

**UNITED STATES DEPARTMENT OF AGRICULTURE
 AGRICULTURAL MARKETING SERVICE
 DAIRY PROGRAMS
 MILK MARKET ADMINISTRATOR**

APPALACHIAN MARKETING AREA
 Federal Order No. 5
 Phone: 502-499-0040
 Fax: 502-499-8749
 E-Mail: friedly@malouisville.com

4511 Bardstown Road, Suite 103
 Louisville, Kentucky 40218-4001
 (Mail) P. O. Box 18030
 Louisville, Kentucky 40261-0030
<http://members.aye.net/~usda>

**ANNOUNCEMENT OF ADVANCED CLASS PRICES AND PRICING FACTORS
 FOR DECEMBER 2006**

	PRICE @ 3.5% BF <i>(per cwt.)</i>	SKIM MILK PRICE <i>(per cwt.)</i>	BUTTERFAT PRICE <i>(per lb.)</i>
CLASS I PRICE *	\$15.53	\$10.99 *	\$1.4080
<i>Transportation Credit</i> ^{1/}	<i>0.15</i>	<i>0.15</i>	<i>0.0015</i>
<u>Processor Assessment</u> **	<u>0.20</u>	<u>0.20</u>	<u>0.0020</u>
Total	\$15.88	\$11.34	\$1.4115
CLASS II PRICE		\$8.09	

FACTORS USED IN PRICES FOR DECEMBER 2006

Advanced Pricing Factors *:

Advanced Class III Skim Milk Pricing Factor <i>(per cwt.)</i>	\$7.89
Advanced Class IV Skim Milk Pricing Factor <i>(per cwt.)</i>	\$7.39
Advanced Butterfat Pricing Factor <i>(per lb.)</i>	\$1.3770

NASS Product Price Averages for the Two Most Recent Weeks Ending November 11, 2006:

Cheese <i>(per lb.)</i>	\$1.2745
Butter <i>(per lb.)</i>	\$1.2625
Nonfat Dry Milk <i>(per lb.)</i>	\$0.9691
Dry Whey <i>(per lb.)</i>	\$0.3740

MILEAGE RATE FACTOR <i>(per cwt per mile)</i> ^{1/} :	\$0.00438
EIA Average Diesel Fuel Price <i>(per gallon)</i> ^{2/} :	\$2.466

* Class I skim milk price is announced at the higher of the advanced Class III or IV skim milk pricing factors plus the base zone (Mecklenburg County, NC) differential of \$3.10 and is subject to location adjustments.

** The processor assessment is an obligation under the Fluid Milk Promotion Order (7 CFR § 1160.101 *et seq.*). The Order requires that all persons who process and market commercially more than 3,000,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia on a monthly basis, excluding those fluid milk products delivered to the residence of a consumer, be assessed 20 cents per hundredweight on all marketings of such packaged fluid milk products during the month.

1/ On October 25, 2006, the U.S. Department of Agriculture announced a final rule that amends the transportation credit provisions of the Appalachian Federal Milk Marketing Order. Effective December 1, 2006, the maximum transportation credit assessment rate will increase from \$0.095 per cwt to \$0.15 per hundredweight (§ 1005.81). A variable Mileage Rate Factor using a diesel fuel cost adjustor will also be used in the transportation credit payments (§ 1005.83).

2/ A simple average of the four most recent weeks of the Energy Information Administration's (of the U.S. Department of Energy) announced diesel fuel prices for the Lower Atlantic and Gulf South regions is used to determine the variable Mileage Rate Factor (§ 1005.83).