DON FRANCISCO

March 7, 2012

Karen Ross, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Dear Secretary Ross:

My name is Cipriano Ivan Rizo. I am the CEO of Rizo Lopez Foods. We manufacture and sell Hispanic style cheese under the Don Francisco label. We have been manufacturing cheese in Riverbank CA since 1996 and we are the largest employer in that city. We serve many of the smaller Hispanic Grocery Markets with 2 million pounds of high quality cheese throughout California each month. We purchase our milk from local dairy farmers through their cooperatives.

We have been made aware of a petition that has been submitted to you requesting a hearing to once again change the 4B pricing formula. This petition submitted by Western United Dairymen is asking for an increase in the whey pricing factor. We respectfully ask that you deny another hearing on this issue. Since the implementation on September 1, 2011 of the increased whey factor in the 4B price formula our milk costs have increased by an average of $0.40 CWT. We have **no income** from the whey stream in our plant. **In fact, it cost us $139,000 last year to dispose of our whey.** It was difficult for us to maintain our competitiveness when we had the fixed $0.25 factor in the pricing formulation. We are in the process of building a new facility. We will be processing our whey through a reverse osmosis system which will only concentrate it to about 26% protein. We hope that this will help us to at least break-even on our whey stream. Any more increase in the price will put us at a loss on the whey again.

We know that producers are experiencing some financial distress, but raising costs on the processors will only tend to eliminate their milk markets in a time of increasing milk production.

I thank you for this opportunity to express our sincere desires on this issue and we once again request that you deny the hearing.

Sincerely,

Cipriano Rizo
CEO Rizo Lopez Foods

RIZO LÓPEZ FOODS INC.

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