



May 1, 2008

Mr. David Ikari, Chief
 Dairy Marketing Branch
 California Department of Food & Agriculture
 1220 N Street
 Sacramento, CA 95814

Dear Mr. Ikari:

On behalf of its producer-members, California Dairies, Inc. (CDI) respectfully requests that the Department expand the scope of the July 1, 2008 Public Hearing that was called to consider technical amendments to the Pooling Plan. Specifically, CDI requests that the call of the hearing be broadened to consider amendments to transportation allowances, pursuant to Section 921.2 of the Pooling Plan for Market Milk (Pooling Plan). Furthermore, CDI requests that the call of the hearing be expanded to include the consideration of proposals to amend transportation credits, pursuant to Section 300.2 of the Stabilization and Marketing Plan for Market Milk – Northern and Southern California Marketing Areas (Stab Plans).

It is well-known that fuel prices have increased dramatically since September 1, 2006 when the most recent changes to the transportation allowances were implemented by the Department. Diesel fuel costs have increased by 47% over the past 12 months alone, according to the Energy Information Administration.

Consequently, CDI proposes that the following changes be made to Section 921.2 of the Pooling Plan:

- (a) For plants located in the Bay Area receiving area, which shall consist of the counties of Alameda, Contra Costa, Santa Clara, Santa Cruz, San Francisco, and San Mateo:

(1) From zero through 99 miles	\$0.31	\$0.27 per CWT
Over 99 miles through 199 miles	\$0.38	\$0.34 per CWT
Over 199 miles	\$0.40	\$0.36 per CWT
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(e) For plants located in the Southern California receiving area, which shall consist of the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura:

(1) From the Counties of Riverside and San Bernardino:

From zero through 87.89 miles	\$0.15	\$0.11 per CWT
Over 87.89 miles	\$0.43	\$0.37 per CWT

(2) From California's 56 other counties:

From zero through 87.89-miles	\$0.15	\$0.11 per CWT
Over 87.89 miles through 107.409 miles	\$0.43	\$0.37 per CWT
Over 107.409 miles through 127.439 miles	\$0.63	\$0.56 per CWT
Over 127.439 miles	\$0.80	\$0.70 per CWT

(f) For Plants located in the San Diego receiving area, which consist of the County of San Diego:

(1) From zero through 87.89 miles	\$0.15	\$0.11 per CWT
Over 87.89 miles through 127.439 miles		\$0.43 per CWT
Over 127.439 miles	\$0.80	\$0.70 per CWT

In regard to transportation credits, CDI proposes that the following change be made to Section 300.2 of the Stab Plans:

<u>Designated Supply County</u>	<u>Maximum Deduction per Cwt.</u>	<u>Designated Deficit Counties</u>
Tulare County	\$0.93 \$0.73	Los Angeles, Orange or Ventura

All of the proposed changes specified above are based on actual costs incurred by CDI members using the hauling rates charged to CDI by its various milk haulers. However, because fuel costs are increasing so rapidly these days, we may propose further transportation allowance increases at the hearing, if our petition is granted.

Thank you for considering our request to modify and expand the scope of the upcoming Milk Pooling.

Sincerely,



Dr. Eric M. Erba
 Sr. V.P. Government & Producer Relations