

Marchy Dairy
943 E. Grayson Road
Ceres, CA 95307

May 24, 2006

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

RE: OPPOSE the petition filed by the Dairy Institute of California.

Dear Secretary Kawamura,

As a dairy producer, I'm writing to you with an urgent plea that you not make any changes that will further depress producer milk prices. Currently our farm is faced with milk prices that have fallen far below the cost of production. The rising costs of energy, labor, feed, fuel (transportation) and current & proposed environmental regulation have made it extremely difficult to absorb, and now to be hit with a drastic reduction by the Dairy Institutes proposal will make it even more challenging to stay in business.

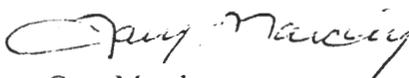
Producer overbase prices could drop an estimated \$0.51 per hundredweight as a result of the June 1st hearing petitioned for by the Dairy Institute of California. This estimate assumes the Dairy Institute's Class 4b proposal and one of the Class 4a alternative proposals were in place during March 2006. **An overbase reduction of this magnitude would cost California dairy families nearly \$200 million dollars per year or almost \$100,000 per dairy farm!**

Unlike the processors, it's frustrating that I have no way to pass on these added costs. My only means of assuring our family operation's survival is to take on additional debt, lay off employees & reduce our families personal income. Granting the processors petition only increases and guarantees their share of the milk revenue while taking away from the producers and putting the dairy industry in a dire situation.

I urge you to OPPOSE the petition filed by the Dairy Institute of California.

Respectfully,

MARCHY DAIRY


Gary Marchy, partner