

**SUMMARY OF PROPOSALS FOR THE JUNE 20, 2011 HEARING WORKSHOP — IN PREPARATION FOR THE JUNE 30 & JULY 1, 2011 HEARING**

**Class 4a**

$$\text{Fat} = (\text{CME Butter Price} - \$0.0309 - \$0.1560) \times 1.2$$

*Difference between CME & Aver. Price Received by Processors*     *MCA - Amt. to deduct for Processor's costs*     *Yield: Lbs. of butter from 1 lb. of fat*

$$\text{SNF} = (\text{CA NFDM Price} - \$0.1698) \times 1.0$$

*MCA - Amt. to deduct for Processor's costs*     *Yield: Lbs. of powder from 1 lb. of SNF*

**Class 4b**

**Fat = Class 4a Fat**

$$\text{Product Value} = (\text{Cheddar Price} - \$0.0252 - \$0.1988) \times 10.2 + (\text{CME Butter} - \$0.10 - \$0.1560) \times 0.27 + \$0.25$$

*Difference between CME & Aver. Price Received by Processors*     *MCA - Amt. to deduct for Processor's costs*     *Yield: Lbs. of cheese from cwt. of milk*     *Difference between CME & Aver. Price Received by Processors*     *MCA - Amt. to deduct for Processor's costs*     *Yield: Lbs. of whey butter from cwt. of milk*

$$\text{SNF} = \frac{\text{Product Value} - (3.72 \times \text{Price of Class 4b fat})}{8.80}$$

*Aver. % fat in milk for Cheddar*     *Fixed Dry Whey MCA - Amt. to deduct for Processor's costs*     *Aver. % SNF in milk for Cheddar*

**ALL PROPOSED CHANGES ARE INDICATED IN "RED"**

→ **CALIFORNIA DAIRIES, INC.**

**Class 4a**

**Fat** = (CME Butter Price - **\$0.0485** - **\$0.1811**) x 1.2

**SNF** = (CA NFDM Price - **\$0.1984**) x 1.0

→ **LAND O'LAKES**

**Class 4b**

**Product Value** = (Cheddar Price - **\$0.0018** - **\$0.1966**) x 10.2 + (CME Butter - \$0.10 - \$0.1560) x 0.27 + **Whey Factor Value (Based on Sliding Scale)**

Average monthly Whey Prices Per Lb.:	Whey factor Per Cwt.:
Up to \$0.2449	\$0.25
\$0.245 to \$0.2549	\$0.30
\$0.255 to \$0.2649	\$0.35
\$0.265 to \$0.2749	\$0.40
\$0.275 to \$0.2849	\$0.45
\$0.285 to \$0.2949	\$0.50
\$0.295 to \$0.3049	\$0.55
\$0.305 to \$0.3149	\$0.60
\$0.315 to \$0.3249	\$0.65
\$0.325 to \$0.3349	\$0.70
\$0.335 to \$0.3449	\$0.75
\$0.345 to \$0.3549	\$0.80
\$0.355 to \$0.3649	\$0.85
\$0.365 to \$0.3749	\$0.90
\$0.375 to \$0.3849	\$0.95
\$0.385 or above	\$1.00

- The dry whey prices used to determine per cwt. whey values used in calculations shall be the simple average of the Dry Whey-West Mostly prices as published in Dairy Market News between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.
- In the event that the Dry Whey-West Mostly price is not available to determine the per cwt. whey values to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the Dry Whey-West Mostly price used in the prior month's whey price to determine the per cwt. whey values to calculate the Cheese per hundredweight price.

→ **WESTERN UNITED DAIRYMEN**

**Class 4b**

**Product Value** = (Cheddar Price - **\$0.0018** - **\$0.1966**) x 10.2 + (CME Butter - \$0.10 - \$0.1560) x 0.27 + **80% x ((Dry Whey West Price - \$0.1991) x 5.9318)**

- The Dry whey prices used in calculations shall be the simple average of the Dry Whey-West Mostly prices as published in Dairy Market News between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.
- In the event the Dry Whey-West Mostly price is not available to determine the per hundredweight whey values to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the Dry Whey-West Mostly price used in the prior month's whey price to determine the per hundredweight whey values to calculate the Cheese per hundredweight price.

→ **DAIRY INSTITUTE OF CALIFORNIA**

**Class 4b**

**Product Value** = (Cheddar Price - \$0.0252 - \$0.1988) x 10.2 + (CME Butter - \$0.10 - \$0.1560) x 0.27 + **Whey Factor Value (Based on Sliding Scale)**

Average monthly Whey Prices Per Lb.:	Whey factor Per Cwt.:
< \$0.35	\$0.25
>=\$0.35 and <\$0.40	\$0.35
>=\$0.40 and <\$0.45	\$0.45
>=\$0.45 and <\$0.50	\$0.55
>=\$0.50 and <\$0.55	\$0.65
>=\$0.55	\$0.75

- The dry whey price used in the calculations shall be the weighted average of the most recent weekly United States dry whey prices, first published beginning the 26th day of the previous month and concluding the 25th day of the current month, as revised and reported as of the 25th day of the current month in the U.S. Department of Agriculture's Dairy Product Prices report compiled by the National Agricultural Statistics Service (NASS).
- In the event that the United States dry whey price reported by NASS is not available to calculate the Cheese hundredweight price pursuant to Subparagraph (E)(1), then used in its place shall be the United States dry whey price used in the prior month's calculation of the Cheese hundredweight price.