



April 18, 2016

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

RE: April 11th 2016 Hearing: Post Hearing Brief

Mr. Don Shippelhoue:

I, Edward M. Eddinger, on behalf of the Alouette Cheese Company, USA, appreciate this opportunity to file a post hearing brief based upon my April 11, 2016 testimony. Alouette Cheese Company, USA, opposes any increase to the 4B dry whey valuation formula based upon the current whey adjuster. Alouette Cheese Company, USA believes the continuation of the current whey adjuster formula for the next 12 months, although not entirely in our best interests, serves to protect all parties in pricing 4B milk.

Milk Commodity Market Volatility

In volatile milk commodity markets, it will be difficult to evaluate the impact of increasing the 4B dry valuation whey formula to our City of Industry, CA operations. The possibility of large impactful swings, month-to-month, to overall milk costs put us at risk of raising our customers' prices and impacting our competitiveness.

Acid Whey Disposal

Alouette Cheese, USA is at a further disadvantage versus other cheese plants due to the zero value and disposal costs associated with our Acid Whey byproduct stream. Since we cannot "offset" the costs by selling acid whey, increasing the 4B dry whey valuation formula is certain to increase our overall raw material costs and lower profit margins.

Cost of Doing Business in California

Alouette Cheese, USA has two cream cheese facilities, one located in City of Industry, CA and the other in New Holland, PA. In addition to the costs mentioned above, the 4B dry whey valuation increase may force production to shift from our City of Industry, CA facility and into our New Holland, PA facility.

Again, we appreciate the opportunity to present to you this post hearing brief. If you have any questions, please contact me at 717-355-8586.

Sincerely,