

# Independent Dairy

## Producer News

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### USDA - NORTHEAST MILK MARKET HEARING

**W**elcome to our newest effort to provide you with information and facts about our company and the dairy industry we both operate in. It is our intent here at the dairy to show our commitment to you, our producer of milk, that we care about the future of the dairy industry and how the news around us affects you.

**We can do this by providing you with this newsletter to help keep you up to date on issues we find important that we think you should know about. This newsletter will be printed periodically throughout the year with important information as it takes place.**

**We encourage you to read this newsletter and respond if you feel necessary. We welcome your comments and input. Thank you!**

### NEW LEGISLATION HELPS MAKE MANURE INTO POWER, COULD MEAN MONEY FOR FARMERS

By SEANNA ADCOX  
Associated Press Writer

ALBANY, N.Y. -- Got manure? Dairy farmers, who have long marketed their product with the popular "Got milk?" campaign, may soon have another product to peddle because of a new law that allows them to harness the power of cow manure.

The law, signed by Gov. George Pataki, re-

quires power companies to buy excess electricity generated from farmers who use anaerobic digesters. The barn-size operations essentially speed up the bacterial process of converting manure to methane gas a fuel that becomes a greenhouse gas when left to evaporate.

Alexandria, VA - On Sept. 10—13, representatives from all facets of the dairy industry from around the Northeast attended a hearing to consider revisions to the Northeast Milk Marketing Order. USDA announced that it would address petitions supplied from dairy cooperatives, milk processors, dairy product manufacturer and staff from the Northeast Federal Milk Market Order.

A total of 14 proposals were addressed in which testimony and cross examination was provided by both proponents and opponents. Included in the provisions were proposals that would amend certain pooling and related provisions in the Northeast order. These proposals include establishing marketwide service payments to offset the cost of balancing the market's class one needs and modifying the pooling standards of the order. Pooling proposals in-

clude establishing year-round shipping standards for supply plant pool qualification; adding a touch-base provision that would establish a standard that at least two days' milk production of a dairy farmer be physically received at a pool plant in order to be eligible for a diversion; establishing limits on the amount of milk that pool plant may divert; eliminating the split fund provision; and revising certain reporting and payment provisions.

Peter Fredricks from the Northeast order in Albany, NY, provided background statistical information for the hearing.

The most contentious issue of the four day hearing was proposal #7 brought forth by the Association of Dairy Cooperatives in the Northeast, (ADCNE). ADCNE is comprised of seven dairy cooperatives including, Dairylea Inc., Agri-Mark, DFA, Maryland & Virginia Milk Producers, Land

O' Lakes, Upstate Milk, and St. Albans. Their proposal would establish a marketwide service payment to provide them compensation from a marketwide pool. They claim they perform a service in balancing the Class I market.

Milk processors organized and represented by New York State Dairy Foods, Inc., a trade association located in Syracuse, NY, strongly opposed the proposal.

The proposal has ramifications for independent and smaller dairy cooperatives. It sets qualifications for handlers if in each month they pool a quantity of milk equal to 3% of the total volume of milk pooled on the order, or pools 1,000,000 pounds of milk per day and either operates a plant which manufactures Class III or Class IV products which is located in the states of the marketing area or operates a pool distributing plant. Also, if they transfer or divert to pool distributing plants not more than 65% of the total quantity of producer milk which such handler pools.

Payments would be made by the Market Administrator out of the producer settlement fund, or issue equivalent credit therefore, to each handler that qualifies for the month. Such payment or credit shall be at the rate of \$.06/cwt. of producer milk pooled by the handler, except that there shall be no payments made to cooperative associations with respect to milk of producers who are not

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quires power companies to buy excess electricity generated from farmers who use anaerobic digesters. The barn-size operations essentially speed up the bacterial process of converting manure to methane gas a fuel that becomes a greenhouse gas when left to evaporate.

"Any capturing you do of it benefits the environment, especially if it's

used as fuel in place of other fuels like petroleum or natural gas," said Nina Habib Spencer, spokeswoman for the U.S. Environmental Protection Agency. "Methane's already there. Why not harness it?" The high cost of setting up anaerobic digesters discouraged most farmers from doing so, said Gary Davidson, spokesman for the state Energy Research & Cont'd on pg. 2, see MANURE

**Hey Internet Junkies,  
click on these websites  
for more dairy news!**

- [www.nysdfi.org](http://www.nysdfi.org)  
(Official website of  
NYS Dairy Foods, Inc.)
- [www.dairyaction.com](http://www.dairyaction.com)  
(a generic collection of  
dairy industry news  
and information)

Released on Dec. 16, by the National Agricultural Statistics Service, (NASS), Ag. Statistics Board, U.S. Dept. of Agriculture, November, 2002, production of milk in the U.S. grew 1.8% in November compared to the same period one year ago. According to some projections it is higher than expected. Although it is the slowest percentage growth since January 2002. The report shows that 11.7 billion pounds of milk was marketed in November. This compares to 12.0 bil.

pounds in October, 2002.

Year-to-date, milk production in the 20 largest reporting states is up 2.4% higher than a year ago. This is mostly due to the fact the number of cows is up and production per cow is up as well. Production-per-cow rose 1.1%, the smallest increase in more than a year. Cow numbers stubbornly continue to increase in the face of on-farm profitability squeezes. The milking herd inched up 1,000 head during November to 7.793 million

according to USDA. A gain of 6,000 head in California offset small declines in other states. Output per cow was down 2.3% in Idaho and 1.0% in New Mexico vs. the prior year.

New York State production for November was up only 0.1% over the previous year, one of the smallest increases per month in 2002. The report can be found on the internet at: <http://www.usda.mann.ib.cornell.edu/reports/nassr/dairy/pmp-bb/2002/mkpr1202.txt>

## FO Hearing

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members of any qualified cooperative association and no payment made to non-cooperative handlers with respect to milk of any producer who is a member of a qualified cooperative association.

Essentially the proposal as written would only allow the seven members of the ADCNE to qualify for payments. Those producers in all remaining smaller cooperatives or independent producers would not be directly entitled to share in the payments.

The main key points of the topic revolves around the question, do cooperatives provide a service to the entire industry at times when milk is abundant or in short supply? ADCNE members claim that they provide the service by making butter and powder during months when there is an over supply. Processors claim there is a service fee already paid either in higher costs for milk when it is in short supply and high demand and conversely when they sell extra milk to cooperatives when the supply is high at reduced/below market prices. Milk processors argue that the independent dairy farmer will suffer the most from this proposal. Bruce W. Krupke, Executive Vice President of NY State Dairy Foods, says "milk producers who sell milk to anyone

## Manure power

Continued from Pg. 1

Development Authority (NYSERDA). "If they can sell the electricity, it makes it much more attractive," he said.

Matlink Dairy Farms, a 675-cow dairy in Chautauqua County in western New York, installed its anaerobic system in December. It cost \$500 per cow, but financial aid from the state helped, Davidson said. The farm \_ the first in New York to sell its energy \_ can generate 884,000-kilowatt

hours of electricity annually. That's enough to power the farm plus \$1,000 per month from selling the excess to Niagara Mohawk Power Corp., according to NYSERDA.

Through savings and sales, it also greatly reduced a severe odor problem in the nearby village of Clymer, downwind of the farm's former manure lagoons. And it controlled excess nitrogen in the town water supply, caused by runoff from feces spray-irrigated fields, according to NYSERDA reports.

The digesters "compile all that manure into one place, in enclosed bag houses where it biodegrades ... as opposed

to blowing in the wind and getting into the waterways," Davidson said. Five other farms currently operate digesters to power their own barns and home. Seventeen more digesters are under development, Davidson said. He expects the new law to encourage "several hundred" more.

Generally, farmers need at least 200 cows, or other large livestock such as hogs or sheep, to justify the system's cost, Davidson said. New York has 7,150 dairy farms \_ the largest segment of the state's huge farm industry. Nearly 75 percent of those have herds of fewer than 100 cows, and only 2 percent of New York herds exceed 500 cows, according to the National Agriculture Statistics Service.

At the top of that scale are 20 farms with 2,000 cows each, which will likely take advantage of the new law, Davidson said.

"The legislation will generate new sources of revenue for our family farms, allowing them to remain competitive, while maintaining our high standards for protecting the state's environment," Pataki said. State officials estimate the new law could reduce annual greenhouse gas emissions by 40,000 metric tons, equal to removing 32,000 cars from the state's roadways.

other than the 7 ADCNE members will see their milk check reduced by as much as \$.045 cwt." He continued, "our members believe that they are already paying for the balancing act when a milk deal is struck in the open market place."

Currently anyone including dairy farmers who want to supply USDA with their opinion on any of the proposals can write them at: USDA/Hearing Clerk Office, FO One Hearing, Docket No. AO-14-A70; DA-02-01, Room 1083, S. Building, 14th and Independence Ave., Washington, DC. To read

the complete hearing testimony, you can do so on the internet at: [http://www.ams.usda.gov/dairy/ne\\_hear.htm](http://www.ams.usda.gov/dairy/ne_hear.htm). Your written information must be received at the address above by January 31, 2003. If commenting on market-wide service payments, refer to proposals number 7.

# State Fair Celebrates Dairy Day



**NY State Cheese is auctioned to State Fair attendees by auctioneer and NYS Assemblyman Bill Magee.**

Each year, on the first Monday of the NY State Fair held in Syracuse, NY, is Dairy Day at the fair. A committee of dairy industry representatives, including dairy farmers, milk processors, cheese manufacturers and suppliers work throughout the year to bring the event to the State Fair. Starting the day long activities is a brunch and dairy product awards ceremony. The top cheese manufacturers compete for prizes in over 20 categories. The best milk judging contest is awarded by the Milk Quality

Improvement program at Cornell University overseen by Dr. Kathryn Boor.

Later in the day there is a big cheese auction of prize winning NY State Cheese. There is a celebrity milk shake recipe making contest as well. To conclude the day is a Dairy Day parade where dairy princesses, milk company trucks and floats are paraded around Cole Muffler court. If you are interested in attending, please call 315-487-7711, ext. 1335 and ask to be placed on the invitation list.



**In the Dairy Building, the NY State Dairy Princess sales area where county promotion groups sell dairy related products and premium items.**



**New in the Dairy Products Building, a special area called "Moos Place" for kids of all ages. Developed as a hands on display to teach kids about the health benefits of milk and dairy products was a big success!**



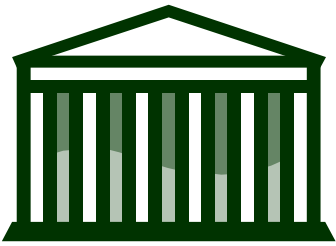
**The Rainbow Milk Bar in the Dairy Products Building at the Fair offers attendees with the best deal, a cold cup of white or chocolate milk for only \$.25 cents!**

## Cloned Food Products Near "Reality"

The Washington Post has reported milk from cloned cows and meat from the offspring of cloned cows and pigs could show up on grocery shelves as early as next year under the plans of livestock breeders who are already raising scores of clones on American farmsteads. A special National Academy of Sciences, (NAS) panel that reviewed developments in animal biotechnology was alarmed by genetic manipulation of fish and insects that might escape and harm wild species, but it found cloning of farm animals less trou-

ble some, since the technique involves copying adult animals without altering their genes. The committee called for a few additional studies but said the technique was unlikely to affect the safety of the food supply. A few cloned cows scattered around the country are already producing milk. Farmers and companies have held off selling it only because of informal request from the FDA, which is reviewing whether clones, their products or their offspring should be allowed into the food supply. The agency hopes for a decision by late 2002. Absent compelling evidence of a problem, it's not clear the FDA or any other government agency would have the legal power to keep cloned animals out of the food supply.

**DAIRY TRIVIA:** 1. What element is responsible for creating the holes found in Swiss Cheese? A. Gas B. Water C. Oxygen  
Answer top left of pg. 4, under Law Update....



## LAWS UPDATE (Trivia Answer: A.)

### Obesity Prevention Act Signed into Law

On Sept. 15, Gov. George Pataki, signed AB7199, the Obesity Prevention Act. This legislation authorizes the NY Dept. of Health to study the fiscal impacts of the state's obesity problem and report possible methods of treating and preventing obesity. The dept. has one year to send its findings to the governor and the state legislature.

### Vending Companies Exempt from Milk Dealer Licensing

A bill exempting food and beverage vendors, (essentially companies who vend products through vending machines including milk)

from milk dealer licensing was sent to Gov. George Pataki. Governor Pataki allowed the bill to go unsigned during a 10 day waiting period, thus allowing it to become law.

The bill, (SB7084) was sponsored by Senate Ag. Committee Chairperson, Nancy Lorraine Hoffmann. Hoffmann's reason for supporting the bill was to help NY dairy farmers by making milk more available through vending machines to help increase milk sales. Also to ease onerous regulations placed on licensed vending companies that want to engage in milk vending.

Previous law provided that anyone one who handles milk for resale be required to obtain a milk dealers license at a cost of \$100.00 per year. License holders are required to make semi-annual sales reports to the Agriculture Department in Albany.

The bill was opposed by NYS Dairy Foods, Inc. for many reasons. Bruce Krupke, Exec. VP states that "allowing for an exemption does not increase milk sales, and actually may hurt dairy farmers in New York." Vending companies can

purchase milk from out-of-state suppliers. Licensing allows Albany to keep track of where milk is sold, should there be a recall because of a quality problem. Now, Albany won't know where milk is sold by vending companies in NY State. Another reason for opposition was the Ag. Dept. in Albany won't have the ability to track sales, we will no longer be able to know how much milk is sold through vending machines. The state reported that milk sold in vending machines accounted for .02% of all milk sold in the state in 2001. After this year, sales reports won't be made by vending companies.

Most importantly, with out the ability to license vending companies, the state will no longer have the ability to protect dairy farmers should a vending company default and not pay s producer processing company such as Upstate Milk Coop. This is a serious blow to the producer security law in the state.

Finally, the law allows a competitive advantage to vending companies over traditional milk distributors because they

**PUBLISHED AND  
WRITTEN BY  
BRUCE W. KRUPKE,  
EDITOR/ EXEC. VP**

**NEW YORK STATE  
DAIRY FOODS, INC.  
201 S. MAIN ST.,  
STE. 302  
N. SYRACUSE, NY  
13212-2166  
PHONE 315-452-6455  
FAX 315-452-1643  
WWW.NYSDFI.ORG**

will not be required to pay the annual license fee and subjected to reporting of sales. They will not be subject to inspection of delivery vehicles for proper refrigeration temperatures and cleanliness like traditional milk dealers. If a licensed milk distributor wants to sell milk in a vending machine, they are still required to obtain a local county vending machine operator's license and be subject to further inspection.

Although the law's initial attempt sounded good, it now allows a crack in the dam and an exemption where there was not one before. What is the difference between a milk distributor selling to a deli and corner stores and one who sells milk in a vending machine? The law should equally apply to everyone selling milk for resale.

### Health Insurance Now Available

Health insurance and other health services are now available for New York State located farm business through a newly designed New York State Dairy Foods, Inc. program. Our health program is managed in a partnership program with Support Services Alliance, Inc., (SSA). If you have an annualized gross profit of \$25,000.00, sell to a NYS Dairy Foods, Inc. member you can purchase this insurance. There is an annual \$25.00 membership fee. Contact Audrey D. Crosby, FLMI, at Bailey, Haskell & LaLonde brokers, 800-268-1830 for a free quote and insurance plan information. **Please tell her our membership participation number, 4085.**

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