

**DEPARTMENT OF FOOD AND AGRICULTURE**

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William (Bill) J. Lyons, Jr., Secretary



January 25, 2002

TO ALL INTERESTED PARTIES:

Section 62062.1 of the Food and Agricultural Code provides that the Department shall determine on a calendar year basis whether or not California's Class 1 (fluid milk) minimum farm prices are in reasonable relationship with those in neighboring states.

The Department has completed its analysis of 2001 Class 1 farm prices in California. While the average California price was below average prices in Central Arizona and Western Oregon, it was above the average prices in Northwestern and Southern Nevada. The Department has determined that prices in California are in reasonable relationship to those in contiguous states.

The table below shows the average prices for the different areas in the comparison:

<b>2001 ANNUAL AVERAGE FLUID MILK PRICES</b>	
<i>CALIFORNIA CLASS 1 PRICES COMPARED TO CLASS I PRICES IN CONTIGUOUS STATES</i>	
<b>Area</b>	<b>2001 Average Price (Cwt.)</b>
Arizona Central – Phoenix, Tucson	\$16.62
Southern CA – Los Angeles	\$16.19
Oregon, Western – Medford, Portland	\$16.17
California – Statewide Average <sup>1</sup>	\$16.06
No. CA – S.F., Nevada, Northwest Reno, Winnemucca <sup>2</sup>	\$15.92
Nevada, Southern – Las Vegas <sup>3</sup>	\$15.67

<sup>1</sup> Weighted by Utilization

<sup>2</sup> The Northwest Nevada price is set equal to the Northern California price

<sup>3</sup> The Southern Nevada price is set equal to the federal Class I mover plus \$1.40

The Department recognizes that there is potential for changes in the federal pricing regulations that may have a significant effect on the relationship

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between federal order prices and those in California. Should any changes in the federal regulations be implemented, the Department will conduct further analysis. For now, the Department has determined that a public hearing to consider amendments to the Class 1 pricing formulas is not necessary.

If you have any questions, or would like further information regarding the Department's analysis, please contact the Dairy Marketing Branch at (916) 654-1456 or by e-mail at [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov).

Sincerely,

David K. Ikari, Chief  
Dairy Marketing Branch