



Alliance of Western Milk Producers

Representing California's dairy cooperatives and their producer-owners since 1991

1225 H Street, Suite 102 • Sacramento, California 95814 • 916-447-9941

February 14, 2006

The Honorable A. G. Kawamura, Secretary
California Department of Food & Agriculture
1220 N Street
Sacramento, CA 95814

Dear Secretary Kawamura:

The Alliance of Western Milk Producers represents three of the State's four major dairy cooperatives in California. These cooperatives market nearly 70% of the milk produced in the state and own manufacturing facilities. They urge you not to call a hearing based on the Dairy Institute of California's petition to lower the producer's Class 4b price at this time.

The Alliance's primary reason for asking you to deny the Institute's request at this time is that the federal milk marketing orders recently completed a hearing to adjust their Class III (cheese milk) and Class IV (butter/powder milk) make allowances. Until a final decision is reached by the federal orders – where California cheese plants competition is located -- it would be counter-productive to hold a hearing to consider changes to the Class 4a and Class 4b price formulas at this time.

The Alliance supports the concept of product-based milk pricing. One of the products of the milk processed into cheese is whey. However, the most common product made from the whey stream of cheese plants is not dry whey, but whey protein concentrate. The Alliance believes that for Class 4b formula changes to be made, the Department must first determine the most common whey protein concentrate product being produced and the cost of producing that product. Then and only then can California producers be adequately compensated for the value of all the protein in the milk that they produce.

The Alliance firmly believes that the Department should wait for the federal orders to determine what changes it will make to its make allowances. It also believes that data on what whey products are most commonly produced in California and what the manufacturing cost for that product is before calling a hearing to change Class 4b make allowances as proposed by the Institute.

Sincerely,

Jim Tillison, CEO

cc: David Ikari
Alliance Board of Directors