DETERMINATIONS, FINDINGS, CONCLUSIONS AND ORDER OF THE SECRETARY OF FOOD AND AGRICULTURE

Public Hearing to Consider Amendments to the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas

July 17, 2015

PROCEDURAL HISTORY

On May 1, 2015, the California Department of Food and Agriculture (hereinafter "the Department") called a public hearing on its own motion for the purpose of considering amendments to the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (hereinafter "Stabilization Plans"). The notice limited the scope of the hearing to consideration of adjustments to the whey factor contained within the Class 4b pricing formula for a period not to exceed twenty-four months. The Department conducted the hearing on June 3, 2015 in accordance with the procedures prescribed in Title 3, California Code of Regulations section 2080.4.

The Department has received testimony and entered documentary evidence and written correspondence pertinent to the call of the hearing into the record. A hearing panel has evaluated this record and submitted a report with recommendations to the Secretary. (Attachment A).

DETERMINATIONS

Pursuant to Food and Agricultural Code sections 62031 through 62079 (hereinafter "the Code"), the Secretary has broad discretion in deciding milk pricing issues. The Secretary may adopt, deny, or alter the panel's recommendations based upon her independent assessment of the record and the report.

Based upon this assessment, the Department has determined that changes to the current Stabilization Plans are necessary to effectuate their declared purpose as set forth in the Code. Accordingly, the Department agrees with and adopts the following panel recommendations for amendments to the Stabilization Plans:

- Continuing the use of the dry whey price series as the basis of the whey factor
- Modifying the steps of the current whey scale from five-cent steps to three-cent steps
- Flooring the whey factor value at $0.00/cwt.
- Implementing a sunset clause of one year

The Department declines, however, to accept the panel recommendation regarding the whey factor values associated with the steps and the cap of the whey scale. It has therefore determined that:

- The whey scale will cap the whey factor at $2.0050/cwt., not $1.5500/cwt., with increased whey values for the steps leading to the cap.

- The proposed changes to the formula for Class 4b will tend to effectuate the purposes of said Chapter 2.

- The new Stabilization Plans for Northern California (Attachment C) and Southern California (Attachment D) conform to Chapter 2.

The Department has decided an increase to the whey values of the cap and the steps leading to the cap are necessary to assist producers in dealing with increased costs of production and the effect of the ongoing drought. The Department therefore modifies the steps and values of the current whey scale for a period of one year, August 1, 2015 through July 31, 2016 (Attachment B).

ORDER

It is hereby ordered that the revised Stabilization Plans for Northern California (Order Number 61) and for Southern California (Order Number 76) shall become effective on or after August 1, 2015.

Karen Ross

Karen Ross, Secretary
California Department of Food and Agriculture

Signed and entered in the Office of the Secretary
of Food and Agriculture at Sacramento, California,
On July 17, 2015