

National Milk Producers Federation

National Milk Producers Federation • 2101 Wilson Blvd., Arlington, VA 22201 • 703-243-6111 FAX 703-841-9328

Agri-Mark, Inc.
Arkansas Dairy
Cooperative Association

Associated Milk
Producers, Inc.

Cass-Clay
Creamery, Inc.

Continental Dairy
Products, Inc.

Cooperative Milk
Producers Assn.

Dairy Farmers
of America, Inc.

Dairymen's Marketing
Cooperative, Inc.

Dairylea Cooperative Inc.

Ellsworth Cooperative
Creamery

Farmers Cooperative
Creamery

First District
Association

Foremost Farms USA

Humboldt Creamery

Just Jersey
Cooperative, Inc.

Land O'Lakes, Inc.

Lone Star Milk
Producers, Inc.

Manitowoc Milk
Producers Coop.

MD & VA Milk
Producers Cooperative
Association, Inc.

Michigan Milk
Producers Assn.

Mid-West Dairymen's
Company

Northwest Dairy
Association

Prairie Farms
Dairy, Inc.

St. Albans Cooperative
Creamery, Inc.

Scioto County Co-op
Milk Producers' Assn.

Select Milk
Producers, Inc.

Southeast Milk, Inc.

Swiss Valley Farms, Co.

Tillamook County
Creamery Assn.

United Dairymen
of Arizona

Upstate Niagara
Cooperative, Inc.

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December 12, 2007

A.G. Kawamura, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

George Gomes, Under Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

RE: Request for Reconsideration of Decision Issued on November 20, 2007
Following Public Hearing on October 10 and 11, 2007

Dear Secretary Kawamura and Under Secretary Gomes,

The 33 member dairy farmer cooperative associations of the National Milk Producers Federation (NMPF) represent two-thirds of the nation's 60,000 commercial dairy farmers, including a large share of California milk producers.

On November 20, CDFR issued a decision that fixes the whey value in the Class 4b milk price at 25¢ per hundredweight. With this change, the Class 4b milk price ceases to be "in reasonable and sound economic relationship with the national value...of the various products yielded from such market milk." This will lead to wild swings in the differences among California minimum prices, Federal order minimum prices, and competitive prices in unregulated markets, and disorder milk marketing in California and across the country.

NMPF has supported the continuation of the California milk pricing system, and has worked for its accommodation by the Federal milk marketing order system. Our efforts have included support for the Milk Regulatory Equity Act (which supported the California pricing program by putting plants selling into California under Federal order regulation) and for recognition of state milk pricing programs within the Federal order system. However, producers are served best, and the objectives of both state and Federal dairy programs can only be met most effectively, when the programs operate in harmony.

Jerry Kozak, President/Chief Executive Officer

Charles Beckendorf, Chairman


The California Food and Agriculture Code promotes this harmony by requiring that the Secretary establish minimum milk prices that are "in reasonable and sound economic relationship with the national value of manufactured milk products" (§62062) and that those prices take into consideration "(t)he relative market value of the various products yielded from such market milk." (§62076) Taken together, these provisions appear to require that any product price-based formula for Class 4b milk must include the national market value for whey (or whey products) in addition to cheese and butter.

A fixed whey value in the Class 4b price formula offers no accommodation with the rest of the country and will ultimately disrupt milk marketing in all states, including California. Shifting differences among regional milk prices will result from the new formula, and lead to surges of milk in response: first into, then out of, California. This will destabilize milk marketing across the country, but within California most of all.

NMPF urges CDFA to reconsider this decision, abandon the fixed whey value, and adopt a Class 4b milk price formula that moves in parallel with the Federal order Class III milk price. The long-term viability of both the California and Federal pricing systems depends upon their effective coordination.

Please contact me if we can be of any assistance in this matter.

Sincerely,



Jerry Kozak
President and CEO

cc: David Ikari, CDFA
Dana Coale, USDA/AMS