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December 4, 2012

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

**Re: Support for Class 4b Hearing**

Dear Secretary Ross:

Western United Dairymen (WUD) supports the request made by California Dairies, Inc. (CDI), Land O'Lakes (LOL) and Dairy Farmers of America – Western Council (DFA) in their December 4, 2012 petition to CDFA requesting a hearing to consider changes to the Class 4b formula, specifically to the whey factor. While we recognize that this particular issue is also the subject of legislation introduced yesterday, AB31 (Pan), the financial distress facing California dairy families justifies revisiting this critical issue on an emergency basis.

As the petitioners clearly outlined in their letter, California dairy families are struggling. A drought caused a significant hike in feed prices, leaving dairymen with a feed bill that represents an ever increasing part of their total cost of production. While dairymen across the country may have faced an increase in feed costs, California dairymen must also deal with a lower milk price, which leaves them with unsustainable margins. As we have argued in the past, the current sliding scale does not come close to the value generated by the whey factor in the federal order Class III price.

We still strongly believe relief is needed and changes need to be made. The petition submitted by CDI, LOL and DFA proposes a sliding scale that matches the value in the Class III formula for a period of 6 months. This is an appropriate short term solution to this issue and we support their proposal.

While we commend your efforts in creating the dairy industry task force and your willingness to find long term improvements to the California pricing system, dairy producers need relief now.

Very truly yours,

Tom Barcellos  
President

Michael L. H. Marsh, CPA  
Chief Executive Officer