



February 3, 2006

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

Re: Post Hearing Brief -- January 31, 2006

Dear Mr. Ikari:

We are submitting this post hearing brief for the Department of Food and Agriculture's public hearing held on January 31, 2006, regarding milk movement incentives.

An inconsistency has been pointed out in our written testimony presented at the hearing regarding transportation credits to San Diego County whereby we supported a portion of the alternate proposal by Hollandia Dairy and did not properly include it in Section 300.2 of the Stabilization and Marketing Plan. Therefore, we submit the following to Section 300.2.

<u>Designated Supply County</u>	<u>Maximum Deduction Per CWT.</u>	<u>Designated Deficit Counties</u>
Los Angeles County	\$0.36	Orange, Riverside, or Ventura Counties
Los Angeles County	\$0.60	San Diego
Tulare County	\$0.70	Los Angeles, Orange, or Ventura Counties
Tulare County	\$0.78	Riverside or San Diego Counties
Fresno and Kings Counties	\$0.72	Los Angeles, Orange or Ventura Counties
Fresno and Kings Counties	\$0.80	Riverside or San Diego Counties

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Mr. David Ikari

During the questioning of our testimony, I speculated that it might take at least another \$.20 per CWT transportation allowances in Southern California to entice local milk to Class I processors. After further consideration, I do not believe even \$.20 per CWT will change milk movement patterns because of existing long-term milk commitments and supply requirements of other than Class I processors. More local milk to Class I will naturally occur only when and if, manufacturing capacity is reduced. A higher transportation allowance in Southern California will only be more costly to the pool and not change the availability of local milk to Class I.

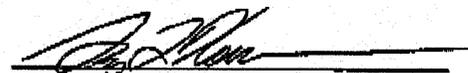
I must reiterate that timing is everything and the day following this hearing we were notified by Kings County Truck Lines of even higher transportation costs because of diesel fuel increases. Our requested increases for transportation allowances are insufficient to cover costs by \$.01 per CWT on up to 109 miles, \$.02 per CWT on 109 through 139 miles and \$.03 per CWT on over 139 miles.

Hopefully, a diesel fuel adjuster is a result of this hearing to allow those of use who service the deficit markets for the benefit of all producers are compensated for our costs.

We thank you again for this public hearing to present our recommendations.

Sincerely,

CALIFORNIA DAIRIES, INC.



Gary L. Korsmeier
Chief Executive Officer

GLK:mp



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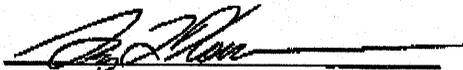
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