

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*

June 21, 2013

PROCEDURAL HISTORY

On May 20, 2013, the Department conducted a public hearing to consider proposed amendments to the Class 1, 2, 3, 4a and 4b pricing formulas to be implemented through corresponding adjustments to the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (hereinafter “Stabilization Plans”). More specifically, it conducted the hearing for the limited purpose of considering whether temporary price relief, as ordered for the period of February 1, 2013 to May 31, 2013, should be reinstated. The Department called this hearing on its own motion and conducted it in accordance with the procedures prescribed in Title 3, California Code of Regulations section 2080.4.

The Department received two proposals to amend the Stabilization Plans consistent with the call of the hearing. It entered testimony, documentary evidence, and written correspondence pertinent to matters at issue into the record.

Pursuant to Food and Agricultural Code sections 62031 through 62079 (hereinafter “the Code”), the Secretary has broad discretion in deciding milk pricing issues. This decision is based upon the hearing record and the Panel Report to the Secretary (Attachment A). The Secretary may adopt, deny, or alter the Panel’s recommendations based upon her independent assessment of the testimony and documentation entered into the record.

DETERMINATIONS

In weighing all available information, the Department has determined that changes to the current Stabilization Plans are necessary to effectuate their declared purpose as set forth in the Code. It adopts the following temporary amendments to the Stabilization Plan for the period July 1, 2013 through December 31, 2013:

- Increasing the Class 1 milk fat price by \$0.0003 per pound
- Increasing the Class 1 milk solids-not-fat price by \$0.0023 per pound
- Increasing the Class 1 milk fluid carrier price by \$0.0001 per pound
- Increasing the Class 2 and 3 milk fat and milk solids-not-fat price by \$0.0041 per pound

- Increasing the Class 4a and 4b milk fat and milk solids-not-fat price by \$0.0123 per pound

FINDINGS AND CONCLUSIONS

The Department has considered all provisions set forth in Chapter 2 and 3, Part 3, Division 21 of the Code in rendering these findings. These include, without exception, all provisions and declarations regarding public interest considerations. The Department has also considered all relevant information, including, but not limited to, testimony and items of evidence submitted by all parties to these proceedings, whether specifically mentioned herein.

The Department declines to accept the recommendations set forth in the Panel Report and finds that:

- The proposed changes to the formulas for Class 1, 2, 3, 4a and 4b will tend to effectuate the purposes of said Chapter 2.
- The new Stabilization Plans for Northern California (Attachment B) and Southern California (Attachment C) conform to Chapter 2.

The Department has concluded that continued uncertainty, particularly the extent to which dairy margins have recovered from the historic lows evidenced in early 2012, justifies temporary price relief through the end of the year. But, recognizing signs of improvement within the dairy industry as described in the Panel Report, it orders such relief at prices below those previously adopted.

ORDER

It is hereby ordered that the revised Stabilization Plans for Northern California (Order Number 59) and for Southern California (Order Number 74) shall become effective on or after July 1, 2013.



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 June 21, 2013