



**UPPER MIDWEST MARKETING AREA**  
Federal Order No. 30

2150 Western Court, Suite 100  
P.O. Box 4469  
Lisle, IL 60532  
Telephone: (630) 810-9999  
Fax: (630) 810-1788

*H. Paul Kyburz, Market Administrator*  
1600 West 82<sup>nd</sup> Street, Suite 200  
Minneapolis, MN 55431-1420  
Telephone: (952) 831-5292  
Fax: (952) 831-8249

Agricultural Marketing Service  
Dairy Programs

Home Page:  
[www.fmma30.com](http://www.fmma30.com)

2701 International Lane, Suite 102  
Madison, WI 53704  
Telephone: (608) 242-1822  
Fax: (608) 242-1846

October 1, 2012

TO: Handlers, Cooperative Associations and Interested Parties

SUBJECT: Expiration of Dairy Forward Pricing Program

Many programs and policies of the U.S. Department of Agriculture (USDA) were authorized under the Food, Conservation and Energy Act of 2008 ("2008 Farm Bill") through September 30, 2012. Beginning October 1, 2012 the authority or funding provided under the 2008 Farm Bill for USDA to operate a number of these programs, including the Dairy Forward Pricing Program expired. As of October 1, 2012 Congress has not passed a 2012 Food, Farm and Jobs Act or other legislation extending the authority for USDA to carry out this program, and USDA cannot make new commitments to the program.

Therefore, proprietary handlers establishing **new** forward contracts on or after October 1, 2012 will not be exempt from paying minimum Federal order prices. Previously established contracts that extend through September 30, 2015 are not impacted.

With the expiration of the Forward Pricing Program, all producers may still choose to (but are not required to) have forward pricing contracts. For producers being paid by proprietary plants, however, such contracts do not exempt the proprietary plant from its obligation to pay the producer at least Federal order minimums on milk pooled on the order.

For producers being paid by proprietary plants, pricing contracts may be acquired from the proprietary plant or from a third party source. Pricing agreements between producers and third parties (i.e. commodity brokers) who are totally independent from the proprietary plant paying for the milk may be balanced through the handler's payroll, and the handler may charge a nominal fee for handling such transactions. Both the balancing transaction and the handling fee must be authorized in writing by the producer and be separate, clearly identified entries on the handler's payroll.

Any questions pertaining to the above should be directed to our Minneapolis office at 1-888-301-8224. You may direct them to Victor Halverson at ext. 207, Henry Schaefer at ext. 208, or me at ext. 206. In addition, my email address is [pkkyburz@fmma30.com](mailto:pkkyburz@fmma30.com).

/s/ H. Paul Kyburz  
Market Administrator