

Analysis of Alternative Proposals: Transportation Credits

[Corrections and additions resulting from the July 20th workshop are bolded, shaded and italicized]

Methodology:

- Analyses based on historic milk movements:
 - January 2003 through May 2004 for changes in volume of milk eligible for Transportation Credits.
 - June 2003 through May 2004 for changes in the cost of the Transportation Credits.
- The data in the tables were generated by putting in different “filters” as proposed in the petition and alternative proposal, including:
 - Changing supply counties
 - Changing deficit counties
 - Changing the rates for the credits
 - Having different credits for bulk milk and condensed skim

Notes for Figures 1-3: changes in volume of milk eligible

- The CDI proposal for making Los Angeles a deficit county for product coming from Los Angeles plants:
 - Would increase the eligible volume of bulk milk about 35 thousand pounds per day, a 3% increase.
 - Would increase the eligible volume of condensed skim milk about 135 thousand pounds per day, a 77% increase.
 - Would increase the eligible volume of both products about 170 thousand pounds per day, an 11% increase.

Notes for Figures 4-6: changes in cost of transportation credits

- The CDI proposal for making Los Angeles a deficit county for product coming from Los Angeles plants:
 - Would increase the costs of transportation **credits** for bulk milk about \$50 thousand per year, a 1% increase.
 - Would increase the costs of transportation **credits** for condensed skim about \$190 thousand per year, a 47% increase.
 - Would increase the costs of transportation **credits** for both products about \$240 thousand per year, **a 5% increase**.
- The LOL proposals increased rates and separate rates for bulk milk and condensed skim:
 - Would increase the costs of transportation **credits** for bulk milk about \$740 thousand per year, a 17% increase.
 - Would increase the costs of transportation **credits** for condensed skim about \$80 thousand per year, a 20% increase.
 - Would increase the costs of transportation **credits** for both products about \$820 thousand per year, a 17% increase.
 - The elimination of Fresno as a supply county and San Diego as a deficit county would have had no effect over the last 17 months.

Figure 1 - BULK MILK ELIGIBLE FOR TRANSPORTATION CREDITS
Current and additional from CDI Proposal
January 2003 to May 2004

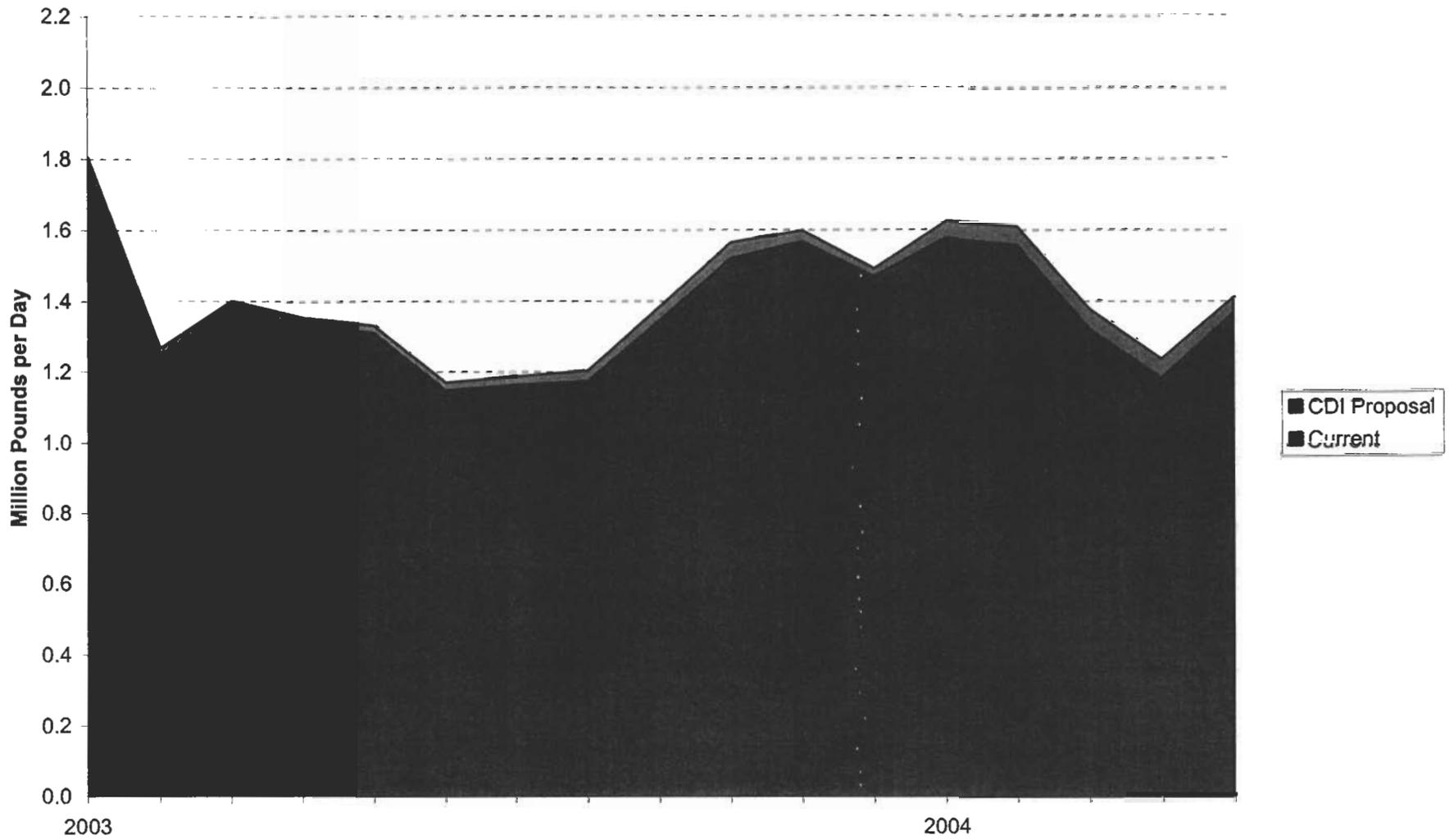


Figure 2 - CONDENSED SKIM ELIGIBLE FOR TRANSPORTATION CREDITS
Current and additional from CDI Proposal
January 2003 to May 2004

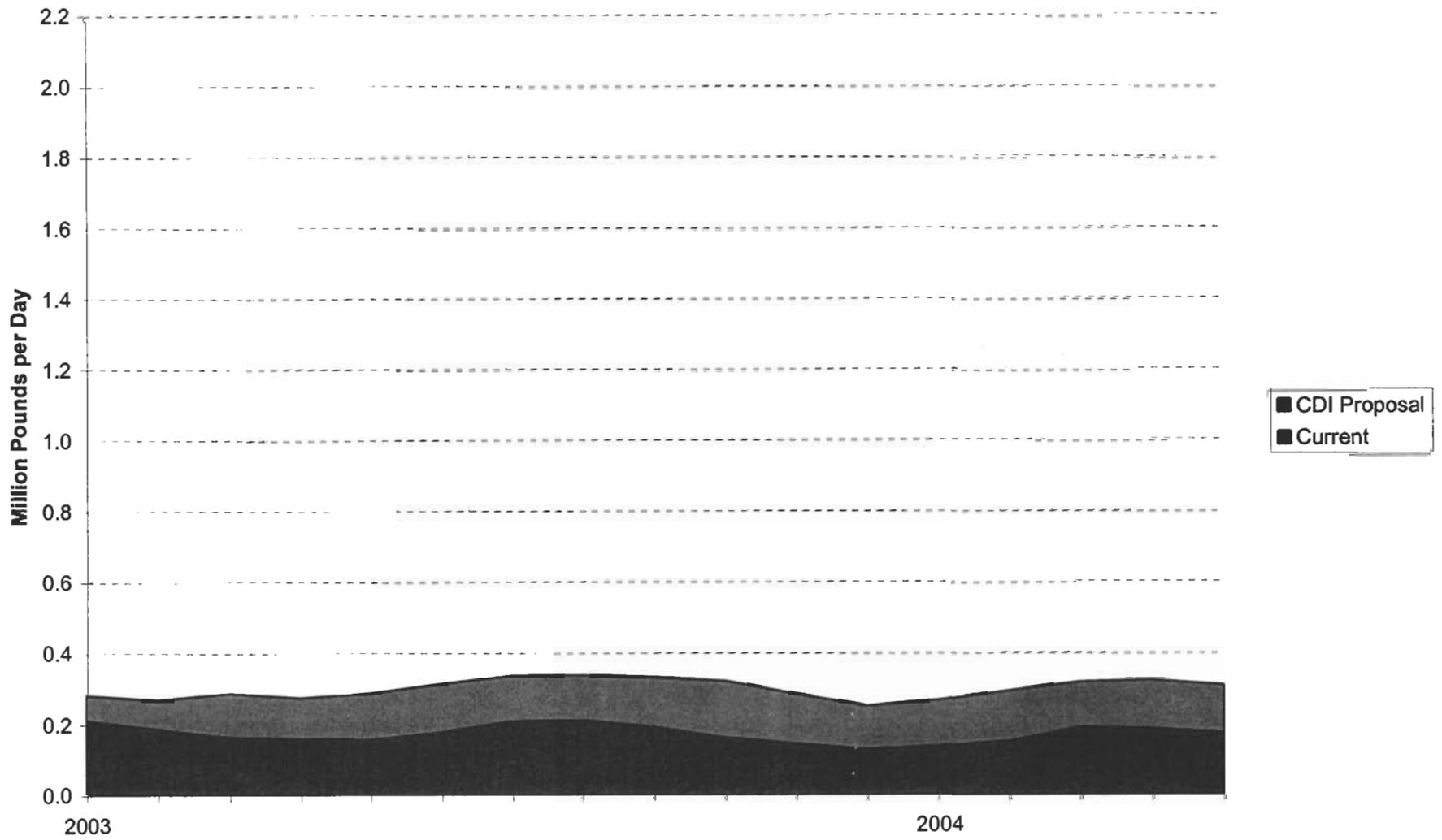
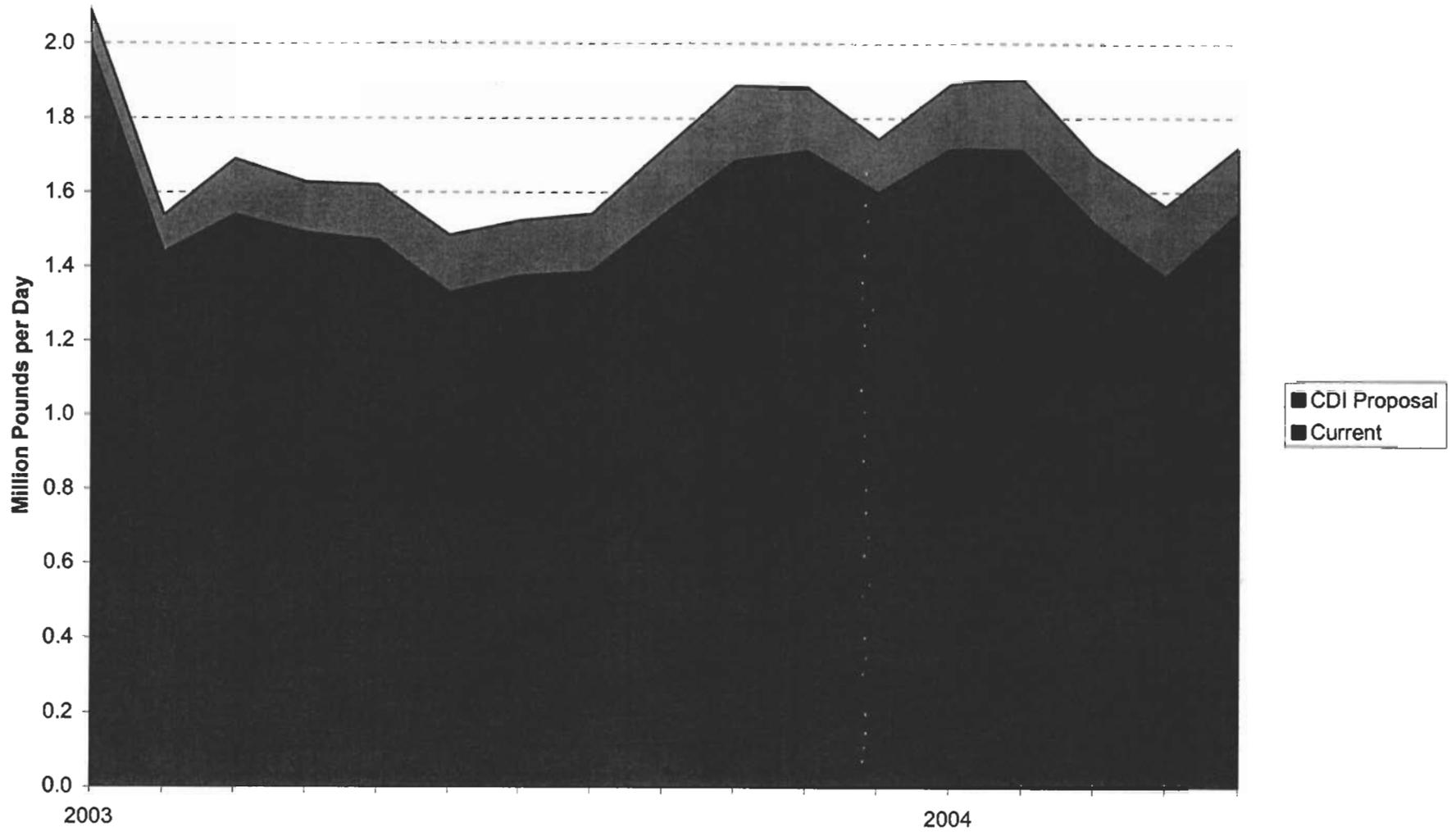


Figure 3 - BULK MILK AND CONDENSED SKIM ELIGIBLE FOR TRANSPORTATION CREDITS
Current and additional from CDI Proposal
January 2003 to May 2004



**Figure 4 - COST OF TRANSPORTATION CREDITS FOR BULK MILK
June 2003 to May 2004**

[Based on requests at the July 20th workshop, bolded, shades and italicized column totals have been added]

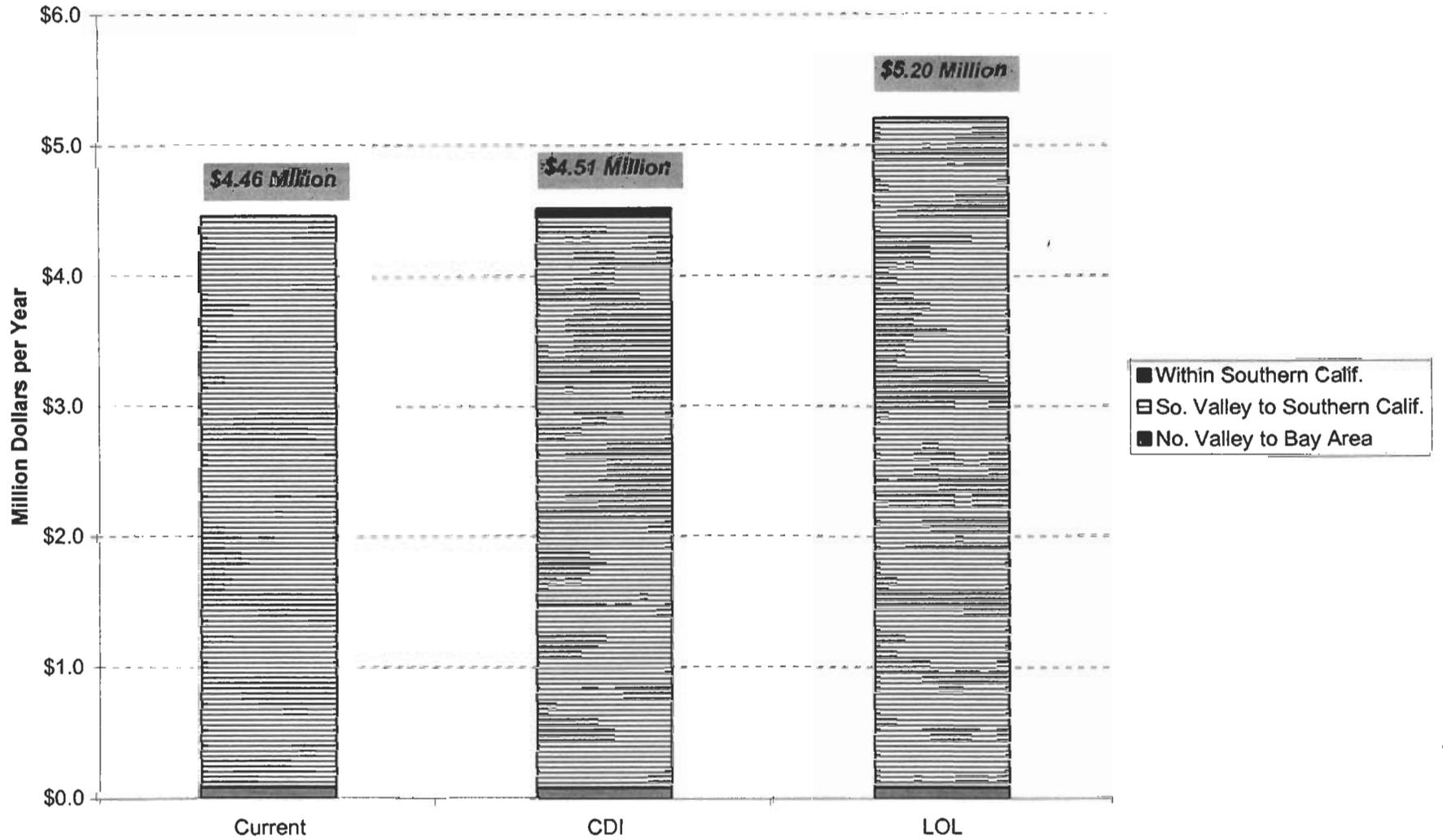
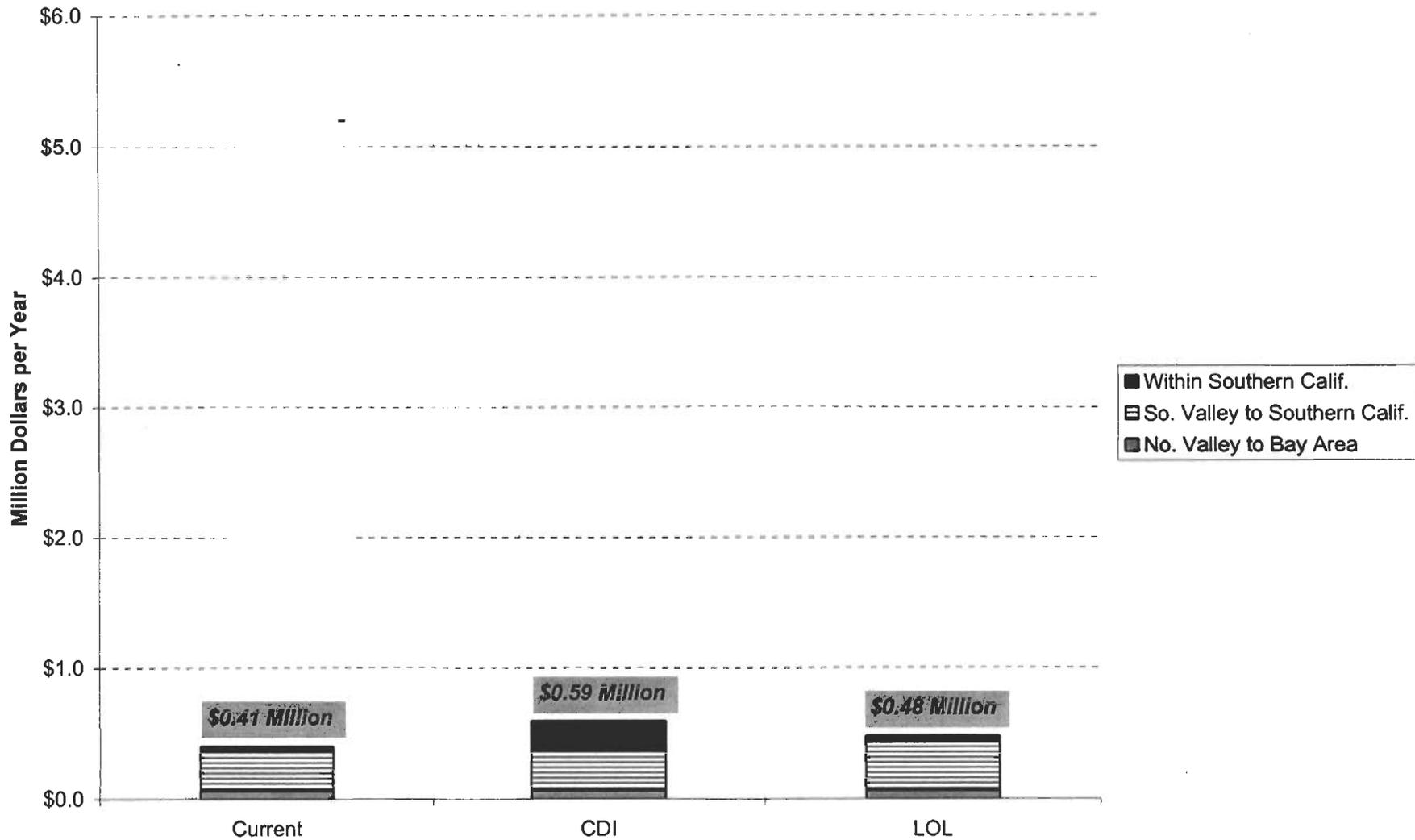


Figure 5 - COST OF TRANSPORTATION CREDITS FOR CONDENSED SKIM
June 2003 to May 2004

[Based on requests at the July 20th workshop, bolded, shaded and italicized column totals have been added]



**Figure 6 - COST OF TRANSPORTATION CREDITS FOR BULK MILK AND CONDENSED SKIM
June 2003 to May 2004**

[Based on requests at the July 20th workshop, bolded, shaded and italicized column totals have been added]

