

Comparison of Transportation Allowances and Credits

June 17, 2008 Workshop
In Preparation for the July 1, 2008 Hearing

This is a comparison of transportation allowances and credits. It compares the relative costs of moving milk used for a variety of products.

Methodology

It is assumed that all farm milk tests 3.5% fat and 8.7% snf, and that the goal is to produce 10,000 pounds of the finished product. The amount of milk needed to make the products listed requires various amounts of farm milk depending on the snf test of the final product:

	Test		Product Volume (lb)	Needed Farm Milk (lb)
	(% fat)	(% snf)		
Whole	3.5%	8.7%	10,000	10,000
Reduced Fat (2-10)	2.0%	10.0%	10,000	11,494
Low Fat (1-11)	1.0%	11.0%	10,000	12,644
Skim	0.1%	9.0%	10,000	10,345
Condensed Skim	0.4%	32.0%	10,000	36,782

While transportation allowances apply to all milk received at an eligible plant, transportation credits are limited to the relative Class 1 utilization at the receiving plant. For these comparisons, possible values of 80%, 90% and 100% Class 1 utilization are assumed.

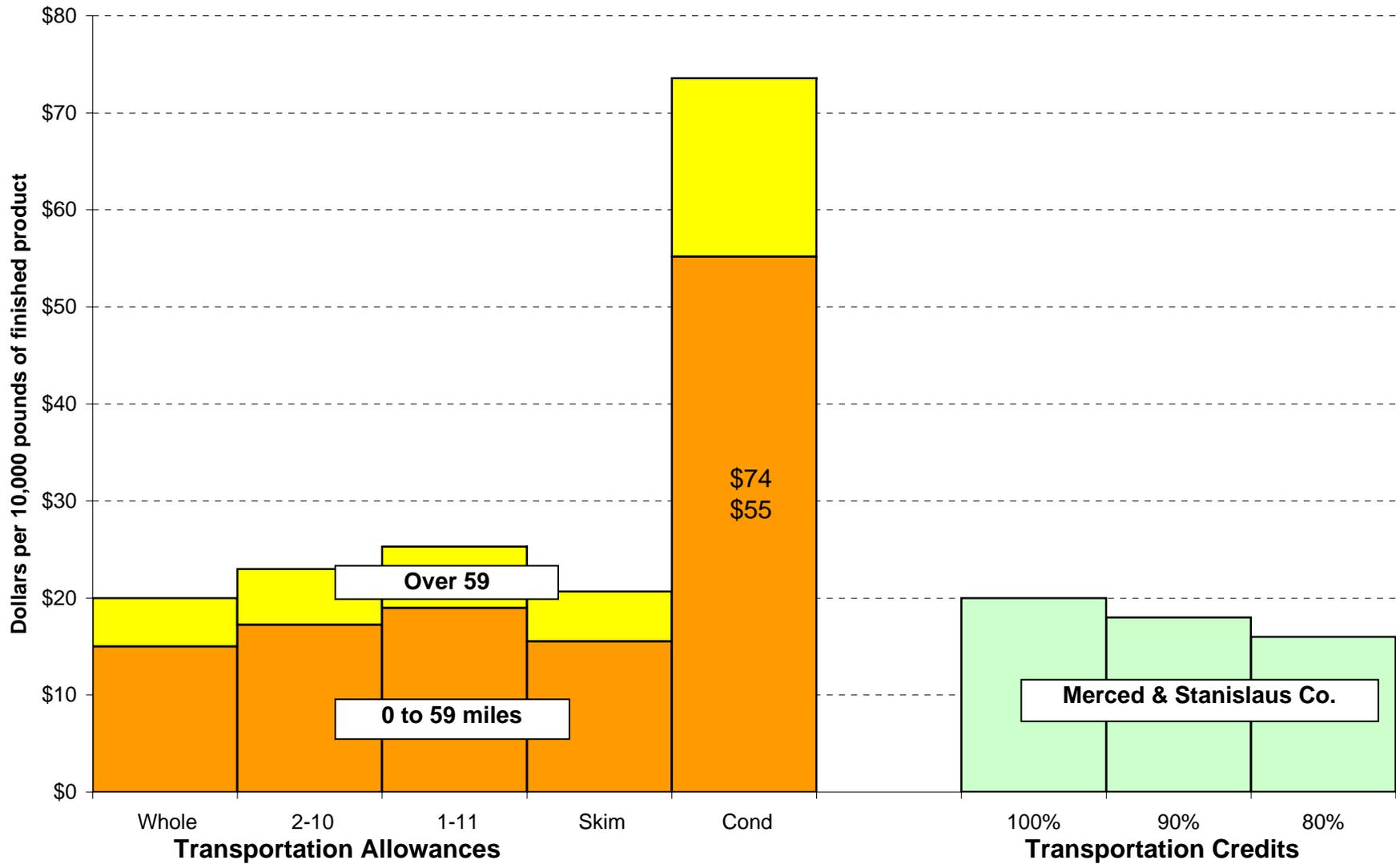
The figures attached show the amount of allowance and/or credits needed to generate 10,000 pounds of the given product:

Receiving Area	Current	CDI	DFA	Institute	Humboldt
Sacramento	Fig. 1a	*	Fig. 1c	Fig. 1d	*
North Bay	Fig. 2a	*	Fig. 2c	Fig. 2d	*
Bay Area	Fig. 3a	Fig. 3b	Fig. 3c	Fig. 3d	*
Southern Calif.	Fig. 4a	Fig. 4b	Fig. 4c	Fig. 4d	Fig. 4e

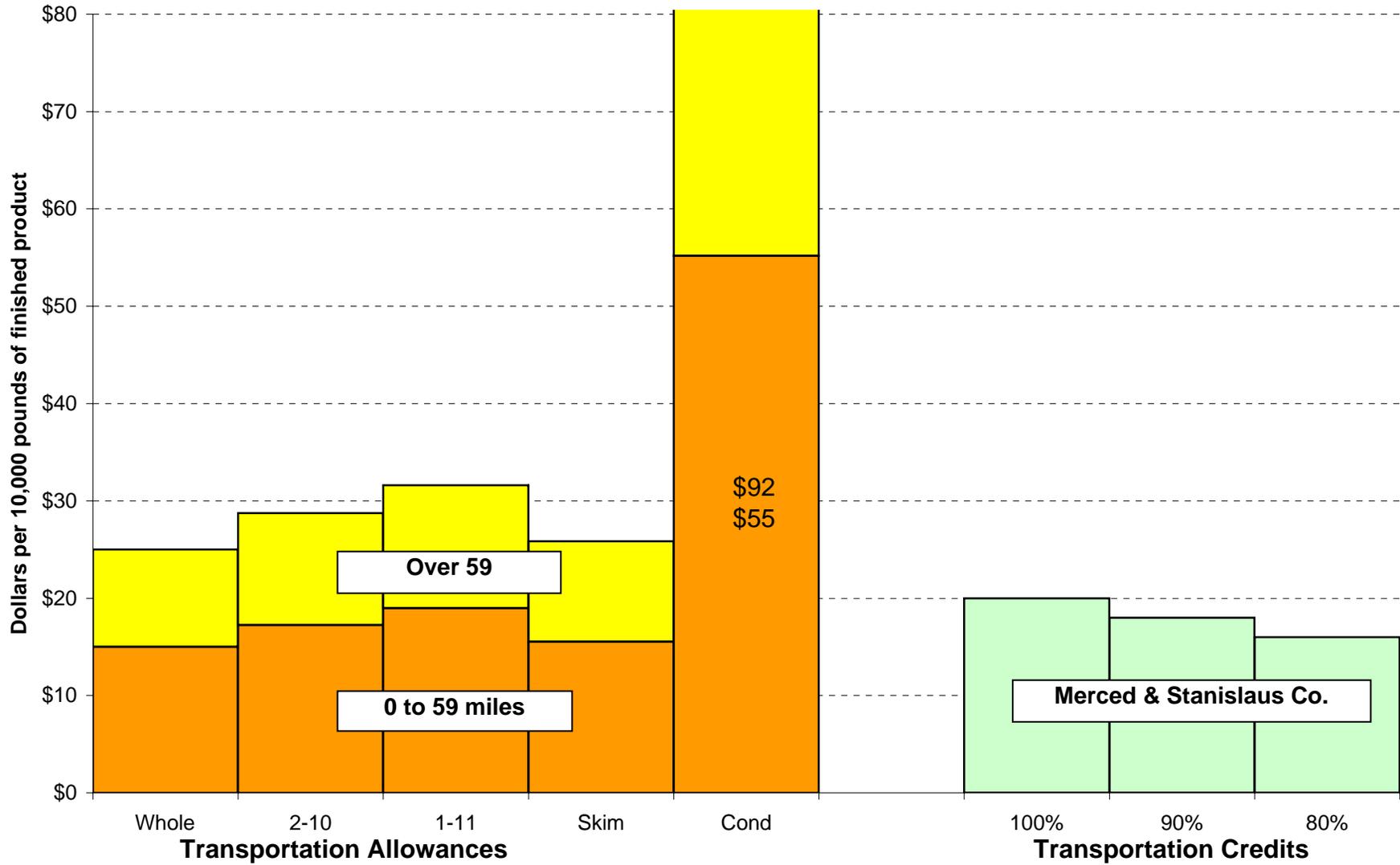
* Since no changes were proposed for these areas, the results are the same as for **Current**.

Figure 5a shows for the current rates in Southern California for those plants eligible both for allowances on incoming milk and for credits on outgoing milk.

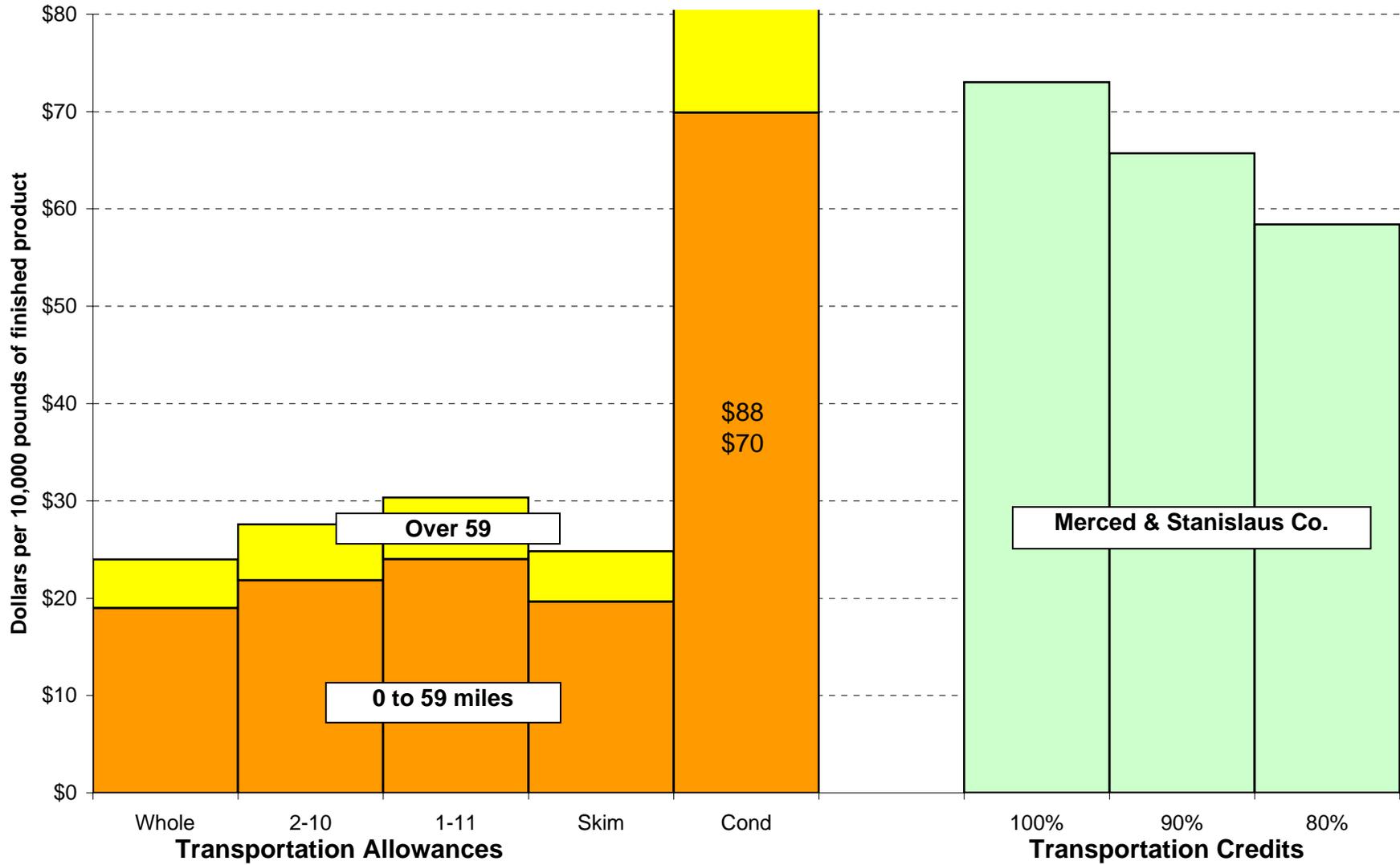
Figure 1a - To Sacramento Plants
Current



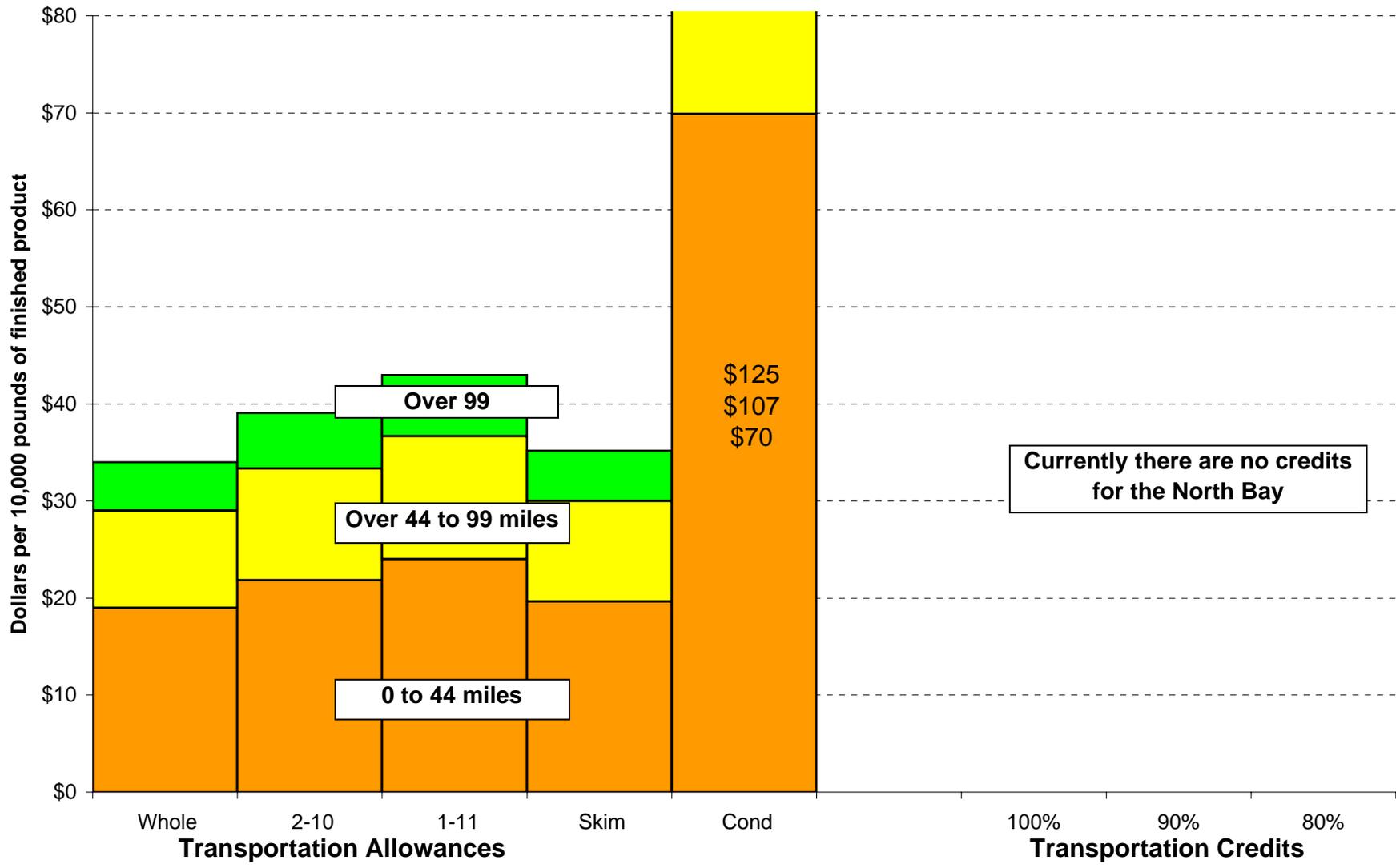
**Figure 1c - To Sacramento Plants
DFA Proposal**



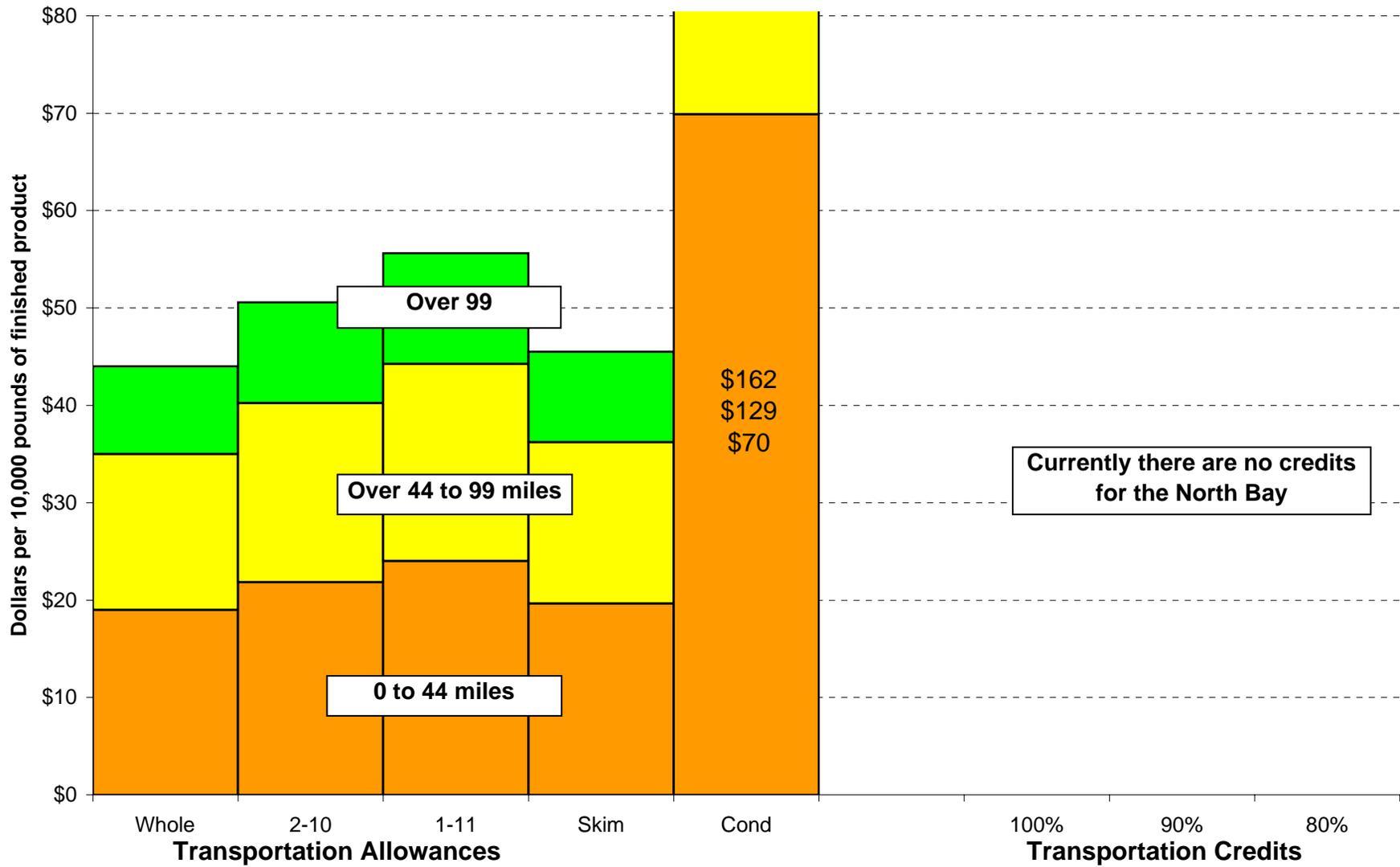
**Figure 1d - To Sacramento Plants
Institute Proposal**



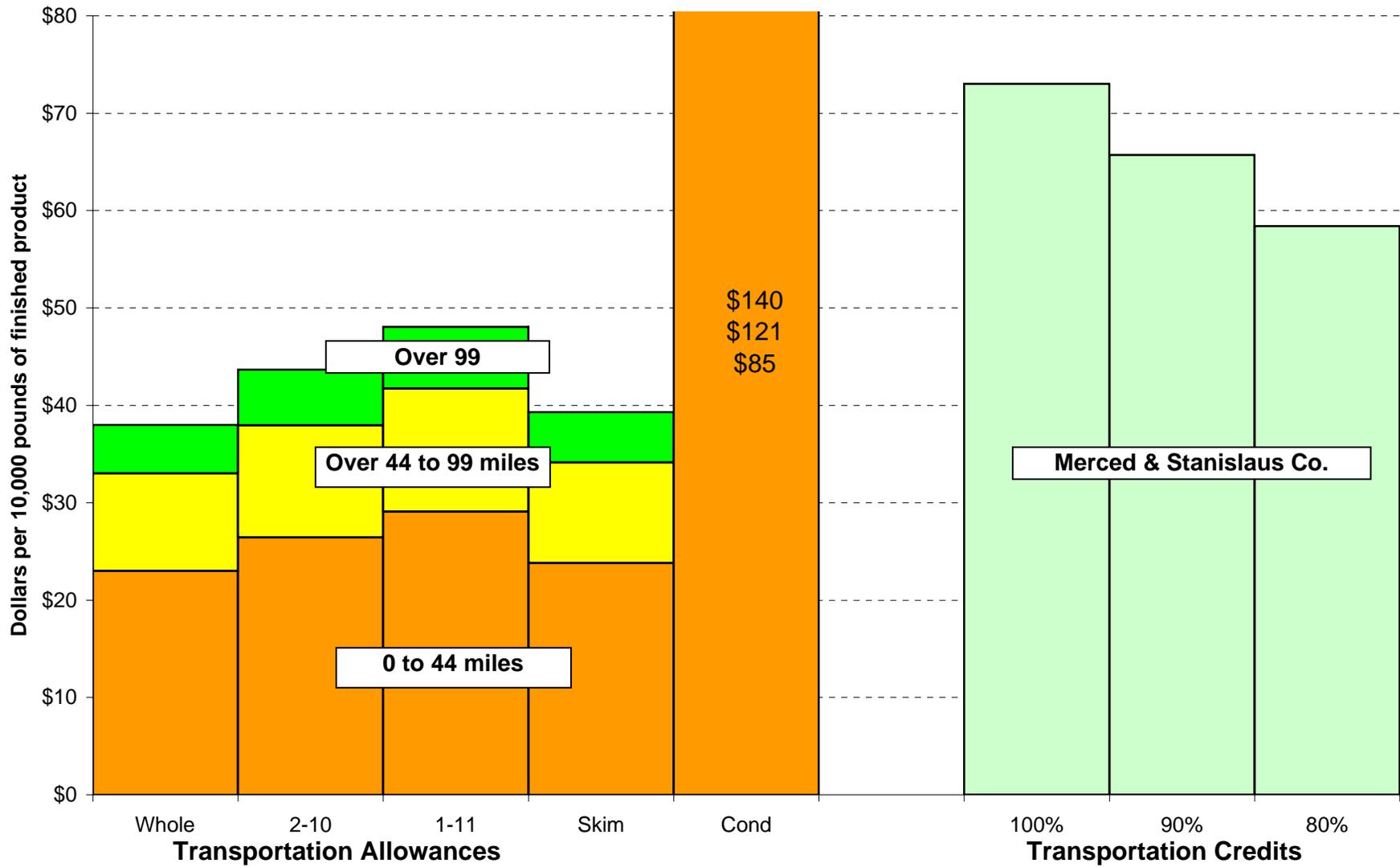
**Figure 2a - To North Bay Plants
Current**



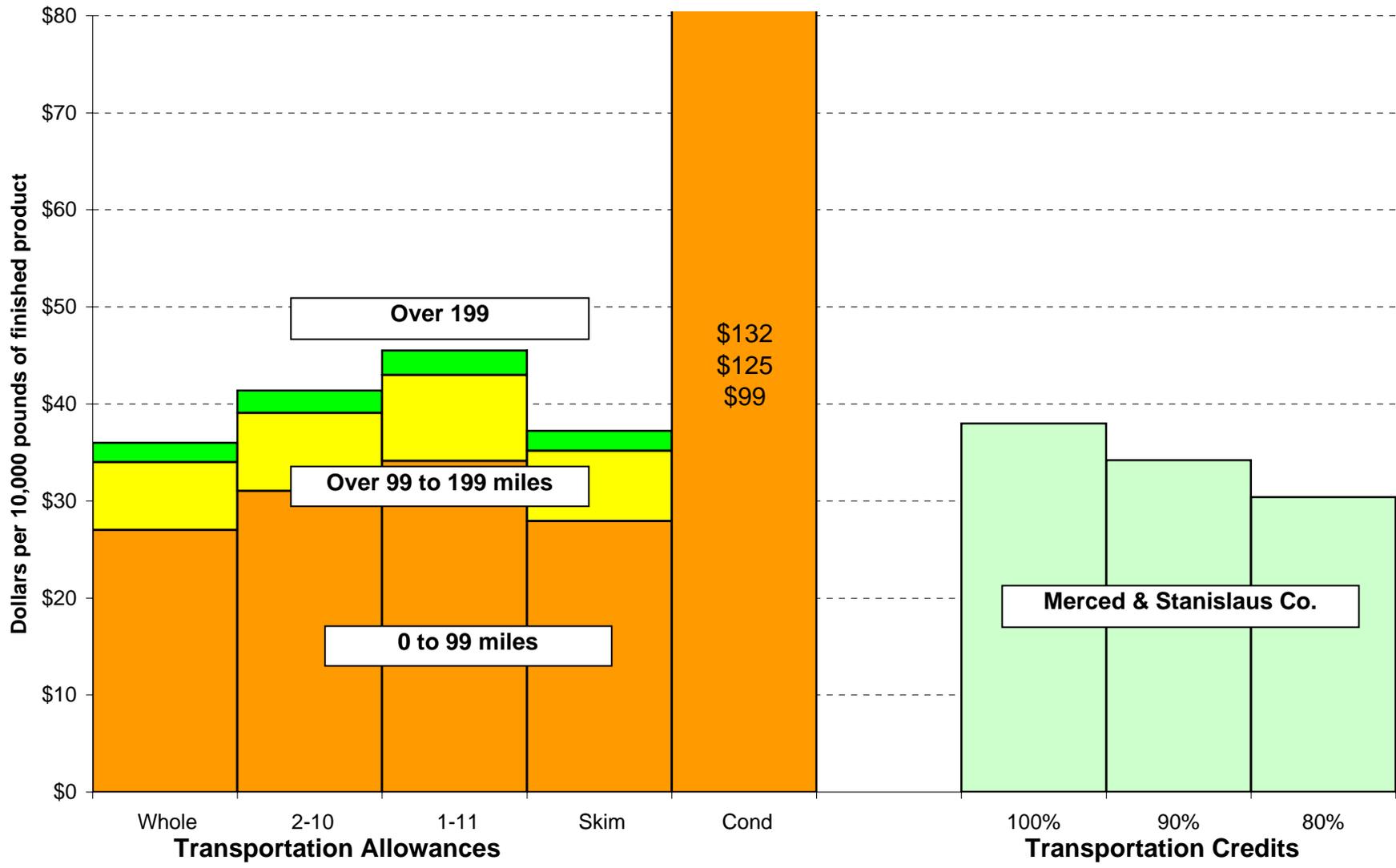
**Figure 2c - To North Bay Plants
DFA Proposal**



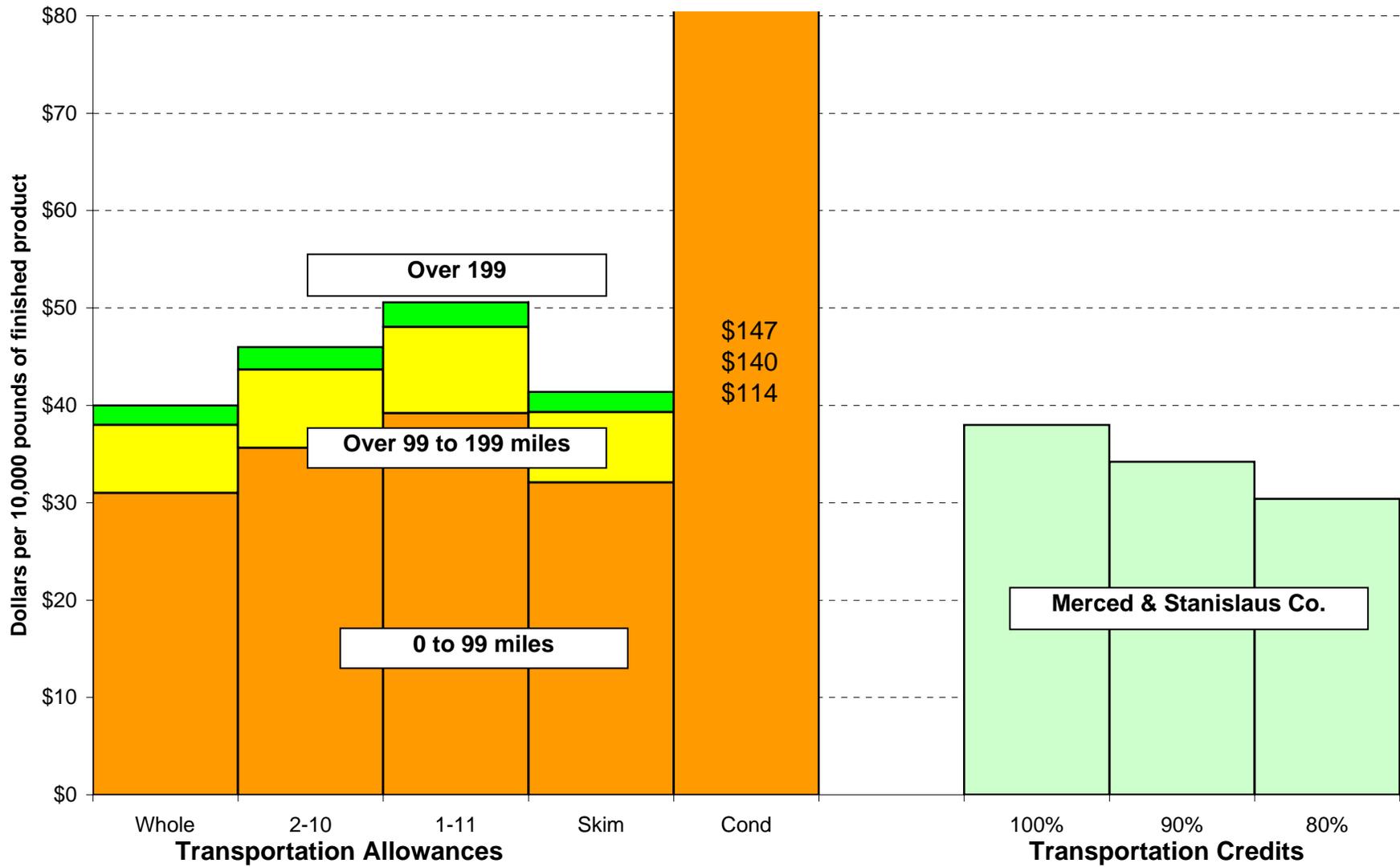
**Figure 2d - To North Bay Plants
Institute Proposal**



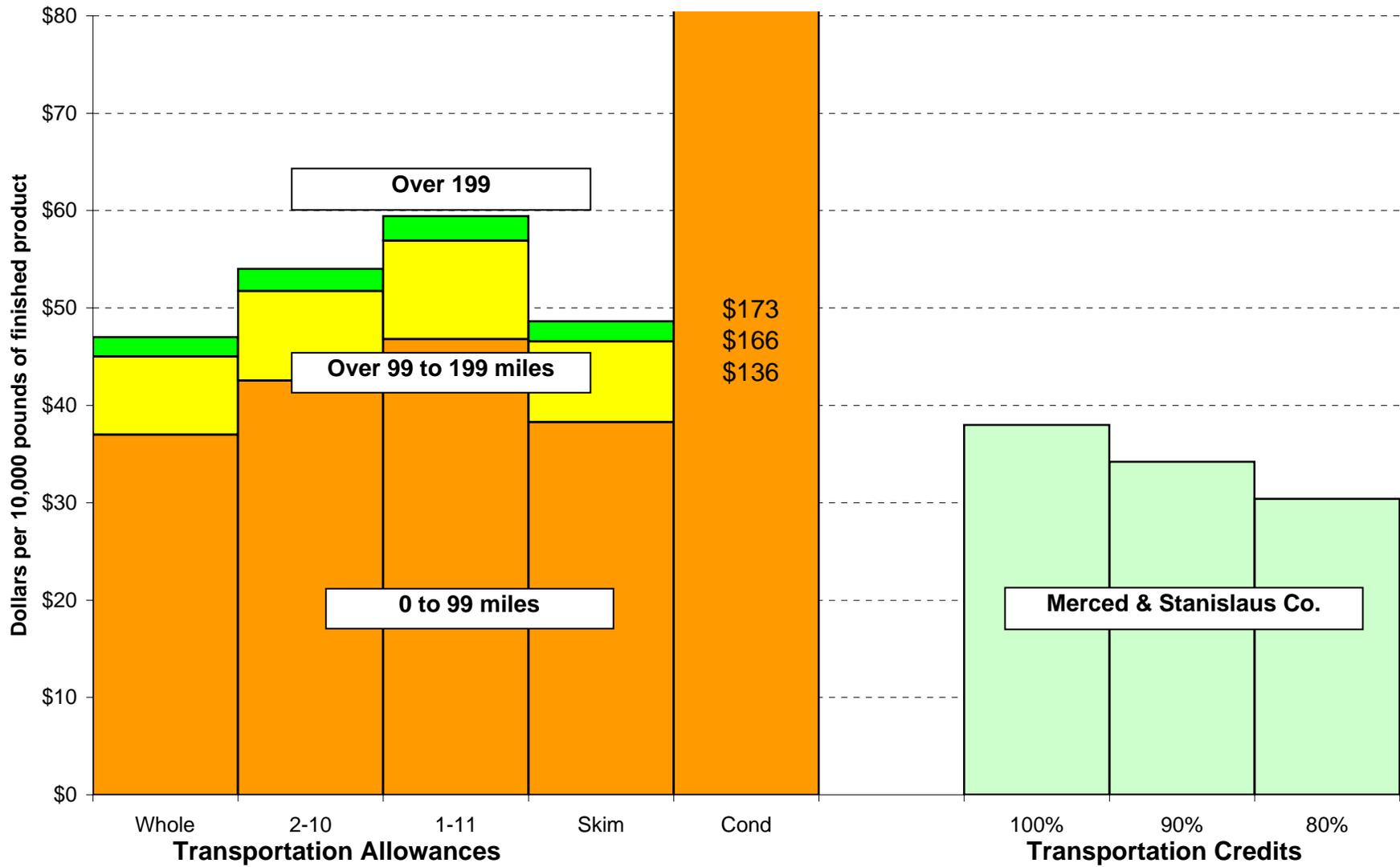
**Figure 3a - To Bay Area Plants
Current**



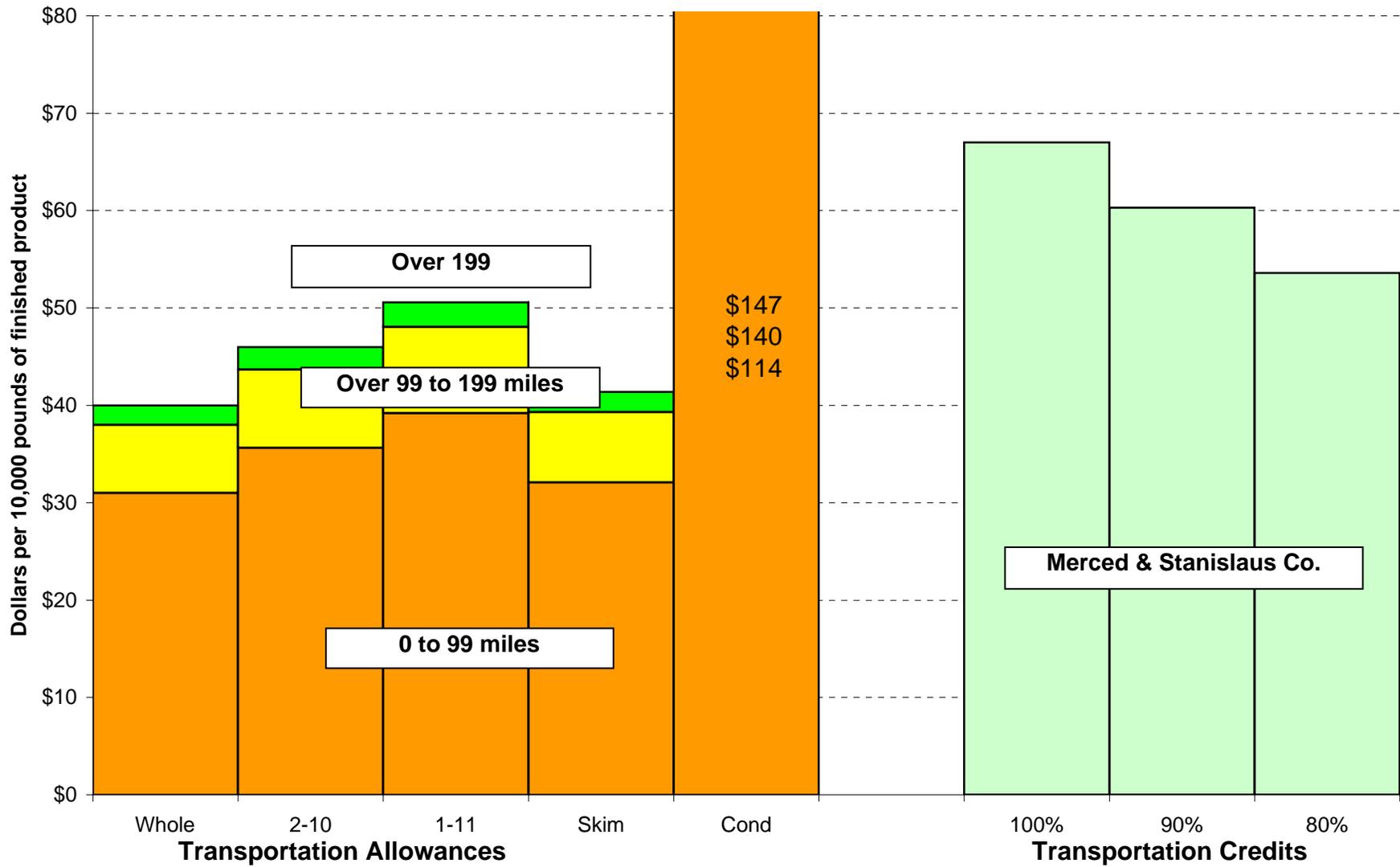
**Figure 3b - To Bay Area Plants
CDI Proposal**



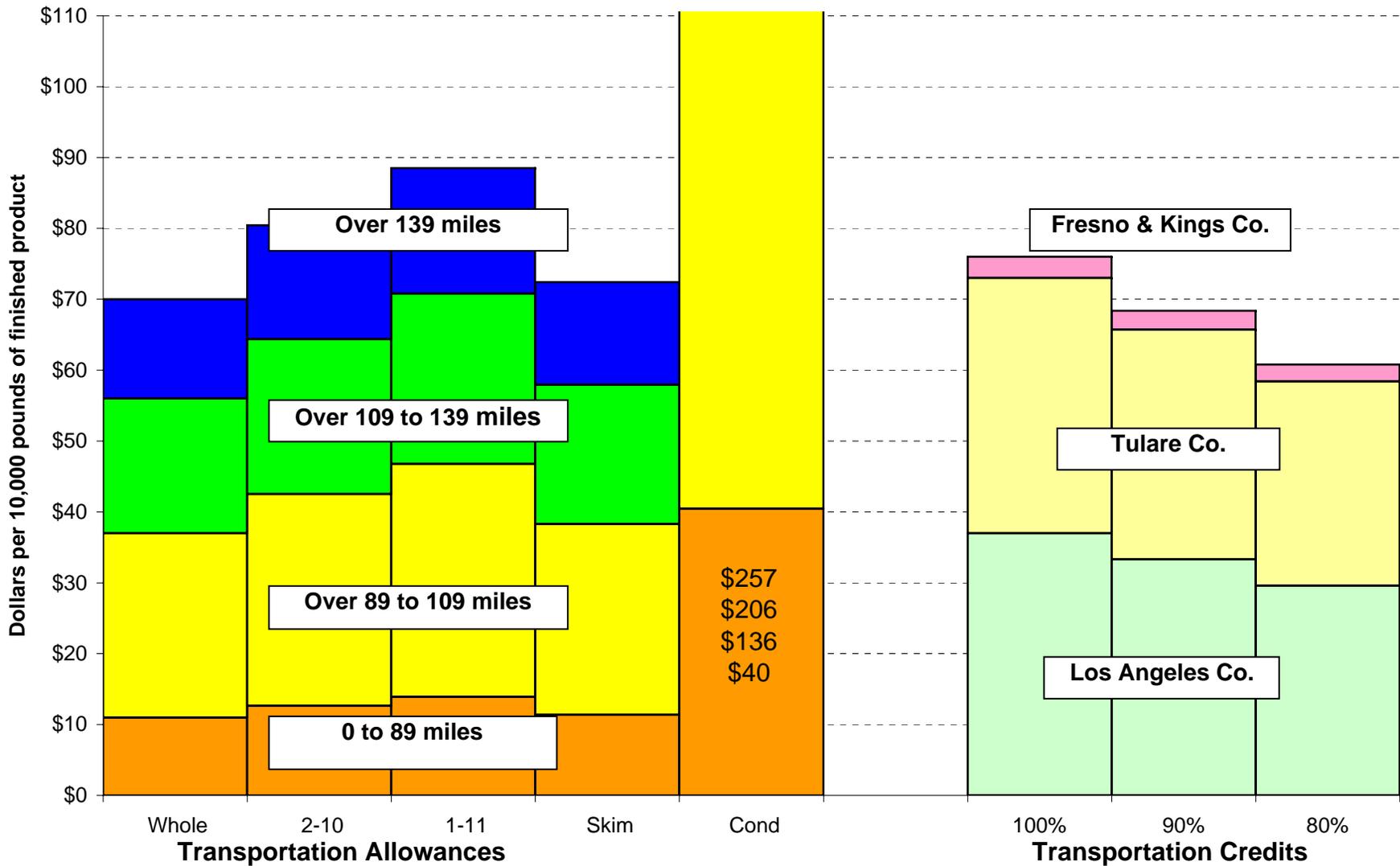
**Figure 3c - To Bay Area Plants
DFA Proposal**



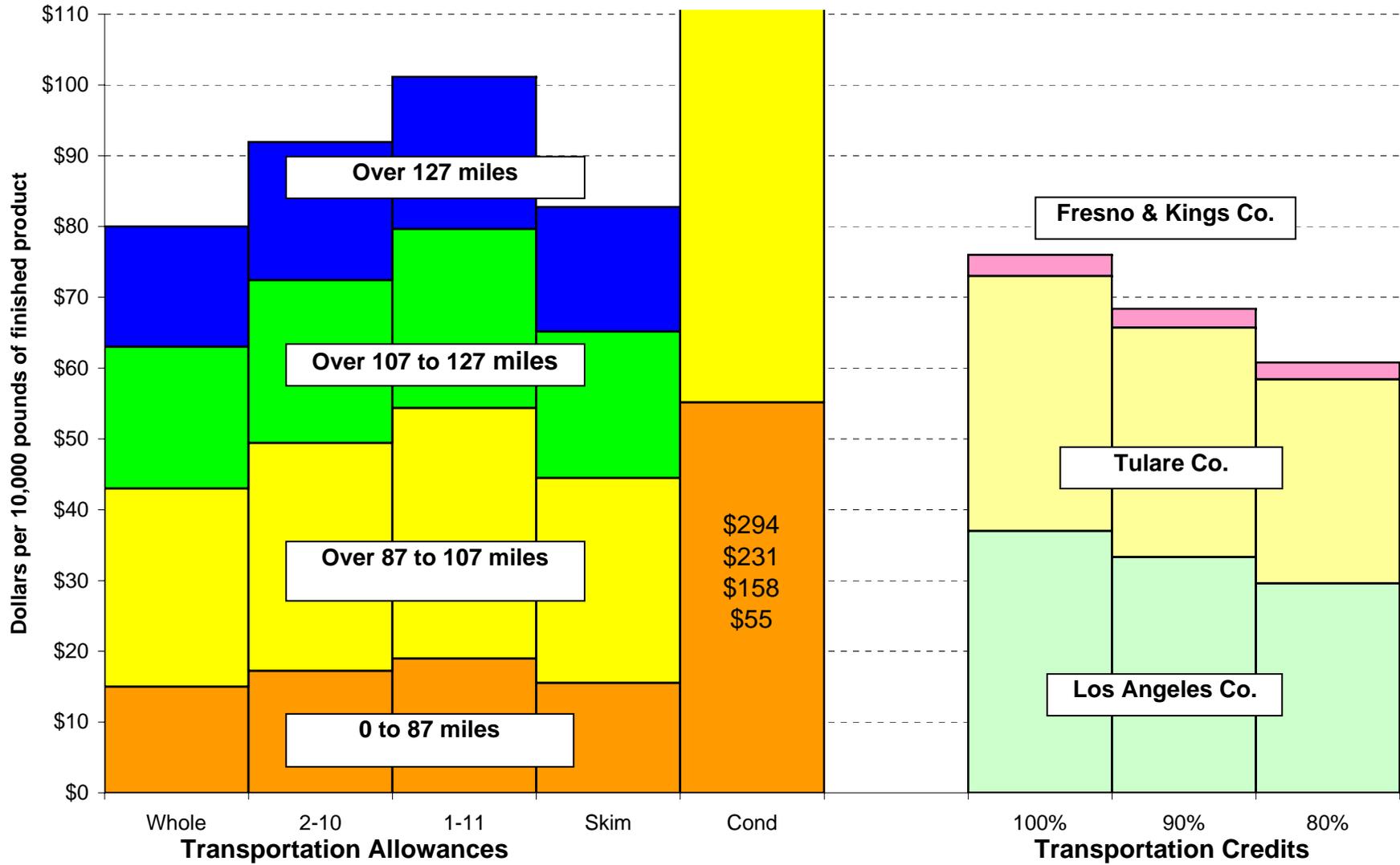
**Figure 3d - To Bay Area Plants
Institute Proposal**



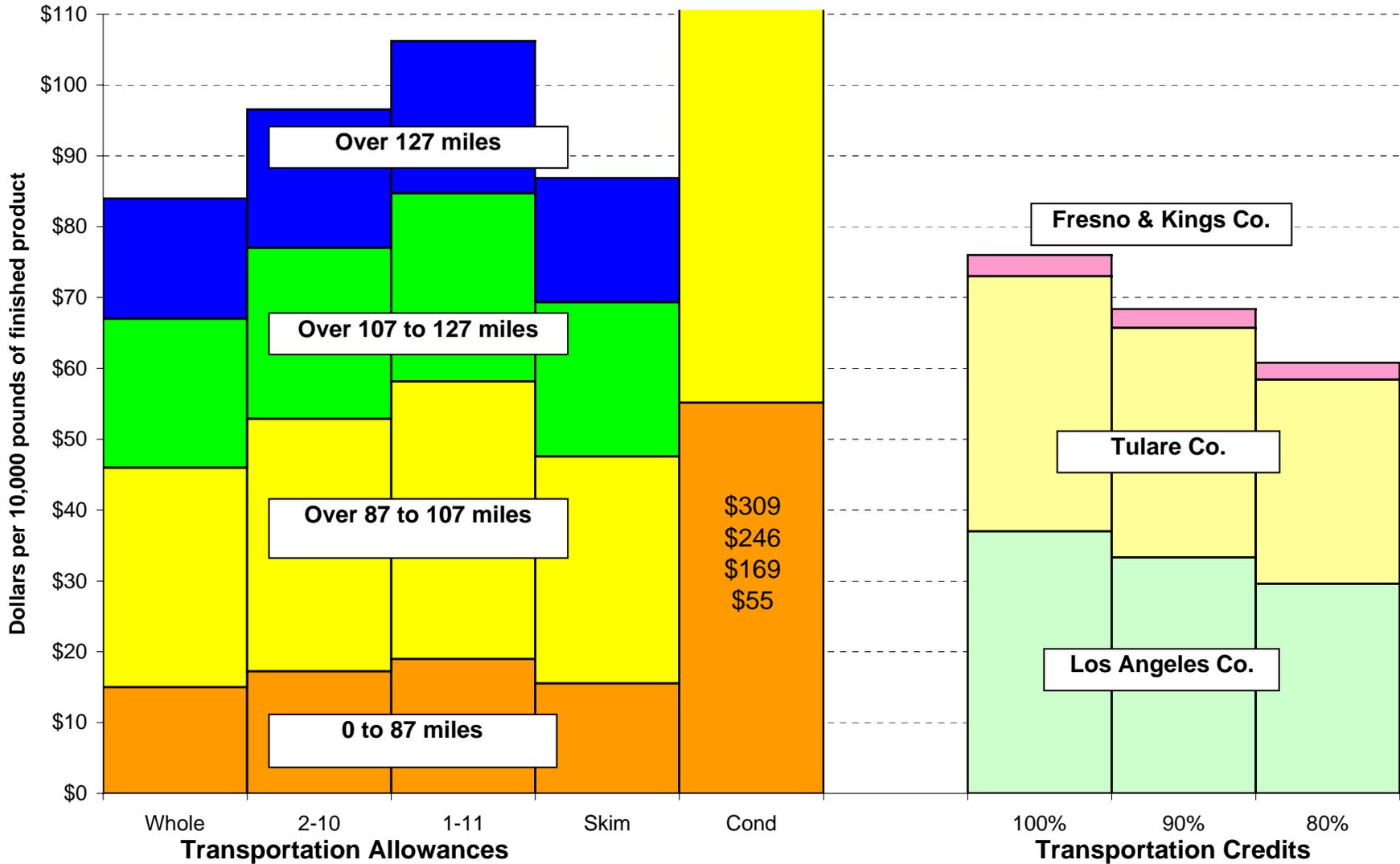
**Figure 4a - To Southern California Plants
Current**



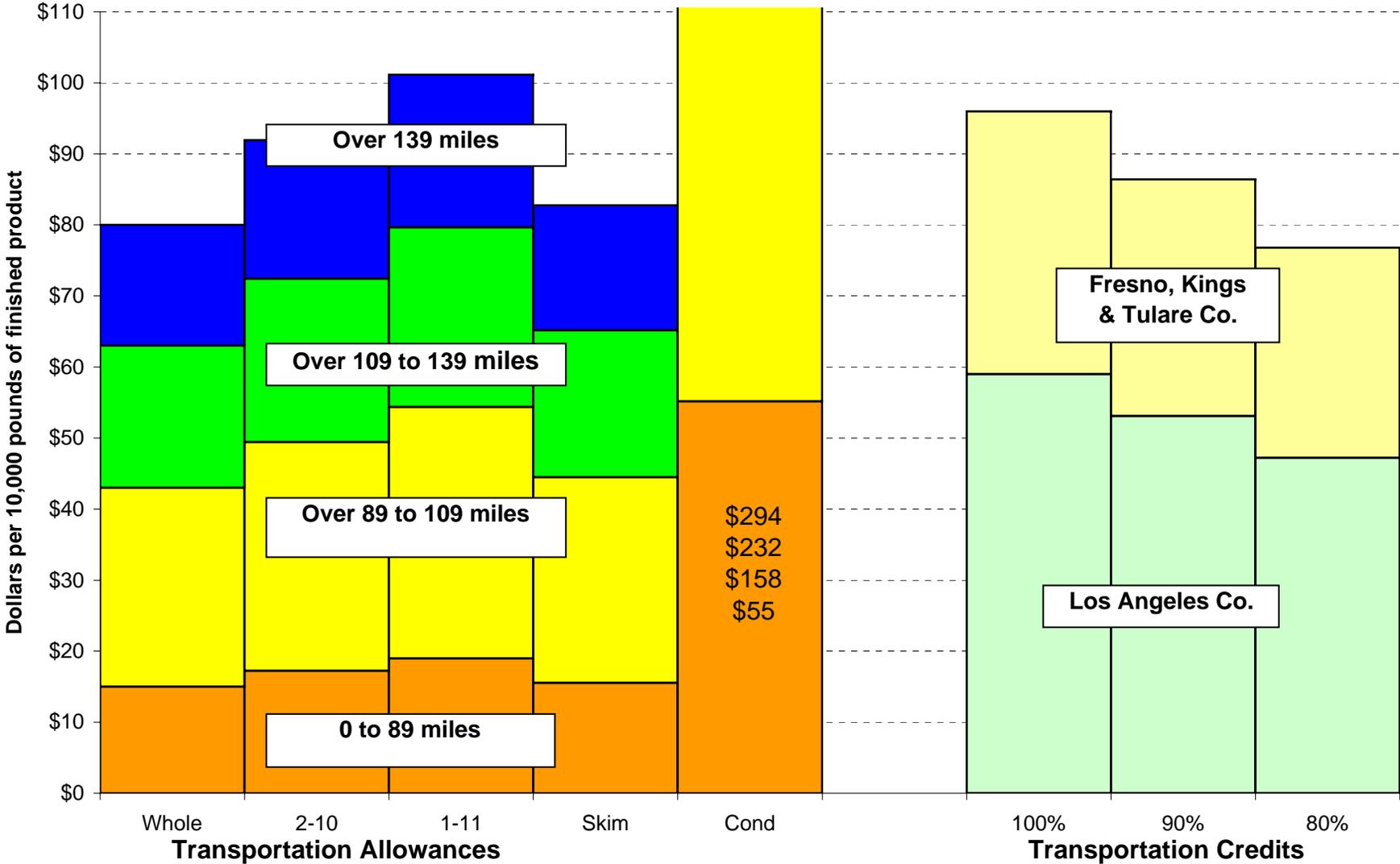
**Figure 4b - To Southern California Plants
CDI Proposal**



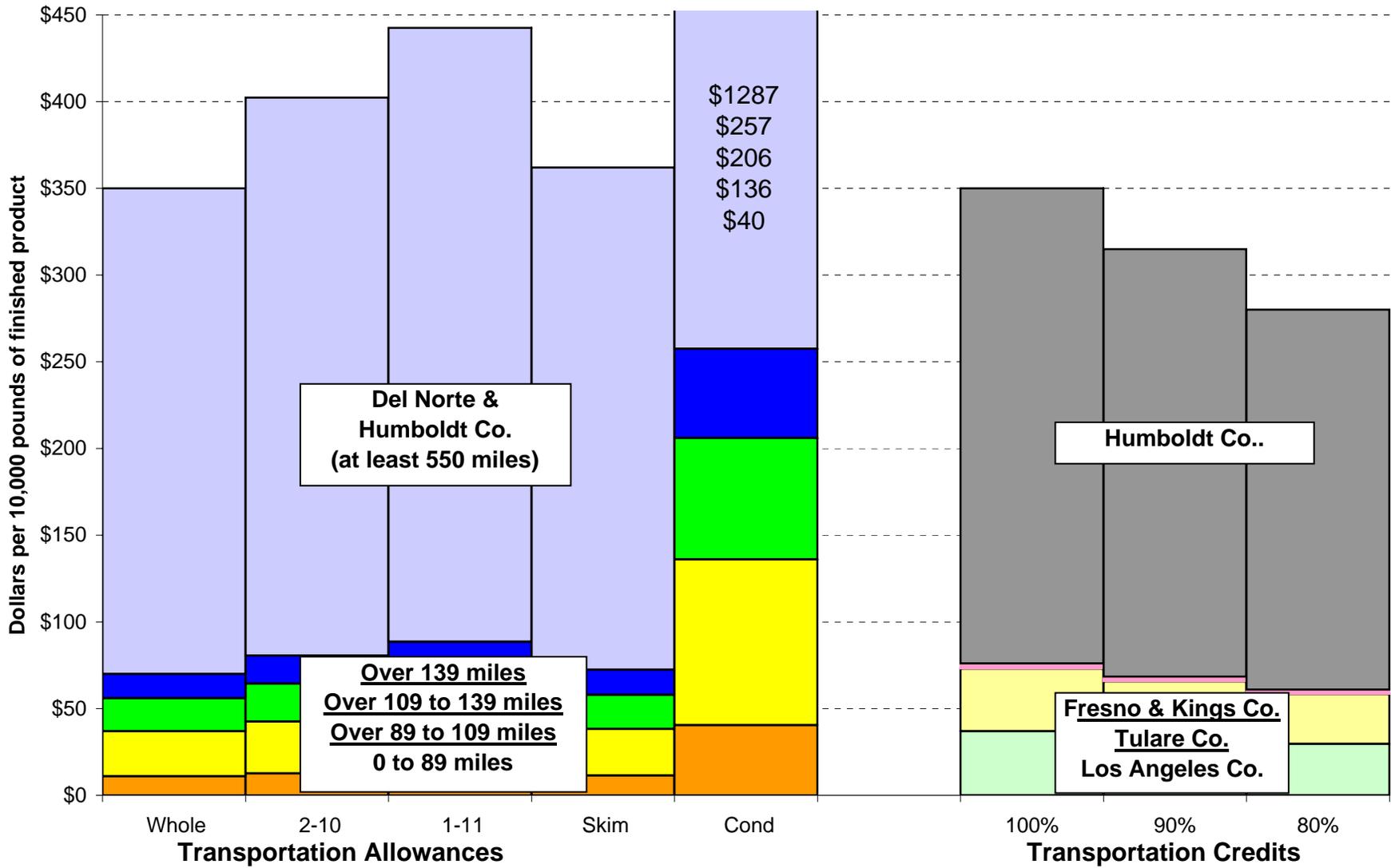
**Figure 4c - To Southern California Plants
DFA Proposal**



**Figure 4d - To Southern California Plants
Institute Proposal**



**Figure 4e - To Southern California Plants
Humboldt Proposal**



**Figure 5a - To Southern California Plants
Current**

