

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE**  
**HEARING TO CONSIDER AMENDMENTS TO THE**  
**STABILIZATION AND MARKETING PLANS**  
**FOR MARKET MILK FOR THE NORTHERN**  
**CALIFORNIA AND SOUTHERN CALIFORNIA**  
**MARKETING AREAS**

**February 7, 2006**

**Post Hearing Brief of**  
**SECURITY MILK PRODUCERS ASSOCIATION**

**By Hank Perkins**  
**General Manager**

**S.M.P.A.****SECURITY MILK PRODUCERS ASSOCIATION**

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Mr. Hearing Officer and Members of the Panel, on behalf of Security Milk Producers Association, thank you for calling a hearing to address transportation allowances and affording us the opportunity to present testimony at the Hearing on January 31, 2006.

There were three freight invoices attached to the written statement we presented at the hearing. For deliveries from the Tulare area to Los Angeles, each independent hauler charges us a base rate of \$.90 per hundredweight plus a fuel surcharge. As of the end of December 2005, the date of the invoices provided, the surcharge rate was 18%. This gives us an effective rate of \$1.06. Our current surcharge schedule adjusts with every \$.05 change in diesel prices as posted on the DOE website. It has been several years since our haulers have increased their base rates.

With regards to the fuel adjuster proposal, we feel that the starting point needs to accurately reflect hauling costs to Los Angeles and adjust from there. Whether it adjusts when fuel changes by \$.05 or \$.15, or somewhere in the middle, it will address the peaks and valleys of diesel fuel prices without having to call another hearing. The two-month average suggested by DFA may not address the spikes in fuel prices accurately. Producers may not be adequately compensated for long hauls to the Class I market. We ask that the Department carefully consider this when analyzing that proposal.

Thank you for the opportunity to clarify our position. We respectfully request that you give consideration to our proposal and the testimony we provided at the Hearing.

Sincerely,

Hank Perkins  
General Manager