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December 19, 2007

HL 07-04

TO: Handlers, Pacific Northwest Order 124

FROM: Market Administrator, Bothell, Washington

SUBJECT: Notice of Temporary Suspension of Rule for Storm Related Losses

**Summary of Action:**

Due to the catastrophic impacts of the recent flooding and high winds on the dairy industry in Oregon and Washington, the milk lost on the farm in those states between December 3, 2007 and December 7, 2007 will be permitted pool status under the Pacific Northwest Federal milk order. Handlers must be able to demonstrate to the Market Administrator's satisfaction that such milk was in fact produced and under normal circumstances would have been pooled under the order.

**Background:**

High winds and extensive flooding struck major areas of Oregon and Washington beginning December 3, 2007 and lasted several days. Extensive damage to the regions infrastructure, loss of power and communications, road closures, and loss of animals due to drowning have resulted. President Bush has declared Southwest Washington as a national disaster area.

At least one dairy plant in Washington was forced to close for several days due to flooding and many dairy farms lost not only cows but also feed supplies, barns, and other structures. Several cooperatives have reported that milk was forced to be dumped on the farm or was otherwise lost due directly to the effects of the storms. Many farms were forced to milk cows using generators because no power was available.

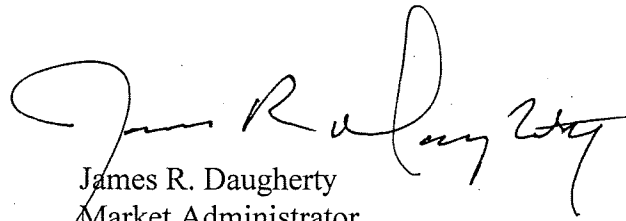
The four Washington counties of Grays Harbor, Lewis, Pacific and Thurston were particularly hard hit by flooding. Many people were without power and safe drinking water for an extended period of time. There are many reports of farmers struggling to save animals from being washed away by the floods.

The Oregon counties of Clackamas, Clatsop, Multnomah, Tillamook, Washington and Yamhill were severely affected by flooding and high winds. Wind gusts were reported to have reached 129 miles per hour on the Oregon coast.

**Handler Information:**

Milk lost on the farm between December 3, 2007 and December 7, 2007 is eligible to participate in the Pacific Northwest Federal order 124 marketwide pool. Such milk must be reported by qualified handlers under the order. It is the handler's responsibility to provide information satisfactory to the Market Administrator that such milk was in fact produced and under normal circumstances would have been marketed under the order. The handlers should report such losses on or before January 9, 2008. The milk reported lost at the farm will be priced at the lowest priced class for December 2007.

If you have any questions regarding this matter, please contact Alyce Owen or John Mykrantz at the Market Administrator's office in Bothell, Washington at 425-487-6009.



James R. Daugherty  
Market Administrator