

Humboldt.

CREAMERY

Your Source For Natural Dairy Products

July 3, 2008

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

Dear Mr. Ikari:

Per your request at the recent July 1, 2008 CDFA public hearing we have included our work below in this post hearing brief. This work led to our request for \$3.50 per hundredweight in transportation credits and allowances. To review; we are requesting a portion of our actual transportation costs for hauling milk from Humboldt County to the southern part of the state. \$3.50 is at the same proportion to our actual hauling costs as we believe other current subsidies are in delivering milk to selected southern areas of the state which are of interest to us.

Our actual cost for May, 2008 was \$4.27/cwt so at \$3.50/cwt we are asking for 82% of May's costs.

Based on our analysis of recent CDFA hauling surveys and current subsidy amounts, here are the ratios currently being supported by credits and allowances:

From LA County to Orange, Riverside, San Bernardino, San Diego, Ventura Counties - $\$.37 / \$1.593 = 63\%$ of actual cost

From Tulare to LA, Orange, Ventura - $\$1.00 / \$1.2103 = 83\%$ of actual cost

From Kings and Fresno to LA, Orange, Ventura - $\$1.03 / \$1.2103 = 85\%$ of actual cost

We based our request for 82% of our actual cost on this sample of other plants' subsidies shipping to the same deficit counties that we are shipping to.

At a minimum we are asking for the same credits that other plant-to-plant shipments are eligible for but we do feel that 82% is a more equitable ratio to use. If we were to be included in the same supply county category as Kings and Fresno, based on current subsidies, our plant-to-plant credit would be \$1.11 which would represent only approximately 26% of our actual cost. As we expressed in our discussion on July 1, we represent a significant portion of the Southern California organic milk supply and at 20 loads per week, we believe we represent a not insignificant portion of all the fluid milk that supplies Southern California each week.

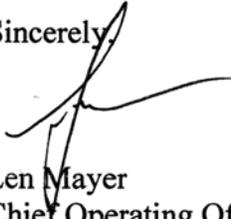
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Please let us know if we can provide any further information to your staff regarding this matter and we look forward to your reply.

Sincerely,



Len Mayer
Chief Operating Officer
Humboldt Creamery Association
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