



August 8, 2012

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

Dear Secretary Ross:

On behalf of the member companies of Dairy Institute of California, I am writing to request that you deny the August 6, 2012 petition submitted by Western United Dairymen.

This petition comes a mere week after the effective date of your decision on the May 31-June 1, 2012 hearing held to consider changes in the whey factor contained in the 4b pricing formula. The proposal contained in this petition asks the Department and industry to again, for the third time in little over a year, repeat the process of deliberating the same issue. The petition's proposed exemption of 100,000 pounds of milk per day adds some additional competitive challenges for processors, but does nothing to mask the petitioners' obvious goal. These are repeated requests for hearings aimed at achieving a different outcome absent different evidence. And, they have the very real potential to create a negative business climate, jeopardizing investment in needed processing capacity by adding uncertainty and instability to the state's milk pricing system.

With regard to the request for emergency price relief, our goal is for price recovery which provides timely relief to producers. We see the likelihood of such market-derived recovery in the near future. In fact, these increases should assist producers more fully and far sooner than the temporary regulated changes requested in the petition.

As you expressed in your July 20, 2012 letter announcing your decision, solutions sought by producers are only a part of the much larger issue: the long-term direction of the California dairy industry. We would very much regret a delay in moving forward with the work of the Dairy Future Task Force in favor of yet another hearing which replays most of the same issues, and has sparse hope of solving the immediate and future challenges facing producers and processors.

Sincerely,

Rachel Kaldor
Executive Director

Cc: Sandra Schubert, Undersecretary
Kevin Masuhara, Director of Marketing Services
Candace Gates, Branch Chief, Dairy Marketing Branch