



January 12, 2012

Karen Ross, Secretary  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

RE: Opposition to CDI 4a Hearing Petition

Dear Secretary Ross:

On behalf of the dairy producer members the California Dairy Campaign (CDC) represents, I write to request that the California Department of Food and Agriculture (CDFA) deny the petition put forward by California Dairies Inc. (CDI) calling for a hearing to consider increases in the manufacturing cost allowances in the 4a milk pricing formula.

California dairy producers today continue to pay record high feed costs and increases in other input costs. Dairy producer price projections in 2012 remain uncertain and dairy producers are unable to pass on their higher input costs under the current dairy pricing system. CDFA continues to be very responsive to increases in the cost of production for processing plants, but rising dairy producer production costs are not factored into the milk pricing formulas. Dairy producers have undergone unprecedented financial stress in recent years and should not be required to pay higher 4a manufacturing cost allowances given the profitability of that class of milk in the domestic and international market.

We urge CDFA to deny the request for a hearing put forward by CDI to raise the 4a manufacturing cost allowances in the 4a milk pricing formula.

We appreciate your attention in this regard.

Sincerely,

Joe Augusto  
President

cc: Sandra Schubert, Undersecretary  
Kevin Masuhara, Director Dairy Marketing Division  
Candace Gates, Dairy Marketing Branch Chief

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