



February 7, 2006

Mr. David Ikari, Chief  
Dairy Marketing Branch  
CALIFORNIA DEPT. OF FOOD & AGRICULTURE  
1220 N Street  
Sacramento, CA 95814

Dear Mr. Ikari:

Thank you for the opportunity to submit this post-hearing brief to clarify our position and respond to questions regarding our testimony.

Regarding our preference for moving a fuel adjuster with a \$.05 per gallon or \$.15 per gallon change in diesel fuel prices, our opinion remains that a movement based on each \$.05 change in fuel prices is the most accurate and the most reflective of true costs.

As we testified, the fuel program that is most widely used within our organization utilizes a factor for each \$.05 change in fuel prices, however it is important to note that in reality it will also move on any percentage of a \$.05 change as well. One of the other programs we discussed at the hearing moves on \$.10 changes and others are either based on \$.05 moves or are strictly percentage based.

Although there was some question as to the accuracy of our fuel adjuster by Western United Dairymen, we remain convinced, as a producer group directly involved with the marketing of milk, that our numbers accurately reflect the changes in fuel-related costs. Our program is not restrictive in that it does allow, if necessary, for further fuel or non-fuel related adjustments through the normal hearing process if warranted. Obviously the need for fuel-related hearings should decline.

Thank you again for the opportunity to expand and explain our position.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gary M. Stueve', written in a cursive style.

Gary M. Stueve  
V.P. Fluid Milk Operations  
Dairy Farmers of America  
Western Area Council