

WESTERNUNITEDDAIRIES

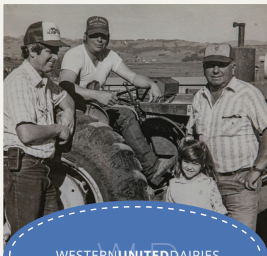
WEEKLY UPDATE | SEPTEMBER 26, 2023

Truck Regulatory Update

By Paul Sousa, Director of Regulatory & Environmental Affairs

The California Air Resources Board (CARB) has been working to reduce criteria air pollutants and greenhouse gas emissions (GHG) from heavy-duty trucks with a series of rules aimed at replacing older trucks with newer, cleaner ones, making sure emission control equipment is functioning as intended, and eventually moving to Zero Emission trucks. I am going to touch on two of those rules here. The first rule in this series was the Truck and Bus Rule, which required the phasing out of trucks with 2009 and older engines by January 2023. That phase-out is complete, but older trucks are still allowed to operate if they stay under 1,000 annual miles and are reported under the Low Use Exemption. I recently had a WUD member who received a Notice of Audit letter from CARB regarding their truck in the Low Use Exemption. CARB wanted a photo of the odometer that included the letter in the photo to prove that the mileage was compliant with the Exemption. We submitted the photo as requested by the deadline. A couple of days later, the dairy received a Notice of Violation with a proposed \$10,000 fine dated on the day of the deadline in the Notice of Audit letter.

(continued on page 3)



WESTERNUNITEDDAIRIES

HAVE YOUR PHOTO FEATURED AT THE WORLD AG EXPO!

It's that time of year!

We're seeking WUD member photos of dairying in the past to feature in the Western United Dairies booth at the 2024 World Ag Expo. These photos can include family pictures, operations, and dairy life.

To submit your photo, email
allison@wudairies.com

Weekly Update Delivery Options

Send change of address or request for delivery to WUD by phone or email at:
(209)527-6453
info@wudairies.com

Struggling with Depression?

Call 1-800-784-2433 any time, 24x7, for a live, trained person to talk with or to find local resources.

LUC: Lecheros Unidos de California

Western United Dairies is proud to host LUC, a clearinghouse of resources to assist in all aspects of searching for and hiring employees for your dairy.

LUC services are offered in Spanish & English & include:

- Free advertisement of job postings to a wide audience of potential employees
- Phone call interviews with translation services
- Access to a pool of pre-screened employees with dairy experience

For more information, visit:
westernuniteddairies.com/lecheros-unidos

CDFA Determination Regarding Stop QIP Petition #5 for the Quota Implementation Plan

The following is a Petition for **Termination of the QIP #5** submitted to the California Department of Food and Ag on June 22, 2023:

In support of immediately terminating the Quota Implementation Plan and requesting that the CDFA conduct a referendum in accordance with the procedures set forth in California Food & Agriculture Code sections 62716 and 62717 and 62719.

A copy of the Petition to Terminate the QIP #5 submitted by Stop QIP on June 22, 2023 can be viewed on our website at:
https://www.cdfa.ca.gov/dairy/dairy_hearings_matrix.html

New On Seen & Herd: Deciphering California's Regulatory Acronym Jungle

This week on Seen & Herd, Paul Sousa was back on the podcast, where he spoke to Allison Tristao about many regulatory updates including, Low-Use Truck regulations, new clean truck check, Low Carbon Fuel Standards (LCFS) 2023 proposed amendments, and more.

Listen to the episode on your favorite podcast streaming service or on our website at wudairies.com.

For questions about the episode, reach out to Paul Sousa at paul@wudairies.com or Allison Tristao at allison@wudairies.com.

KITCHEN TABLE MEETINGS

Stanislaus

OCTOBER 17, 2023 | 12:00PM

Duner Barn

3501 DUNN RD • MODESTO, CA 95358

Merced

OCTOBER 24, 2023 | 10:30AM

Vander Woude Dairy Shop Office

1550 RAHILLY RD • MERCED, CA 95341

Humboldt

DECEMBER 5, 2023 | 5:00PM

Fernbridge Cafe

623 FERNBRIDGE DR • FORTUNA, CA 95540

Sonoma/Marin

DECEMBER 6, 2023 | 11:00AM

Washoe House

2840 ROBLAR RD • PETALUMA, CA 94952

PLEASE TO KYLE LUTZ
RSVP AT [KYLE@WUDAIRIES.COM](mailto:kyle@wudairies.com)

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(continued) Truck Regulatory Update

I contacted ARB, who said the two documents crossed in the mail and not to worry that the dairy was compliant. I bring this up because if you get a Notice of Audit from CARB, do not wait to respond. I am here to help you, so do not hesitate to reach out.

I also wanted to let you know about a new rule, the Clean Truck Check (CTC), which is a smog check requirement for heavy-duty trucks to ensure that truck emission control systems are operating as intended. Starting next year, trucks will have to undergo a smog check, like how cars are tested now. For newer trucks, this will just involve plugging into the truck's On-Board Diagnostic (OBD) port. The test does not have to be completed at a smog check station but can be completed anywhere by a certified technician using an approved device. Agricultural vehicles must be tested once per year, but other trucks will eventually be tested four times per year.

ARB is setting up a database that truck owners must use to register their trucks for CTC. A factsheet on CARB's website states: "CARB anticipates that the database will be open for fleet representatives to create accounts on October 1, 2023. Required information must be entered for vehicles in their fleet that are subject to Clean Truck Check and the \$30 per vehicle compliance fee(s) paid for all vehicles in the fleet by December 31, 2023." I will have more information on that as it becomes available. This rule is new, and exactly how it will all work out is still being figured out. You can visit the Clean Truck Check website: <https://ww2.arb.ca.gov/our-work/programs/CTC> for the latest information.

If you have any questions on this, please reach out to me at paul@wudairies.com or at the WUD office. •



Bradley J. Swingle	<u>Of Counsel</u>
Colleen F. Van Egmond	George S. Arata
Amanda J. Heitlinger	Michelle L. Morelli
Richard D. Moths	
Laura McGee	

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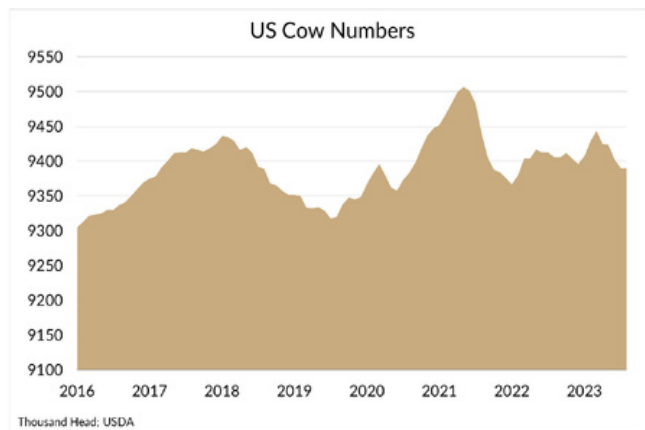
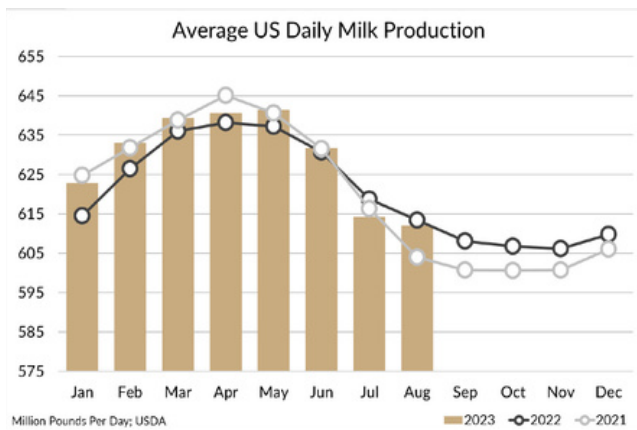
Employment Law & Litigation
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WEEKLY MARKET UPDATE

US milk production reached 19.0 billion pounds in August, down 0.2% on the year but ahead of expectations for -0.7%. While California output decreased 3.7%, that was an improvement from July's -5.5%.

- Despite higher slaughter rates, the US dairy herd totaled 9.39 million head in August, unchanged on the month, but down 16,000 cows versus 2022.
- Globally uncompetitive cheese prices are driving more product to Chicago and sending CME prices tumbling. Spot blocks fell into the \$1.70-per-pound range, while barrels dropped to the \$1.50s before climbing back to finish the week at \$1.60 per pound.
- Tighter cream and holiday preparations lit a fire under the CME butter market, with spot prices reaching the \$3-per-pound mark, a level last seen in November 2022.
- Prices climbed at the latest GlobalDairyTrade event, with cheddar the only commodity to slip. SMP prices jumped 5.0% to \$1.09 per pound, while WMP rose 3.6% to \$1.27 per pound. That marks the first time since May that both milk powder prices have climbed.
- Spot NDM took a cue from GDT, with prices climbing to the highest level since July.
- The corn harvest continues to roll along, reaching 9% complete as of September 17, ahead of the five-year average. Meanwhile, 51% of the crop was good or excellent, down from 52% the week before.
- Soybean harvest is also underway, reaching 5% completion, ahead of the historical average. Crop conditions remained at 52% good or excellent.
- December corn futures didn't see much movement on the week. But the November soybean contract fell 44 cents versus the Friday before as poor demand weighed heavily on prices.



Dairy Revenue Protection Program			
	Futures	Milk Price (Floor) Guarantee @ 95%	Premium Per CWT (CA)
January - March 2024			
Class III	\$18.26	\$17.34	\$0.28
Class IV	\$19.44	\$18.46	\$0.33
April - June 2024			
Class III	\$18.42	\$17.50	\$0.38
Class IV	\$19.56	\$18.59	\$0.52
July - September 2024			
Class III	\$18.56	\$17.63	\$0.40
Class IV	\$19.55	\$18.57	\$0.46
October - December 2024			
Class III	\$18.55	\$17.63	\$0.52
Class IV	\$19.23	\$18.27	\$0.52
January - March 2025			
Class III	\$18.03	\$17.13	\$0.58
Class IV	\$18.15	\$17.24	N/A
*As of 9/22/2023 for 95% coverage, 1.0 Protection Factor			
		Tiffany LaMendola 209.768.6313	

CME Commodity Prices					
	Blocks	Barrels	Butter	NDM	Dry Whey
Sep-18	\$1.8800	\$1.7200	\$2.7700	\$1.1125	\$0.2900
Sep-19	\$1.8800	\$1.6600	\$2.8300	\$1.1200	\$0.2825
Sep-20	\$1.8000	\$1.6100	\$2.8400	\$1.1275	\$0.2875
Sep-21	\$1.7700	\$1.5650	\$2.9350	\$1.1600	\$0.2875
Sep-22	\$1.7800	\$1.6000	\$3.0000	\$1.1700	\$0.3025
Average	\$1.8220	\$1.6310	\$2.8750	\$1.1380	\$0.2900
Weekly Change	-0.1000	-0.2100	0.2825	0.0575	0.0025
Order 51: Latest Prices					
	May	Jun	Jul	Aug	Sep
Class I LA	\$21.87	\$20.31	\$19.62	\$18.92	\$21.20
Class II	\$19.11	\$18.83	\$19.12	\$19.91	
Class III	\$16.11	\$14.91	\$13.77	\$17.19	
Class IV	\$18.10	\$18.26	\$18.26	\$18.91	
PPD	\$1.55	\$1.51	\$1.76	\$0.77	
Blend: LA*	\$17.66	\$16.42	\$15.53	\$17.96	
Blend: Tulare*	\$17.16	\$15.92	\$15.03	\$17.46	
*Does not include Quota Deduction					

USDA Dairy Margin Coverage (per CWT)					
	Month	All Milk	Feed	Margin Estimate	Indemnity Estimate @ 9.50 Margin
2023 Program	Jan-23	\$ 23.10	\$ 15.16	\$ 7.94	\$ 1.56
	Feb-23	\$ 21.60	\$ 15.41	\$ 6.19	\$ 3.31
	Mar-23	\$ 21.10	\$ 15.02	\$ 6.08	\$ 3.42
	Apr-23	\$ 20.70	\$ 14.86	\$ 5.84	\$ 3.66
	May-23	\$ 19.30	\$ 14.47	\$ 4.83	\$ 4.67
	Jun-23	\$ 17.90	\$ 14.25	\$ 3.65	\$ 5.85
	Jul-23	\$ 17.40	\$ 13.88	\$ 3.52	\$ 5.98
	Aug-23	\$ 19.92	\$ 13.07	\$ 6.86	\$ 2.64
	Sep-23	\$ 20.55	\$ 11.89	\$ 8.66	\$ 0.84
	Oct-23	\$ 20.83	\$ 11.84	\$ 8.99	\$ 0.51
	Nov-23	\$ 21.16	\$ 11.88	\$ 9.28	\$ 0.22
	Dec-23	\$ 21.19	\$ 11.93	\$ 9.26	\$ 0.24
Estimates only. As of 9/22/2023 and based on futures markets which can change daily.					

