

Analysis of Alternative Proposals: Transportation Allowances

- 1) Analyses based on historic milk movements that occurred monthly during August 2003 through May 2004.
- 2) The data in the tables were generated by putting in different “filters” as proposed in the petition and alternative proposal, including
 - a. Changing supply counties
 - b. Changing counties in the receiving areas
 - c. Changing the rates for the allowances
- 3) The cost of the allowances were calculated by using the proposed rate schedules.

Notes for Tables 1 and 2:

- The Shasta Receiving Areas was inactive during 2003 - 2004.
- Clover proposed changes that would affect only the Bay Area Receiving Area by adding Sonoma and Marin Counties.
- The Dairy Institute proposed changes that would affect the Bay Area Receiving Area by adjusting the allowance rates and would create a new receiving area, “North Bay”.
- CDI proposed changes that would affect the Bay Area Receiving Area, the Southern California Receiving Area and the San Diego Receiving Area. The effects are mostly the result of adjusting transportation allowances in the three receiving areas.
- LOL proposed changes that would affect the Southern California Receiving Area and the San Diego Receiving Area. The effects are a combination of adjusting transportation allowances and eligible counties.
- DFA proposed changes that would affect the Solano Receiving Area by adjusting the allowance rates.
- Security proposed changes that would affect the Southern California Receiving Area by adjusting the allowance rates.

Table 1. Monthly Average Cost of Transportation Allowances by Receiving Area

	<u>Current</u>	<u>Clover</u>	<u>Dairy Inst.</u>	<u>CDI</u>	<u>LOL</u>
Sacramento	\$36,068	\$36,068	\$36,068	\$36,068	\$36,068
Bay Area	\$221,432	\$252,030	\$204,239	\$313,935	\$221,432
Southern Cal	\$960,388	\$960,388	\$960,388	\$1,041,984	\$918,754
Solano	\$48,890	\$48,890	\$48,890	\$48,890	\$48,890
San Diego	\$6,263	\$6,263	\$6,263	\$6,624	\$5,988
North Bay	---	---	\$36,970	---	---
<i>Total</i>	<i>\$1,273,042</i>	<i>\$1,303,640</i>	<i>\$1,292,819</i>	<i>\$1,447,501</i>	<i>\$1,231,133</i>

	<u>DFA</u>	<u>Security</u>
Sacramento	\$36,068	\$36,068
Bay Area	\$221,432	\$221,432
Southern Cal	\$960,388	\$1,148,545
Solano	\$69,811	\$48,890
San Diego	\$6,263	\$6,263
North Bay	---	---
<i>Total</i>	<i>\$1,293,962</i>	<i>\$1,461,199</i>

Table 2. Monthly Average Cost of Transportation Allowances by Receiving Area, Proposed less Current

	<u>Clover</u>	<u>Dairy Inst.</u>	<u>CDI</u>	<u>LOL</u>	<u>DFA</u>
Sacramento	\$0	\$0	\$0	\$0	\$0
Bay Area	\$30,598	-\$17,193	\$92,503	\$0	\$0
Southern Cal	\$0	\$0	\$81,595	-\$41,634	\$0
Solano	\$0	\$0	\$0	\$0	\$20,920
San Diego	\$0	\$0	\$362	-\$274	\$0
North Bay	N/A	N/A	N/A	N/A	N/A
<i>Total</i>	<i>\$30,598</i>	<i>\$19,778*</i>	<i>\$174,460</i>	<i>-\$41,909</i>	<i>\$20,920</i>

	<u>Security</u>
Sacramento	\$0
Bay Area	\$0
Southern Cal	\$188,157
Solano	\$0
San Diego	\$0
North Bay	N/A
<i>Total</i>	<i>\$188,157</i>

*Includes the cost of the North Bay Receiving Area that does not exist currently.

Notes for Table 3:

- Tables 3 compares the 10-month costs and pounds of milk moved by mileage bracket and by receiving area.
- The figures apply to the transportation allowance system operating currently.
- **For the Sacramento Receiving Area:**
 - Most of the milk is less than 50 miles from the qualifying plants.
 - About 66% of the milk, representing 60% of the cost, falls into the 15 to 49 miles bracket.
- **For the Bay Area Receiving Area:**
 - Over 80% of the milk is less than 100 miles from the qualifying plants.
 - About 82% of the milk, representing 79% of the cost, is located 50 to 100 miles from the qualifying plants.
- **For the Southern California Receiving Area:**
 - This receiving area has a much different look than the Sacramento or Bay Area Receiving Areas.
 - More than one-third of the milk is less than 50 miles from the qualifying plants.
 - Over half of the milk is more than 100 miles from the qualifying plants.
 - The current rate and mileage bracket structure results in 53% of the milk getting 85% of the transportation allowances.
 - The Southern California Receiving Area accounts for twice as much milk moved using transportation allowances as the other receiving areas combined.
 - The Southern California Receiving Area accounts for 75% of the total monthly cost of transportation allowances.
- **For the Solano Receiving Area:**
 - The Solano Receiving Area has a more uniform distribution of milk moved by mileage bracket and associated costs than either Sacramento or the Bay Area Receiving Areas.
 - About 71% of the milk moves more than 75 miles to the qualifying plants and accounts for 76% of the costs.
- **For the San Diego Receiving Area:**
 - Nearly all of the milk moved with transportation allowances to San Diego is less than 75 miles from the qualifying plants.
 - No milk moved using transportation allowances is more than 100 miles from the qualifying plants.
 - The San Diego Receiving Area moves the least amount of milk using the transportation allowance system of all of the receiving areas that are active.

Table 3. Summary of Milk Moved and Cost by Mileage Bracket Using 2003 - 2004 Data, Current Transportation Allowance System

<i>Sacramento</i>	<u>Cost</u>	<u>% Cost</u>	<u>Pounds</u>	<u>% Pounds</u>
<15 Miles	\$4,691	1%	5,212,715	1%
15 to 49 Miles	\$216,506	60%	240,561,756	66%
50 to 74 Miles	\$117,741	33%	98,250,768	27%
75 to 99 Miles	\$14,611	4%	12,175,602	3%
100 to 124 Miles	\$7,133	2%	5,944,564	2%
125 Miles and over	\$0	0%	0	0%
<i>Total</i>	\$360,683	100%	362,145,405	100%

<i>Bay Area</i>	<u>Cost</u>	<u>% Cost</u>	<u>Pounds</u>	<u>% Pounds</u>
<15 Miles	\$0	0%	0	0%
15 to 49 Miles	\$32,170	1%	13,404,290	2%
50 to 74 Miles	\$387,451	17%	161,437,974	18%
75 to 99 Miles	\$1,367,149	62%	569,645,327	64%
100 to 124 Miles	\$317,443	14%	105,814,378	12%
125 Miles and over	\$110,107	5%	36,702,208	4%
<i>Total</i>	\$2,214,320	100%	887,004,177	100%

<i>Southern Cal</i>	<u>Cost</u>	<u>% Cost</u>	<u>Pounds</u>	<u>% Pounds</u>
<15 Miles	\$7,402	0%	8,224,795	0%
15 to 49 Miles	\$994,494	10%	1,104,993,647	37%
50 to 74 Miles	\$179,031	2%	198,922,812	7%
75 to 99 Miles	\$190,784	2%	87,798,289	3%
100 to 124 Miles	\$812,318	8%	188,911,099	6%
125 Miles and over	\$7,419,853	77%	1,402,919,843	47%
<i>Total</i>	\$9,603,881	100%	2,991,770,485	100%

Table 3. Summary of Milk Moved and Cost by Mileage Bracket Using 2003 - 2004 Data, Current Transportation Allowance System

<i>Solano</i>	<u>Cost</u>	<u>% Cost</u>	<u>Pounds</u>	<u>% Pounds</u>
<15 Miles	\$104	0%	69,609	0%
15 to 49 Miles	\$73,709	15%	47,375,209	20%
50 to 74 Miles	\$44,494	9%	22,247,030	10%
75 to 99 Miles	\$151,551	31%	75,775,408	33%
100 to 124 Miles	\$162,462	33%	64,984,725	28%
125 Miles and over	\$56,585	12%	22,633,935	10%
<i>Total</i>	\$488,905	100%	233,085,916	100%
<i>San Diego</i>	<u>Cost</u>	<u>% Cost</u>	<u>Pounds</u>	<u>% Pounds</u>
<15 Miles	\$7,368	12%	8,186,365	12%
15 to 49 Miles	\$39,918	64%	44,353,803	67%
50 to 74 Miles	\$11,219	18%	12,466,109	19%
75 to 99 Miles	\$4,123	7%	1,237,380	2%
100 to 124 Miles	\$0	0%	0	0%
125 Miles and over	\$0	0%	0	0%
<i>Total</i>	\$62,628	100%	66,243,657	100%