approved Abbreviations	Term	Reference
LGM-Dairy	Livestock Gross Margin for Dairy Program	Text, Ex. 13
MPP-Dairy	Margin Protection Program for dairy producers	Text, Ex. 10, 13
MPPD	Margin Protection Program Dairy	51, 63, Ex. 26

Redelegations of Authority

The authority to approve or disapprove all CCC-781's, CCC-782's, and all other applicable MPP-Dairy documents may be redelegated, **in writing**, to the next authority, **except** CCC-781's and CCC-782's in which the person approving has a monetary interest, according to subparagraphs 1 D and 3 B and C.

Definitions of Terms Used in This Handbook

Eligible Dairy Operation Definition

Eligible dairy operation means any dairy facility that produces and commercially markets milk produced from cows, as a single unit and has a production facility located in the U.S.

Note: Participating dairy operations can be operated by more than 1 producer and a single producer may be a member of more than 1 separate and distinct dairy operation.

Eligible Producer

Eligible producer means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in, the United States, **except** as provided in subparagraph 12 C
- share in the pooling of resources under a common ownership structure
- directly or indirectly shares in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy operation at least commensurate to the producer's share of the operation, to the dairy operation of the individual or entity.

Exhibit 7
(Par. 11)

Affiliation Test Examples

The following are examples of the affiliation test.

MARGIN PROTECTION PROGRAM FOR DAIRY: EXAMPLES OF AFFILIATION AND TRANSFER RULES

AFFILATION RULE: An operation is not considered a new operation (and therefore could not participate in MPP Dairy) if both more than 50% of the exisitng operation forms another operation in which the same members also comprise more than 50% of the new operation.

How to apply the affiliation test: find the common members of the existing and new operations (they are circled in the examples below).
Add up the shares of the common members in the exisiting operation.
Add up the shares of the common members in the new operation.
If both of the shares exceed 50%, then the new operation fails the affiliation test and cannot participate in MPP Dairy.
If one (or both) of the shares is 50% or less, then the new operation meets the affiliation test and the new operation can participate in MPP Dairy.

Other rules: Producers with an existing operation can purchase an unlimited number of operations with an established history and participate in MPP Dairy

Membership can change in an exisitng operations if premiums are fully paid, with no restrictions.

Common members are circled	EXISTING OPERATION	----->	NEW OPERATION
Example #1 (Affiliation rule)	Operation A		Operation B
	Individual A 100%	----->	Individual A 100%
Collective Shares Of Common Members	100%		100%
Are both shares greater than 50%?		YES	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			FAILS

	EXISTING OPERATION	----->	NEW OPERATION
Example #2 (Affiliation rule)	Operation C		Operation D
	Individual A 90%		
	Individual B 10%	----->	Individual B 100%
Collective Shares Of Common Members	10%		100%
Are both shares greater than 50%?		NO	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			MEETS

	EXISTING OPERATION	----->	NEW OPERATION
Example #3 (Affiliation rule)	Operation E		Operation F
	Individual A 100%	----->	Individual A 90%
			Individual B 10%
Collective Shares Of Common Members	100%		90%
Are both shares greater than 50%?		YES	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			FAILS

Affiliation Test Examples (Continued)

	EXISTING OPERATION	----->	NEW OPERATION
Example #4 (Affiliation rule)	**Operation G**		**Operation H**
	Individual A 100%	----->	Individual A 50% Spouse 40%
Collective Shares Of Common Members	100%		50%
Are both shares greater than 50%?		NO	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			**MEETS**

	EXISTING OPERATION	----->	NEW OPERATION
Common members are circled			
Example #5 (Affiliation rule)	**Operation #1**		**Operation #3**
Need to conduct two affiliation tests	INDIVIDUAL A 50% INDIVIDUAL B 50%	----->	INDIVIDUAL A 100%
	Operation #2		
	INDIVIDUAL A 50% INDIVIDUAL C 50%		
Test #1: Collective Shares Of Common Members (#1&#3)	50%		100%
Are both shares greater than 50%?		NO	
Test #2: Collective Shares Of Common Members (#2&#3)	50%		100%
Are both shares greater than 50%?		NO	
If both tests are NO, new operation meets affilation test; if one test is YES, new operation fails affilation test.			**MEETS**

	EXISTING OPERATION	----->	NEW OPERATION
Example #6 (Affiliation Rule)			
Need to conduct two affiliation tests	**Operation #4**		**Operation #6**
	INDIVIDUAL A 60% INDIVIDUAL B 40%	----->	INDIVIDUAL A 60% INDIVIDUAL D 40%
	Operation #5		
	INDIVIDUAL A 50% INDIVIDUAL C 50%		
Need to conduct two affiliation tests			
Test 1: Collective Shares Of Common Members (#4&#6)	60%		60%
Are both shares greater than 50%?		YES	
Test 2: Collective Shares Of Common Members (#5&#6)	50%		60%
Are both shares greater than 50%?		NO	
If both tests are NO, new operation meets affilation test; if one test is YES, new operation fails affilation test.			**FAILS**

Affiliation Test Examples (Continued)

Example #6 (Affiliation Rule)	EXISTING OPERATION	----->	NEW OPERATION
Need to conduct two affiliation tests	Operation #4 INDIVIDUAL A 50% INDIVIDUAL B 50%	----->	Operation #6 INDIVIDUAL A 50% INDIVIDUAL C 50%
	Operation #5 INDIVIDUAL A 50% INDIVIDUAL C 50%		
Test 1: Collective Shares Of Common Members (#4&#6)	50%		50%
Are both shares greater than 50%?		NO	
Test 2: Collective Shares Of Common Members (#5&#6)	100%		100%
Are both shares greater than 50%?		YES	
If both tests are NO, new operation meets affilation test; if one test is YES, new operation fails affilation test.			FAILS

Example #7 (sale of history)	EXISTING OPERATION	----->	NEW OPERATION
	Operation #7 ABC CORP 100% ABC CORP sells operation #7 ABC Corp builds new operation #8 in diff. location and has no other operations ABC Corp is no longer affiliated with #7 so affiliation test is not applied	----->	Operation #8 ABC CORP 100% This is a new operation
Collective Shares Of Common Members	NA		NA
Are both shares greater than 50%?		NA	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			NA

Example #8 (transfer of history)	EXISTING OPERATION	----->	NEW OPERATION
	Operation #9 ABC CORP 100% Sells operation to XYZ Corp ABC Corp builds new Operation #10 in different location and transfers history ABC Corp transfers history so affiliation test is not applied XYZ Corp must establish new history	----->	Operation #10 ABC CORP 100% this operation gets #9's history
Collective Shares Of Common Members	NA		NA
Are both shares greater than 50%?		NA	
If NO, new operation meets affilation test; if YES, new operation fails affilation test.			NA

Affiliation Test Examples (Continued)

Common members are circled	EXISTING OPERATION	----->	NEW OPERATION
Example #9 (Transfer and consolidation)	Operation #11		Operation #13
	INDIVIDUAL G 100%	----->	INDIVIDUAL G 100%
	Operation #12		
	INDIVIDUAL G 100%		

Operations #11 and #12 participate in MILC. Individual G consolidates the two herds by building new operation #13.
The histories are merged and transferred to operation #13. The affilation rule does not apply.

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment

A Completing CCC-781's

Complete CCC-781's according to the following table.

Item	Instructions
1	FSA representative shall CHECK (✓) appropriate box to designate: • "Initial Establishment" • "Transfer" • "Merger".
2	FSA representative shall enter applicable administrative State name.
3	FSA representative shall enter applicable administrative county name.
4	FSA representative shall enter farm/tract number of dairy operation.
5	FSA representative shall enter dairy operation number assigned after the MPP-Dairy web-based software becomes available.
Part A – General Information	
6	Dairy operation shall enter name of operation.
Part B-Annual Production History	
7	Dairy operation **must** CHECK (✓) appropriate box to indicate if they have produced and commercially marketed milk as of February 7, 2013. If "Yes", the total marketed production from the applicable years **must** be entered in item 8, and then proceed to Part D. If "No", proceed to Part C.
8	Dairy operation **must** enter production history for each applicable calendar year. If no production of history for that year, enter a zero.
Part C- New Dairy Operation Production History	
9	Dairy operation shall enter month, day, and year the operation first began to market milk.
10	Dairy operation shall enter the year and the exact milk marketings for each full month the dairy has been operating beginning with the first full month of production from the date indicated in Item 9 (enter zero for months with no production). The end month to populate would be the earlier of the last month in the calendar year of first beginning to market milk; or, the last full month of marketing milk before the date of establishing production history if within the same calendar year of first marketing milk. If this is a seasonal dairy operation, CHECK (✓) the box and indicate the number of months the seasonal operation will produce milk on an annual basis.

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

A Completing CCC-781's (Continued)

Item	Instructions
11	FSA representative shall calculate and enter annual production history. **Note:** Calculate and enter annual production history by using the sum of available full month milk marketings in item 10, divided by the sum of the corresponding seasonal index percentages for the applicable months; **or**, if this is a seasonal dairy, as indicated by a CHECK (✓) in item 10, calculate and enter annual production history by using the sum of available full month milk marketings in item 10, divided by the sum of the index percentages, dividing the result by 12, and multiplying the result by the number of months indicated in item 10.
12	Dairy operation shall enter the current number of dairy cows in the dairy operation, including dry cows, but **excluding** heifers **not** yet fresh.
13	FSA representative shall enter annual milk production per cow by using the NASS data as published.
14	FSA representative shall calculate and enter annual production history by multiplying item 12 by item 13.
Part D- Dairy Operation's Established Production History and Certification	
15A and 15B	FSA representative shall enter the applicable production history for the dairy operation as established in Part B and calculated to factor in the bump by the worksheet calculator on the DAFP Intranet site at **http://fsaintranet.sc.egov.usda.gov/DAFP** in item 15A, **or** the dairy operation shall CHECK (✓) item 15B, "Option 1" or "Option 2" to designate their option under Part C for new dairy operations.
16A through 16C	Dairy operation shall enter signature of authorized representative, title, and date of signature.
17A through 17C	COC or designee shall sign, CHECK (✓) approval or disapproval, and date of signature.
18	Enter any noteworthy remarks or remarks about CCC-781 disapproval.

Note: Attach a copy of the screen-printout of the worksheet calculator showing the production history adjusted for the bump to the CCC-781 and provide a copy of the screen-printout of the worksheet calculator to the producer.

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

B Example of CCC-781

The following is an example of CCC-781.

This form is available electronically. *(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)*

CCC-781 (08-28-14) — **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) PRODUCTION HISTORY ESTABLISHMENT

For County Office Use Only	
1. A. ☐ Initial Establishment B. ☐ Transfer C. ☐ Merger	
2. Admin State Name:	
3. Admin County Name:	
4. Farm/Tract Number:	
5. Dairy Operation Number:	

PART A – GENERAL INFORMATION

6. Dairy Operation Name

PART B – ANNUAL PRODUCTION HISTORY

	YES	NO
7. Did the dairy operation produce and commercially market milk as of February 7, 2013? If "YES", enter the total production history for the dairy operation for each applicable year in Item 8, and then proceed to Part D. If "NO", proceed to Part C.	☐	☐

8. Enter the total marketings for the dairy operation for each applicable calendar year below:

2011: lbs.	**2012:** lbs.	**2013:** lbs.

PART C – NEW DAIRY OPERATION PRODUCTION HISTORY

	Date *(MM-DD-YYYY)*
9. What date did the dairy operation first begin to market milk?	

Complete Option I and/or Option II to determine the highest marketings that may be used to establish the production history.

Option I — **Actual production history as adjusted by the seasonal index.**

10. Enter the actual milk marketings for each month the dairy has been in operation beginning with the first full month of production as indicated in Item 9. For months with no production enter **"0"**. If you are a seasonal dairy producing operation, meaning, your dairy operation customarily operates only a specific number of months annually, check here: ☐ If this box is checked, indicate the number of months your seasonal dairy operation will produce milk on an annual basis: ______ months

Mo.	Year	Marketings	Index	Mo.	Year	Marketings	Index	Mo.	Year	Marketings	Index
Jan		lbs.	.0844	May		lbs.	.0883	Sep		lbs.	.0795
Feb		lbs.	.0782	Jun		lbs.	.0841	Oct		lbs.	.0820
Mar		lbs.	.0872	Jul		lbs.	.0840	Nov		lbs.	.0800
Apr		lbs.	.0854	Aug		lbs.	.0831	Dec		lbs.	.0838

	For County Office Use Only
11. Calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the seasonal index percentages for the applicable months. Or, if this is a seasonal dairy, as indicated by a check in the box in Item 10, calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the index percentages, dividing the result by 12, and multiplying the result by the number of months indicated in Item 10.	lbs.

Option II — **The annual production history will be based on the herd size of the participating dairy operation relative to the national rolling herd average data published by USDA.**

12. Enter the current number of dairy cows in the dairy operation, including dry cows (excludes heifers not yet fresh):	
13. National annual milk production per cow (21,822 lbs. for 2014 and 2015 registration; subsequent years will use NASS data as published):	For County Office Use Only lbs.
14. Calculate annual production history by multiplying Item 12 and Item 13 and enter amount:	For County Office Use Only lbs.

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at ***http://www.ascr.usda.gov/complaint_filing_cust.html****, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at* ***program.intake@usda.gov****. USDA is an equal opportunity provider and employer.*

CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

B Example of CCC-781 (Continued)

CCC-781 (08-28-14) Page 2 of 2

PART D – DAIRY OPERATION'S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION

15. FSA representative will enter the applicable production history for the dairy operation as established in Part B in Item 15A or the dairy operation shall designate in Item 15B the option selected under Part C for new dairy operations with less than 12 full months of actual monthly marketings.		15A. 15B. ☐ Option 1 ☐ Option 2
16A. Signature of Producer *(By)*	16B. Title/Relationship of the Individual Signing in the Representative Capacity	16C. Date *(MM-DD-YYYY)*
17A. Signature of COC or Designee	17B. ☐ Approved ☐ Disapproved	17C. Date *(MM-DD-YYYY)*

18. Remarks

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election

A Completing CCC-782

Complete CCC-782's according to the following table.

<table>
<tr><th>Item</th><th colspan="2">Instructions</th></tr>
<tr><td>1</td><td colspan="2">FSA representative shall enter applicable administrative State name.</td></tr>
<tr><td>2</td><td colspan="2">FSA representative shall enter applicable administrative county name.</td></tr>
<tr><td>3</td><td colspan="2">FSA representative shall enter farm/tract number of dairy operation.</td></tr>
<tr><td>4</td><td colspan="2">FSA representative shall enter dairy operation number when the MPP-Dairy web-based software becomes available to assign.</td></tr>
<tr><td>5</td><td colspan="2">FSA representative shall enter the coverage year of election.</td></tr>
<tr><td colspan="3">Part A – General Information</td></tr>
<tr><td>6</td><td colspan="2">Dairy operation shall enter name and address of operation.</td></tr>
<tr><td rowspan="8">7</td><td colspan="2">Dairy operation shall CHECK (✓) appropriate types of action.

Note: Items 13 and 14 can only be revised during the open election period.</td></tr>
<tr><td>IF operation checks (✓)…</td><td>THEN…</td></tr>
<tr><td>"New Contract (Initial Registration)"</td><td rowspan="2">dairy operation shall complete items 8-14 and 19-25.</td></tr>
<tr><td>"Annual Coverage Election"</td></tr>
<tr><td>"Successor-in-Interest"</td><td>dairy operation shall complete items 8-12 and 19-25.</td></tr>
<tr><td>"Contract Revision"</td><td>dairy operation shall complete items 8-14 and 19-25.</td></tr>
<tr><td>"Retirement"</td><td>dairy operation shall complete items 19-22.</td></tr>
<tr><td>"Permanent Dissolution"</td><td>dairy operation shall complete items 19-22.</td></tr>
<tr><td>8A and 8B</td><td colspan="2">Dairy operation shall CHECK (✓) "Yes" or "No" to certify if they are currently producing and commercially marketing milk.

Dairy operation shall CHECK (✓) "Yes" or "No" to certify if the dairy operation facility is being purchased or leased..</td></tr>
<tr><td>9</td><td colspan="2">Dairy operation shall CHECK (✓) "Yes" or "No" to certify that each producer makes a contribution that is commensurate to their share and have risk in the marketing of milk (including land, labor, management, equipment, or capital). If "No", indicate which producers are not commensurate in Part F.</td></tr>
<tr><td>10</td><td colspan="2">Dairy operation shall CHECK (✓) "Yes" or "No" to certify if any producers collectively have more than a 50 percent interest in both this dairy operation and another dairy operation that is covered under MPP-Dairy. If "Yes", FSA representative shall do further research before CCC approval or disapproval.

Note: Not applicable to 2014 and 2015 election period.</td></tr>
</table>

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

A Completing CCC-782 (Continued)

<table>
<tr><th>Item</th><th colspan="2">Instructions</th></tr>
<tr><td rowspan="4">11</td><td colspan="2">Dairy operation shall CHECK (✓) “Yes” or “No” to certify if any producer in the dairy operation currently has a policy under RMA’s LGM-Dairy. FSA representative shall ensure that producers in the dairy operation are not on the current RMA LGM-Dairy list.</td></tr>
<tr><td>IF operation checks (✓)…</td><td>THEN…</td></tr>
<tr><td>“Yes”</td><td>answer item 12.</td></tr>
<tr><td>“No”</td><td>skip to Part B.</td></tr>
<tr><td>12</td><td colspan="2">If “Yes” to item 11, dairy operation shall enter the last month and year of target marketings insured under LGM-Dairy policy. Dairy operation shall provide proof of the target marketing completion date to the satisfaction of COC according to subparagraph 50 E.</td></tr>
<tr><td colspan="3">Part B- Coverage Level Threshold Election</td></tr>
<tr><td>13</td><td colspan="2">Dairy operation shall CHECK (✓) desired coverage level threshold. All producers in the participating dairy operation must agree to 1 coverage level threshold.</td></tr>
<tr><td colspan="3">Part C- Coverage Level Percentage Election</td></tr>
<tr><td>14</td><td colspan="2">Dairy operation shall CHECK (✓) desired coverage level percentage election. All producers in the participating dairy operation must agree to 1 coverage percentage elected by the dairy operation.</td></tr>
<tr><td colspan="3">Part D- Established Production History (For County Office Use Only)</td></tr>
<tr><td>15</td><td colspan="2">FSA representative shall enter the production history for the dairy operation from CCC-781, Part D, item 15.</td></tr>
<tr><td colspan="3">Part E- Calculated Premium and Payment Options (For County Office Use Only)</td></tr>
<tr><td>16</td><td colspan="2">FSA representative shall enter the calculated premium amount. Premiums will be calculated by multiplying the coverage percentage selected (from 25 percent to 90 percent) times the production history of the dairy operation in item 15 to obtain the covered milk marketings. The covered milk marketings are converted to cwt. and multiplied by the premium applicable to the coverage level selected. Premiums will be calculated from Tier 1 for covered milk marketings up to 4 million lbs. and from Tier 2 for covered milk marketings exceeding 4 million lbs. For calendar years 2014 and 2015, the premium per cwt. for covered production that falls under the 4 million lbs. premium schedule will be reduced by 25 percent, except at the $8 coverage level.</td></tr>
<tr><td>17</td><td colspan="2">FSA representative shall CHECK (✓) the desired premium payment option selected by the dairy operation. If applicable, enter alternative dollar amount (must be 25 percent or more of calculated premium) by February 1.</td></tr>
<tr><td>18A</td><td colspan="2">FSA representative shall enter the calculated premium amount due, if applicable, by the end of election period from item 17 in item 18A.</td></tr>
<tr><td>18B</td><td colspan="2">Administrative fee is set at $100 and is only paid 1-time per year.</td></tr>
<tr><td>18C</td><td colspan="2">FSA representative shall enter the total due by the end of the election period that is the sum of 18A and 18B.</td></tr>
<tr><td>18D</td><td colspan="2">FSA representative shall enter the remaining balance due by June 1 of the applicable coverage year by adding item 16 plus item 18B and subtracting item 18C.</td></tr>
</table>

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

A Completing CCC-782 (Continued)

Item	Instructions
	Part F- Certification And Signatures
19	Each producer with an interest in the dairy operation shown in Part A, Item 6 shall sign. **Note:** If signature authority is on file for the legal entity, only the signature of the person signing in a representative capacity is required according to 1-CM.
20	Each producer with an interest in the dairy operation shown in Part A, item 6 shall print their name.
21	Enter date signed by the producer identified in item 20.
22	In the line corresponding to the printed name, each producer shall enter their share percentage.
23	Each producer with a share in the dairy operation shall **only** CHECK (✓) if their contribution is **not** commensurate with their share as indicated in item 9.
24	Each producer with a share in the dairy operation shall CHECK (✓) "Yes" or "No" to indicate if they would like to refuse payment under MPP-Dairy.
25	Select point-of-contact agreed on by all producers with a share in the dairy operation. Only 1 point-of-contact shall be indicated.
	Part G- CCC Acceptance and Approval
26A	Enter signature of COC or designee approval or disapproval.
26B	Enter date of approval or disapproval that is the date the official signs item 26A.
26C	COC designee shall CHECK (✓) appropriate box to approve or disapprove.
27	If disapproved, COC designee shall enter any noteworthy remarks or remarks about disapproval.

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

B Example CCC-782

The following is an example CCC-782.

This form is available electronically.

CCC-782 (11-25-14)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) CONTRACT AND ANNUAL COVERAGE ELECTION

For County Office Use Only	
1. Admin State Name:	
2. Admin County Name:	
3. Farm/Tract Number:	
4. Dairy Operation Number:	
5. Coverage Year:	

PART A – GENERAL INFORMATION

6. Dairy Operation Name and Address

7. Type of Action:

☐ New Contract ☐ Annual Coverage Election ☐ Successor-In-Interest

☐ Contract Revision ☐ Retirement ☐ Permanent Dissolution

	YES	NO
8A. Does the dairy operation currently produce and commercially market milk?	☐	☐
8B. Is the dairy operation facility currently being leased or rented?	☐	☐
9. Do all dairy producers in the operation make contributions (including land, labor, management, equipment, or capital) to the dairy operation, which are at least commensurate with their shares of the proceeds of the operation? *If "NO", indicate which producer(s) are not commensurate in Part F.*	☐	☐
10. Do any of the producers collectively have more than a 50% interest in both this dairy operation and another dairy operation that is covered under MPP - Dairy? *(Not applicable to CY 2014/2015 election period).*	☐	☐
11. Does any producer in the dairy operation currently have a policy under RMA's Livestock Gross Margin for Dairy Program (LGM-Dairy)? If "NO", skip to Part B.	☐	☐
12. If "YES" to Item 11, what is the last month/year of target marketings insured under your LGM-Dairy policy?	(MM-YYYY)	

PART B – COVERAGE LEVEL THRESHOLD ELECTION

13. Check one desired level:

☐ $4.00	☐ $5.50	☐ $7.00
☐ $4.50	☐ $6.00	☐ $7.50
☐ $5.00	☐ $6.50	☐ $8.00

PART C – COVERAGE LEVEL PERCENTAGE ELECTION

14. Check one desired level:

☐ 25%	☐ 40%	☐ 55%	☐ 70%	☐ 85%
☐ 30%	☐ 45%	☐ 60%	☐ 75%	☐ 90%
☐ 35%	☐ 50%	☐ 65%	☐ 80%	

PART D – ESTABLISHED PRODUCTION HISTORY (*For County Office Use Only*)

15. Enter applicable production history for the dairy operation from the MPP Production History and Premium Calculator Workbook: lbs.

PART E – CALCULATED PREMIUM AND PREMIUM PAYMENT OPTIONS (*For County Office Use Only*)

16. Calculated Premium Amount	17. Select the desired premium payment option below:		18. Calculated Totals	
$	☐	100% of Calculated Premium	A. Administrative Fee due by end of election period	$ 100.00
	☐	Alternative Amount (Must be 25% or more of calculated premium due no later than February 1 of the applicable calendar year of coverage). $ ______	B. Premium Minimum *(Due by February 1 of the applicable year of coverage.)*	$
			C. Remaining Balance *(Due no later than June 1 of the applicable year of coverage.)*	$

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CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

B Example CCC-782 (Continued)

CCC-782 (11-25-14) Page 2

PART F – CERTIFICATION AND SIGNATURES

This Contract to participate in the Margin Protection Program (MPP-Dairy) for dairy producers is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-782 Appendix, entitled "Appendix to Form CCC-782 Margin Protection Program" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Margin Protection Program for the stipulated contract period from the date the Contract is executed by the CCC. As such, the participant will be legally obligated to pay the annual administrative fee for the duration of the MPP-Dairy program and all associated premiums for buy-up coverage elected by the participant. The participant also agrees to the coverage threshold and coverage level percentage elected above for the applicable calendar year of coverage and further understands that a coverage election must be made annually on form CCC-782 for the duration of the MPP-Dairy program during the open election periods designated by the CCC. By signing below, the Participant (1) agrees to the established production history in Part D; (2) acknowledges receipt of the CCC-782 Appendix, and agrees to abide by the terms and conditions contained therein; and (3) agrees to comply with the regulations governing the applicable program eligibility. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability. The terms and conditions of this contract are contained in this form CCC-782 and in the CCC-782 Appendix and any addendum thereto. The Participant also agrees to not receive benefits under the Livestock Gross Margin program for dairy while participating in the Margin Protection Program for dairy producers. Payments under the MPP-Dairy program may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount. **BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE THAT A PRODUCTION HISTORY ESTABLISHMENT FORM CCC-781 WAS COMPLETED BY AN AUTHORIZED REPRESENTATIVE OF THE DAIRY OPERATION ABOVE AND ACKNOWLEDGE THAT THE PRODUCTION HISTORY ESTABISHED AND ENTERED ABOVE WILL BE USED FOR THE DURATION OF THE PROGRAM IN ACCORDANCE WITH REGULATIONS AT 7 CFR PART 1430, SUBPART C.**

19. Signature of Producer (By)	20. Title/Relationship of the Individual Signing in the Representative Capacity	21. Date (MM-DD-YYYY)	22. Share %	23. Commensurate	24. Refuse Payment		25. Point of Contact
				NO	YES	NO	
				☐	☐	☐	☐
				☐	☐	☐	☐
				☐	☐	☐	☐
				☐	☐	☐	☐
				☐	☐	☐	☐

PART G – CCC ACCEPTANCE AND APPROVAL

26A. COC or Designee Signature	26B. Date *(MM-DD-YYYY)*	26C. ☐ Approved ☐ Disapproved

27. Remarks

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

Annual Coverage Election Reminder Letter

The following is an example of the reminder letter that will be mailed to dairy operations to remind them to make their annual coverage elections for the next calendar year of coverage during the forthcoming annual coverage election period.

USDA

Farm and Foreign Agricultural Services

Farm Service Agency

County Office Name
FSA Office
Address
City, MI Zip Code

Voice:xxx-xxx-xxxx
Fax:xxx-xxx-xxxx

(Date)

(Producer
Address
City, State Zip)

Dear *(Producer)*,

Our records indicate that you are currently registered for coverage under the MPP-Dairy program for the [enter current calendar year] calendar year at the following coverage levels:

- XX% coverage level percentage
- $X.XX coverage level threshold.

The annual coverage election period for the [enter the subsequent calendar year of coverage] calendar year of coverage begins on July 1, 20XX, and ends on September 30, 20XX. As part of the program rules, during this period, you are required to submit your annual coverage elections for the forthcoming calendar year of coverage, as well as, pay the $100 annual administrative fee to your administrative County FSA Office by close of business September 30, 20XX. Please note that any unpaid premium balances for the current calendar year must be paid in full to remain eligible for premium buy-up coverage for any subsequent calendar year. Otherwise you will only be eligible for CAT-level coverage.

WHAT YOU NEED TO DO

Enclosed for your convenience is the MPP-Dairy Contract and Annual Coverage Election form CCC-782. Please complete the form, sign and submit, on or before COB September 30, 20XX, to your administrative county FSA office.

- If you are electing CAT-level coverage ($4.00 coverage level threshold at 90% covered production history), your $100 annual administrative fee must be submitted by the end of the annual coverage election period.

- If you choose to elect higher levels of coverage above CAT level, then you must submit your $100 annual administrative fee by the end of the annual coverage election period and either pay: (1) 100 percent of the total premium by the end of the annual coverage election period; or (2) a minimum 25 percent of the total premium due by February 1 of the applicable calendar year of coverage.

Annual Coverage Election Reminder Letter (Continued)

If you timely pay the administrative fee, for purposes of determining applicable premium fees due for buy-up coverage, your production history has been incresed by [___________] pounds, as adjusted for the 20XX national increase in average milk production and is established at [___________] pounds.

Premiums for buy-up coverage can be calculated according to the rates in the following table.

Coverage Level (margin)	Tier 1 Premium per cwt after 2015 (for the covered[1] production history that is 4 million pounds or less)	Tier 2 Premium per cwt, all years (for the part of covered[1] production history over 4 million pounds)
$4.00	None	None
$4.50	$0.010	$0.020
$5.00	$0.025	$0.040
$5.50	$0.040	$0.100
$6.00	$0.055	$0.155
$6.50	$0.090	$0.290
$7.00	$0.217	$0.830
$7.50	$0.300	$1.060
$8.00	$0.475	$1.360

[1]The "covered production history" is the amount elected for MPP-Dairy coverage by the dairy operation; this will be 25 percent to 90 percent of the production history of the dairy operation.

You may use the web-based decision tool located at www.fsa.usda.gov/mpptool to quickly and easily calculate your coverage needs under MPP-Dairy.

WHAT HAPPENS IF YOU DON'T MAKE A TIMELY ELECTION

Failure to timely submit your annual coverage elections on CCC-782, timely pay your $100 annual administrative fee and timely pay applicable premium fees will result in loss of margin protection coverage for the applicable calendar year. However, you will still remain legally obligated to pay such fees.

WHO SHOULD YOU CONTACT FOR MORE INFORMATION

For more information or if you have any questions, please contact this office at *(County Office Address)* or telephone at *(Telephone Number)*.

Sincerely,

County Executive Director

An Equal Opportunity Provider and Employer

Premium Balance Reminder Letter

The following is an example of the premium balance due reminder letter that will be mailed to dairy operations that elected buy-up coverage with a remaining premium balance on May 1 of each year for balances that must be paid by June 1.

USDA

Farm and Foreign Agricultural Services

Farm Service Agency

County Office Name
FSA Office
Address
City, MI Zip Code

Voice:xxx-xxx-xxxx
Fax:xxx-xxx-xxxx

(Date)

(Producer
Address
City, State Zip)

Dear *(Producer)*,

According to the Farm Service Agency (FSA) records, you registered for coverage under the Margin Protection Program for Dairy Producers (MPP-Dairy) and selected buy-up coverage. This is a reminder letter that you have an outstanding premium of **$*(Dollar Amount)*** due **June 1**, *(Applicable Calendar Year of Coverage).*

If the remaining premium is not paid by June 1, *(Applicable Calendar Year of Coverage)*, coverage will be lost and any further MPP-Dairy payments triggered will be forfeited. In addition, your dairy operation will not be eligible for buy-up coverage in subsequent calendar years, however, you will remain legally obligated to pay the premium for this program year. In addition, you will be obligated to pay the annual $100 administrative fee for the duration of the MPP-Dairy program.

After coverage has been lost, coverage can only be regained when premium is paid in full prior to the end of *(Applicable Calendar Year of Coverage).* If paid in full, coverage will be reinstated for any remaining consecutive 2-month period in that program year.

Please submit payment through the *(County Office)* County FSA office. If payment has already been submitted, please disregard this notice. For more information or if you have any questions, please contact this office at *(County Office Address)* or telephone at *(Telephone Number)*.

Sincerely,

County Executive Director

An Equal Opportunity Provider and Employer

Minimum Balance Reminder Letter

The following is an example of the 25 percent minimum balance due reminder letter that will be mailed to dairy operations that elected buy-up coverage with a remaining minimum balance on January 15 of each year for minimums that must be paid by February 1.

USDA

Farm and Foreign Agricultural Services

Farm Service Agency

County Office Name
FSA Office
Address
City, MI Zip Code

Voice:xxx-xxx-xxxx
Fax:xxx-xxx-xxxx

(Date)

(Producer
Address
City, State Zip)

Dear *(Producer)*,

According to the Farm Service Agency (FSA) records, you registered for coverage under the Margin Protection Program for Dairy Producers (MPP-Dairy) and selected buy-up coverage. This is a reminder that 25 percent of the total premium is due February 1, *(Applicable Calendar Year of Coverage)*. Our records indicate $***(Dollar Amount)*** is due by **February 1.**

If 25 percent of the total premium is not paid by February 1, *(Applicable Calendar Year of Coverage)*, coverage will be automatically reduced to CAT level coverage ($4 coverage level with 90 percent covered history) until the earlier of such time as the 25 percent minimum is paid or June 1, *(Applicable Calendar Year of Coverage)*. If any payments are triggered for buy-up coverage during the period that coverage has been reduced to CAT level, the triggered payment will not be paid at the original higher level you selected and will not be paid retroactively after the 25 percent minimum has been paid. If the total premium for buy-up coverage is not paid in full by June 1, *(Applicable Calendar Year of Coverage)*, coverage will be lost and any further MPP-Dairy payments triggered will be forfeited, however, you will remain legally obligated to pay the premium due.

After coverage has been lost, coverage can only be regained when the premium is paid current. If paid current, coverage will be reinstated for any remaining consecutive 2-month period in that program year, as long as the premium remains current.

Please submit payment through the *(County Office)* County FSA Office. If payment has already been submitted, please disregard this notice. For more information or if you have any questions, please contact this office at *(County Office Address)* or telephone at *(Telephone Number)*.

Please remember that 25% of the total premium is due February 1, *(Applicable Calendar Year of Coverage)*. The remaining premium balance is due in full by June 1, *(Applicable Calendar Year of Coverage)*.

Sincerely,

County Executive Director

An Equal Opportunity Provider and Employer

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions

The following is an example CCC-782 Appendix.

This form is available electronically.

CCC-782 APPENDIX (11-12-14)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Cooperation

MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS
Terms and Conditions

The Margin Protection Program for Dairy Producers Program (MPP-Dairy) is administered by the Commodity Credit Corporation (CCC) through the Farm Service Agency (FSA) under secs. 1401-1410 of the Agricultural Act of 2014 (7 U.S.C. 9051-9060, Pub. L. 113-79) (2014 Farm Bill). All provisions of the Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election Application and rights and responsibilities of the parties are specifically subject to the 2014 Farm Bill. We will use the procedures (handbooks, manuals, and notices), as issued by USDA and published on the FSA website at http://www.fsa.usda.gov in the administration of the Contract and Annual Coverage Election Application, including provisions regarding the establishment of production history provided hereunder.

TERMS AND CONDITIONS

1. Definitions.

Actual Dairy Production Margin - means the difference between the all-milk price and the average feed cost.

Administrative County Office - means the County Office designated by FSA to make determinations, handle official records, and issue payments to producers.

Administrative Fee - means a non-refundable fee of $100.00 required to be paid annually through December 31, 2018, by all participating dairy operations to CCC.

Administrator - means the FSA Administrator.

All-Milk Price - means the average price received, per hundredweight of milk, by all dairy operations for all milk sold to plants and dealers in the United States, as determined by the Secretary.

Annual Coverage Election Period - means the period, each calendar year established by the Deputy Administrator, for a dairy operation to register initially to participate in MPP-Dairy, pay associated administrative fees, and applicable premiums, or if already registered as a participating dairy operation, to make annual coverage elections for an applicable calendar year.

Average Annual Growth - means any increase in US milk production determined annually by FSA that will be applied annually to the established production history of a participating dairy operation.

Average Feed Cost - means the national average cost of feed used by a dairy operation to produce a hundredweight of milk, determined using the sum of the following:
1.0728 multiplied by the monthly price of corn per bushel.
0.00735 multiplied by the monthly price of soybean meal per ton.
0.0137 multiplied by the monthly price of alfalfa hay per ton.

Buy Up Margin Protection - means margin protection coverage for a margin protection level above $4 per cwt of milk.

CCC - means the Commodity Credit Corporation of the U.S. Department of Agriculture.

Catastrophic Level or CAT - means the lowest level of margin coverage, $4.00 per cwt on 90% of production history for the annual administrative fee of $100.

Consecutive 2-Month Period - means a 2-month period consisting of the months of January and February, March and April, May and June, July and August, September and October, or November and December, respectively.

Contract - means the terms and conditions to participate in MPP-Dairy as executed on a form prescribed by CCC and required to be completed by the producers in the dairy operation and accepted by CCC, including any contract modification made in an annual election period before coverage for the applicable calendar year commences.

Contract Period - means a period ending on December 31, 2018, with annual election periods provided for contract modifications, including coverage level changes for the applicable calendar year.

County Committee or COC - means the FSA county committee.

County Office - means the FSA office responsible for administering FSA programs for farms located in a specific area in a State.

Coverage Level Percentage - means the percentage level of coverage elected by the participating dairy operation ranging from 25 percent to 90 percent, in 5 percent increments.

Coverage Level Threshold - means the margin level trigger selected by the participating dairy operation, ranging from $4.00 to $8.00, in $0.50 increments.

Covered Production History - means the production history of the dairy operation multiplied by the coverage percentage selected by the participating dairy operation.

Dairy Operation - means a dairy operation as defined pursuant to the criteria and procedures under the Milk Income Loss Contract (MILC) Program or any dairy facility that was part of a single dairy operation that participated in the MILC program as of February 7, 2014, that consists of one or more dairy producers that produce and market milk commercially produced from cows as a single unit in which each dairy producer: (1) is at risk in the production of milk in the dairy operation; (2) contributes land, labor, management, equipment, or capital to the dairy operation which are at least commensurate with the individual or entity's share of the proceeds of the operation; and (3) whose production facilities are located in the United States. Operations that are determined to be "new operations" under this program will be subject to an affiliation test under these terms and conditions if the operation elects to participate in MPP-Dairy separately. The Deputy Administrator for FSA or designee will determine additional dairy operations that operate in a manner that is separate and distinct.

Page 1 of 6

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

Deputy Administrator - means the Deputy Administrator for Farm Programs (DAFP) or designee.
Farm Service Agency or FSA - means the Farm Service Agency of the U.S. Department of Agriculture and is responsible for administering MPP-Dairy.
Full Month of Production - is established when a dairy operation has produced milk each day of the corresponding calendar month.
Hundredweight or cwt - means 100 pounds.
Livestock Gross Margin-Dairy (LGM-Dairy) - means the risk management insurance program for dairy producers offered by the Federal Crop Insurance Corporation.
Margin Protection Program for Dairy Producers or MPP-Dairy - means a voluntary risk management program authorized by the Agricultural Act of 2014 offering risk protection against low margins resulting from a combination of low milk prices and high feed costs for participating dairy operations.
Marketed Commercially or Commercially Marketed - means selling whole milk to either the market to which the dairy operation normally delivers and receives monetary compensation or other similar markets as determined by the Deputy Administrator.
Milk Income Loss Contract or MILC – means the program established under section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and regulations in 7CFR Part 1430, Subpart B.
Milk Marketing - means a sale of milk for which there is a verifiable production record of milk marketed commercially.
MPP-Dairy Payment - means a payment made to an eligible participating dairy operation when the national margin falls below the operation's selected margin trigger for a consecutive 2-month period.
New Dairy Operation - means any dairy operation that did not commercially market milk at least 12 full months as of February 7, 2014.
Open Coverage Election Period - means the period, each calendar year, established by the Deputy Administrator, for a participating dairy operation to either register to participate in the MPP-Dairy program, pay associated administrative fees and applicable premiums, or to make annual coverage elections or change annual coverage elections for an applicable calendar year.
Participating Dairy Operation – means a dairy operation that registers to participate in MPP-Dairy.
Producer - means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien in the United States, and who directly or indirectly, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital) to the dairy operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation as determined by the Deputy Administrator.
Production History - means the highest level of annual milk production during the calendar year 2011, 2012 or 2013 determined for a dairy operation when the participating dairy operation registers in MPP-Dairy. For participating dairy operations in operation less than a year, they shall elect one of the following methods to determine production history: (1) The volume of actual milk marketings for the months in operation extrapolated to a yearly amount; or (2) An estimate of actual milk marketings of the participating operation based on the operation's herd size relative to the national rolling herd average data. The production history is a term used to define the established annual volume of milk marketing for a participating dairy operation used throughout the duration of the MPP-Dairy to calculate premiums andMPP-Dairy payments. This base is established using the production history of the dairy operation and is determined upon initial application for MPP-Dairy.
Retired Dairy Operation - means a dairy producer commercially producing and marketing milk insured under a MPP-Dairy Contract who has ended active participation in the dairy operation.
Rolling Herd Average - means the data established by the National Agricultural Statistics Service annually.
Secretary - means the Secretary of Agriculture or any other officer or employee who has delegated the authority to act in the Secretary's stead with respect to MPP-Dairy.
Seasonal Dairy – means an operation that markets milk on a fixed annual schedule less than 12 months with planned periods of no production.
United States - means the 50 States of the United States of American, the District of Columbia, American Samoa, Guam, The Commonwealth of the Northern Mariana Islands, The Commonwealth of Puerto Rico, the Virgin Island of the United States, and any other territory or possession of the United States.
Verifiable production records - mean evidence that is used to substantiate the amount of production marketed and that can be verified by CCC through an independent source.

2. Eligibility.

a) By signing the MPP-Dairy Contract and Annual Coverage Election the participant certifies that such participant produces milk from cows in the United States and is in the business of commercially marketing such production at the time of registration and each annual coverage election.
b) The participant agrees to provide evidence of such production commercially marketed by all persons in the participating dairy operation to establish total pounds of production history that will be converted to hundredweight and subsequently used to determine payment eligibility based on the amount of coverage selected by the dairy operation.
c) The dairy operation must comply with highly erodible land and wetland conservation provisions set out at 7 CFR Part 12, and all other provisions prescribed in the MPP-Dairy regulations at 7 CFR Part 1430, Subpart A.
d) The dairy operation must agree to not participate in the Livestock Gross Margin for Dairy (LGM-Dairy) Program administered by the Risk Management Agency except that during the 2014 and 2015 registration and coverage election period for MPP-Dairy, dairy operations already enrolled in LGM-Dairy may sign up for MPP-Dairy; however the coverage under MPP-Dairy will not become effective until after the target month of marketings under LGM-Dairy has ended or the dairy operation provides proof that the LGM-Dairy

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

policy has been cancelled.

e) In order to receive coverage and a potential payment under MPP-Dairy the dairy operation must have submitted a contract during the applicable registration and coverage election period for the applicable calendar year of coverage. The operation must also annually pay required administration fees for participation in MPP-Dairy and any premiums, if applicable.

3. Restrictions on Payments

a) Any producer who enters into a MPP-Dairy contract with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) shall be ineligible to receive monthly payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract. A dairy operation with ineligible foreign persons as members will have any payment reduced by the proportional share of such members.

b) Federal agencies and States, including all agencies and political subdivisions of a State, are not eligible for payments under MPP-Dairy.

4. Dairy Operation Determination

a) A dairy operation that enters into a MPP-Dairy contract with CCC that was previously part of a single operation that was eligible for and participated in the Milk Income Loss Contract (MILC) program administered FSA as of February 7, 2014, will be classified in the same manner under MPP-Dairy. All other dairy operations must meet the requirements of a separate and distinct dairy operation, as established by FSA State Committee criteria under the MILC program.

b) A participating dairy operation that purchases or forms a new dairy operation will be subject to an affiliation rule that restricts the new operation from being determined a separate and distinct dairy operation under MPP-Dairy if producers that collectively own more than 50 percent interest of the new dairy operation also collectively own more than 50 percent interest in another dairy operation registered in MPP-Dairy.

c) A single dairy operation operated by more than one dairy producer will be treated as a single dairy operation for MPP-Dairy purposes. A producer who owns more than one eligible dairy operation determined to be separate and distinct by FSA may participate separately for each dairy operation.

5. Establishing Production History Under MPP-Dairy

a) A dairy operation in the business of producing and commercially marketing milk as of February 7, 2013, agrees to establish production history based on the annual milk marketings from the highest of the 2011, 2012, or 2013.

b) A dairy operation that begins to produce and market milk after February 7, 2013, will be considered a new dairy operation and production history for such new dairy operation will be determined by either one of the two following methods, at the election of the dairy operation:

1) Extrapolated from actual production data for the first calendar year with at least one full month of production history, adjusted using a national seasonality index to calculate a yearly amount of production; or

2) Estimated based on the herd size of the dairy operation relative to the national rolling herd average production data published by USDA.

c) The production history must be established on a form prescribed by CCC. The amount established is assigned to the participating dairy operation, not to an individual producer, and will be adjusted by an annually announced adjustment factor to reflect annual changes in the national average milk production.

d) The established production history of a participating dairy operation that sells or changes ownership of the operation will stay with that operation and be assigned to the new owner.

e) The established production history of a participating dairy operation that relocates or otherwise moves their operation to another location will transfer to the new location. If the new location has existing production history, the production history may be reconstituted combining the production history of the relocated operation and the new location to the new location and becomes available for the next calendar year of coverage.

f) An increase in established production history, except as provided in (c), is prohibited. Only in cases where a dairy producer purchases a dairy operation with no established production history can a new history be established, subject to the affiliation rule set out in section 4a that prohibits a new dairy operation that is affiliated with a registered dairy operation under MPP-Dairy from being treated as a separate dairy operation under MPP-Dairy.

g) Producers of more than one dairy operation that separately participate in MPP-Dairy may transfer the established production histories of these dairy operations into a previously unregistered dairy operation.

h) FSA may reestablish production history, provided that the production history has not been transferred, in the case of the retirement of a producer in a solely owned dairy operation or the dissolution of a participating dairy operation.

i) All producers in the participating dairy operation are required to provide adequate proof of the dairy operation's quantity of milk commercially marketed, to establish the production history for the dairy operation. All information provided is subject to verification, spot check, and audit by FSA.

6. Coverage Levels

a) MPP-Dairy provides catastrophic level coverage at a $4.00 coverage level threshold on a coverage level percentage of 90 percent of the dairy operations

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

production history for an administrative fee of $100. Buy-up margin protection is also available for a premium in addition to the administrative fee. Amounts of coverage and premiums vary based on producer selections.

b) At the time of registration and annually thereafter, producers in a participating dairy operation must select a coverage level threshold between $4.00 and $8.00 (in $.50 increments) and a coverage level percentage of production history from 25 percent to 90 percent (in 5 percent increments).

c) Only one coverage level threshold and one coverage level percentage of production history can be selected per participating dairy operation for a calendar year of coverage.

d) The coverage levels selected also cannot be split and all producers in a participating dairy operation must agree to the coverage levels selected.

e) Registered dairy operations may change their levels of coverage annually during the annual coverage election period but cannot drop coverage altogether, except in cases where a producer is retiring, dies, or the operation goes out of business.

f) Coverage level elections must be submitted on an authorized form by the end of the initial registration or annual coverage election period.

g) In the event a participating dairy operation fails to make a coverage election, the dairy operation will remain obligated to pay the annual administrative fee through 2018.

7. Margin Coverage

Payments are issued to dairy operations when the actual dairy production margin is at a level that is below the participating dairy operation's elected coverage level threshold. MPP-Dairy does not provide coverage for the death or loss or destruction of your dairy cattle, or against any unexpected decline in milk production, or in other loss or damage of any kind whatsoever.

8. Registration and Coverage Election

a) Registration of a dairy operation under MPP-Dairy results in a multi-year contract between CCC and the dairy operation.

b) A dairy operation agrees to pay an administrative fee of $100 at registration and annually thereafter for the duration of the MPP-Dairy program by the close of each coverage election period. Non-payment of the annual administrative fee by the close of the initial registration period is considered an incomplete contract and the participation request for coverage under MPP-Dairy will not be approved.

c) Once the coverage election period for an applicable calendar year of coverage has ended, a dairy operation's election of coverage becomes final and can only be changed for the next calendar year of coverage during the next coverage election period.

d) All producers in a dairy operation must agree to register the operation for the program in order for that operation to be eligible for MPP-Dairy coverage.

e) Dairy operations must agree to carry MPP-Dairy coverage for the duration of the program.

f) Dairy operations must register and make coverage elections on a CCC prescribed form and submit completed contracts and supporting documentation to the administrative county FSA office during the annual coverage election period established by the Deputy Administrator. Registration requests and coverage elections submitted after the applicable allowed time for submission will not be considered, except following the first 90 calendar days from the date on which a new dairy operation first commercially markets milk, the new dairy operation may register or otherwise wait until the next registration and coverage election period is announced.

g) To receive coverage under MPP-Dairy, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than one separate and distinct operation, the producer shall register each operation separately for each operation to be eligible for coverage.

h) If a participating dairy operation fails to file an update of its coverage election during the annual election coverage period, the coverage level will be reduced to the catastrophic level coverage, but such coverage will only be provided if the participating dairy operation timely pays the annual administrative fee for the relevant calendar year.

i) All producers in a participating dairy operation must sign and certify to all submissions made under MPP-Dairy that relate to the registration and level of coverage. All information provided is subject to verification and FSA may require a dairy operation to provide verifiable documentation, to the satisfaction of the FSA county office committee. If the dairy operation does not provide, to the satisfaction of FSA, documentation requested to substantiate the eligibility or registration of the dairy operation, including but not limited to documents pertaining to establishing production history of the dairy operation, then the registration will not be approved.

9. Premium or Buy-Up Coverage

a) Coverage level thresholds (margin triggers) above $4.00 require payment of a premium at a rate established by the 2014 Farm Bill that corresponds to coverage level percentage elected by the dairy operation on the first 4 million pounds (40,000 cwt) of covered production history and covered production history above 4 million pounds (40,000 cwt). The premium will be determined based on the dairy operation's election of the coverage level threshold and coverage level percentage.

b) Premiums for the first 4 million pounds of eligible covered production history will be reduced by 25 percent for each of calendar years 2014 and 2015, except at the $8.00 coverage level.

c) Premiums per cwt in 2014 and 2015 for the covered production history that is 4 million pounds or less, with 25 percent premium reduction applied, are as follows:

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

$4.00	None
$4.50	$0.008
$5.00	$0.019
$5.50	$0.030
$6.00	$0.041
$6.50	$0.068
$7.00	$0.163
$7.50	$0.225
$8.00	$0.475

d) Premiums per cwt for years after 2015 for the covered production history that is 4 million pounds or less are as follows:

$4.00	None
$4.50	$0.010
$5.00	$0.025
$5.50	$0.040
$6.00	$0.055
$6.50	$0.090
$7.00	$0.217
$7.50	$0.300
$8.00	$0.475

e) Premiums per cwt for all years of t MPP-Dairy for the part of covered production history that is over 4 million pounds are as follows:

$4.00	None
$4.50	$0.020
$5.00	$0.040
$5.50	$0.100
$6.00	$0.155
$6.50	$0.290
$7.00	$0.830
$7.50	$1.060
$8.00	$1.360

f) A new dairy operation that first registers to participate in MPP-Dairy for a calendar year after the start of the calendar year is only required to pay a pro-rated premium for that calendar year that is based on the portion of the calendar year for which the participating dairy operation is eligible and for which it purchases coverage.

g) The dairy operation must pay a minimum of 25 percent of the amount of the total premium no later than February 1 of the calendar year of coverage with the balance of the premium due no later than June 1 of the applicable calendar year of coverage.

h) Premium balances due, but not in arrears, prior to June 1 will be deducted from any MPP-Dairy payment(s) made to the participating dairy operation during the applicable calendar year of coverage.

i) A participating dairy operation with an unpaid premium balance after June 1 for a calendar year of coverage will lose eligibility for coverage until such premium is paid in full. Coverage will resume with the next consecutive 2-month period and any MPP-Dairy payment for months when coverage was lost will not be paid.

j) The Deputy Administrator may waive the obligation to pay the premium, or refund the premium paid, of a participating dairy operation for a calendar year, in cases that include, but are not limited to, as determined by the Deputy Administrator, death, retirement, permanent dissolution of a participating dairy operation, or other circumstances determined by the Deputy Administrator.

10. Determining Payment

a) MPP-Dairy payments for a dairy operation are based on a coverage level and percentage of coverage annually elected by a participating dairy operation.

b) An MPP-Dairy payment will be made to a participating dairy operation for any consecutive 2-month period when the average actual dairy production margin for the consecutive 2-month period falls below the coverage level threshold in effect for the participating dairy operation.

c) USDA will calculate the actual dairy production margin using the national all-milk price minus the national average feed cost based on prices and feed rations provided in the regulations at 7 CFR 1430.110.

d) The MPP-Dairy payment to an eligible dairy operation for the qualifying 2-month period will equal the product obtained by multiplying the amount by which the coverage level in effect for the participating dairy operation exceeds the average actual dairy production margin for the applicable 2-month period by the coverage percentage in effect; and the production history of the dairy operation divided by 6.

e) If a a dairy operation is participating in LGM-Dairy, the operation will be not be eligible to receive an MPP-Dairy payment until after LGM-Dairy coverage has ended during the 2014 or 2015 transition period.

11. Coverage Period

a) Coverage begins on the covered production history on January 1 of the applicable calendar year of coverage and ends on December 31 of that same year for participating dairy operations registering during the preceding registration and annual coverage election period, except for calendar year 2014 in which, coverage begins on September 1, 2014, and ends on December 31, 2014.

b) Coverage for new dairy operations registering after a registration and annual coverage election period has ended, but within the first 90 days that the operation begins to produce and commercially market milk will begin with the next consecutive 2-month period.

c) Coverage for the month 2-consecutive periods of January and February, March and April, May and June, July and August, September and October, or November and December cannot be split.

12. Duration of Participation

a) Participating dairy operations registered in MPP-Dairy are enrolled in the program until December 31, 2018. As such, a participating dairy operation is obligated to pay the initial and annual administrative fees and applicable premiums each succeeding calendar year

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions (Continued)

following the date the contract is first entered into through December 31, 2018.

b) If a participating dairy operation goes out of business before December 31, 2018, the contract will be terminated immediately, except with respect to payments accrued to the benefit of the participating dairy operation before such termination.

13. Contract Modifications

a) Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in MPP-Dairy. Changes include, but are not limited to death of a producer on the contract, producer joining the operation, producer exiting the operation, relocation of the dairy operation, transfer of shares by sale or other transfer action, or dairy operation reconstitution.

b) Payment of any outstanding premium or administrative fee for a participating dairy operation must be paid in full before a transfer of shares by sale or any other change in producers on the contract originally submitted to FSA may take effect. Otherwise, producer changes will not be recognized until the following annual open coverage election period and only if at that time all associated premiums and administrative fees from any previous calendar year of coverage have been paid in full.

c) In the event that a statute is enacted during the duration of this contract which would materially change the terms and conditions of this contract, CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.

d) CCC may modify a contract under MPP-Dairy if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.

14. Termination of Contract

a) If a participating dairy operation fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such operation to refund, with interest, payments received under this contract, or require the operation to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC. Interest shall run on all refunds from the date of CCC disbursement.

b) If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of establishing a new production history or to circumvent applicable premium rates under MPP-Dairy, the operation will be considered in violation of their contract and subject to termination according to this section.

15. Corrections

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

16. Erroneous Representation and Scheme and Device

a) A participant who is determined to have erroneously represented any fact affecting a determination with respect to this contract and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this contract and the participant must refund to CCC all payments received by such participant, plus interest with respect to the contract.

b) Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this contract will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.

c) The remedies provided under this section shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

17. Failure to Pay Fees

a) A participating dairy operation that fails to pay a required administrative fee or premium payment due upon application to MPP-Dairy or for a calendar year of coverage will remain legally obligated to pay such administrative fee or premium, as applicable. Failure to pay the required annual administrative fee will result in loss of coverage for the entire applicable year of coverage. Failure to pay an applicable premium payment when due will result in loss of coverage under MPP-Dairy until such premium is paid in full and once paid, coverage will begin with the next consecutive 2-month period.

b) CCC may take such actions as necessary to collect unpaid administrative fees and premium payments.

18. Regulations to Prevail to the Extent They Are Not Superseded by the Agricultural Act of 2014

The regulations in 7 CFR Part 1430, Subpart A, for MPP-Dairy are incorporated herein. In the event of a conflict between the regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this Appendix) and the program regulations.

19. Sequestration

Payments under the MPP-Dairy may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. If a payment reduction is required, FSA will reduce the payment by the required amount.

Example of Acceptable Production Evidence

The following is an example of acceptable production evidence.

Dairy Farmers of America

Dear FIRST LAST:

The 2014 Farm Bill, passed earlier this year, included a new dairy program called the Margin Protection Program (MPP), which DFA worked with National Milk Producers Federation (NMPF) and several other industry organizations to pass. The MPP was designed to provide dairy producers the opportunity to protect themselves against catastrophic loss.

The sign-up period for MPP is open now until November 28. In order to enroll in the program, you need to report your annual milk marketings for 2011, 2012 and 2013 to serve as your operation's production history for the duration of the Farm Bill, which is through 2018. The U.S. Department of Agriculture (USDA) will adjust program participants' production history each year to reflect any increase in national average milk marketings.

Your annual milk marketings for FARM NAME in 2011, 2012 and 2013 are noted below:
2011:
2012:
2013:

We strongly encourage members to take advantage of, at a minimum, MPP's basic coverage at a $4 margin. The basic coverage can be obtained for a $100 annual registration fee.

There are a host of resources available to help you determine how MPP might benefit your operation, and which coverage level is best for you. These resources, including tools from USDA and NMPF, are available by logging into myDFA at www.dfamilk.com. In addition, a recording of a DFA webinar explaining details about MPP is available under the Resources tab on myDFA beginning September 17.

It is important to remember that the MPP is a safety net program meant to protect against catastrophic loss. The MPP can work in conjunction with DFA Risk Management tools, which can help lock in a profit for your operation. To learn more about DFA Risk Management, visit www.dfariskmanagement.com or call 1-877-424-3343. If you have any questions, please talk to your field representative.

Sincerely,

John Wilson
Senior Vice President and Chief Fluid Marketing Officer

More Cooperative.

10220 N Ambassador Drive • Kansas City, MO 64153 • p. 816-801-6455 • f. 816-801-6590 • www.dfamilk.com

CCC-770 MPPD, Margin Protection Program for Dairy Producers (MPP-Dairy) Checklist

A Completing CCC-770 MPPD

Complete CCC-770 MPPD according to the following table.

Item	Instructions
1	FSA representative shall enter the dairy operation name.
2	FSA representative shall enter applicable State code.
3	FSA representative shall applicable administrative county code.
4	FSA representative shall enter dairy operation number from CCC-781 and CCC-782.
5	FSA representative shall enter the date of CCC-782 action.
6	FSA representative shall enter the applicable coverage year.
Eligibility	
7 through 12	FSA representative enter a check (✓) in the appropriate box to designate either “Yes”, “No”, or “NA” as it relates to the questions pertaining to the eligibility of the dairy operation.
Production History	
13 through 16	FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about establishing production history for the dairy operation.
Registration and Coverage Elections	
17 through 22	FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about registering the dairy operation and making coverage elections for the applicable year of coverage.
Dairy Operation Modifications and New Operation Purchases	
23 through 24	FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about changes to the dairy operation that include successor-in-interest changes, contract revisions, and new operation purchases.
Signatures, Approvals, and Delegations of Authority	
25 through 26	FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about signature authority, approvals, and delegations of authority.
Certification	
27A through 27B	County Office employee that prepares CCC-770 MPPD shall enter their signature and indicate the date of signature.
28A through 28C	CED designee **must** enter a check (✓) in the appropriate box, enter signature, and indicate date to certify that they “Concur” or “Do Not Concur” that CCC-770 MPPD items have been appropriately verified and updated.
29A through 29C	DD designee **must** enter a check (✓) in the appropriate box, enter signature, and indicate date to certify that they “Concur” or “Do Not Concur” that CCC-770 MPPD items have been appropriately verified and updated.
30	COC designee, CED designee, or STC designee shall enter any notable remarks about any CCC-770 MPPD review item.

CCC-770 MPPD, Margin Protection Program for Dairy Producers (MPP-Dairy) Checklist (Continued)

B Example CCC-770 MPPD

The following is an example CCC-770 MPPD.

This form is available electronically.

CCC-770 MPPD (11-25-14) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Name of Dairy Operation				
MARGIN PROTECTION PROGRAM FOR DAIRY (MPP-DAIRY) CHECKLIST	2. State Code	3. County Code			
	4. Dairy Operation Number	5. Date of Contract			
	6. Coverage Year				

Office Staff Actions:	Handbook or Other References	YES	NO	N/A
Eligibility				
7. Is the dairy operation currently producing and marketing milk produced from cows in the U.S., at the time of registration/coverage election?	*1-MPP, subparagraph 10B*			
8. Did the dairy operation participate in the MILC program?	*1-MPP, subparagraph 10E*			
9. If the dairy operation did not participate in MILC, has a separate and distinct determination been made according to your State-established criteria?	*1-MPP, subparagraph 10F*			
10. Has the County Office verified if any of the producer/shareholders in the operation have an active policy under LGM-Dairy?	*1-MPP, subparagraph 50E*			
11. Has a foreign person determination been made for each producer/shareholder in the dairy operation?	*5-PL, Part 3*			
12. Has each producer/shareholder certified compliance with HELC/WC provisions?	*1-MPP, subparagraph 13 E*			
Production History				
13. Has a completed CCC-781 been timely submitted for the dairy operation?	*1-MPP, subparagraph 10B* *1-MPP, subparagraph 35C*			
14. Has verifiable production documentation to the satisfaction of the COC, for the appropriate period, for operations that began marketing on or before and after February 7, 2013 been timely submitted AND date stamped by the County Office to establish production history?	*1-MPP, subparagraph 10G* *1-MPP, subparagraph 11A* *1-MPP, paragraph 53*			
15. Was the highest of the 2011, 2012, and/or 2013 marketings of an existing dairy operation entered in 15A of the CCC-781?	*1-MPP, paragraph 21 and Exhibit 10*			
16. Were one or both options for new dairy operations calculated correctly and is the selected option from Part C indicated in 15B of the CCC-781?	*1-MPP, paragraph 22 and Exhibit 10*			
17. Has a second party review of the CCC-781 been performed before approving?	*1-MPP, subparagraph 35G*			
Registration and Coverage Elections				
18. Has a completed and timely filed CCC-782 been submitted for the dairy operation?	*1-MPP, paragraph 51*			
19. Was the administrative fee paid timely, entered in NRRS, AND payment receipt attached to the CCC-782?	*1-MPP, paragraph 46*			
20. Have premiums for buy-up coverage been calculated correctly, entered in NRRS, AND payment receipt attached to CCC-782?	*1-MPP, subparagraph 47E and paragraph 48*			
21. Has a second party review of the entries on CCC-782 been performed against the data entered in the automated software?	*1-MPP, subparagraph 51G*			
22. Has a CCC-782 Appendix been provided to the contact producer in the dairy operation?	*1-MPP, subparagraph 51E*			

CCC-770 MPPD, Margin Protection Program for Dairy Producers (MPP-Dairy) Checklist (Continued)

B Example CCC-770 MPPD (Continued)

CCC-770 MPPD (11-25-14) Page 2 of 2

Office Staff Actions:	Handbook or Other References	YES	NO	N/A
Dairy Operation Modifications and New Operation Purchases				
23. If a change has been made to the operation, was a CCC-782 properly completed, signed by the producer, approved by the COC or designee, and updated in Farm Records, if applicable?	*1-MPP, paragraph 52*			
24. If a new dairy operation with no established FSA-approved production history is being purchased by a producer with an existing MPP-Dairy contract, does the dairy operation meet the affiliation test?	*1-MPP, subparagraph 11B*			
Signatures, Approvals, and Delegations of Authority				
25. Has proper signature authority been obtained and the CCC-781/ CCC- 782 signed by the producer(s) and a CCC representative?	*1-CM, Part 25*			
26. Were the CCC-781/CCC-782 approved by COC, or designee that has been granted authority to approve applicable documents on their behalf?	*1-MPP, subparagraph 1D*			

Certification

27. ***I, the undersigned, certify the above items have been verified or updated accordingly.***

27A. Signature of Preparer	27B. Date *(MM-DD-YYYY)*

28. ***I concur/do not concur the above action items have been verified and updated accordingly.***

28A. Concurrence Status:	28B. CED Signature for Spotcheck	28C. Date *(MM-DD-YYYY)*
☐ Concur ☐ Do Not Concur		

29. ***I concur/do not concur the above items have been verified and updated accordingly.***

29A. Concurrence Status:	29B. DD Signature for Spotcheck	29C. Date *(MM-DD-YYYY)*
☐ Concur ☐ Do Not Concur		

30. Remarks: