

**Summary Analysis of Estimated Impacts of the
Petitions and Alternative Proposals on
California Class and Pool Prices
for the October 30-31, 2008 Class 1, 2 and 3 Hearing
Presented at the October 15, 2008 Pre-Hearing Workshop**

Estimated Impacts of Hearing Proposals on California Class 1, 2, 3 and Pool Prices

- The table below shows the impacts of the petition and alternative proposals on class and pool prices relative to current prices from October 2003 through September 2008.
- The analysis assumes that the petition, alternative proposals and current formulas were in effect throughout the entire period.
- When a change is a "plus", the proposal would have increased the price.
- When a change is a "minus", the proposal would have decreased the price.

Table 1

Estimated Impacts¹ on Class 1, 2, 3 and Pool Prices if the hearing proposals had been in effect for the 5-year period: October 2003 to September 2008
Annual and Five-Year Averages

	Class 1	Class 2	Class 2	Class 3	Class 3	Pool²
	(\$/cwt.)	Northern	Southern	Northern	Southern	(\$/cwt.)
	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)
Alliance et al. proposal						
2003-2004	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.26
2004-2005	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.24
2005-2006	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.23
2006-2007	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.23
2007-2008	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.23
5 year average	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$1.01	+\$0.24
Institute Proposal						
2003-2004	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.27
2004-2005	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.25
2005-2006	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.24
2006-2007	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.24
2007-2008	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.24
5 year average	-\$1.35	-\$0.26	-\$0.27	-\$0.26	-\$0.27	-\$0.25
MPC Proposal						
2003-2004	+\$0.08					+\$0.01
2004-2005	+\$0.10					+\$0.02
2005-2006	+\$0.12					+\$0.02
2006-2007	+\$0.14					+\$0.02
2007-2008	+\$0.13					+\$0.02
5 year average	+\$0.11					+\$0.02

¹ Compares alternative California formulas with current California formula

² Quota and overbase price

**Estimated Impacts of Hearing Proposals on California Ice Cream, Yogurt, Whole Milk,
Reduced Fat Milk, Low Fat Milk and Skim Milk Raw Product Cost**

- The table below shows the impacts of the petition and alternative proposals on fluid milk, ice cream and yogurt raw product costs relative to current prices from October 2003 through September 2008.
- The analysis assumes that the petition, alternative proposals and current formulas were in effect throughout the entire period.
- When a change is a "plus", the proposal would have increased the price.
- When a change is a "minus", the proposal would have decreased the price.

Table 2

**Estimated Impact¹ on California Whole, Reduced Fat, Low Fat and Skim Milk, Ice Cream and
Yogurt raw product costs² if the hearing proposals had been in effect for the 5-year period
October 2003 to September 2008
Annual and Five-Year Averages**

	Whole (¢/gallon)	Reduced Fat (¢/gallon)	Low Fat (¢/gallon)	Skim (¢/gallon)	Ice Cream (¢/½ gallon)	Yogurt (¢/quart)
Alliance et al. proposal						
2003-2004	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
2004-2005	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
2005-2006	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
2006-2007	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
2007-2008	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
5 year average	+8.7¢	+9.3¢	+9.9¢	+7.8¢	+3.2¢	+2.2¢
Institute Proposal						
2003-2004	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
2004-2005	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
2005-2006	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
2006-2007	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
2007-2008	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
5 year average	-11.6¢	-12.7¢	-13.6¢	-11.6¢	-1.2¢	-0.4¢
MPC Proposal						
2003-2004	+0.7¢	+0.7¢	+0.7¢	+0.7¢		
2004-2005	+0.9¢	+0.9¢	+0.9¢	+0.9¢		
2005-2006	+1.0¢	+1.0¢	+1.0¢	+1.0¢		
2006-2007	+1.2¢	+1.2¢	+1.2¢	+1.3¢		
2007-2008	+1.1¢	+1.1¢	+1.1¢	+1.2¢		
5 year average	+1.0¢	+1.0¢	+1.0¢	+1.0¢		

¹ Compares alternative California formulas with current California formulas

² Assumes Whole Milk is 3.5% fat, 8.7% SNF, 8.6lb/gallon; Reduced Fat is 2% Fat, 10% SNF, 8.65 lb/gallon;
Low Fat is 1% Fat, 11% SNF, 8.69 lb/gallon; Skim Milk is 0.1% Fat, 9% SNF, 8.63 lb/gallon;
Ice Cream is 10% fat, 10% SNF, 2.25 lb/½gallon; Yogurt is 1% fat, 10% SNF, 2.1625 lb/quart

Estimated Impacts of Hearing Proposals on California Raw Product Prices Relative to Contiguous States

- The table below shows the difference between the current formula, petition and alternative proposals raw product costs with comparable costs in contiguous states, from October 2003 through September 2008.
- The state and federal prices are those that would have resulted from using the current pricing formulas. The analysis assumes that these formulas have been in place since October 2003.
- Both federal and state prices are based on California standards for fluid milk.
- When a price is a "plus", plants in contiguous states have a price advantage
- When a price is a "minus", plants in California have a price advantage

Table 3
Estimated Difference in Raw Product Costs for Ice Cream, Yogurt and Whole Milk¹, California Costs less Current Costs in Contiguous States, October 2003 to September 2008

	Southern California less:			Las Vegas, NV Whole milk (¢/gallon)	Northern California less:			Reno, NV Whole milk (¢/gallon)
	Phoenix, AZ Whole milk (¢/gallon)	Yogurt (¢/quart)	Ice cream (¢/½-gallon)		Medford, OR Whole milk (¢/gallon)	Yogurt (¢/quart)	Ice cream (¢/½-gallon)	
Current Formulas²								
2003-2004	-0.7¢	-0.6¢	-3.7¢	+7.5¢	+0.8¢	-0.7¢	-2.9¢	+8.6¢
2004-2005	+1.3¢	-0.7¢	-1.7¢	+9.5¢	+2.8¢	-0.7¢	-0.8¢	+8.6¢
2005-2006	+0.3¢	-0.2¢	+0.7¢	+8.5¢	+1.9¢	-0.2¢	+1.6¢	+8.6¢
2006-2007	-0.4¢	-5.1¢	-6.8¢	+7.8¢	+1.1¢	-4.4¢	-4.7¢	+8.6¢
2007-2008	+1.4¢	+0.3¢	-1.1¢	+9.6¢	+2.9¢	+0.7¢	+0.5¢	+8.6¢
5 year average	+0.4¢	-1.2¢	-2.5¢	+8.5¢	+1.9¢	-1.0¢	-1.3¢	+8.6¢
Alliance et al. Proposal³								
2003-2004	+8.0¢	+1.6¢	-0.5¢	+16.1¢	+9.5¢	+1.6¢	+0.2¢	+8.6¢
2004-2005	+10.0¢	+1.6¢	+1.4¢	+18.1¢	+11.5¢	+1.6¢	+2.3¢	+8.6¢
2005-2006	+9.0¢	+2.1¢	+3.9¢	+17.2¢	+10.5¢	+2.1¢	+4.7¢	+8.6¢
2006-2007	+8.3¢	-2.9¢	-3.7¢	+16.4¢	+9.8¢	-2.2¢	-1.6¢	+8.6¢
2007-2008	+10.1¢	+2.6¢	+2.0¢	+18.2¢	+11.6¢	+3.0¢	+3.6¢	+8.6¢
5 year average	+9.1¢	+1.0¢	+0.6¢	+17.2¢	+10.6¢	+1.2¢	+1.9¢	+8.6¢
Institute Proposal								
2003-2004	-12.3¢	-1.0¢	-4.9¢	-4.2¢	-10.8¢	-1.1¢	-4.1¢	+8.6¢
2004-2005	-10.3¢	-1.1¢	-3.0¢	-2.2¢	-8.8¢	-1.1¢	-2.0¢	+8.6¢
2005-2006	-11.3¢	-0.6¢	-0.5¢	-3.1¢	-9.8¢	-0.6¢	0.4¢	+8.6¢
2006-2007	-12.0¢	-5.5¢	-8.0¢	-3.9¢	-10.5¢	-4.8¢	-5.9¢	+8.6¢
2007-2008	-10.2¢	-0.1¢	-2.3¢	-2.0¢	-8.7¢	+0.3¢	-0.7¢	+8.6¢
5 year average	-11.2¢	-1.7¢	-3.8¢	-3.1¢	-9.7¢	-1.5¢	-2.5¢	+8.6¢
MPC Proposal								
2003-2004	-0.1¢			+8.1¢	+1.5¢			+8.6¢
2004-2005	+2.2¢			+10.3¢	+3.7¢			+8.6¢
2005-2006	+1.3¢			+9.5¢	+2.9¢			+8.6¢
2006-2007	+0.8¢			+9.0¢	+2.3¢			+8.6¢
2007-2008	+2.5¢			+10.7¢	+4.0¢			+8.6¢
5 year average	+1.4¢			+9.5¢	+2.9¢			+8.6¢

¹Assumes Whole Milk is 3.5% fat, 8.7% SNF, 8.6lb/gallon; Yogurt is 1% fat, 10% SNF, 2.1625 lb/quart; Ice Cream is 10% fat, 10% SNF, 2.25 lb/½gallon

²Uses current California, Nevada State and Federal Order pricing formulas

³The Petition and Alternative proposals use alternative California formulas, with current Nevada State and Federal Order pricing formulas