

# ***The Alliance***

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## ***of Western Milk Producers***

September 21, 2007

George Gomes, Undersecretary  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, California 95814

Re: Petition for Hearing to Consider Amendments to Pooling Plan for Market Milk to be held in conjunction with the October 10, 2007 Consolidated Public hearing.

Dear Mr. Krug

The Alliance respectfully requests that you amend the Department's public hearing notice issued on August 23, 2007 to include the Pooling Plan for Market Milk (Pooling Plan) in the call of the hearing. The Alliance and other dairy producer groups are considering amendments to the Stabilization and Marketing Plans for Market Milk (Stabilization Plans) that would require enabling language to be inserted into the Pooling Plan. Specifically we would add the attached new paragraph Section 900(e) which is similar to Section 900(c).

The purpose of this amendment is to implement the deduction of credits to the pool obligations of qualifying cheese plants as defined in the applicable Stabilization and Marketing Plan. It is clear that the Milk Pooling Branch will not be able to issue (or allow) the credits being contemplated without specific authorization in the Pooling Plan. The opening of the Pooling Plan for the October 10 2007 hearing is, thus, a necessary step if there is to be serious consideration of the concept of credits for pooled cheese plants.

The Food and Agricultural Code Sections relevant to the call of this hearing are Chapter 2 and Chapter 3, Part 3, Division 21. We propose an implementation date of December 1, 2007.

If our request to reissue the hearing notice with amendments is granted, we further request that you limit the scope of the hearing with regard to the amendments that would be considered for the Pooling Plan. Consequently, the sole purpose for revising and reissuing the aforementioned public hearing notice is to open the Pooling Plan for any amendments that may be necessary to allow for the implementation of any changes that may be made to the Stabilization Plans, as set forth in the findings of the hearing.

In your letter of September 20, 2007, which in effect denies our petition of September 19, 2007, you have asked a series of questions and have asked us to provide proposed language that would address these questions. We believe that the language we have provided addresses your questions, as noted below.

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1. How would the proposal be implemented in the Pool Plan?  
In the same manner that allows for the fortification credits to be implemented in Article 9 Section 900 (c).
2. How would handlers receive any credits or charges?  
Credits would be applied as reductions of pool obligations. We do not believe our proposals would lead to any charges.
3. How would the proposal handle calculation of the Pool Price?  
In the same manner as fortification credits are handled in Article 9 Section 900 (c).
4. Would non-pool handlers purchasing directly from producers be impacted?  
The credit would only be available to pool handlers that process Class 4b products..
5. Does our proposal require producer assent?  
No.
6. Does our proposal address operation of multiple plants?  
Plant ownership does not affect the proposed change. Each plant would earn its credits based on the volumes processed into Class 4b products irrespective of which company owns the plant..
7. Does our proposal address pool accounting for plants that buy multiple classes of milk?  
Our proposal would create a credit only for defined volumes of Class 4b milk. It will have no impact on other classes of milk regardless of how many different classes are purchased at a plant.

Sincerely,

William C. Van Dam, CEO

Cc: Kelly Krug, Director, Marketing Services Division  
David Ikari, Chief, Dairy Marketing Branch  
John Lee, Chief, Milk Pooling

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Proposed language change to the Pooling Plan

Article 9

Section 900

*Add new paragraph*

- (e) Deduct an amount computed by multiplying the qualifying pounds of solids not fat used to produce 4b products by the appropriate credit allowed as specified in Section 300(E)(10) of the applicable Stabilization and Marketing Plan for Market Milk.

*Note: This language refers to a section of the Stabilization and Marketing plan that does not yet exist yet but will be proposed at the October 10, 2007 Consolidated Hearing.*