



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

December 6, 2012

Andrei Mikhalevsky
Chief Executive Officer
California Dairies, Inc.
2000 N. Plaza Drive
Visalia, CA 93291

Pete Janzen
General Counsel
Land O'Lakes, Inc.
4001 Lexington Ave. North
St. Paul, MN 55126-2934

Dennis Rodenbaugh
Senior Vice President
Dairy Farmers of America, Inc.
170 N. Maple Street, Suite 106
Corona, CA 92880

Dear Mr. Mikhalevsky, Mr. Janzen, and Mr. Rodenbaugh:

On December 3, 2012, you petitioned the Department to modify the dry whey factor used to calculate the minimum price for Class 4b milk. The Department denies the petition because the proposed modification does not effectuate the purposes of the Stabilization and Marketing Plans. The purpose of the Plans are to provide stability and satisfactory marketing conditions in the production of market milk.

The Department has determined that the modification of one component of one class of milk- the dry whey factor- is an inappropriate mechanism to address the financial challenges of California dairy producers for a couple of reasons. First, it cannot be justified due to a lack of reliable economic data that can be used to calculate this value in relation to the market. Second, there is an inequity embedded within the factor because not all cheese plants transform dry whey into a marketable dry whey product.

The Secretary is therefore calling a hearing on her own motion to consider whether market conditions support short term price adjustments to all classes of milk. Details of this hearing will be made available soon.

Sincerely,

Kevin Masuhara
Director

