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December 19, 2005

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

RE: January 3, 2006 Hearing

Hollandia Dairy would like to submit an Alternate proposal for the public hearing on transportation costs to be held on January 31, 2006.

Specifically, under Section 300.2 of the Stabilization and Marketing Plan, we recommend adding San Diego County as a separate designated deficit county from the designated supply county of Los Angeles.

Due to the decrease of production in San Diego County, we are now having to source skim milk from a Los Angeles plant and having to pay \$.60 per hundredweight freight which is significantly higher than the current credit of \$.34 per hundredweight.

Our sales continue to grow and a higher coverage of our hauling costs would be appreciated as well as justified due to the higher mileage and costs into the San Diego area.

Our recommendation would therefore be the following transportation credit change and we also support any other cost justified increases presented at this hearing.

<u>Designated Supply County</u>	<u>Maximum Deduction per Hundredweight</u>	<u>Designated Deficit County</u>
Los Angeles	\$0.60	San Diego

Also, as provided for in Section 921.2, Transportation Allowances, we request under sub-section (f) (1) for plants located in the San Diego receiving area, the Over 139 mile rate be increased to at least \$.72 which is the Los Angeles and surrounding counties rate for over 139 miles. We ask that the San Diego rate for over 139 miles be at least that which comes out of the hearing for the Los Angeles area.

We realize the magnitude of our request, but it is cost justified and feel that it is worthy of your consideration and inclusion in your findings which will come forth from the hearing process.

Thank you for your consideration of our Alternative proposal.

Sincerely,

Lee Hodge