



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

August 21, 2012

Michael L. H. Marsh
Chief Executive Officer
Western United Dairymen
1315 K Street
Modesto, CA 95354

Dear Mr. Marsh:

On August 6, 2012, Western United Dairymen (WUD) petitioned the California Department of Food and Agriculture for an emergency hearing to consider two milk pricing changes: (1) a uniform increase to Class 1, 2, 3, 4a and 4b prices for a term of six months beginning October 2012; and (2) a dry whey credit for Class 4b manufacturing plants that would exempt the first one hundred thousand pounds of bulk milk processed daily from the whey component. In addition to these pricing changes, WUD has also proposed replacing the current whey factor scale with one that caps values at \$4.00 per hundredweight instead of the current \$0.75 per hundredweight.

After careful consideration of your petition and the issues facing the dairy industry in California, CDFA respectfully declines to call a hearing for the following reasons.

Temporary Increase on All Classes of Milk

As the Secretary stated in her letter to industry dated July 20, 2012, she is committed to finding long-term solutions to the problems facing our dairy families. You acknowledged yourself in the petition, "a fifty cent temporary price increase will not make dairy margins positive again." Current fluctuating feed costs and milk prices combined with the short period of time since our last decision makes it premature to convene a hearing at this time.

Dry Whey Credit

The Food and Agricultural Code does not provide for the implementation of the dry whey credit you have proposed.

Replacing of Whey Factor Sliding Scale

This issue was considered during the recent milk pricing hearing and rejected. In the very brief period between the issuance of CDFA's previous decision and your petition, circumstances have not altered to the extent that requires reconsideration.



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The Secretary wants to work with the industry to help create long-term solutions for the problems now facing our dairy families. It is important for WUD and all other industry organizations and individuals to participate in the process and work together to ensure a better future.

Sincerely,

Kevin Masuhara
Director