



July 7, 2008

Mr. David Ikari, Chief
Dairy Marketing Branch
CALIFORNIA DEPT. OF FOOD & AGRICULTURE
1220 N Street
Sacramento, CA 95814

Dear Mr. Ikari:

Thank you for the opportunity to submit this post-hearing brief to clarify our position and respond to other testimony voiced at the hearing.

I would like to clarify a point I made regarding Bay Area transportation allowances. Given the large size of the first mileage bracket (0-99 miles), it is worth noting that nearly all of the milk delivering to the Bay Area is in the latter half of the bracket (greater than 50 miles), hence the higher haul costs.

As stated at the hearing we have no objection to CDI's Southern California mileage brackets. The mileage brackets we proposed appeared adequate based on our recent milk shipments. CDI ships considerably more milk from Kern County to the Los Angeles area than does DFA and therefore has access to a larger amount of data. In any event we are not harmed by their proposed brackets if the Department deems them to be appropriate.

Regarding the testimony of Mr. Britt from Clover-Stornetta: He stated that prior to the run-up in diesel fuel costs the net haul cost to their producers, after transportation allowances was \$.21 cwt. It is now at \$.37. If you refer to my Attachments 3a and 3b (as entered into the record at the hearing) you will see that DFA's net haul cost, with fuel surcharge, in the same area, to a local manufacturing plant is \$.47, plus a \$30 stop charge for each pickup. Therefore Clover's current haul cost to their Class 1 plant, after transportation allowance, is lower than the local rate. I believe this reaffirms our position that no adjustment is necessary at this time for the North Bay 0-44 miles bracket.

Thank you for the opportunity to submit this post-hearing brief and for your consideration of our views.

Sincerely,

A handwritten signature in black ink that reads 'Gary M. Stueve'.

Gary M. Stueve
V.P. Fluid Milk Operations
Dairy Farmers of America
Western Area Council