



1127 11th Street, Suite 718
Sacramento, CA 95814

July 31, 2007

Mr. David Ikari, Chief
Dairy Marketing Branch
California Department of Food and Agriculture
560 J Street, Suite 150
Sacramento, CA 95814

RE: August 28th Nonfat Dry Milk Price Reporting Hearing -- Alternative Proposal

Dear Mr. Ikari:

The attached amendments to the Weekly and Monthly Nonfat Dry Milk Sales Report forms contain Dairy Institute's proposal for the August 28th hearing on nonfat dry milk sales reporting. The proposed changes are shown in underlined italics. This proposal responds to the Notice of Public Hearing dated June 29, 2007. The Department of Food and Agriculture called the hearing in response to petitions from Milk Producers Council and Western United Dairymen.

Our proposal does not amend the stabilization and marketing plans, but rather, it changes the specifications for product to be included in weekly and monthly nonfat dry milk sales reports, which form the basis for the California Weighted Average Price that is currently employed in the Stabilization and Marketing plans for the determination of Class 4a and Class 1 prices. To be clear, we are not proposing to replace the California Weighted Average Price, but rather to alter the products to be included when calculating the price. We propose that the pricing specifications that were set forth in the recent interim final rule from USDA's Agricultural Marketing Service for Dairy Product Mandatory Reporting Program (published in the Federal Register on July 3, 2007) be utilized in the weekly and monthly California nonfat dry milk sales reports. These specifications, which will be utilized by the National Agricultural Statistics Service (NASS) in their survey of nonfat dry milk prices, effective August 2nd 2007, are listed below.

Specifications for the Nonfat Dry Milk Prices:

(1) Sale: When a transaction is completed (for example: nonfat dry milk is ``shipped out" and title transfer occurs.) Sales are for USDA Extra Grade and USPH Grade A, non-fortified, nonfat dry milk.

(2) Price: Price is f.o.b. processing plant/storage center. Prices and quantities are for all 25 kilogram bag, 50 pound bag, tote and tanker sales.

(3) Include: Nonfat dry milk manufactured using low or medium heat process, CCC purchases under the Dairy Price Support and related programs, and CME sales by initial manufacturer.

(4) Exclude: Sales of nonfat dry milk more than 180 days old, nonfat dry milk manufactured using high heat process, sales of instant nonfat dry milk, sales of dry buttermilk products, transportation and clearing charges, intra-company sales, resales of purchased nonfat dry milk and forward pricing sales (sales in which the selling prices was set (not adjusted) 30 or more days before the transaction was completed). This exclusion does not include sales through the Dairy Export Incentive Program (DEIP).

Adoption of these specifications will provide for greater consistency between California and Federal Order pricing and will provide for fewer disruptive marketing conditions than those seen under the current procedures. Thank you for your consideration of our alternative proposal.

Sincerely,

William Schiek
Economist

Attachments

To: California Department of Food & Agriculture
Attn: Dairy Marketing Branch - Statistics Unit
Fax Number: (916) 341-6697

**WEEKLY NONFAT DRY
MILK SALES REPORT**

The prices received by your plant from wholesale customers for sales of Extra Grade and Grade A Nonfat Dry Milk (NFDM) for human consumption are used by this office, together with those received by several other plants, in computing the weekly "sales quantity" weighted average NFDM price for California. Note that a "sale" is when a transaction is completed (for example: nonfat dry milk is "shipped out" and title transfer occurs.) These prices are for the seven-day period Saturday through Friday of each week. This calculated price, as well as the weekly total NFDM sales will be submitted to the Federal Market News Service by 2:00 p.m. each Wednesday for publication in the *Dairy Market News*.

Your sales to wholesale customers (excluding sales or transfers to other plants in your organization) should be reported to the Dairy Marketing Branch no later than 10:00 a.m. on the Tuesday following the seven-day period of this Report.

Period Covered

1. Saturday:	Through	Friday:
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**Volume and Dollar Value of Extra Grade and Grade A Nonfat Dry Milk
Sold FOB Processing Plant During the Period Above**

2A. Commodity Credit Corporation Sales: <i>(all 25 kilogram bag, 50 pound bag, tote and tanker sales.)</i>	Volume in Pounds:
2B. Total Dollars Received for the Sales Above:	Dollars \$
2C. Less Broker Fees and Hauling Costs:	(\$)
2D. Total Dollars Received for NFDM Only	\$

3A. All Other Sales: <i>(all 25 kilogram bag, 50 pound bag, tote and tanker sales.)</i>	Volume in Pounds:
3B. Total Dollars Received for the Sales Above:	Dollars \$
3C. Less Broker Fees and Hauling Costs:	(\$)
3D. Total Dollars Received for NFDM Only:	\$

Instructions for completing this Report are on the reverse side. Should you have any questions, please contact the Statistics Unit at (916) 341-5988. Your timely cooperation in supplying this information is greatly appreciated.

I hereby certify that the foregoing report, to the best of my knowledge and belief is correct.

Signed:	Please Print Name:
Title:	Phone Number:
Company Name:	Date:

REPORTING INSTRUCTIONS
(Weekly Report)

This report is for disclosing sales of Extra Grade and Grade A Nonfat Dry Milk (NFDM) only, sold for human consumption, regardless of length of storage, container size or sales volume. Do not include any other type of powdered milk, such as instant NFDM or whole milk powder. The selling price of NFDM will include any bag costs. No reduction in price is allowed when a more expensive bag is used.

- 1. Period Covered:** The weekly time frame of Saturday through Friday of any given week will be the basis for determining the amounts of reported nonfat dry milk product and sales. Include only the sales involved for that specific time frame in the pounds and sales lines.
- 2.(a) Commodity Credit Corporation Sales:** Total the Commodity Credit Corporation (CCC), sales under the support purchase price program for the week in question and place on this line. This is reported in pounds sold.
- 2.(b) Total Dollars Received:** Total the dollars of sales for the week in question and place on this line. Credits for sales are to be included in the weekly report only if the original sale was in the same week as the credit week. Other credits for prior week sales are not to be included. Please note that sales of NFDM should be reported at the price sold without regard to whether the price is lower than any existing support purchase price.
- 2.(c) Broker Fees and Hauling Costs:** Total all broker fees and letters of credit costs accrued by your company for any CCC sale for the week in question, if any, on this line. If total dollar sales exclude broker fees and letters of credit costs, disregard this line. If the processing plant delivers product in their own trucks and the plant cannot separate their delivery cost from their delivered price to achieve an f.o.b. plant price, then this sale shall not be reported.
- 2.(d) Charges for Powder Only:** This line represents total dollars received less broker fees and hauling costs.
- 3.(a) All Other Sales:** Total All Other Sales for the week in question and place on this line. Do not include sales or transfers to other plants in your organization, or products delivered by the company's own trucks unless the company can separate delivery expenses from the delivered price. Exclude sales of nonfat dry milk more than 180 days old, nonfat dry milk manufactured using high heat process, sales of instant nonfat dry milk, sales of dry buttermilk products, transportation and clearing charges, intra-company sales, resales of purchased nonfat dry milk and forward pricing sales (sales in which the selling prices was set (not adjusted) 30 or more days before the transaction was completed). This exclusion does not include sales through the Dairy Export Incentive Program (DEIP). This is reported in pounds.
- 3.(b) Total Dollars Received- All Other Sales:** Same as 2.(b).
- 3.(c) Broker Fees and Hauling Costs:** Same as 2.(c).
- 3. (d) Charges for Powder Only:** This line represents total dollars received less broker fees and hauling costs.

This report is to be faxed to the Statistics Unit by 10:00 a.m. on Tuesday of the current week.

To: California Department of Food & Agriculture
Attn: Dairy Marketing Branch - Statistics Unit
Fax Number: (916) 341-6697

**MONTHLY NONFAT DRY
MILK SALES REPORT**

The prices received by your plant from wholesale customers for sales of Extra Grade and Grade A Nonfat Dry Milk (NFDM) for human consumption are used by this office, together with those received by several other plants, in computing minimum prices to be paid for Class 1, 2, 3, and 4a solids-not-fat in California.

Your sales to wholesale customers (excluding sales or transfers to other plants in your organization) should be reported to the Dairy Marketing Branch no later than 10:00 a.m. on the last business day of the month. *Note that a "sale" is when a transaction is completed (for example: nonfat dry milk is "shipped out" and title transfer occurs.)*

Period Covered

1.	Through
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**Volume and Dollar Value of Extra Grade and Grade A Nonfat Dry Milk
Sold FOB Processing Plant During the Period Above**

2A. Commodity Credit Corporation Sales: <i>(all 25 kilogram bag, 50 pound bag, tote and tanker sales.)</i>	Volume in Pounds:
2B. Total Dollars Received for the Sales Above:	Dollars \$
2C. Less Broker Fees and Hauling Costs:	(\$)
2D. Total Dollars Received for NFDM Only	\$

3A. All Other Sales: <i>(all 25 kilogram bag, 50 pound bag, tote and tanker sales.)</i>	Volume in Pounds:
3B. Total Dollars Received for the Sales Above:	Dollars \$
3C. Less Broker Fees and Hauling Costs:	(\$)
3D. Total Dollars Received for NFDM Only:	\$

Instructions for completing this Report are on the reverse side. Should you have any questions, please contact the Statistics Unit at (916) 341-5988. Your timely cooperation in supplying this information is greatly appreciated.

I hereby certify that the foregoing report, to the best of my knowledge and belief is correct.

Signed:	Please Print Name:
Title:	Phone Number:
Company Name:	Date:

REPORTING INSTRUCTIONS

(Monthly Report)

This report is for disclosing sales of Extra Grade and Grade A Nonfat Dry Milk (NFDM) only, sold for human consumption, regardless of length of storage, container size or sales volume. Do not include any other type of powdered milk, such as instant NFDM or whole milk powder. The selling price of NFDM will include any bag costs. No reduction in price is allowed when a more expensive bag is used.

Period Covered: The monthly time frame beginning on the 26th of one month and concluding on the 25th of the next month will be the basis for determining the amounts of reported nonfat dry milk product and sales. Include only the sales involved for that specific time frame in the pounds and sales lines.

- 1. Commodity Credit Corporation Sales:** Total of the Commodity Credit Corporation (CCC) sales under the support purchase price program for the month in question and place on this line. This is reported in pounds.
- 2.(b) Total Dollars Received:** Total the dollars of sales for the week in question and place on this line. Credits for sales fare to be included in the monthly report only if the original sale was in the same month as the credit month. Other credits for prior month sales are not to be included. Please note that sales of NFDM should be reported at the price sold without regard to whether the price is lower than any existing support purchase price.
- 2.(c) Broker Fees and Hauling Costs:** Total all broker fees and letters of credit costs accrued by your company for any sale for the month in question, if any, on this line. If total dollar sales exclude broker fees and letters of credit costs, disregard this line. If the processing plant delivers product in their own trucks and the plant cannot separate their delivery cost from their delivered price to achieve an f.o.b. plant price, then this sale shall not be reported.
- 2.(d) Charges for Powder Only:** This line represents total dollars received less broker fees and hauling costs.
- 3.(a) Total Other Sales:** Total All Other Sales for the month in question and place on this line. Do not include sales or transfers to other plants in your organization, or products delivered by the company's own trucks unless the company can separate delivery expenses from the delivered price. Exclude sales of nonfat dry milk more than 180 days old, nonfat dry milk manufactured using high heat process, sales of instant nonfat dry milk, sales of dry buttermilk products, transportation and clearing charges, intra-company sales, resales of purchased nonfat dry milk and forward pricing sales (sales in which the selling prices was set (not adjusted) 30 or more days before the transaction was completed). This exclusion does not include sales through the Dairy Export Incentive Program (DEIP). This is reported in pounds.
- 3.(b) Total Dollars Received- All Other Sales:** Same as 2.(b).
- 3.(c) Broker Fees and Hauling Costs:** Same as 2.(c).
- 3. (d) Charges for Powder Only:** This line represents total dollars received less broker fees and hauling costs.

This report is to be faxed to the Statistics Unit by 10:00 a.m. of the last working day of the month.