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TO: Handlers, Cooperative Associations and Interested Parties

FROM: William A. Wise, Market Administrator

SUBJECT: Expiration of Dairy Forward Pricing Program

The American Taxpayer Relief Act of 2012 (ATRA) extended the authorization of the Dairy Forward Pricing Program contained in the Food, Conservation and Energy Act of 2008 (the 2008 Farm Bill), through September 30, 2013. Beginning October 1, 2013, the authority for USDA to operate the Dairy Forward Pricing Program expired. As of October 1, 2013, Congress has not passed 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, 2013, will not be exempt from paying minimum Federal order prices. Previously established contracts that expire on or before 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.

Any questions pertaining to the above should be directed to William Wise at 602-547-2906 x4025 (wisew@fmmaseattle.com).

/s/ William A. Wise
William A. Wise
Market Administrator