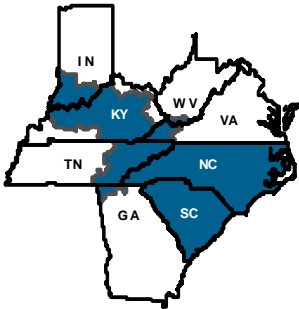




THE COURIER

Secretary of Agriculture Mike Johanns



Harold H. Friedly, Jr.
Market Administrator

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Mike Johanns was sworn in as the 28th Secretary of the U.S. Department of Agriculture (USDA) on January 21, 2005.

Secretary Johanns' strong agricultural roots stretch back to his childhood. He was born in Iowa and grew up doing chores on his family's dairy farm. As the son of a dairy farmer, he developed a deep respect for the land and the people who work it. He still describes himself as "a farmer's son with an intense passion for agriculture."



Mike Johanns
Secretary of Agriculture

That passion showed during Johanns' tenure as Nebraska's 38th governor. During his six years in office, Johanns was a strong advocate for rural communities and farmers and ranchers. He enacted a Value-Added Agriculture Initiative, signed into law the "Agricultural Opportunities and Value-Added Partnership Act," supported the development of a hydroponic produce facility, and signed legislation that focused financial resources on providing transferable, non-refundable gas tax credits for the production of ethanol. He also led eight delegations of Nebraska government, business, and

agriculture leaders on trade missions to foreign countries including Japan, Taiwan, China, Hong Kong, Australia, Korea, Singapore, Malaysia, Brazil and Chile.

Johanns served as chairman of the Governors' Biotechnology Partnership and as the state government representative on the advisory committee to the Export-Import Bank of the United States. As a member of both the National Governors' Association and the Western Governors' Association, Johanns concentrated on issues important to agriculture, including drought relief, ethanol, and the 2002 Farm Bill.

Secretary Johanns is a graduate of St. Mary's University of Minnesota in Winona. He earned a law degree from Creighton University in Omaha and practiced law in O'Neill and Lincoln, Nebraska. Johanns served on the Lancaster County Board from 1983-1987, and on the Lincoln City Council 1989-1991. He was elected mayor of Lincoln in 1991. He was reelected in 1995, and successfully ran for governor three years later.

Final Decision to Amend the Northeast Order

On January 28, 2005, the U.S. Department of Agriculture announced a final decision that adopts certain amendments to current provisions of the Northeast Federal Milk Marketing Order. This decision is based on

testimony and evidence given at a public hearing held on September 10-13, 2002, in Arlington, VA.

(Continued on page 3)

Appalachian Statistical Summary

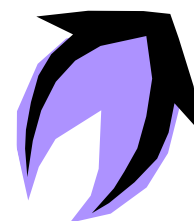
	January 2005	December 2004	January 2004
PRICES: (Base Zone)			
Uniform Price	\$17.34	\$16.98	\$14.25
Class I Price	19.75	17.53	14.95
Class II Price	13.04	13.98	11.67
Class III Price	14.14	16.14	11.61
Class IV Price	12.52	13.42	10.97
Uniform Skim Milk Price	\$11.17	\$10.40	\$9.52
Class I Skim Milk Price	12.80	11.22	10.56
Class II Skim Milk Price	7.20	7.07	6.64
Class III Skim Milk Price	8.37	9.34	6.60
Class IV Skim Milk Price	6.69	6.52	5.94
Uniform Butterfat Price	\$1.8756	\$1.9844	\$1.4458
Class I Butterfat Price	2.1128	1.9144	1.3593
Class II Butterfat Price	1.7400	2.0436	1.5048
Class III Butterfat Price	1.7330	2.0366	1.4978
Class IV Butterfat Price	1.7330	2.0366	1.4978
PRODUCER MILK:			
Class I	369,571,754	370,659,136	393,160,505
Class II	85,930,595	67,239,817	72,267,902
Class III	37,488,764	9,928,273	46,458,426
Class IV	66,438,080	40,580,994	57,340,838
Total Producer Milk	559,429,193	488,408,220	569,227,671
PERCENT PRODUCER MILK IN:			
Class I	66.06	75.89	69.07
Class II	15.36	13.77	12.70
Class III	6.70	2.03	8.16
Class IV	11.88	8.31	10.07

December 2004 Milk Production Up 1.0 Percent

Milk production in the 20 major states during December totaled 12.4 billion pounds, up 1.0 percent from December 2003. November revised production, at 11.9 billion pounds, was up 1.2 percent from November 2003. The November revision represented an increase of 5 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,602 pounds for December, 6 pounds above December 2003.

The number of milk cows on farms in the 20 major states was 7.76 million head, 47,000 head more than December 2003, but 4,000 head less than November 2004.

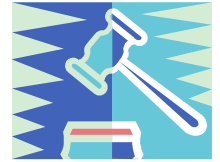


Final Decision (Cont'd from page 1)

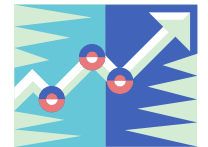
This decision adopts changes to various reporting and payment deadlines, as well as changes to the pooling standards of the Northeast Order. The adopted amendments include: establishing year-round supply plant performance standards; eliminating the split-plant provision; creating a standard for the number of days of production a dairy farmer must deliver to a pool plant to qualify the rest of the dairy farmer's milk for diversion; establishing explicit limits on the amount of milk a pool plant may divert to nonpool plants; excluding milk received by supply plants from producers not eligible to be pooled on the order

from the total volume of milk used to satisfy supply plant performance standards; prohibiting the ability to pool the same milk on the order and on a marketwide pool administered by another government entity; and granting authority to the Market Administrator to adjust the touch-base and diversion limit standards as market conditions warrant.

This decision requires producer approval. If producers approve the order as amended by the final decision, a final rule will follow to implement the changes.

**Appalachian Marketing Area, Pool Summary 2003-2004**

	2004	2003	Percent Change
Prices (Simple Averages): (Base Zone) \$/cwt			
Class I Price	\$18.08	\$14.49	24.8
Class II Price	13.86	10.76	28.8
Class III Price	15.39	11.42	34.8
Class IV Price	13.20	10.00	32.0
Uniform Price	17.01	13.55	25.5
Producer Milk Pounds			
Class I	4,324,520,728	4,442,873,429	-2.7
Class II	933,456,616	910,021,691	2.6
Class III	344,397,935	448,973,206	-23.3
Class IV	600,118,164	512,847,112	17.0
Total Producer Milk	6,202,493,443	6,314,715,438	-1.8
Utilization of Producer Milk Percent			
Class I	69.72	70.36	-0.64
Class II	15.05	14.41	0.64
Class III	5.55	7.11	-1.56
Class IV	9.68	8.12	1.56

**Federal Milk Marketing Order Statistics, 2003-2004**

Federal Order	Total Producer Milk		Class I Utilization		Statistical Uniform Price ¹	
	2003	2004	2003	2004	2003	2004
	Million Pounds		Percent		\$/cwt	
1 Northeast	24,038	22,670	44.52	47.16	12.93	16.46
5 Appalachian	6,315	6,202	70.36	69.72	13.52	17.00
6 Florida	2,833	2,873	85.15	84.91	14.69	18.39
7 Southeast	7,071	7,164	65.47	64.77	13.43	16.92
30 Upper Midwest	17,018	17,302	24.27	25.77	10.93	14.75
32 Central	14,411	11,589	32.78	37.50	11.40	15.06
33 Mideast	15,750	15,940	41.56	40.73	11.83	15.33
124 Pacific Northwest	6,336	6,518	33.21	33.04	11.16	14.75
126 Southwest	9,174	8,790	44.34	47.09	12.37	16.00
131 Arizona-Las Vegas	3,061	2,901	31.88	33.34	11.78	15.51
135 Western ²	4,573	1,096	24.25	26.09	10.94	12.68
All Orders	110,581	103,047	41.46	43.61	12.12	15.74

¹ Weighted average uniform prices at 3.5 % butterfat at Base Zone.

² The Western Order was terminated effective April 1, 2004. Statistics for 2004 are from January to March 2004.

APPALACHIAN MARKETING AREA FEDERAL ORDER 5

Milk Market Administrator
P. O. Box 18030
Louisville, KY 40261-0030

ADDRESS SERVICE REQUESTED

Phone: 502-499-0040
Fax: 502-499-8749
E-mail: friedly@malouisville.com
TTY: 502-491-9124
Accessed through
KRS: 1-800-648-6057
or dial 7-1-1

WE'RE ON THE WEB
<http://members.aye.net/~usda>



Organic Dairy Producers and Processors Exempted

On January 13, 2005, the U.S. Department of Agriculture's Agricultural Marketing Service announced two rules to exempt certain organic producers and marketers from paying assessments under research and promotion programs, and for market promotion activities under marketing order programs.

The change will exempt producers and marketers operating under a National Organic

Program-approved organic system plan from paying assessments, provided they produce and market only commodities eligible for a "100 percent organic" label.

The 2002 Farm Bill directed USDA to issue regulations exempting any person who produces and markets solely 100 percent organic products from paying assessments under a commodity promotion law.



October-December Milk Production Up 0.9 Percent

Milk production in the U.S. during the October-December quarter totaled 41.9 billion pounds, up 0.9 percent from the October-December quarter last year. The average

number of milk cows in the U.S. during the quarter was 9.02 million head, 7,000 head more than the same period last year.

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