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November 21, 2003

The Honorable A.G. Kawamura, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Re: Petition to Amend the Northern and Southern California Milk Stabilization Plan, Section 300 (D)(1)(2) and E(1).

Dear Mr. Secretary:

Congratulations once again on your appointment as secretary. We greatly look forward to working with you on important issues facing the dairy industry in California. This letter requests your attention to one such issue.

Western United Dairymen respectfully requests the call of a Class 4a and 4b hearing in order to adjust manufacturing cost allowances to reflect the recently released manufacturing cost study. The costs in the study indicate that manufacturing costs for butter, nonfat dry milk and cheddar cheese have declined since the last study period. We request the butter manufacturing cost be adjusted to \$0.1189, the nonfat dry milk manufacturing cost be adjusted to \$0.1419, and the cheddar cheese manufacturing cost allowance be adjusted to \$0.1599. These figures reflect 100% of the weighted average cost on 95% of the volume of butter, nonfat dry milk and cheddar cheese as supported by figures released by the Department on November 17, 2003.

Additionally, we have requested updated data on California butter and cheddar cheese sales data. If this data is available prior to the hearing, we will also consider amending our petition to adjust the f.o.b. California price adjusters in the Class 4a and 4b formulas to reflect updated data.

Western United Dairymen's recommended changes to the Northern and Southern California Milk Stabilization and Marketing Plan Section 300 (D)(1)(2) and E(1) are attached.

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The factors above are all extremely important factors in the minimum class price formulas and it is vital that they are kept as up-to-date as possible. We look forward to your response and thank you for your careful consideration of this very important request.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael L. H. Marsh". The signature is fluid and cursive, with a large initial "M" and "L".

Michael L. H. Marsh, CPA
Chief Executive Officer

cc: David Ikari, Dairy Marketing Branch Chief
Board of Directors, Western United Dairymen
Tiffany LaMendola, Western United Dairymen

Northern and Southern California Stabilization and Marketing Plan for Market Milk

Section 300.0

(D) The minimum prices to be paid for components used for Class 4a shall be computed as follows:

- (1) For all milk fat, not less than the price per pound computed by the formula using the butter price, less an f.o.b. California adjuster of three and thirty-two hundredths cents (\$0.0332), less a manufacturing cost allowance of eleven and eighty-nine hundredths cents (\$0.1189), and the result multiplied by a yield factor of one and two-tenths (1.2).
- (2) For all milk solids-not-fat, not less than the price per pound computed by the formula using the nonfat dry milk price, less a manufacturing cost allowance of fourteen and nineteen hundredths cents (\$0.1419), multiplied by a yield factor of one (1.0).

(E) The minimum prices to be paid for components used for Class 4b shall be computed as follows:

- (1) The Cheese hundredweight price shall be the price per hundredweight computed by the sum of the following:
 - a) The price per hundredweight computed by the formula using the Cheddar cheese price, less and f.o.b. California price adjuster of three and twenty-one hundredths cents (\$0.0321), less a Cheddar cheese manufacturing cost allowance of fifteen and ninety-nine hundredths cents (\$0.1599), all multiplied by a yield factor of ten and two-tenths (10.2).
 - b) The price per hundredweight computed by the formula using the butter price, less a manufacturing cost allowance of eleven and eighty-nine hundredths cents (\$0.1189), less ten cents (\$0.10), all multiplied by a yield factor of twenty-seven-hundredths (0.27).
 - c) The price per hundredweight computed by the formula using the dry whey price, less a manufacturing cost allowance of fifteen and nine-tenths cents (\$0.17), all multiplied by a yield factor of 5.8.