

**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*

*May 20, 2016*

**PROCEDURAL HISTORY**

On March 9, 2016, 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 temporary and permanent dry whey scales and the extension of the sunset date of the temporary dry whey scale contained within the Class 4b pricing formula. The Department conducted the hearing on April 11, 2016 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 panel recommendations regarding the continued use of the dry whey price series as the basis of the whey factor, the modification of the steps of the whey scale from five-cent steps to three-cent steps, and the flooring of the whey factor value at \$0.00/cwt.

However, the Department declines to accept the panel recommendation regarding the whey factor values associated with each step and the cap of the permanent whey scale. The Department is concerned about the future outlook of milk production, in light of the continuing declining trend in daily milk production observed over the last sixteen months. The Department has 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 Department has further determined that the proposed changes to the Class 4b pricing formula will tend to effectuate the purposes of said Chapter 2, and that the new Stabilization Plans for Northern California (Attachment B) and Southern California (Attachment C) conform to Chapter 2. Therefore, the Department modifies the steps and values of the whey scale on a permanent basis as shown in Attachment D.

### ORDER

It is hereby ordered that the revised Stabilization Plans for Northern California (Order Number 62) and for Southern California (Order Number 77) shall become effective on or after June 1, 2016.

  
\_\_\_\_\_  
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 May 20, 2016