

**Alliance of Western Milk Producers
1000 G Street, Suite 230
Sacramento, CA 95814**

Nov 11, 2009

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

Re: Post hearing brief on Class 1 price hearing held Nov 9, 2009

Dear Mr. Ikari,

The Alliance of Western Milk Producers appreciates the opportunity to submit this post hearing brief.

During questioning after the presentation of our testimony, you asked who I thought would be most “harmed” by the declining milk supplies in California. My answer, in part, commented that the declines in milk supply will most directly impact the volumes of milk processed in Class 4a plants – the recent decreases in production of nonfat dry milk illustrate this point clearly. I then commented that the producers who own these plants are being ‘double’ punished in that a.) they have reduced volumes to process that will negatively impact costs and b.) if there is a surcharge they would have to pay an unrecoverable extra amount for milk which will negatively impact their operating results. I would like to amend that to say they will be ‘triple’ punished since the costs of production for 4a products has increased substantially over the past two years and there has been no adjustment to the make allowances. Some recognition needs to be given to the fact that these added costs are already being absorbed by the producer owners.

The most commonly made comment on the record at this hearing was that there was too much complex material being considered. In our testimony we agreed with this observation but we would like the record to reflect that the breadth of issues was invited by the wording used in the notice of the hearing. In close second to the complex material comment was the repeated comment that an emergency hearing should have only a temporary result. In our petition for the hearing we made it clear we were requesting a

permanent change in the Class 1, 2 and 3 formulas. If that is the rule then the hearing should have either been denied or the hearing notice should have made it clear that only temporary results would be acceptable. Of the alternative proposals only one (Dairy Institute) was a call for a temporary result. The Western United Dairymen's petition was also for a temporary result, but they chose to not support.

Sincerely,

William C. Van Dam, Executive Vice President