



The Department received a request from members of the Whey Committee for two analyses. The first estimates the price impacts when comparing the previous Class 4b formula with the current Class 4b formula. The second compares actual pool revenues in 2008 with estimated pool revenues using 2008 milk prices and volumes coupled with 2007 milk utilization.

For the months of December 2007 to June 2008, the first analysis asks for a comparison of the Class 4b prices of the current formula with the previous formula with make allowances of \$0.1988 for Cheddar cheese and \$0.3099 for dry whey and fob adjuster changes of \$0.0309 for butter and \$0.0252 for cheese. These make allowance changes reflect the weighted average manufacturing costs of Cheddar cheese and dry whey as released in the Department's September 2007 manufacturing cost exhibit. Table 1 shows the estimated Class 4b price change for the months in question.

In order to show the impact of reduced Class 4b utilization on pool revenues in 2008, the second analysis asks for a comparison of actual pool revenues from January 2008 to May 2008 with estimated pool revenues using 2008 milk prices and volumes with 2007 utilization percentages. Table 2 shows the estimated impact of this pool revenue comparison.



**Table 1**

**Price Formula Changes on California Class and Pool Prices**

Using historic commodity prices, estimates reflect the previous Class 4b formula with make allowance and fob adjuster changes<sup>1</sup> minus the Current formula (effective December 2007).

Month	Class 4b Change (\$/cwt)
Dec-07	\$0.50
Jan-08	\$0.14
Feb-08	-\$0.54
Mar-08	-\$0.65
Apr-08	-\$0.46
May-08	-\$0.41
Jun-08	-\$0.42
<b>Average</b>	<b>-\$0.26</b>

<sup>1</sup> Previous formula adjusted to reflect following changes: make allowance changes of \$0.1988 for Cheddar cheese and \$0.3099 for dry whey and fob adjuster changes of \$0.0309 for butter and \$0.0252 for cheese.

**Table 2**

**Pool Revenue Changes**

Estimates reflect the estimated pool revenues using 2008 milk prices and volumes and 2007 pool utilization percentages minus actual pool revenues from January 2008 to May 2008.

Month	Pool Revenue Change (millions)
Jan-08	\$0.6
Feb-08	\$4.3
Mar-08	\$6.9
Apr-08	\$5.4
May-08	\$9.2
<b>Average</b>	<b>\$5.3</b>