



March 21, 2006

TO ALL INTERESTED PARTIES:

On January 31, 2006, the Department held a public hearing to consider amendments to the Milk Pooling Plan for Market Milk (Pool Plan) and to the Northern and Southern California Stabilization and Marketing Plans for Market Milk (Stab Plans). The amendments under consideration regarded changes to the milk movement incentive system.

Having carefully weighed the contents of the hearing records, the Department has decided to make the following changes:

- Increases (+\$0.01 to +\$0.02/cwt) in the transportation allowance rates in three Northern California receiving areas;
- Increases (+\$0.03 to +\$0.07/cwt) in the higher mileage brackets for transportation allowance rates in the two Southern California receiving areas;
- San Bernardino County becomes eligible for transportation allowances and transportation credits;
- Decrease (-\$0.09/cwt) in the transportation allowance rate and an adjustment in the second mileage bracket for the Southern California area;
- Decrease (-\$0.08/cwt) in the transportation credit rate for Los Angeles County;
- Increases in the transportation credit rate (+\$0.09/cwt) for the Southern San Joaquin Valley.

The Department views the following two issues as important but in need of further review. The Department will seek input outside the formal hearing process on the following issues:

- Fuel indexing for both transportation allowance and credit rates;
- Conversion of transportation allowance and credit rates from dollars per hundredweight to dollars per pound of solids-not-fat.

The attached table shows the current and new transportation allowance rates and mileage brackets, as well as the current and new transportation credit rates. The changes to the transportation allowance system will be reflected in the amendments to the Pool Plan, Order Number 105. The changes to the transportation credit system will be reflected in the amendments to the Stab Plans, Order Numbers 47 and 62, respectively, for the Northern California Marketing Area and the Southern California Marketing Area. All changes will be effective April 1, 2006.



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The Hearing Determinations, Panel Report, Pool Plan, Stab Plans and more detailed explanation of the Department's decision can be obtained on the CDFA dairy home page at www.cdfa.ca.gov/dairy. From this page, click on [Hearings] and then on [Dairy Hearing Matrix]. To access the Pool Plan and Stab Plans, click on [Dairy Regulations], located in the left hand column of the dairy home page. If you wish to receive a hard copy of the hearing results please contact the Milk Pooling Branch at 916-341-5901 or the Dairy Marketing Branch at 916-341-5988.

Should you have any questions or desire further information, please contact Tom Gossard with the Dairy Marketing Branch or Don Shippelhoute with the Milk Pooling Branch at the numbers above.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by e-mail at cdfapublicaffairs@cdfa.ca.gov or by telephone at 916-654-0462.

Sincerely,

Original signed by:

David Ikari, Chief
Dairy Marketing Branch

Original signed by:

John Lee, Chief
Milk Pooling Branch

Attachment

Transportation Allowance Changes - Ranch-to-Plant
As Determined by the January 31, 2006 Hearing

Ranch Milk Received In:	Current		Amended	
	<i>Since October 1, 2004</i> Mileage Brackets	Rates \$/cwt	<i>Effective April 1, 2006</i> Mileage Brackets	Rates \$/cwt
Bay Area Receiving Area ^{1/}	0 to 99	\$0.25		0.26
	99 to 199	0.29		0.31
	199 +	0.30		0.32
North Bay Receiving Area ^{2/}	0 to 44	0.18		0.19
	44 to 99	0.25		0.26
	99 +	0.29		0.31
Sacramento Receiving Area ^{3/}	0 to 59	0.13		0.14
	59 +	0.16		0.17
Shasta Receiving Area ^{4/}	0 to 29	0.13		0.13 NC
	29 to 49	0.16		0.16 NC
	49 +	0.19		0.19 NC
San Diego Receiving Area ^{5/}	0 to 89	0.10		0.10 NC
	89 to 139	0.43		0.43 NC
	139 +	0.58		0.65
Southern California Receiving Area ^{6/}	0 to 89	0.10		0.10 NC
	89 to 120	0.29	89 to 122	0.20
<i>Added San Bernardino County</i>	120 to 139	0.48	122 to 139	0.52
	139 +	0.62		0.65

NC No Change

1/ Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, and Santa Cruz Counties.

2/ Marin, Solano and Sonoma counties.

3/ Sacramento County

4/ Shasta County

5/ San Diego County

6/ Los Angeles, Orange, Riverside, San Bernardino (eff. April 1, 2006) and Ventura Counties.

Transportation Credit Changes - *Plant-to-Plant*
As Determined by the January 31, 2006 Hearing

Supply Counties	Deficit Counties		Current Since October 1, 2004	Amended Effective April 1, 2006
			\$/cwt	\$/cwt
Los Angeles	Orange, Riverside, San Bernardino, San Diego and Ventura	Differential	0.00	0.00
		Credit	0.34	0.26
		Total	\$0.34	\$0.26
Tulare	Los Angeles, Orange, and Ventura	Differential	0.27	0.27
		Credit	0.60	0.69
		Total	\$0.87	\$0.96
	Riverside, San Bernardino and San Diego	Differential	0.27	0.27
		Credit	0.68	0.77
		Total	\$0.95	\$1.04
Kings and Fresno	Los Angeles, Orange, and Ventura	Differential	0.27	0.27
		Credit	0.63	0.72
		Total	\$0.90	\$0.99
	Riverside, San Bernardino and San Diego	Differential	0.27	0.27
		Credit	0.71	0.80
		Total	\$0.98	\$1.07
Sonoma	Alameda, San Francisco and Santa Clara	Differential	0.00	0.00
		Credit	0.27	0.27
		Total	\$0.27	\$0.27
Merced and Stanislaus (part)	Alameda, San Francisco and Santa Clara	Differential	0.00	0.00
		Credit	0.38	0.38
		Total	\$0.38	\$0.38