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# Dairy

## Washington fines two dairies for pollution

### Manure drains into watershed

By **DON JENKINS**  
Capital Press

Two neighboring Whatcom County dairies in Everett, Wash., have been fined \$4,000 apiece by the state Department of Agriculture for discharging manure into a tributary of the Sumas River,

causing fecal coliform levels to exceed water quality standards for nine days in March.

The penalties imposed on the Art Vander Waal Dairy and Marmel Dairy are the first levied this year by WSDA against dairies for violating the state's Water Pollution Control Act.

Although the violations occurred in the same area and at the same time, they had different causes.

A WSDA dairy inspector on March 23 detected during routine water sampling in Sumas River tributaries bacteria levels that greatly exceeded state standards.

Further investigation found that rain fell shortly after manure was spread on a field at the Vander Waal dairy, according to WSDA.

Manure-contaminated water flowed into a ditch that drains into the Bone Creek,

which runs into the Sumas River.

The dairy built a berm to block the discharge into the ditch, but manure-laced water continued to pool in the field, according to WSDA.

Over the next nine days, WSDA collected water samples upstream and downstream. Enough manure entered the Bone Creek watershed to keep fecal coliform bacteria levels elevated

until March 31, according to WSDA.

Also on March 23, a valve was left open on a line applying manure at the Marmel Dairy, causing contaminated run-off into Clearbrook Road ditch, according to WSDA. The ditch drains into Bone Creek.

The dairy worked that evening and into the following day to minimize the discharge by diverting and pumping ma-

nure from the ditch, according to WSDA.

WSDA continued to collect water samples and detect pollution from the discharge until March 31.

Efforts to reach the dairies were unsuccessful.

In both cases, WSDA chose to issue the standard penalty for a first-time violation.

The Sumas River flows into Canada and drains into the Fraser River.



Capital Press file

Cows feed at a Wendell, Idaho, dairy. Dairy farmers who bought higher coverage in the federal Margin Protection Program will receive nearly \$11.2 million in indemnity payments for the May/June program period, USDA Farm Service Agency announced.

## Low milk prices trigger dairy payments

By **CAROL RYAN DUMAS**  
Capital Press

Dairy farmers who bought higher coverage in the federal Margin Protection Program will receive nearly \$11.2 million in indemnity payments for the May/June program period, USDA Farm Service Agency announced.

Established by the 2014 Farm Bill, the program pays participating farmers when the margin between a calculated national milk price and a calculated national feed cost falls below \$4 per hundred-weight of milk. But producers can purchase additional coverage to insure a higher margin, up to \$8 per hundred-weight.

With the all-milk price averaging \$14.65 per hundred-weight for May/June and feed costs averaging \$8.89, the two-month margin hit \$5.76, down \$1.39 from March/April.

Dairy producers who enrolled at the \$6 to \$8 margin coverage — 4,852 of the 25,663 participating — will receive payments this month, FSA stated.

Most enrolled in the program didn't buy additional coverage, with 19,864 participating at the subsidized \$4 level, which requires a \$100 administrative fee but no premiums.

In announcing the largest payout since the program

began, Agriculture Secretary Tom Vilsack characterized the MPP program as "a robust, comprehensive farm safety net" that helps provide dairy families with "greater peace of mind during tough times."

California dairy producers beg to differ, said Lynne McBride, executive director of California Dairy Campaign.

Robust and comprehensive was certainly not the case in 2015 and again in 2016, and it shows in program participation, she said.

California dairymen's participation in the program's buy-up coverage plummeted between 2015 and 2016, dropping 90 percent in the number of dairies and 85 percent in the amount of milk. Of the 33 billion pounds of California production enrolled in the program this year, only 1 billion pounds is enrolled in buy-up coverage, she said.

Just 18 of the 1,143 dairy operations in California that signed up for the program will receive an indemnity payment for the May/June period for a total of \$305,167, FSA reported.

"That shows the program is not working for the vast majority of dairymen in the state," she said.

Only 38 California producers signed up for additional coverage in 2016, down from 318 in 2015. It shows producers aren't willing to pay a premium because they don't

expect the program to pay a benefit, she said.

"California dairy producers have a complete lack of confidence in the program," she said.

The national all-milk price and feed cost don't reflect reality in California. If the national margin reached the \$4 base coverage level, the situation would be beyond catastrophic in California, she said.

But California doesn't have the corner on waning confidence in the program, judging by enrollment. While producer participation increased by 915 operations in 2016, the number of operations purchasing additional coverage dropped by more than 8,000 from 2015.

Last year, producers paid about \$73 million in fees and premiums, and only about \$700,000 was paid out to cover lost margins, FSA reported.

National Farmers Union formed an emergency committee on dairy prices this spring to consider, among other things, calling on USDA to suspend the program and refund the millions of dollars dairy farmers paid into the program.

NFU President Roger Johnson issued a statement Aug. 4, saying the program has not operated effectively because the formula doesn't accurately reflect cost of production.

## Idaho organic dairies growing rapidly

By **JOHN O'CONNELL**  
Capital Press

DIETRICH, Idaho — Ben Pulsipher was managing a 2,000-cow conventional dairy in Raft River when he decided it was time to start his own operation.

With conventional dairies struggling to cope with low milk prices, Pulsipher reasoned the organic price premium would make it economical for him to start with a small herd and gradually grow.

A few months since entering the organic industry, Pulsipher said his contract still justifies the extra hassle, but he's begun to worry too many other Idaho producers have reached the same conclusion and may be gradually flooding the niche market.

He and his partner, Evan Israelson, sell milk to Sorrento Lactalis in Nampa for organic string cheese production, operating as Anher Organic Family Dairy LLC. They bought their dairy, which switched to organic production under the previous owner last November, in May and milk 200 cows.

"We couldn't afford to start off a 2,000-cow dairy, or even a 500-cow dairy. In order to compete in the conventional market you've got to be big," Pulsipher said.

While organic certification



Courtesy of Ben Pulsipher

Dairy cows graze at the new organic dairy in Dietrich, Idaho, operated by Ben Pulsipher and Evan Israelson. Idaho has experienced strong growth in the organic dairy sector lately.

has provided the partners stability in an otherwise tumultuous dairy sector, organic production comes with its own challenges — and higher input costs. Ground must be three years removed from conventional production and livestock must be transitioned for a year to be certified. Organic hay and forage is costly. Pulsipher said the cows must be allowed to graze, which tends to decrease milk production. Furthermore, there's more paperwork, and producers face a yearly audit.

Nonetheless, Idaho State Department of Agriculture Organic Program Manager Johanna Phillips said growth in the category has been so rapid lately, the state started tracking the number of inquiries from producers seeking to enter the organic sector in 2015. That year, ISDA fielded 120 inquiries. This year, the agency has

already handled 115 inquiries.

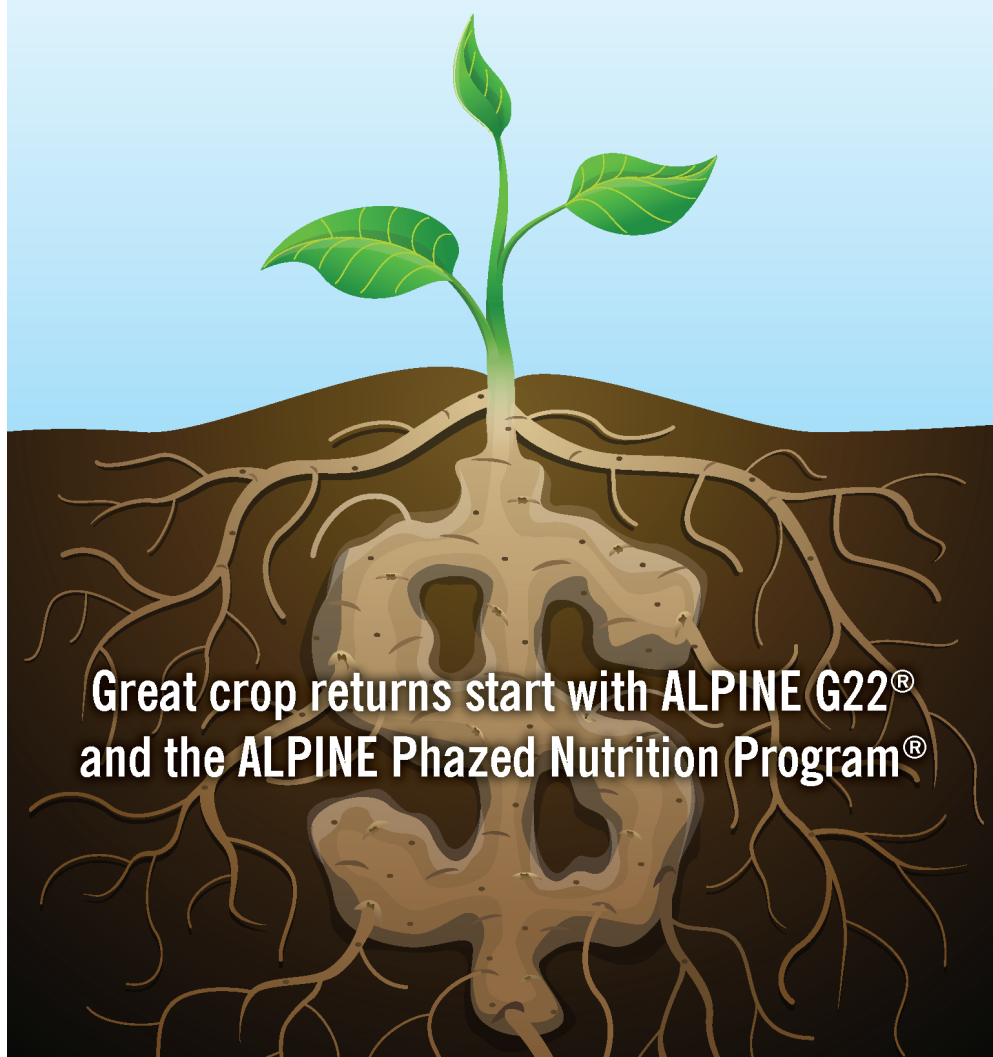
Phillips said Idaho's total certified organic acreage jumped nearly 15 percent from about 185,600 acres in 2014 to 213,000 acres in 2015. Organic hay acres increased about 33 percent in 2015 to nearly 40,000 acres.

ISDA also been busy certifying organic dairies, adding 11 in 2014, 16 in 2015, and 20 thus far in 2016. The number of organic milk cows rose from 5,967 in 2014 to 18,357 in 2015.

Phillips said ISDA's organic program has "not previously had this level of interest," but she noted Idaho still has a small percentage of organic acreage relative to other states.

"I would say there's certainly room for growth in Idaho and the consumer demand continues to outstrip production, and that bodes well for the market," Phillips said.

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## Dairy prices start August with a bang

By **LEE MIELKE**  
For the Capital Press

Dairy prices sizzled the first week of August, with cheese advancing the sixth consecutive week.

The Cheddar blocks closed Friday at \$1.8150 per pound, up 8 1/4-cents on the week, 6 1/2-cents above a year ago, and the highest since Nov. 18, 2014.

The barrels closed at \$1.88, up 10 1/2-cents on the week, 16 1/4-cents above a year ago, and the highest price since November 2014 as well.

Nine cars of block traded hands on the week at the CME and 20 of barrel.

The cheese was unchanged Monday, with no activity, but the blocks lost a penny Tuesday on an offer and slipped to \$1.8050 per pound.

The barrels held at \$1.88 Tuesday, 7 1/2-cents above the blocks.

HighGround Dairy's Aug. 1 "Morning Huddle" stated, "Though broader fundamentals are bearish, extreme heat and seasonal demand will likely keep cheese prices supported through the end of summer."

Dairy Market News reports that cheese production was steady to slightly lower



**Dairy Markets**  
Lee Mielke

the first week of August but Central region milk production continues to fall.

DMN warned that manufacturers are preparing for that milk to "disappear and production slowdowns as educational institutions begin to reopen."

Spot butter reversed two weeks of loss, finishing Friday at \$2.27 per pound, up 13 1/2-cents on the week and 28 cents above a year ago. Sixteen cars were sold last week.

The butter inched a quarter-cent lower Monday on an offer and a sale took it down a penny Tuesday, to \$2.2575.

Butter production in the Central region was steady last week, according to DMN.

"Cream remains available and manufacturers are running full schedules" but "demand for butter remains strong."

Western output also remains steady. Cream is generally available and contacts say "domestic butter demand is good with a lot of interest coming from retailers."

Cash Grade A nonfat dry milk closed Friday at 83 1/4-cents per pound, down 1 3/4-cents on the week but 11 1/4-cents above a year ago, with 16 cars sold.

Monday saw the powder hold but it jumped a penny and a half Tuesday, to 84 3/4-cents per pound.

### Milk price jumps

The July federal order Class III benchmark milk price is \$15.24 per hundred-weight, up \$2.02 from June but \$1.09 below July 2015.

It's the highest Class III since November 2015 and equates to about \$1.31 per gallon, up from \$1.14 in June. The seven-month Class III average, at \$13.73, compares to \$16.04 at this time a year ago and \$22.52 in 2014. Monday's Class III futures settlements saw an August contract of \$17.14; September, \$17.24; October, \$16.98; November, \$16.53; and December at \$16.16 per cwt.

The July Class IV price is \$14.84, up \$1.07 from June, \$1.69 above a year ago, and the highest Class IV since December 2015. The 2016 Class IV average now stands at \$13.42, down from \$13.62 a year ago and \$23.19 in 2014.