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December 17, 2007

VIA E-MAIL ONLY

Ms. Dana Coale, Deputy Administrator
Dairy Programs, AMS, USDA
USDA-AMS-Dairy Programs
1400 Independence Avenue, SW
Washington, D.C. 20250-0225

Dear Deputy Administrator:

Northwest Dairy Association (NDA) and Dairy Farmers of America, Inc. (DFA), the proponents of a request to the Secretary of Agriculture to convene a public hearing to expand the Pacific Northwest Federal Milk Marketing Order 1124 marketing area to include all of the counties in the states of Washington, Oregon, Idaho and Utah and Lincoln and Uinta Counties in Wyoming, wish to include with their proposal a request that evidence be taken to determine whether emergency marketing conditions exist that would warrant omission of a recommended decision under the rules of practice and procedure (7 CFR 900.12 (d)) with respect to any proposed amendments.

The dairy industry has experienced more volatility in milk pricing. While expectations for 2008 milk pricing are varied, most forecasters expect that world trade variables will exert even more influence on US markets than ever before – which will further increase price volatility. Additionally, within the proposed expanded marketing area, there exists a wide variation in producer mailbox prices. In the reserve areas of the proposed marketing area, plant capacity is not keeping pace with increases in milk production, which tends to depress price levels.

As prices get more volatile, milk marketers become even more aggressive in seeking sales outlets and marketing conditions tend to be more disorderly. We expect these conditions to deteriorate in 2008 and beyond as it takes multi-years to build and bring online large-scale dairy plant capacity – and very little capacity is being built in the region presently.

Additionally, there continues to be disorderly marketing conditions caused by packaged fluid milk sales from plants that have no federally regulated minimum prices. The price stress from this situation will not improve unless there are common regulatory provisions.

Dana Coale, Deputy Administrator
December 17, 2007
Page 2

The proponents expect to be able to show the presence and effect of these disorderly marketing conditions in the data and evidence presented at the Hearing. With this request, we would like to preserve the opportunity, on the basis of the hearing record, for these conditions to be rectified at the earliest possible time – should the Secretary find them to be disorderly and to warrant the expanded Order as proposed.

In order for expedited action to occur, the Hearing notice should include notification that the proceeding will consider whether emergency rulemaking procedures should be followed and an interim order be implemented if warranted. Noticing the Hearing with this issue included allows all affected parties the opportunity to make their views known to the Secretary. At the same time, the fact that the Hearing includes this issue does not obligate the Secretary to announce the Decision on an emergency basis.

Additionally, the proponents would request that USDA call for a pre-hearing workshop, prior to the Hearing Notice being published, as was done for the proposals received to amend the Federal order Class III and Class IV product price formulas.

The workshop would allow for interested parties to learn about the intent of proposals that have been submitted in this matter and how the proposals would accomplish that intent. The session would be intended to clarify the intent and effect of any proposed amendments and enable proponents to better prepare testimony and evidence in support of, or in opposition to, proposals that may be included in the Hearing Notice.

Very truly yours,

/s/

Marvin Beshore

cc: **VIA E-MAIL ONLY**

Gino Tosi, USDA, AMS, Dairy Programs
James Daugherty, Market Administrator
Elvin Hollon, DFA
Dan McBride, NDA
Douglas Marshall, Esquire