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December 11, 2006

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

Re: Post-Hearing Brief for the December 5, 2006 Class 1 Hearing

Dear Mr. Ikari:

We wish to clarify our testimony regarding the Milk Regulatory Equity Act (MREA). The MREA was designed to close a loophole in existing milk marketing regulations by ensuring that all plants that are located within a federally-regulated milk market area, and that market milk in a state which has regulated minimum milk prices under a state government's authority, will be regulated by the federal order in which they are located. The Arizona plant that we referred to in our testimony was escaping regulation by marketing milk in California, even though it was located in a federal milk marketing area. It was using its unregulated status to gain a competitive advantage in the marketplace.

The MREA was designed to level the competitive playing field by ensuring that all such plants would be regulated. In the spring of 2006, a plant located within a federal order in Colorado made significant changes to its sales and distribution patterns in order to avoid being regulated by the federal order under MREA. The fact that this Colorado plant would have become regulated under MREA clearly illustrates that the legislation's intent was broader than the regulation of a single plant.

We thank you for the opportunity to file a post-hearing brief and look forward to the Department's hearing determination.

Very truly yours,

Michael L. H. Marsh, CPA
Chief Executive Officer

cc: Board of Directors, Western United Dairymen