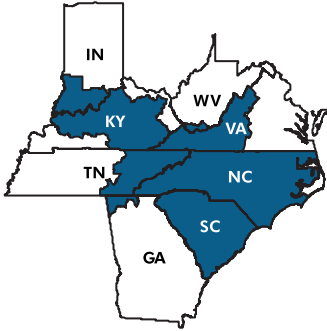




# THE COURIER

Appalachian Marketing Area Monthly Newsletter



## USDA Announces Interim Final Rule to Amend the Appalachian and Southeast Milk Marketing Orders

On October 25, 2006, the U.S. Department of Agriculture issued an interim final rule amending current provisions of the Appalachian and Southeast Federal milk marketing orders. The interim final rule was approved by Appalachian and Southeast dairy farmers.

assessment rate for both orders; and 3) establishing a zero diversion limit standard on loads of milk requesting transportation credits.

These amendments will more adequately provide additional revenue to pay for transporting milk to the Appalachian and Southeast milk marketing areas.

The interim final rule was published in the October 25, 2006, *Federal Register*. These interim amendments to the orders will become effective on December 1, 2006. Public comments on the tentative partial decision published on September 13, 2006, were due on November 13, 2006.

Harold H. Friedly, Jr.  
Market Administrator

This interim final rule amends certain features of the transportation credit and producer milk provisions of the Appalachian and Southeast Federal milk marketing orders. The amendments include: 1) establishing a mileage rate factor using a fuel cost adjustor to be used in the transportation credit provisions of both orders; 2) increasing the maximum transportation credit

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## Sign-up Began November 1 for Dairy Producers Impacted by 2005 Hurricane Losses

On October 31, 2006, Teresa Lasseter, Administrator of USDA's Farm Service Agency (FSA), announced that sign-up began November 1, 2006, for the \$17 million 2005 Dairy Disaster Assistance Payment Program (DDAP-II), which will help dairy producers recover from 2005 hurricane losses. DDAP-II is authorized by the Emergency Agricultural Disaster Assistance Act of 2006.

contiguous to an approved county are also eligible. Counties declared disaster areas by Hurricane Dennis are ineligible for DDAP-II because the legislation did not provide for disaster losses resulting from Hurricane Dennis. A list of eligible counties can be found in the DDAP-II fact sheet located online at: [www.fsa.usda.gov/Internet/FSA\\_File/ddap06.pdf](http://www.fsa.usda.gov/Internet/FSA_File/ddap06.pdf).

"Dairy producers suffered production losses from herd deaths, closed processing plants and damaged bulk tanks that caused milk to spoil, all due to the 2005 hurricanes," said Lasseter. "The dairy disaster program funding will help producers recover from these devastating losses."

To be eligible, a dairy producer must have suffered dairy production and spoilage losses from August through December 2005 due to the 2005 hurricanes or related conditions, and suffered the losses in an eligible DDAP-II county.

Eligible DDAP-II counties are those declared a natural disaster by Secretary Johanns or designated a major disaster or emergency by President Bush for 2005 calendar year hurricanes Katrina, Ophelia, Wilma or Rita. Counties

FSA will determine dairy production and spoilage losses using the established history of the operation's commercial production marketed and production dumped or not marketed during the applicable claim period.

*DDAP-II Sign-up, continued on page 4* ➔

# Appalachian Statistical Summary

OCTOBER 2006    SEPTEMBER 2006    OCTOBER 2005

**PRICES: (Base Zone)**

Uniform Price	\$14.58	\$13.63	\$16.48
Class I Price	15.52	13.95	17.37
Class II Price	11.79	11.74	14.25
Class III Price	12.32	12.29	14.35
Class IV Price	11.51	11.10	13.61
Uniform Skim Milk Price	\$9.92	\$9.14	\$10.33
Class I Skim Milk Price	10.82	9.74	11.06
Class II Skim Milk Price	7.06	6.99	8.12
Class III Skim Milk Price	7.64	7.59	8.25
Class IV Skim Milk Price	6.80	6.36	7.48
Uniform Butterfat Price	\$1.4314	\$1.3741	\$1.8617
Class I Butterfat Price	1.4517	1.3013	1.9128
Class II Butterfat Price	1.4219	1.4261	1.8326
Class III Butterfat Price	1.4149	1.4191	1.8256
Class IV Butterfat Price	1.4149	1.4191	1.8256

**PRODUCER MILK:**

Class I	352,324,458	335,077,561	340,526,464
Class II	80,958,894	71,814,862	78,290,837
Class III	25,418,216	15,379,566	29,262,983
Class IV	41,971,097	33,452,560	43,279,638
<b>Total Producer Milk</b>	<b>500,672,665</b>	<b>455,724,549</b>	<b>491,359,922</b>

**PERCENT PRODUCER MILK IN:**

Class I	70.37	73.53	69.30
Class II	16.17	15.76	15.93
Class III	5.08	3.37	5.96
Class IV	8.38	7.34	8.81

**APPALACHIAN MARKETING AREA STATS FOR OCTOBER 2006:**

➤ The Uniform Price for October 2006 of \$14.58 increased \$0.95 from last month but was \$1.90 less than the October 2005 price.

➤ Total Class I Pounds of 352,324,458 was 17.2 million pounds or 5.15% greater than September 2006 and 11.8 million pounds or 3.46% greater than a year ago.

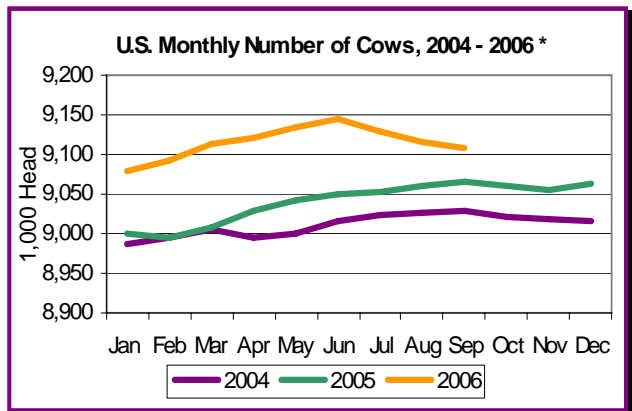
➤ Total Producer Milk was 500,672,665 pounds, an increase of 44.9 million pounds or 9.86% from last month and 9.3 million pounds or 1.90% greater than October 2005.

## September 2006 Milk Production Up 2 Percent; July - September Up 1.4 Percent

Milk production in the 23 major States during September totaled 13.3 billion pounds, up 2 percent from September 2005. August production, unrevised at 13.9 billion pounds, was up 1.6 percent from August 2005.

Production per cow in the 23 major States averaged 1,615 pounds for September, 16 pounds above September 2005. The number of milk cows on farms in the 23 major States was 8.25 million head, 79,000 head more than September 2005, but 6,000 head less than August 2006.

Milk production in the U.S. during the July - September 2006 quarter totaled 44.7 billion pounds, up 1.4 percent from the July - September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.12 million head, 57,000 head more than the same period last year.



\* Based on entire U.S. production.

## 2005 Top Ten States - Producer Milk Received Under All FMMOs \*

State	2005				1995				1985			
	Producer milk receipts in all FMMOs				Producer milk receipts in all FMMOs				Producer milk receipts in all FMMOs			
	FMMO Rank <sup>1/</sup>	Million pounds	Percent of total	U.S. Rank <sup>2/</sup>	FMMO Rank <sup>1/</sup>	Million pounds	Percent of total	U.S. Rank <sup>2/</sup>	FMMO Rank <sup>1/</sup>	Million pounds	Percent of total	U.S. Rank <sup>2/</sup>
Wisconsin	1	18,746	16.3	2	1	19,466	17.2	2	1	17,786	18.2	1
New York	2	11,461	10.0	3	2	10,175	9.0	3	2	9,790	10.0	3
Pennsylvania	3	9,843	8.6	4	3	8,993	7.9	4	3	8,311	8.5	5
Minnesota	4	6,613	5.8	6	4	7,815	6.9	5	4	6,934	7.1	4
Michigan	5	6,544	5.7	8	6	5,079	4.5	7	5	5,176	5.3	6
New Mexico	6	6,418	5.6	7	9	3,466	3.1	12	23	1,044	1.1	32
Texas	7	6,270	5.5	9	5	6,070	5.4	6	7	3,823	3.9	9
Washington	8	5,141	4.5	10	7	5,065	4.5	8	8	3,577	3.7	12
Ohio	9	4,336	3.8	11	8	4,113	3.6	9	6	4,261	4.4	7
Iowa	10	3,591	3.1	12	11	3,078	2.7	11	9	2,512	2.6	8
<b>Total Top 10 <sup>3/</sup></b>		<b>78,964</b>	<b>68.8</b>			<b>73,385</b>	<b>64.8</b>			<b>64,459</b>	<b>66.0</b>	

<sup>1/</sup> Ranked according to total producer milk receipts in all Federal milk marketing orders.

<sup>2/</sup> Ranked according to total milk marketing in the United States.

<sup>3/</sup> The top 10 States included Idaho in 1995 and Missouri in 1985.

\* Source: Market Information Branch, Dairy Programs, USDA.

## USDA Announces Final Rules on the Central, Mideast and Upper Midwest Federal Milk Marketing Orders

On October 30, 2006, the USDA announced final rules that permanently adopt amendments to the pooling provisions of the Central, Mideast and Upper Midwest Federal milk marketing orders.

The permanently adopted amendments for the Central order will: 1) increase supply plant performance standards; 2) amend features of the “touch-base” provision; 3) amend certain features of the “split plant” provision; and 4) decrease the diversion limit standards of the order. The decision also adopts a proposal that limits the volume of milk a handler can pool in a month to 125 percent of the total volume of milk pooled in the previous month. This decision is based on testimony and evidence given at a public hearing held in Kansas City, Missouri, from December 6-8, 2004.

The permanently adopted amendments for the Mideast order will establish a limit on the volume of milk a handler may pool during the months of April through February to 115 percent of the

volume of milk pooled in the prior month and during the month of March to 120 percent of the volume of milk pooled in the prior month. This rule is based on testimony and evidence given at a public hearing held in Wooster, Ohio, from March 7-10, 2005.

For the Upper Midwest order, the permanently adopted amendments will establish a limit on the volume of milk a handler may pool during the months of April through February to 125 percent of the volume of milk pooled in the prior month and during the month of March to 135 percent

of the volume of milk pooled in the prior month. The amendments will also allow the market administrator to increase the maximum administrative assessment up to 8 cents per hundredweight on all pooled milk if necessary to maintain the required fund reserves. This rule is based on testimony and evidence given at a public hearing held in Bloomington, Minnesota, August 16-19, 2004.

### For the Central, Mideast & Upper Midwest FMMOs:

- These final rules were published in the October 30, 2006, *Federal Register*.
- These final amendments become effective December 1, 2006.
- For more information, go to: [www.ams.usda.gov/dairy/hearings.htm](http://www.ams.usda.gov/dairy/hearings.htm).



**APPALACHIAN MARKETING AREA  
FEDERAL ORDER 5**

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KRS 7-1-1

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



**DDAP-II Sign up, *cont'd from page 1***

DDAP-II participants will receive immediate payments to help pay operating expenses and meet other financial obligations. An eligible dairy operation's payment is calculated by multiplying the payment rate, which varies by state, by the operation's total eligible losses.

Dairy producers can apply for the program at local FSA offices. Applications are available at FSA offices and online at: [www.sc.egov.usda.gov](http://www.sc.egov.usda.gov).

**Federal Milk Marketing Order Statistics - September 2006**

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,746	910	52.1	13.43
<b>5 Appalachian</b>	<b>456</b>	<b>335</b>	<b>73.5</b>	<b>13.63</b>
6 Florida	232	205	88.5	14.70
7 Southeast	607	403	66.3	13.68
30 Upper Midwest	1,937	391	20.2	12.37
32 Central	807	371	46.0	12.23
33 Mideast	1,260	579	46.0	12.40
124 Pacific Northwest	488	191	39.1	11.89
126 Southwest	879	358	40.8	13.20
131 Arizona	250	115	46.2	12.76
<b>All Orders <sup>1</sup></b>	<b>8,662</b>	<b>3,857</b>	<b>44.5</b>	<b>12.86</b>

<sup>1</sup> Weighted average uniform prices at 3.5% butterfat at announced locations.

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