



1315 K STREET
MODESTO, CALIFORNIA 95354-0917
TELEPHONE (209) 527-6453
FAX (209) 527-0630

June 8, 2015

John Suther, Hearing Officer
Members of the Hearing Panel
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Re: Post-Hearing Brief for the June 3, 2015 Class 4b Hearing

Dear Members of the Hearing Panel:

We thank you for the opportunity to file this post-hearing brief to amplify portions of our testimony presented in Sacramento on June 3, 2015.

Due to increased costs, notably because of environmental regulations, escalating feed costs and the drought, California dairymen have lost much of their competitive position relative to the rest of the nation. Failing to capture the value of whey, which has turned out to be a very marketable product, is hurting their competitiveness further.

1) Data shows cheese plants in the rest of the U.S. tie their pricing off of Class III

Since the panel seemed interested in finding out more information regarding the fact that milk was being sold under the Class III price in the Upper Midwest order this year (as testified to by some processors) we deemed pertinent to add 2015 data to the information we presented regarding Wisconsin prices. For the year so far (January-April 2015), the Wisconsin all-milk price averaged \$17.30/cwt versus a Class III price (adjusted for average fat test of 3.81%) of \$16.29/cwt. This means a difference of \$1.01/cwt. While the number is lower than for 2014, we would like to re-emphasize that in an area where cheese plants represent close to 85% of the utilization, it's safe to say that with an all-milk price \$1.01/cwt over Class III, cheese plants certainly couldn't have been paying much under Class III.

2) California is losing dairies at an alarming rate

It was mentioned at the hearing that the current loss rate of dairies is not abnormal. We find that statement disturbing, and would like to re-emphasize the magnitude of the issue by providing an additional comparison. From 2012-2014, the state lost 93 dairies. According to CDFA data provided for the hearing, there were 57 cheese plants in the state in the first quarter of 2015. This compares to 57 cheese plants in the first quarter of 2012 (the last time CDFA provided analysis for a hearing on Class 4b prior to 2015).

California dairy families need a better way to capture value from whey and we believe the proposal submitted by California Dairy Campaign, Milk Producers Council and Western United Dairymen would provide a more equitable method of doing so. Therefore we urge the Department to adopt that proposal.

We thank you for the opportunity to file a post-hearing brief and look forward to the Department's hearing determination.

Sincerely,



Annie AcMoody
Director of Economic Analysis
Western United Dairymen