

**DEPARTMENT OF FOOD AND AGRICULTURE**

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William (Bill) J. Lyons, Secretary



July 21, 2003

**TO ALL INTERESTED PARTIES:**

On June 4<sup>th</sup>, 2003, the Department held a public hearing to consider amendments to the Milk Stabilization and Marketing Plans for Market Milk (Stab Plans) and the Pooling Plan for Market Milk (Pool Plan). The amendments under consideration regarded changes to milk movement incentives, namely, transportation allowances and transportation credits.

Having carefully weighed the contents of the hearing record, the Department has determined that the following changes are warranted:

- The transportation allowance rate for milk in the 0 to 89 mile bracket in the Southern California and San Diego Receiving Areas will be increased from \$0.00 to \$0.09 per hundredweight with no further changes to the remaining mileage brackets and rates.
- Extend transportation allowances to qualifying plants in Riverside County by including Riverside County in the Southern California Receiving Area.
- There will be no changes to the transportation allowances in Northern California.
- The transportation credits should be increased by \$0.10 for all eligible milk shipped to Southern California counties,
- with an additional \$0.08 increase (for a total of \$0.18) for shipments from the Southern San Joaquin Valley to Riverside and San Diego Counties.
- Make condensed skim eligible for transportation credits at the same level as bulk milk from all designated supply counties to their corresponding designated deficit counties.
- Except for the eligibility of condensed skim, there will be no other changes to transportation credits in Northern California.

The implementation of these changes should result in changes in the patterns of milk shipments both for milk and condensed skim. The exact changes in patterns cannot be predicted. As a result, it is difficult to estimate what the cost of the allowances and credits will be in the future. However, an estimate can be made

using historical data. Assume that the historical patterns of shipments would not have changed and the amended Pool Plan and Stab Plans been in effect for all of 2002. Then, the annual increased cost for adoption of the panel's recommendations for transportation allowances and for transportation credits for condensed skim would have been, respectively, \$2.11 million and about a quarter of a million dollars. Using this scenario, the annual increased cost for the Secretary's decision regarding transportation credits for bulk milk during this period would have been \$0.82 million.

Interested Parties

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Most of the adjustments to the Plans will take effect for milk delivered to processing plants on or after August 1, 2003. However, the transportation credits for condensed skim will take effect on November 1, 2003.

Copies of the Hearing Determinations and a more detailed explanation of the Department's decision may be obtained by contacting the Dairy Marketing Branch at (916) 341-5988. You may also download copies from the Department's website at [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy). From the main page, click on [Announcements, Hearings and Statutes] and then on [Dairy Hearings Matrix].

Should you have any questions or desire further information, please contact Tom Gossard or Eric Erba at the number above.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by e-mail at [cdfapublicaffairs@cdfa.ca.gov](mailto:cdfapublicaffairs@cdfa.ca.gov) or by telephone at (916) 654-0462.

Sincerely,

*Original signed by:*

David K. Ikari, Chief  
Dairy Marketing Branch