



August 30, 2017

Candace Gates  
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**Re: Comments on Proposed stand-alone Quota Implementation Plan (August 7, 2017 draft)**

Dear Ms. Gates:

Hilmar Cheese Company, as a major participant in the California Federal Milk Marketing Order hearing and a large buyer of California producer milk, would like to make the following comments on the “Quota Implementation Plan.”

First, the “assessable milk” definition should be amended to read: “Assessable milk” means market milk received from California producers at a California plant producers who pooled milk on the California State Order (CSO) as of 7/1/2017”

The phrase, “received from California producers at a California plant” may be overly broad and expand the program beyond its current scope. To avoid legal challenge, the primary determinate of what milk will be assessed should be determined by what producers were pooled on the CSO on a specified date. This would create a ‘freeze frame’ scenario that would not expand the current program. The Producer Review Board debated what milk should be assessed and agreed limits were necessary. Furthermore, the term “market milk” should be removed as it would no longer be applicable to a California FMMO.

Second, the definition of “Solids Not Fat”, which reads, “any milk solids that are not fat used in the California Federal Milk Marketing Order.”, should be clarified as to not infer only pooled milk in the California FMMO will be assessed. Some discussion at the PRB meetings of June 15 and August 2 suggests that the Board intended to adopt the procedures or testing protocol used by the FMMO system for determining SNF pounds. They did not intend for only FMMO pooled SNF pounds to be assessed given large volumes of milk would not be pooled under a California

FMMO. Rather, only component testing utilized in multiple component FMMOs, true protein and other solids, would determine the SNF content of qualifying producer milk that will be assessed.

Sincerely,

A handwritten signature in black ink, appearing to read "James De Jong". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

James De Jong

Dairy Policy and Economic Analyst

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