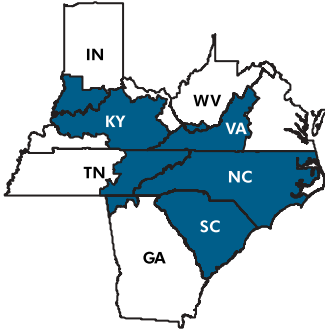




THE COURIER

Appalachian Marketing Area Monthly Newsletter



Harold H. Friedly, Jr.
Market Administrator



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Invitation for Proposals for Consideration at a Hearing

National Milk Producers Federation and International Dairy Foods Association have requested that the Department of Agriculture (USDA) hold a public hearing to consider a proposal to eliminate the producer-handler provision in all Federal milk marketing orders. Additionally, National Milk Producers Federation and International Dairy Foods Association have requested that USDA consider revision of the exempt plant provision in all Federal milk marketing orders in the same rulemaking proceeding. The proposals would eliminate the provision exempting producer-handlers from pricing and pooling provisions; and would revise the current limit on monthly route disposition of packaged fluid milk required for exemption from pricing and pooling provisions as an exempt plant.

Copies of the proposals may be obtained from the Dairy Programs website at www.ams.usda.gov/dairy.

The proposals have not yet been approved for inclusion in a Notice of Hearing. Before deciding

whether a hearing will be held, USDA is providing the opportunity for interested parties to submit additional proposals regarding the elimination of the producer-handler provision and the revision of the exempt plant provision in all Federal milk marketing orders.

The preferred method of submission is via email. Electronic submissions should be emailed to amsdairycomments@usda.gov. Proposals can also be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP-0225-Room 2971, 1400 Independence Ave., SW, Washington, DC 20250-0225. **Proposals must be received by March 9, 2009.** Each proposal should be accompanied by a comprehensive statement on the need for the proposal. The statement will be evaluated to determine whether the proposal will be accepted if a hearing to amend all orders is held. In accordance with 7 CFR 900.22 and adoption of the final rule published in the **Federal Register** on August 20, 2008 (73 FR 49085), proposal submissions must include detailed explanations of the following:

Invitation for Proposals, cont'd on page 3 ➤

Federal Order 5 Year in Review

During 2008, the average Federal order class and uniform prices decreased from the record levels in 2007. Prices started the year at high levels, but decreased significantly towards the end of the year. The announced uniform price reached a high of \$22.60 per cwt. in January 2008, while it reached its lowest point at \$16.23 per cwt. in December 2008. The simple average announced uniform price was \$19.90 per cwt. for 2008, a decrease of \$0.59 from 2007. The Class I price increased by \$0.06 to average \$21.30 per cwt. for 2008. The Class II price averaged \$16.24 per cwt., a decrease of \$2.12. The Class III price averaged \$0.60 lower to average \$17.44 per cwt.

for 2008. Class IV had the largest decrease of \$3.71 from 2007 to average \$14.65 per cwt. for 2008.

The volume of producer milk receipts regulated under Federal Order 5 totaled 5.9 billion pounds in 2008, an increase of 0.3 percent from 2007. Class I utilization averaged 70.26 percent in 2008, an increase of 0.01 percentage points from 2007. The total volume of milk used in Class I increased by 0.3 percent. The total volume of producer milk used in Class II products increased by 4.4 percent from 2007, while the annual Class II

F.O. 5 Year in Review, continued on page 3 ➤

Appalachian Statistical Summary

JANUARY 2009 DECEMBER 2008 JANUARY 2008

PRICES: (Base Zone)

Uniform Price	\$16.41	\$16.23	\$22.60
Class I Price	19.14	18.83	24.07
Class II Price	10.41	11.21	19.75
Class III Price	10.78	15.28	19.32
Class IV Price	9.59	10.35	16.29
Uniform Skim Milk Price	\$12.56	\$11.38	\$18.40
Class I Skim Milk Price	14.64	12.89	19.63
Class II Skim Milk Price	6.74	6.88	15.61
Class III Skim Milk Price	7.15	11.12	15.19
Class IV Skim Milk Price	5.92	6.01	12.05
Uniform Butterfat Price	\$1.2269	\$1.4987	\$1.3842
Class I Butterfat Price	1.4323	1.8265	1.4643
Class II Butterfat Price	1.1154	1.3068	1.3389
Class III Butterfat Price	1.1084	1.2998	1.3319
Class IV Butterfat Price	1.1084	1.2998	1.3319

PRODUCER MILK:

Class I	364,890,319	361,683,533	371,981,592
Class II	75,476,606	75,944,849	74,510,030
Class III	32,225,645	21,495,121	20,788,336
Class IV	46,493,266	63,608,305	45,808,840
Total Producer Milk	519,085,836	522,731,808	513,088,798

PERCENT PRODUCER MILK IN:

Class I	70.29	69.19	72.50
Class II	14.54	14.53	14.52
Class III	6.21	4.11	4.05
Class IV	8.96	12.17	8.93

December Milk Production Up 1.5%

Milk production in the 23 major states during December totaled 14.6 billion pounds, up 1.5 percent from December 2007. November revised production at 14.0 billion pounds, was up 1.3 percent November 2007. The November revision represented a decrease of 11 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,726 pounds for December, 8 pounds above December 2007.

The number of milk cows on farms in the 23 major states was 8.48 million head, 90,000 head more than December 2007, and 7,000 head more than November 2008.

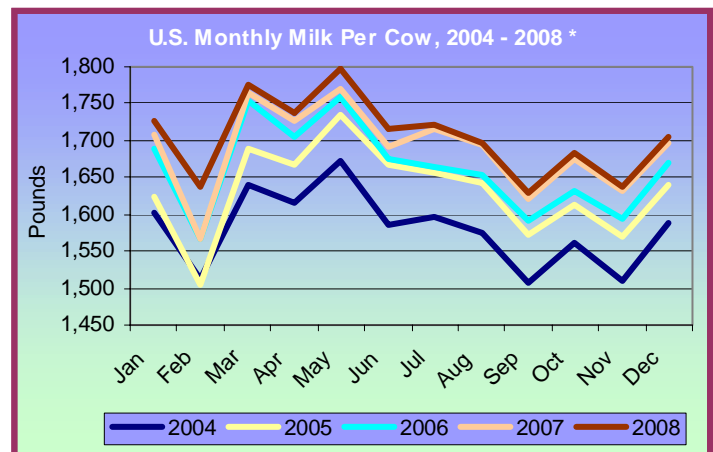
F.O. 5 STATS FOR JANUARY 2009:

⇒ **The Uniform Price** for January 2009 was \$16.41, up \$0.18 from December 2008.

⇒ **Total Class I Milk** for January 2009 was 364,890,319 pounds, 3.2 million pounds higher than December 2008.

⇒ **Class I Utilization** for January 2009 was 70.29 percent, up 1.10 percent from last month.

⇒ **Total Producer Milk** for January was 519,085,836 pounds, up 6 million pounds, or a 1.2 percent increase compared to January 2008.



* Based on entire U.S. production.

Invitation for Proposals, continued from page 1

1. Explain the proposal. What is the disorderly marketing condition that the proposal is intended to address?
2. What is the purpose of the proposal?
3. Describe the current Federal order requirements or industry practices relative to the proposal.
4. Describe the expected impact on the industry, including on producers and handlers, and on consumers. Explain/Quantify.
5. What are the expected effects on small businesses as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612)? Explain/Quantify.
6. How would the proposal increase or decrease costs to producers, handlers, others in the marketing chain, consumers, the Market Administrator offices and/or the Secretary? Explain/Quantify?
7. Would a pre-hearing information session be helpful to explain the proposal?

Actions under the Federal milk order program are subject to the Regulatory Flexibility Act which seeks to ensure that the regulatory and informational requirements are tailored to the size and nature of small businesses. For the purposes of the Federal order program, a dairy farm is considered a “small business” if it has an annual gross revenue of less than

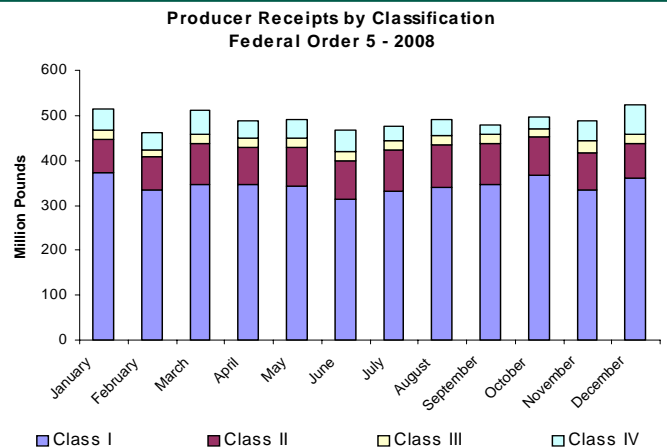
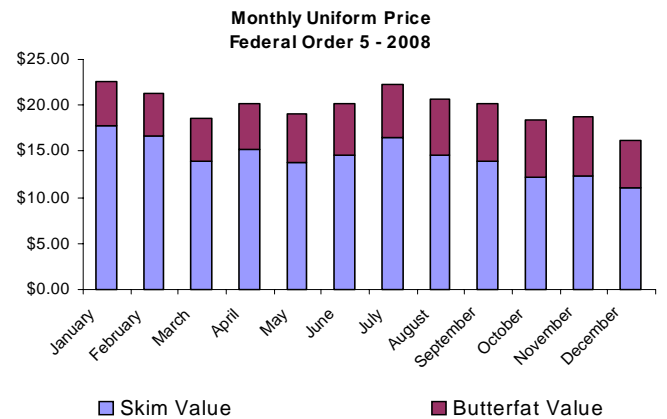
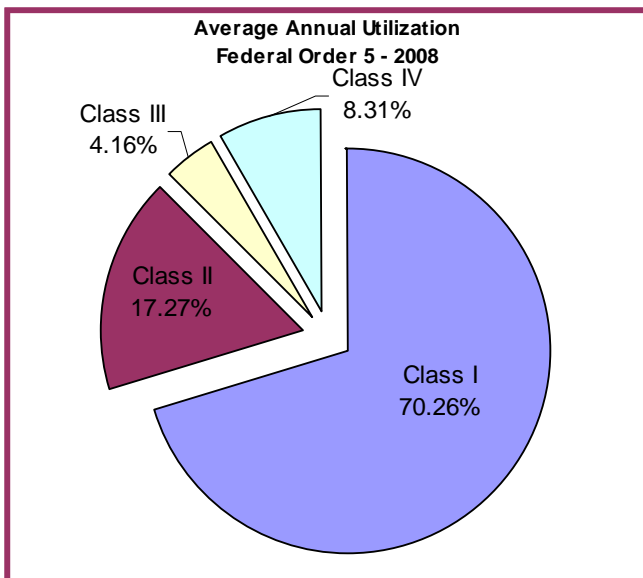
\$750,000, and a dairy products manufacturer is a “small business” if it has fewer than 500 employees. For purposes of determining a handler’s size, if the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees. Interested persons are encouraged to submit proposals that carry out the intent of the Regulatory Flexibility Act.

If USDA determines that a hearing will be held, all known interested parties will be mailed a copy of the Notice of Hearing. Anyone who desires to present evidence on proposals set forth in the Notice of Hearing will have an opportunity to do so at the hearing.

Once a Notice of Hearing is issued and until the issuance of a Final Decision, USDA employees involved in the decisional process may not discuss the merits of a proceeding on an “ex parte” basis. Accordingly, it is suggested that any discussions you may wish to have with USDA personnel, including Market Administrator employees, be initiated as soon as possible. Procedural matters may be discussed at any time throughout the proceeding.

F.O. 5 Year in Review, continued from page 1

utilization increased by 0.7 percentage points. Class III volume in 2008 decreased by 19.3 percent, which resulted in the Class III utilization declining 1.0 percentage points from 2007. The amount of milk used in Class IV increased by 4.3 percent and the annual utilization of Class IV increased by 0.3 percentage points in 2008.



**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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

Phone: 502-499-0040
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E-mail: friedly@malouisville.com
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KRS 7-1-1



Oct. - Dec. Milk Up 1.4%

Milk production in the U.S. during the October - December quarter totaled 46.6 billion pounds, up 1.4 percent from the October - December quarter last year. The average number of milk cows in the U.S. during the quarter was 9.28 million head, 85,000 head more than the same period last year.

Federal Milk Marketing Order Statistics - December 2008

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,977	915	46.3	15.06
5 Appalachian	523	362	69.2	16.23
6 Florida	265	224	84.5	18.88
7 Southeast	606	404	66.7	16.85
30 Upper Midwest	2,318	394	17.0	15.04
32 Central	929	376	40.5	13.63
33 Mideast	1,225	587	47.9	14.42
124 Pacific Northwest	473	204	43.1	13.00
126 Southwest	604	367	60.8	14.75
131 Arizona	359	121	33.7	13.97
All Orders ¹	9,278	3,952	42.6	14.95

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