

CWT Milk Price Program Scaled Back To 5 Cents Per Hundredweight

DAVE LEFEVER
Lancaster Farming Staff

WASHINGTON, D.C. — This week, a controversial self-help proposal to reduce milk production and boost farm milk prices nationwide was cut to less than a third of its original scope.

The National Milk Producers Federation (NMPF) failed to gather enough support for its idea of charging farmers 17.9 cents for each hundredweight of milk they produce to make the program work. As a result, the proposed figure was cut to 5 cents early this week.

According to Walt Wosje, chief operations officer of the initiative called Cooperatives Working Together (CWT), the most resistance came from the central parts

of the country where dairy farmers see their regions as having too little, not too much, milk.

"There is some feeling that, well, we didn't cause the surplus," Wosje said of the lack of support for the program in certain areas.

In recent years, states in the West and Southwest have seen the most dramatic increase in milk production in the nation.

NMPF has said that the program needs a minimum of 70 percent of the nation's milk production, with an original goal of signing up 80 percent. The largest cooperatives are on board, including Dairy Farmers of America (DFA) and Land O' Lakes, but a number of the country's smaller cooperatives and independent

producers are not.

Wosje said Wednesday that participation is "right around 70 percent." July 8 is the deadline for the board of directors to determine whether the program will move ahead with the 5 cent assessment.

Wosje said he is "positive" about the scaled down version of CWT moving forward.

Alan Wagner, editor of the USDA's Fluid Milk and Cream Review, said in his July 2 report that "contacts close to the (CWT) issue, citing sharply higher cheese prices, lower cow numbers, and below year-ago milk output, feel that the plan may be beyond reviving at this time."

Herd buyouts, production cut-back incentives, and export price

assistance make up CWT's three-legged proposal to lift milk prices out of the unprecedented slump they've been in since late 2001.

Most of the buyout and reduction incentives are targeted to western and southwestern states.

Wosje said that even though dairies in certain regions are most responsible for overproduction of milk, the effects of it are felt "in every nook and cranny" of the nation.

All dairy farmers, large and small, and with a major cooperative or not, will benefit from the CWT, according to Wosje.

"Can farmers actually get together, join hands, and do something short of going to the government?" he said.

The new CWT proposal would

use the proceeds from the 5 cent per hundredweight assessment on participating dairy producers to reduce milk supplies by a projected 1.2 billion pounds over the next 12 months. According to the NMPF, that should boost all-milk prices by an average of 23 cents per hundredweight.

The original CWT would have raised the price by 80 cents, according to planners.

"We created Cooperatives Working Together because our members told us they wanted to take control of the economics of their market," said Jerry Kozak, NMPF president and CEO. "Low milk prices are every dairy farmer's problem, regardless of size or location. Every farmer needs to be part of the solution."

Ethanol Company Moves Ahead On Lancaster County Site

CONOY TOWNSHIP (Lancaster Co.) — It looks like one of the nation's largest ethanol plants is coming to Lancaster County — and trash from the area may help run it.

Penn-Mar Ethanol's board of directors voted last week to pursue building an \$80 million plant on 65 acres next to the Lancaster County incinerator along the Susquehanna River in the western part of the county.

"We are focused on the Conoy Township site," said Scott Welsh, project manager. "Unless we find a problem there that we don't anticipate, we will move forward with the permitting process."

The Lancaster County Solid Waste Management Authority's incinerator may provide the energy needed by the plant to convert corn into ethanol.

"We were very pleased to hear (Penn-Mar chose the Conoy site)," said James Warner, executive director of the authority. "We think that there are some terrific synergies between their operation and ours."

The authority approved a \$25,000 purchase option May 23, giving Penn-Mar a year to purchase the property for \$2.7 million. But the company also considered an undisclosed site, thought to be in York County. Welsh said that both were "good, solid sites" but the board felt the Conoy site offered more business opportunities.

"The rail service there is a real strength," he said. "We had to have good rail and good utilities. Natural gas, electric, water — they're all there."

Welsh said Penn-Mar is also looking seriously at the possibility of purchasing steam from the

authority. Steam is used in the cooking process of the corn, he said, and to run a turbine to produce electricity. The authority uses steam from the incinerator to produce electricity that it sells to Metropolitan Edison Company. With Metropolitan's permission, the authority would like to sell some of that steam to Penn-Mar.

Warner said the authority first needs to address several issues with its electric sales agreement with Metropolitan, but he thinks a deal can be worked out.

Working with Penn-Mar could benefit both the authority and Penn-Mar, Warner said. The authority could increase its revenues by selling steam to Penn-Mar rather than converting it all into electricity.

Warner said steam would be a cheaper source of energy than natural gas for Penn-Mar, and that its use would save water and nearly eliminate combustion emissions.

"It would be terrific from an environmental standpoint," he said. "You are creating renewable fuel without having any emissions into the environment."

Penn-Mar would also save money in construction costs, Warner said.

The authority says just one of its three boilers could provide all the energy Penn-Mar would need.

Welsh said Penn-Mar will apply for necessary air-quality approvals from the Department of Environmental Protection and request a zoning change for the Conoy site within a month.

The property would have to be rezoned from agricultural to industrial to accommodate the

plant, so Conoy supervisors will have the final say on the project.

Ethanol is most often mixed with gasoline to boost octane and reduce environmentally harmful emissions.

The plant would also produce carbon dioxide, used in soft drink-bottling plants, and wet distillers grain, which can be used by farmers as a high-protein feed source for their livestock. Township officials have seemed receptive to the project, though they haven't seen official plans, according to Welsh.

Gaining local approvals and permitting will dictate the timeline for the project, but Welsh said he thinks the company will be able to financially close on the project by the end of the year.

That would mean construction could start in early 2004 and the plant could be up and running in early 2005.

Welsh said the other site considered was larger and provided greater future expansion possibilities. But the board felt the Conoy site could provide enough space as well.

The plant would be the first in the state and one of the first on the East Coast. It is expected to contribute \$24.7 million a year to Pennsylvania's economy, according to Penn-Mar.

The plant would convert 18 million bushels of corn into 50 million gallons of ethanol a year.

From a Lancaster New Era report.

Engineering Facility Affirms Pa. As A Leader In Wind Energy

BOOTHWYN (Delaware Co.) — Department of Environmental Protection (DEP) Acting Secretary Kathleen A. McGinty recently helped mark the official opening of AdvanTek International LLC, a wind energy engineering facility that recently relocated from Delaware to Pennsylvania.

The facility, which employs 13 engineers and technical staff, will play a critical role in improving the efficiency of and doubling the land area for wind development in Pennsylvania.

"Fostering the development of companies like AdvanTek not only helps to cut pollution and improve environmental quality, but it also gives Pennsylvania a commanding edge in the renewable energy market, allowing for more opportunities in technology development and job growth," said McGinty.

Pennsylvania is already the leader on the east coast of the United States in wind energy production. Wind farms in Pennsylvania produce 35 megawatts of electricity — enough to power about 10,000 homes — with another 110 megawatts coming on line within the next year.

Demand for clean electricity continues to grow. Recently, the Pennsylvania Turnpike Authority, Swarthmore Borough, Swarthmore College and the

University of Pennsylvania all increased their commitments to wind power by purchasing New Wind Energy from Community Energy, a Delaware County-based renewable energy marketing company.

Community Energy partners with existing electric suppliers to make renewable electricity available to commercial and residential customers.


Pennsylvania has been working to balance the need for affordable, reliable power with environmental concerns, making the state a leader in clean energy generation.

AdvanTek's technology will help to build a better rotor and wind industry in Pennsylvania, ensuring continued economic growth, environmental protection and energy security.

AdvanTek's decision to relocate and operate here comes as DEP launches a \$5 million initiative, Pennsylvania Energy Harvest, to encourage the development of clean energy sources, such as biomass, wind, solar, small-scale hydroelectric, landfill methane, coal-bed methane, and even waste-coal.

Some of the sources are not truly renewable but offer measurable environmental benefits to Pennsylvania in terms of pollution reduction, environmental quality, and energy generation.

Quality hay production is the focus of the July 12 edition of the Pennsylvania Forage and Grassland Council's *Foraging Around* newsletter in *Lancaster Farming*. Also scheduled: Project Grass youth contest coverage, conservation updates, reports on forage preservation, and a calendar of events.



SENENIG MANUFACTURING



Manufacturers of Headlocks with Downed Cow Auto Release!

- Crowd Gates (we install)
- Tie Stalls w/stainless steel Curb Mount
- Gates and Fencing
- Hot Dipped Galvanized, Gatorshield Galvanized Products
- Gutter Grates

All Types Of CUSTOM MANUFACTURING and REPAIR
Phone: 610-488-7801 Fax 610-488-8873

WATERLESS TOILETS

"SUN-MAR" Composting Toilets

Several models available including non-electric

- NO Septic System
- NO Chemicals

Save the Environment! Recycle Back to Nature!

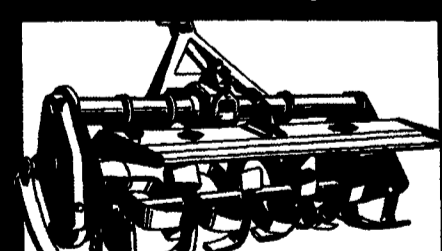
FREE:
12 Page Color Catalog

We Perform Septic Inspections & Certifications

ECO-TECH Call Today 717-337-9325



Do you demand more than a "Garden Variety" tiller?



Meet the demand with a Kuhn Heavy Duty. All Gear Drive, Commercial grade, EL Power-Tiller.

Models with:

- ◆ 35, 50, 80 & 100 hp continuous ratings
- ◆ Width from 3' to 10'
- ◆ Kuhn offers 39 models of tillers from 30 to 200 HP
- ◆ Options available to customize tillers.

(717) 337-4151
(800) 346-8319

ABC GROFF **KUHN**

110 South Railroad Ave
New Holland, PA 17557

Monday Thru Friday 7:30-5:00; Saturday 7:30-Noon
Other Times Available By Appointment
e-mail abcgroff@abogroff.com

Randall G. Renninger

Certified Public Accountant

Specializing in agriculture and construction industries

"We help business people discover ways to cut costs, save taxes, and be more profitable"

Call about our **FREE** seminars

535 W. Orange Street, Lancaster, PA 17603
(717) 299-6480 ◆ Fax (717) 299-6390