



August 20, 2008

TO ALL INTERESTED PARTIES:

On July 1, 2008, the Department held a public hearing to consider amendments to the Pooling Plan for Market Milk (Pool Plan) and to the Northern and Southern California Stabilization and Marketing Plans for Market Milk (Stab Plans). The amendments under consideration regarded both technical changes to the Pool Plan and the milk movement incentive system.

Having carefully weighed the contents of the hearing records, the Department has decided to implement the following amendments:

- Add a definition for the Dairy Accounting System to the Pool Plan.
- Account for the actual solids-not-fat pounds in calculating the Pool.
- Implement the PC Miler® Program for calculating distances for transportation allowances.
- Increase the transportation allowance rates ranging from \$0.03/cwt. to \$0.14/cwt. in the Southern California and San Diego Receiving Areas.
- Increase the transportation allowance rates ranging from \$0.03/cwt. to \$0.11/cwt. in the Bay Area, North Bay, and Sacramento Receiving Areas.
- Adjust the mileage brackets for transportation allowances for all of the brackets in the San Diego and Southern California Receiving Areas.
- Adjust the mileage brackets for transportation allowances for five of the six brackets in the Bay and North Bay Receiving Areas.
- Increase the transportation credit rate \$0.08/cwt. within Southern California.
- Increase the transportation credit rates ranging from \$0.13/cwt. to \$0.16/cwt. to Southern California
- Increase the transportation credit rates ranging from \$0.18/cwt. to \$0.48/cwt. to Northern California
- Designate the entire county of Stanislaus as eligible for the purposes of transportation credits.
- Add Solano and Sonoma counties as deficit counties for receiving bulk milk from plants in the supply counties of Merced and Stanislaus at a rate of \$0.74/cwt.

The attached tables show the current and new transportation allowance rates and mileage brackets, as well as the current and new transportation credit rates.





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The changes to the transportation allowance system will be reflected in the amendments to the Pool Plan, Order Number 108. The changes to the transportation credit system will be reflected in the amendments to the Stab Plans, Order Numbers 52 and 67, respectively, for the Northern California Marketing Area and the Southern California Marketing Area. All changes will be effective September 1, 2008.

The Hearing Determinations, Panel Report, Pool Plan, Stab Plans and more detailed explanation of the Department's decision can be obtained on the Department dairy home page at www.cdfa.ca.gov/dairy by clicking on [Hearing Matrix]. To access the Stab Plans, click on [Dairy Marketing], located in the middle of the dairy home page and then on [Stabilization Plans]. To access the Pool Plan, click on [Milk Pooling], located in the middle of the dairy home page and then on [Pooling Plan (PDF)]. If you wish to receive a hard copy of the hearing results, please contact the Milk Pooling Branch at 916-341-5901 or the Dairy Marketing Branch at 916-341-5988.

Should you have any questions or desire further information, please contact Hyrum Eastman with the Dairy Marketing Branch or Don Shippelhoue with the Milk Pooling Branch at the numbers above.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by e-mail at cdfapublicaffairs@cdfa.ca.gov or by telephone at 916-654-0462.

Sincerely,

Original Signed by:

Original Signed by:

David Ikari, Chief
Dairy Marketing Branch

John Lee, Chief
Milk Pooling Branch

Attachments



Table 1 - DEPARTMENT CHANGES TO TRANSPORTATION ALLOWANCES:
For Milk Moving Ranch-to-Plant

	Previous Through Aug. 2008		Effective From Sept. 2008	
	PUC Table (miles)	Rates (\$/cwt)	PC Miler® (miles)	Rates (\$/cwt)
Bay Area Receiving Area ^{1/}	0 to 99	\$0.27	0 to 78	\$0.36
	99 to 199	\$0.34	78 to 199	\$0.45
	199 +	\$0.36	199 +	\$0.47
North Bay Receiving Area ^{2/}	0 to 44	\$0.19	0 to 45	\$0.23
	44 to 99	\$0.29	45 to 96	\$0.35
	99 +	\$0.34	96 +	\$0.44
Sacramento Receiving Area	0 to 59	\$0.15	0 to 59	\$0.15
	59 +	\$0.20	59 +	\$0.23
Shasta Receiving Area ^{3/}	0 to 29	\$0.13	0 to 29	\$0.13
	29 to 49	\$0.16	29 to 49	\$0.16
	49 +	\$0.19	49 +	\$0.19
San Diego Receiving Area	0 to 89	\$0.11	0 to 79	\$0.15
	89 to 139	\$0.43	79 to 119	\$0.46
	139 +	\$0.70	119 +	\$0.84
Southern California Receiving Area ^{4/}	from San Bernardino and Riverside counties	0 to 89 \$0.11 89 + \$0.37	0 to 93 \$0.15 93 + \$0.46	
	from all other counties	0 to 89 \$0.11 89 to 109 \$0.37 109 to 139 \$0.56 139 + \$0.70	0 to 79 \$0.15 79 to 99 \$0.46 99 to 119 \$0.67 119 + \$0.84	

Shaded areas indicate changes

^{1/} Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, and Santa Cruz counties

^{2/} Marin, Solano and Sonoma counties

^{3/} Transportation Allowances for the Shasta Receiving Area have not been used since mid-1996

^{4/} Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties

Table 2 - **DEPARTMENT CHANGES TO TRANSPORTATION CREDITS:**
For Milk Moving Plant-to-Plant

Area differentials based on whole milk: \$0.27 = \$0.0031 x 87.8;

Area differential for skim: \$0.28 = \$0.0031 x 90.9; and

Area differential for condensed skim: \$0.21 = \$0.0031 x 68.0

SUPPLY COUNTIES	DEFICIT COUNTIES		Previous Through Aug 2008	Effective Sept. 2008
Los Angeles	Orange, Riverside,	Differential	\$0.00	\$0.00
	San Bernardino,	Credit	\$0.37	\$0.45
	San Diego and Ventura	Total	\$0.37	\$0.45
Tulare ^{1/}	Los Angeles, Orange, and Ventura	Differential	\$0.27	\$0.27
		Credit	\$0.73	\$0.89
		Total	\$1.00	\$1.16
	Riverside, San Bernardino and San Diego	Differential	\$0.27	\$0.27
		Credit	\$0.81	\$0.97
		Total	\$1.08	\$1.24
Kings and Fresno ^{1/}	Los Angeles, Orange, and Ventura	Differential	\$0.27	\$0.27
		Credit	\$0.76	\$0.89
		Total	\$1.03	\$1.16
	Riverside, San Bernardino and San Diego	Differential	\$0.27	\$0.27
		Credit	\$0.84	\$0.97
		Total	\$1.11	\$1.24
Sonoma	Alameda, San Francisco and Santa Clara	Differential	\$0.00	\$0.00
		Credit	\$0.27	\$0.45
		Total	\$0.27	\$0.45
Merced and Stanislaus ^{2/}	Alameda, San Francisco and Santa Clara	Differential	\$0.00	\$0.00
		Credit	\$0.38	\$0.75
		Total	\$0.38	\$0.75
	Sacramento	Differential	\$0.00	\$0.00
		Credit	\$0.20	\$0.68
		Total	\$0.20	\$0.68
	Solano and Sonoma	Differential	\$0.00	\$0.00
		Credit	\$0.00	\$0.74
		Total	\$0.00	\$0.74
Humboldt ^{3/}	Orange, Riverside, San Bernardino, Los Angeles and Ventura	Differential	\$0.27	\$0.27
		Credit	\$0.00	\$0.00
		Total	\$0.27	\$0.27

Shaded areas indicate changes

^{1/} The Department decision gives the same rates for milk coming from the counties of Fresno, Kings and Tulare

^{2/} The Department decision includes all of Stanislaus County

^{3/} The Department made no changes for milk coming from Humboldt County