



MARQUEZ BROTHERS INTERNATIONAL, INC.

Manufacturers of **EL MEXICANO®** brand cheese



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December 15, 2011

Karen Ross, Secretary
California Department of Food and Agriculture
1220 N. Street
Sacramento, California 95814

Dear Secretary Ross:

Marquez Brothers is very concerned about the petition from Western United Dairymen so soon after the September 1, 2011 implementation of the hearing decision of August 22, 2011. Holding another 4b pricing hearing so soon, after the decision from the last hearing was implemented creates a very uncertain environment for our company. In order for us to be successful we need some certainty from our regulators about the kind of pricing environment we face. The issue of the Class 4b whey factor was fully vented at the hearing on June 30th and July 1st, 2011 and was the subject of a comprehensive industry-wide study conducted by the California Department of Food and Agriculture in 2008. Frequent hearings create too much risk for us to make the kind of investments that will keep our company successful in the future. The fact that U.S.D.A. chose not to follow the thoughtful lead provided by CDFA does not warrant revisiting this issue yet again.

We are still trying to adjust to the cost increase we faced as a result of the last 4b hearing decision that was implemented only 3 months ago. The result of this most recent hearing was a cost increase to us of 45 cents per hundredweight of milk, which is a very large increase by historic standards. The Department should not be considering another increase at this time. The Western United petition would increase our costs beyond what we can reasonably recover in the market. We cannot sustain such a cost increase. In order for dairymen to be successful, they must have plants where they can sell their milk. Western United's proposed 4b formula would put much of the plant capacity in the state at risk. We urge you most strongly to deny the petition from Western United.

Sincerely,

Luis Daniel Espinoza
General Plant Manager
Marquez Brothers International Inc.,

cc: Sandra Schubert, Undersecretary
Candace Gates, Chief, Dairy Marketing Branch