

**Before the United States Department of Agriculture  
Agriculture Marketing Service**

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MILK IN THE PACIFIC NORTHWEST AND  
WESTERN MARKETING AREAS; HEARING  
ON POOLING

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) Docket No. AO-368-A30,  
) AO-380-A18; DA-01-08  
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**COMPILATION EXHIBIT \_\_\_, ATTACHMENTS A-H**

Official Documents of California Department of Food & Agriculture

Submitted on Behalf of Dean Foods Company

**Official Documents of California**  
**Department of Food & Agriculture**

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State of California

Department of Food and Agriculture

Dairy Marketing Branch

**Stabilization and Marketing Plan for  
Market Milk, as Amended, for the  
*Southern California Marketing Area***

Issued by the Secretary of the  
California Department of Food and Agriculture Pursuant to the  
Provisions of Chapter 2, Part 3, Division 21 of the  
Food and Agricultural Code

Effective April 1, 2000

By Southern California Order Number Fifty-Five (55)

# Article I

## Definitions

Section 100.0. The definitions contained in Chapter 2 and Chapter 3, Part 3, Division 21 of the Food and Agricultural Code and the Pooling Plan for Market Milk, as amended, govern the construction of this Stabilization and Marketing Plan.

Section 100.1. "Act" shall be known, and may be cited, as the "Food and Agricultural Code".

Section 100.2. "Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, nonprofit cooperative association, nonprofit cooperative marketing association, nonprofit corporation, or any other business unit or organization.

Section 100.3. "Secretary" means the Secretary of the California Department of Food and Agriculture or any employee of such Department duly assigned or delegated by the Secretary of the California Department of Food and Agriculture to perform the functions required pursuant to this Stabilization and Marketing Plan.

Section 100.4. "Producer" means any person that produces market milk from five or more cows in conformity with the applicable health regulations of the place in which it is sold, and whose bulk market milk is received, acquired, or handled by any handler or any nonprofit association of producers. It includes the nonprofit cooperative associations described in Article 3 (commencing with Section 61871) of Chapter 2 of the Food and Agricultural Code in the transactions in which such article provides that the associations are producers.

Section 100.5. "Producer-handler" means any person that is both a producer and a handler of market milk. For the purposes of Chapter 2, a producer-handler is a producer in any transaction involving the sale or delivery of bulk market milk which was produced by the producer-handler to a handler or to any nonprofit cooperative association of producers. A producer-handler is a handler in any transaction involving the purchase, acquisition, or receipt of market milk from any person, the pasteurization or packaging of market milk, or the sale or delivery of packaged market milk to any person.

Section 100.6. "Handler" means any person functioning in one or more of the following capacities:

- (A) A person (other than a cooperative association) who operates one or more pool plants or operates any other plant from which Class 1 milk is disposed of directly or indirectly during the month in the marketing area;
- (B) A duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefor and which operates one or more pool plants or operates any other plant from which market milk products are disposed of directly or indirectly during the month in the marketing area;

- (C) A cooperative association in its capacity as the marketing agent for producer milk with respect to the milk of its member producers which it markets and receives payment therefor under authority of contracts or agreements with its individual members, which milk is not received at a plant operated by the cooperative or diverted therefrom;
- (D) A person who operates a milk plant located in the marketing area and receives market milk from one or more dairy ranches.

Section 100.7. "Call handler" means any handler as defined in Section 100.6, Paragraphs (A), (B), and (D) herein, whose total direct and derived milk solids-not-fat Class 1 usage equals or exceeds 80% of such handler's total market milk solids-not-fat received or diverted and whose direct and derived milk solids-not-fat Class 4a and 4b usage does not exceed 5% of such handler's total market milk solids-not-fat received or diverted.

The handler's milk solids-not-fat Class 1 usage percentage requirement of this Section may be increased or decreased by no more than 10 percent if the Secretary deems it necessary in order to assure that a sufficient number of bottling plants may secure an adequate supply of milk. Advance notice of an increase or decrease of such percentage requirement shall be not less than 30 days on original implementation of the milk movement provisions of Article V of this Stabilization and Marketing Plan in any year, and not less than 15 days after such provisions of Article V have been implemented in any year.

Section 100.8. "Supply handler" means any handler that does not qualify as a call handler.

Section 100.9. "Designated supply handler" means any supply handler for any month who has been designated by the Secretary as subject to call handler requests in accordance with the provisions of Section 500.2 of this plan.

Section 100.10. "Procurement region" means a prescribed area in which a Stabilization and Marketing Plan(s) is in effect.

- (A) The prescribed areas shall be:

Procurement Region 1 - Southern California Marketing Area and the counties of Fresno, Kern, Kings and Tulare.

Procurement Region 2 - Northern California Marketing Area, except for the counties of Del Norte, Fresno, Humboldt, Kern, Kings and Tulare.

- (B) All handlers defined in Section 100.6, Paragraph (A), (B), and (D) of this Article shall act as either supply handlers (including designated supply handlers) or call handlers in the procurement region in which their plant is located.
- (C) A handler defined in Section 100.6, Paragraph (C) of this Article shall be a supply handler (and possibly a designated supply handler) for the procurement region in which such handler delivers the greatest volume of milk.

Section 100.11. "Milk", for purposes of this Plan, means the lacteal secretion from one or more cows, including the milk fat, milk solids-not-fat, and fluid carrier portions thereof, each to be computed and accounted for separately.

Section 100.12. "Market milk" means any and all whole or concentrated milk that is produced in conformity with provisions of Chapter 1, Part 1, Division 15 of the Food and Agricultural Code and other applicable health regulations for market milk of the place where such milk is consumed.

Section 100.13. "Producer's dairy location" means a point where the milk house is situated and includes a platform or other pickup point at or near the milk house where the producer has customarily placed milk to be picked up by the handler.

Section 100.14. "Refrigeration equipment" means direct expansion or brine refrigeration, compressors, coolers, or any combination of such equipment.

Section 100.15. "Standardized milk" means milk which has been brought to a uniform milk fat and/or milk solids-not-fat content different from that of such milk at the time it was produced. Standardization of milk may be accomplished by the addition or subtraction of skim milk, cream, whole milk, or any condensed form of these three.

Section 100.16. "Container" means any package in which milk is packaged for distribution to consumers.

Section 100.17. "Handlers' plant" means any building in which a handler receives, weighs, tests, standardizes or processes market milk, or manufactures such into dairy products.

Section 100.18. "Receive milk" means to convey milk physically into a milk plant where it is utilized within the plant, or stored within such milk plant and transferred to another plant for utilization.

Section 100.19. "Mandatory Class 2" or "Mandatory Class 2 product" means any Class 2 product which must be made from market milk.

Section 100.20. "Pool plant" is as defined in Section 106 of the Pooling Plan.

Section 100.21. "Nonpool plant" is as defined in Section 111 of the Pooling Plan.

## **Article II**

### **Description of Boundaries of Southern California Marketing Area**

Section 200.0. "Southern California Marketing Area" means all portions of Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, and Santa Barbara Counties; and that portion of Ventura County lying south of the standard parallel between Township 5 North and Township 6 North, San Bernardino Meridian; all of said Area being within the State of California, or as such Area may hereafter be modified by the Secretary of Food and Agriculture.

## Article III

### Class Prices

Section 300.0. The minimum class prices for the milk fat and skim milk components of market milk, market cream, and market skim milk f.o.b. the pool plant or nonpool plant located within this Marketing Area where the milk was first received from producers, shall be as follows:

- (A) The minimum monthly prices for components used for Class 1 shall be determined prior to the beginning of each month, using the following formulas and procedures, except as such formulas and procedures may be modified by Paragraph (H) of this Section:
- (1) For all milk fat, not less than the price per pound computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, less a butter adjuster of ten cents (\$0.10), and the result multiplied by a yield factor of 1.2.
  - (2) For all milk solids-not-fat, not less than the price per pound computed by the formula using the Commodity Reference price per hundredweight determined pursuant to Subparagraph (A)(4) of this Section, plus forty-six and four-tenths cents (\$0.464), less 3.5 times the fat price per pound determined pursuant to Subparagraph (A)(1) of this Section, all multiplied by 0.76 and divided by 8.7.
  - (3) For all fluid carrier, not less than the price per pound computed by the formula using the Commodity Reference price per hundredweight determined pursuant to Subparagraph (A)(4) of this Section, plus forty-six and four-tenths cents (\$0.464), less 3.5 times the fat price per pound determined pursuant to Subparagraph (A)(1) of this Section, all multiplied by 0.24 and divided by 87.8.
  - (4) The Commodity Reference Price per hundredweight shall be the higher of either:
    - (a) The sum of the following two formulas:
      - (i) The price per hundredweight computed by the formula using the Cheddar cheese price determined pursuant to Subparagraph (A)(6) of this Section, multiplied by a Cheddar cheese yield factor of nine and eight-tenths (9.8).
      - (ii) The price per hundredweight computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, less ten cents (\$0.10), all multiplied by a whey butter yield factor of twenty-seven-hundredths (0.27).
    - (b) The sum of the following two formulas:
      - (i) The price per hundredweight computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, multiplied by a butter yield factor of 1.2, and the result multiplied by 3.5.



- (ii) The price per hundredweight computed by the formula using the nonfat dry milk price determined pursuant to Subparagraph (A)(7) of this Section, multiplied by a nonfat dry milk yield factor of 0.99, and the result multiplied by 8.7.
- (5) The butter price used in calculations pursuant to Paragraph (A) shall be the simple average of the daily closing Grade AA butter prices at the Chicago Mercantile Exchange falling between the period beginning the 26th day of the second previous month and concluding the 10th day of the previous month. In the event that Chicago Mercantile Exchange Grade AA butter prices are not available to calculate the butter price fifteen days prior to the effective date of the Class 1 pricing period concerned, then used in its place shall be the butter price used in the previous month's calculation.
- (6) The Cheddar cheese price used in calculations pursuant to Paragraph (A) shall be the simple average of the daily closing 40 pound block Cheddar cheese prices at the Chicago Mercantile Exchange falling between the period beginning the 26th day of the second previous month and concluding the 10th day of the previous month. In the event that Chicago Mercantile Exchange 40 pound block Cheddar prices are not available to calculate the Cheddar cheese price fifteen days prior to the effective date of the Class 1 pricing period concerned, then used in its place shall be the Cheddar cheese price used in the previous month's calculation.
- (7) The nonfat dry milk price used in calculations pursuant to Paragraph (A) shall be the weighted average of the two most recent weekly price reports for nonfat dry milk f.o.b. California manufacturing plants available on the 10th day of the previous month. The weekly reports are used to calculate the weighted average price per pound for all Grade A and extra grade nonfat dry milk for human consumption sold f.o.b. California manufacturing plants for the seven day period ending on Friday as reported by the California Department of Food and Agriculture.
- (8) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 1 prices shall be increased by the following amounts:
  - (a) For milk fat, five and seven-tenths mils (\$0.0057) per pound.
  - (b) For milk solids-not-fat, two and three-tenths mils (\$0.0023) per pound.
  - (c) For fluid carrier, one-tenth mil (\$0.0001) per pound.
- (B) The minimum bimonthly prices for components used for Class 2 shall be determined at the beginning of each even month, using the following formulas and procedures:
  - (1) For all milk fat, not less than the Average Class 4a fat price plus three and ninety-three hundredths cents (\$0.0393) per pound.

- (2) For all milk solids-not-fat, not less than the Average Class 4a solids-not-fat price plus nine and one hundredths cents (\$0.0901) per pound.
  - (3) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 2 prices shall be increased by the following amounts:
    - (a) For milk fat, seven and one-tenth mils (\$0.0071) per pound.
    - (b) For milk solids-not-fat, two and nine-tenths mils (\$0.0029) per pound.
  - (4) The time periods for the Average Class 4a fat price used in Subparagraph (B)(1) and the Average Class 4a solids-not-fat price used in Subparagraph (B)(2) of this Section shall be those in Subparagraph (B)(5) of this Section.
  - (5) For February-March Class 2 and 3 pricing period, the average of preceding December-January Class 4a component prices per pound.  
 For April-May Class 2 and 3 pricing period, the average of preceding February-March Class 4a component prices per pound.  
 For June-July Class 2 and 3 pricing period, average of preceding April-May Class 4a component prices per pound.  
 For August-September Class 2 and 3 pricing period, average of preceding June-July Class 4a component prices per pound.  
 For October-November Class 2 and 3 pricing period, average of preceding August-September Class 4a component prices per pound.  
 For December-January Class 2 and 3 pricing period, average of preceding October-November Class 4a component prices per pound.
- (C) The minimum bimonthly prices for components used for Class 3 shall be determined at the beginning of each even month, using the following formulas and procedures:
- (1) For all milk fat, not less than the Average Class 4a fat price plus three and ninety-three hundredths cents (\$0.0393) per pound.
  - (2) For all milk solids-not-fat, not less than the Average Class 4a solids-not-fat price plus five and eighty-six hundredths cents (\$0.0586) per pound.
  - (3) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 3 prices shall be increased by the following amounts:
    - (a) For milk fat, seven and one-tenth mils (\$0.0071) per pound.
    - (b) For milk solids-not-fat, two and nine-tenths mils (\$0.0029) per pound.
  - (4) The time periods for the Average Class 4a fat price used in Subparagraph (C)(1) and the Average Class 4a solids-not-fat price used in Subparagraph (C)(2) of this Section shall be those in Subparagraph (B)(5) of this Section.

(D) The minimum prices to be paid for components used for Class 4a shall be computed as follows:

- (1) For all milk fat, not less than the price per pound computed by the formula using the simple average of the Grade AA butter price quotations for the last significant trading action for the sale, offer or bid of butter at the Chicago Mercantile Exchange, less a freight adjustment of four and five-tenths cents (\$0.045), less a manufacturing cost allowance of nine and seven-tenths cents (\$0.097), and the result multiplied by a yield factor of 1.2.
- (2) For all milk solids-not-fat, not less than the weighted average price per pound for all Grade A and extra grade nonfat dry milk for human consumption sold f.o.b. California manufacturing plants for the period beginning the 26th day of the previous month and concluding the 25th day of the current month, as reported by the California Department of Food and Agriculture for the month, less a manufacturing cost allowance of fourteen cents (\$0.14), multiplied by a yield factor of ninety-nine hundredths (0.99).
- (3) In the event that the Chicago Mercantile Exchange Grade AA butter price is not available to calculate the current Class 4a fat price, pursuant to Subparagraph (D)(1), then used in its place shall be the butter price used in the prior month's calculation of the Class 4a fat price. All other Paragraphs that use the Class 4a fat price shall operate as if the price had been established pursuant to Subparagraph (D)(1).
- (4) In the event that the California weighted average nonfat dry milk price is not available to calculate the current Class 4a solids-not-fat component price, pursuant to Subparagraph (D)(2), then used in its place shall be the nonfat dry milk price used in the prior month's calculation of the Class 4a solids-not-fat price. All other Paragraphs that use the Class 4a solids-not-fat price shall operate as if the solids-not-fat price had been established pursuant to Subparagraph (D)(2).
- (5) The butter prices used in calculations pursuant to this paragraph shall be those released by the Chicago Mercantile Exchange falling between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.

(E) The minimum prices to be paid for components used for Class 4b shall be computed as follows:

- (1) The Cheese hundredweight price shall be the price per hundredweight computed by the sum of the following:
  - (a) The price per hundredweight computed by using the simple average of the 40 pound block price quotations for the last significant transaction for Cheddar cheese at the Chicago Mercantile Exchange, less a marketing adjustment of one and two-tenths cent (\$0.012), less a Cheddar cheese manufacturing cost allowance of sixteen and nine-tenths cents (\$0.169), all multiplied by a yield factor of ten (10).
  - (b) The price per hundredweight computed by the formula using the simple average of the Grade AA butter price quotations for the last significant trading action for

the sale, offer or bid of butter at the Chicago Mercantile Exchange, less a manufacturing cost allowance of nine and seven-tenths cents (\$0.097), less ten cents (\$0.10), all multiplied by a yield factor of twenty-seven-hundredths (0.27).

- (2) For all milk fat, the price per pound computed pursuant to Subparagraph (D)(1) of this Section.
  - (3) For all milk solids-not-fat, the price per pound computed by the formula using the Cheese hundredweight price established pursuant to Subparagraph (E)(1) less the product of three and sixty-five hundredths (3.65) multiplied by the Class 4b fat price established pursuant to Subparagraph (E)(2), all divided by eight and seventy-eight hundredths (8.78).
  - (4) In the event the Chicago Mercantile Exchange 40 pound block Cheddar price is not available to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the cheese price used in the prior month's calculation of the Cheese hundredweight price.
  - (5) In the event that the Chicago Mercantile Exchange Grade AA butter price is not available to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the Grade AA butter price used in the prior month's calculation of the Cheese hundredweight price.
  - (6) The butter and Cheddar cheese prices used in calculations pursuant this Paragraph shall be those released by the Chicago Mercantile Exchange between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.
- (F) The minimum prices to be paid pursuant to Paragraph (A) of this section shall be computed by the Dairy Marketing Branch and furnished to handlers not less than ten days prior to the effective date of each price change.
- (G) The minimum prices to be paid pursuant to Paragraphs (B), (C), (D), and (E) of this section will be computed by the Dairy Marketing Branch and furnished to handlers each month.
- (H) The minimum price for components used for Class 1, as set forth in Paragraph (A) of this Section, shall be modified only for the period April and May, 1997 and shall be:
- (1) The fat component price shall be \$1.0054 per pound.
  - (2) The solids-not-fat component prices shall be \$0.9575 per pound.
  - (3) The fluid carrier component price shall be \$0.0312 per pound.

Section 300.1. From the gross value of the minimum class prices [f.o.b. producer's dairy location for milk fat and skim milk components of market milk, market cream, and market skim first received direct from the producer's dairy at a pool plant or nonpool plant located within this Marketing Area as computed pursuant to Section 300.0, Paragraphs (A), (B), (C), (D), and (E)],

the handler may deduct the gross transportation charge from the producer's dairy location to the first receiving plant computed from the lowest of the following:

- (A) A rate not in excess of the rate charged for actual or reasonably similar services by highway carriers, as the term "highway carriers" is defined in Section 3511 of the Public Utilities Code;
- (B) The actual amount paid by the handler for such transportation.

Section 300.2. Each handler located in counties designated herein as a supply county may deduct from the applicable minimum prices pursuant to Section 300.0, Paragraph (A), a transportation credit for quantities of market milk and market skim milk shipped in bulk form to a plant located in a designated deficit county. Shipments of condensed skim milk and market cream are excluded from such transportation credits. Such deduction shall not exceed the amounts shown for such bulk transfers in the following schedule:

Designated Supply County	Maximum Deduction Per Cwt.	Designated Deficit Counties
Tulare County	\$0.50	San Diego, Riverside, Orange, Los Angeles or Ventura Counties
Fresno and Kings Counties	\$0.53	San Diego, Riverside, Orange, Los Angeles or Ventura Counties
Sonoma County	\$0.27	Alameda, San Francisco or Santa Clara Counties
Merced County and that portion of Stanislaus County lying south of the standard parallel between Township 3 South and Township 4 South, Mount Diablo Meridian	\$0.38	Alameda, San Francisco or Santa Clara Counties

**Section 300.3. Marketing Services.**

- (A) Each handler, who installs or maintains handler-owned refrigeration equipment or holding tanks at a producer's dairy location, may make a deduction from the amount due the producer for the services performed, provided said handler has on file a written authorization from the producer stating the amount of the deduction. This deduction may not exceed interest on investment computed at the rate of 6 percent per annum and an allowance for depreciation computed in accordance with depreciation rates established or allowed by the United States Internal Revenue Service.
- (B) Each handler, using nonfat dry milk for fortifying Class 1 products during the current month, may deduct for each pound of milk solids-not-fat in such nonfat dry milk a maximum charge equal to the current Class 1 solids-not-fat price established in Section

300.0, Paragraph (A) less the current Class 4a solids-not-fat price established in Section 300.0, Subparagraph (D)(2). However, in no case shall the deduction be less than zero cents (\$0.0000) nor more than nineteen and eighty-five hundredths cents (\$0.1985). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.

- (C) Each handler, using condensed market skim milk for fortifying Class 1 products, may deduct for each pound of milk solids-not-fat in such condensed market skim milk a maximum charge of nine and eighty-seven hundredths cents (\$0.0987). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.
- (D) Each handler, concentrating market milk at the plant first receiving such milk direct from the producer's dairy which concentrated milk is used in standardizing or fortifying market milk or any dairy product defined as Class 1, may deduct for each pound of solids in such market milk that is concentrated a maximum charge of nine and eighty-seven hundredths cents (\$0.0987). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.
- (E) In addition to the minimum prices specified, pursuant to Section 300.0, Paragraph (A), each handler, as defined in Article I, Section 100.6, Paragraph (A) or Paragraph (D), shall pay an additional amount to handlers, as defined in Article I, Section 100.6, Paragraph (B), for services performed under the stated conditions as follows:
  - (1) When the handler, as defined in Article I, Section 100.6, Paragraph (B), performs the function of separation of market milk sold as market cream or market skim milk to handlers and used as Class 1, a minimum of one and one-half cents (\$0.015) per pound milk fat and thirty-four hundredths cents (\$0.0034) per pound milk solids-not-fat shall be paid to such handler performing the separation service.
  - (2) When the handler, as defined in Article I, Section 100.6, Paragraph (B) performs the function of fortifying market milk with milk solids-not-fat or fortifying market skim milk with milk solids-not-fat, or fortifying and standardizing market milk sold as lowfat milk or standardizing market milk to a prescribed milk fat content, a minimum of forty-five hundredths cents (\$0.0045) per pound solids shall be paid to such selling handler.
- (F) In addition to the minimum prices specified pursuant to Section 300.0, Paragraphs (A) and (B), each designated supply handler may charge a call handler for services performed in a sale of bulk market milk for Class 1 use. Such additional charge for bulk milk shall not exceed:
  - (1) The actual rate charged under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rate exists,
  - (2) The prevailing rates charged by other supply handlers in the procurement region under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rates exist,

(3) A rate subject to review or approval by the Secretary.

Section 300.4. Any handler, who receives the milk fat and skim milk components of market milk, market cream, and market skim milk f.o.b. such handler's plant located within this Marketing Area and such components are distributed or sold outside the external boundaries of the State of California, shall pay to the producers thereof not less than the minimum prices established by the Secretary for this Marketing Area.

## **Article IV**

### **Usage Determination, Pooling and Handler Obligations**

Section 400.0. The milk fat and skim milk components of market milk, market cream, and market skim milk received by handlers, shall be reported pursuant to Section 800 of the Pooling Plan. The utilization, classification, and assignment shall be reported pursuant to Sections 801, 802, 803, and 804 of the Pooling Plan.

Section 400.1. The gross pool obligation of each handler shall be computed for each month pursuant to Section 900 of the Pooling Plan.

Section 400.2. Each handler, defined pursuant to Section 100.6, Paragraphs (A) and (D), shall give a written report each month to each producer from whom market milk was received during the month, which report shall include the provisions pursuant to Section 1000 of the Pooling Plan and other information that the Secretary may require from time to time.

Section 400.3. Each handler, defined pursuant to Section 100.6, Paragraphs (A) and (D), shall enter into a written contract with each producer for the purchase of market milk pursuant to the provisions of Article VI of this Stabilization and Marketing Plan.

Section 400.4. All handlers shall make and file with the Secretary such other reports as the Secretary may require to enable the Secretary to enforce the provisions of Chapter 2 and Chapter 3, Part 3, Division 21 of the Food and Agricultural Code.

## **Article V**

### **Milk Movement Requirements**

Section 500.0. Each year, between June 10 and July 10, the Secretary shall review the need for the implementation of the milk movement requirements. To assist in such review, the Secretary shall solicit and consider comments in writing regarding the need for such implementation of said requirements. The Secretary may implement the milk movement requirements if the Secretary determines as a result of the review that adequate supplies of market milk may not be available for Class 1 and mandatory Class 2 uses. The Secretary shall announce this determination no later than August 1.

If the Secretary does not implement the milk movement requirements and conditions change subsequent to this annual review period, the Secretary may on his or her own motion, or based on a petition from a handler, implement the milk movement requirements if he or she determines that adequate supplies of market milk may not be available for Class 1 and mandatory Class 2 uses.

The requirements for milk movement may be implemented for any period of one or more months during the months of September, October, November, December, January, February, March, or April. The implementation of the milk movement requirements shall be preceded by an announcement of not less than 30 days, provided that, the requirements of the milk movement provisions which are currently in effect shall continue for the months of January, February, March, and April 1989 on the effective date of this Stabilization and Marketing Plan, as Amended, until when and if the Secretary amends the order implementing the milk movement requirements dated July 29, 1988.

In implementing the milk movement requirements, the Secretary shall also establish and announce at least 30 days in advance of each month that such program is in effect, a minimum percentage of quota milk solids-not-fat that must have been used for Class 1 and mandatory Class 2 purposes by any supply handler in each procurement region before any such handler is exempted from being a "designated supply handler."

After the milk movement requirements, as specified in this section, have been implemented on 30 days notice, the minimum percentage of quota milk solids-not-fat that must have been used as Class 1 and mandatory Class 2 by a designated supply handler may be amended subject to at least a 15-day advance notice.

If after the implementation of the milk movement requirements the Secretary determines that said requirements are no longer necessary and are not performing a necessary function, the Secretary may terminate said requirements by notice. Such notice shall be announced 10 days prior to termination.

Section 500.1. In establishing the minimum percentage pursuant to Section 500.0 of this Article, the Secretary shall consider separately for each procurement region the Class 1 and mandatory Class 2 uses for the same month or months of the previous year and the most current available quota in each region.

Section 500.2. For any month that the minimum percentages established by the Secretary pursuant to this Article are effective, the Secretary shall announce the designated supply handlers who shall be required to make milk available for Class 1 uses upon request of a call handler.

In the determination of a supply handler's classification as a designated supply handler, the percentage of quota milk solids-not-fat accounted for in direct and derived Class 1 and mandatory Class 2 uses of such handler during the months of September, October, November, and December of the previous year and the months of January, February, March and April of the current year shall be used as a base. Designated supply handlers must have the ability to provide at least 5,000 gallons of milk per day upon request of a call handler.



The quantity of quota milk solids-not-fat that must be made available by a designated supply handler during any week shall be determined on a calendar week basis, reflecting a prorata percentage of such handler's current monthly quota total.

Section 500.3. For the purpose of determining the order of performance, each designated supply handler, once determined under Section 500.2 of this Article, shall be arrayed in a random order for the first week during which the milk movement requirements of this Article are in effect. For each week thereafter, the supply handler list shall be rotated sequentially. The handler who was designated as first supplier in any one week shall be rotated to the bottom of the list for the next week with all other designated handlers moving up one position on the list.

A call handler shall place requests for fluid milk in sequential order starting with the designated supply handler selected as first supplier for the week.

Section 500.4. On any original implementation of these provisions on 30 days notice as provided in Section 500.0, any handler who has been designated by the Secretary as a designated supply handler pursuant to Section 500.2 of this Article shall be eliminated as a designated supply handler if such handler can demonstrate within 25 days after being designated as a designated supply handler that since the previous year, such handler no longer qualifies as a designated supply handler.

On any change from the original implementation of these provisions on 15 days notice as provided in Section 500.0, any handler who has been designated by the Secretary as a designated supply handler pursuant to Section 500.2 of this Article shall be eliminated as a designated supply handler if such handler can demonstrate within 12 days after being designated as a designated supply handler that since the previous year, such handler no longer qualifies as a designated supply handler.

Section 500.5. Any call handler, who is unable to procure bulk market milk upon call from a designated supply handler, may file a complaint with the Department of Food and Agriculture against each designated supply handler who refused to make milk available under the requirements herein. Any such complaint shall be filed in a manner prescribed by the Secretary.

Section 500.6. Upon receipt of a complaint pursuant to Section 500.5, the Secretary shall review the reasonableness of the terms offered by the seller and determine the validity of any refusal to release the bulk market milk requested. If the Secretary determines that the complaint against the designated supply handler or handlers is justified, a charge of two dollars (\$2.00) per hundredweight shall be assessed against the designated supply handler or handlers for each hundredweight of bulk milk requested but not supplied. In reviewing the reasonableness of the terms offered by the seller, the Secretary shall consider the following as being reasonable:

- (A) the order for bulk milk shall be placed at least 48 hours prior to delivery.
- (B) the seller may require payment on delivery.
- (C) minimum delivery volume shall be not less than 5,000 gallons per day.
- (D) transportation terms which are accepted as normal practice.

(E) the presence of a certification as required under Section 500.7 of this Article.

Section 500.7. Any call handler who makes a call upon a designated supply handler for market milk must file a certification with the Secretary and with such designated supply handler that the market milk requested will be used for Class 1 purposes and that such call handler meets the standards of a call handler as specified in Section 100.7. All market milk released pursuant to the provisions of this Article by a designated supply handler to a call handler shall be credited 100% for performance purposes.

Section 500.8. Any call handler who received market milk after certification pursuant to Section 500.7 of this Article, but who did not meet the terms of such certification and/or who was not a qualified call handler pursuant to Section 100.7 during the week for which the delivery and receipt of market milk was made, shall be assessed two dollars (\$2.00) per hundredweight for each hundredweight of market milk received under the certification.

Section 500.9. Amounts assessed under this Article shall be added to the handler's obligation account and credited to the milk solids-not-fat producer equalization fund as such are established in the Pooling Plan for Market Milk.

## Article VI

### Unlawful Trade Practices

Section 600.0. As required by Section 62061, Chapter 2, Part 3, Division 21 of the Food and Agricultural Code, or as such is modified pursuant to Section 62724, Chapter 3, Part 3, Division 21 of the Food and Agricultural Code, producers and handlers are prohibited from engaging in unlawful trade practices hereinafter set forth:

- (A) The payment, allowance or acceptance of any secret rebate, secret refund, or unearned discount by any person, whether in the form of money or otherwise, is an unlawful trade practice.
- (B) The giving of any milk, cream, dairy product, service, or article of any kind, except to a bona fide charity, for the purpose of securing or retaining the market milk business of any customer is an unlawful trade practice.
- (C) Except as otherwise provided in Paragraph (E), the purchase of any market milk in excess of 1,000 gallons monthly from any producer unless a written contract, which complies with all of the requirements which are prescribed by this section, has been entered into with such producer is an unlawful trade practice. The contract shall include all of the following:
  - (1) The amount of market milk which is to be purchased for any period.
  - (2) The price to be paid for all market milk received.
  - (3) The date and method of payment for such market milk, which shall be as prescribed pursuant to Section 1001 of the Pooling Plan.

- (4) The charges for transportation, if hauled by the handler.
- (5) The contract may contain such other provisions as are not in conflict either with this Article or with Chapter 2. A signed copy of such contract shall be filed by the producer with the Secretary within five days from the date of its execution.
- (D) The production of market milk in excess of amounts provided to be purchased under contracts executed pursuant to Paragraph C shall be voluntary on the part of the producer and shall not be a condition, oral or written, of execution or renewal of any such contract.
- (E) Paragraph (C) does not apply to the purchase of market milk which is necessary to meet an unanticipated increase in demand or an unanticipated shortage in the supply of a handler if both:
  - (1) The quantity of market milk so purchased from any one producer does not exceed 1,000 gallons in any one month.
  - (2) A complete record of all such purchases is kept by the handler and the price paid for such milk by the handler is not less than the price which is established in this Stabilization and Marketing Plan for the usage to which such milk is applied.
- (F) The payment by a handler to any producer, including any nonprofit cooperative association acting as a producer, or the receipt by a producer, including any nonprofit cooperative association acting as a producer, from a handler of a lesser price for any market milk, distributed to any person, including any agency of federal, state, or local government, for less than the minimum prices established by the Secretary to be paid by handlers to producers for market milk for this Marketing Area is an unlawful trade practice.
- (G) The failure of any handler to pay for market milk delivered to the handler at the time and in the manner specified in the contract with the producer is an unlawful trade practice.
- (H) The provisions of Paragraphs (A), (B), (C), (D), (E), (F), and (G) apply regardless of the form in which market milk is received by the handler, and regardless of the area of origin of such market milk.

Section 600.1. As required by Sections 62094, 62095, and 62095.1, Chapter 2, Part 3, Division 21 of the Food and Agricultural Code, producers and handlers are prohibited from engaging in the unlawful trade practices hereinafter set forth:

- (A) The payment, gift, or the offer or promise of any payment or gift, of money or other thing of value, directly or indirectly, or through any agent or other intermediary, to any person with the purpose or design of inducing such person to become or remain the wholesale customer of any handler is an unlawful trade practice.
- (B) The payment, gift, or the offer or promise of any payment or gift, of money or other thing of value by any person, directly or indirectly or through any agent or other intermediary, to any handler, or producer, or the acceptance by any handler or producer of such payment or gift or thing of value is an unlawful trade practice if it is for any of the following:

- (1) For the purpose of inducing a handler or producer to enter into a new contract, or to renew, extend, or modify an existing contract, for the purchase of market milk by a handler from a producer.
  - (2) As a condition upon which a handler will enter into a new contract, or renew, extend, or modify an existing contract for the purchase of market milk from a producer.
  - (3) For the purpose of enabling a handler to pay to a producer, or a producer to receive from a handler, less than the minimum class usage prices established by the Secretary to be paid by handlers to producers for market milk.
- (C) The payment by a handler, either directly or indirectly, of less than the minimum producer price established under the applicable Stabilization and Marketing Plan adopted pursuant to Chapter 2, is an unlawful trade practice.



State of California  
Department of Food and Agriculture  
Dairy Marketing Branch

**Stabilization and Marketing Plan for  
Market Milk, as Amended, for the  
*Northern California Marketing Area***

Issued by the Secretary of the  
California Department of Food and Agriculture Pursuant to the  
Provisions of Chapter 2, Part 3, Division 21 of the  
Food and Agricultural Code

Effective April 1, 2000  
By Northern California Order Number Forty (40)

## **Article I**

### **Definitions**

Section 100.0. The definitions contained in Chapter 2 and Chapter 3, Part 3, Division 21 of the Food and Agricultural Code and the Pooling Plan for Market Milk, as amended, govern the construction of this Stabilization and Marketing Plan.

Section 100.1. "Act" shall be known, and may be cited, as the "Food and Agricultural Code".

Section 100.2. "Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, nonprofit cooperative association, nonprofit cooperative marketing association, nonprofit corporation, or any other business unit or organization.

Section 100.3. "Secretary" means the Secretary of the California Department of Food and Agriculture or any employee of such Department duly assigned or delegated by the Secretary of the California Department of Food and Agriculture to perform the functions required pursuant to this Stabilization and Marketing Plan.

Section 100.4. "Producer" means any person that produces market milk from five or more cows in conformity with the applicable health regulations of the place in which it is sold, and whose bulk market milk is received, acquired, or handled by any handler or any nonprofit association of producers. It includes the nonprofit cooperative associations described in Article 3 (commencing with Section 61871) of Chapter 2 of the Food and Agricultural Code in the transactions in which such article provides that the associations are producers.

Section 100.5. "Producer-handler" means any person that is both a producer and a handler of market milk. For the purposes of Chapter 2, a producer-handler is a producer in any transaction involving the sale or delivery of bulk market milk which was produced by the producer-handler to a handler or to any nonprofit cooperative association of producers. A producer-handler is a handler in any transaction involving the purchase, acquisition, or receipt of market milk from any person, the pasteurization or packaging of market milk, or the sale or delivery of packaged market milk to any person.

Section 100.6. "Handler" means any person functioning in one or more of the following capacities:

- (A) A person (other than a cooperative association) who operates one or more pool plants or operates any other plant from which Class 1 milk is disposed of directly or indirectly during the month in the marketing area;
- (B) A duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefor and which operates one or more pool plants or operates any other plant from which market milk products are disposed of directly or indirectly during the month in the marketing area;
- (C) A cooperative association in its capacity as the marketing agent for producer milk with respect to the milk of its member producers which it markets and receives payment therefor

under authority of contracts or agreements with its individual members, which milk is not received at a plant operated by the cooperative or diverted therefrom;

- (D) A person who operates a milk plant located in the marketing area and receives market milk from one or more dairy ranches.

Section 100.7. "Call handler" means any handler as defined in Section 100.6, Paragraphs (A), (B), and (D) herein, whose total direct and derived milk solids-not-fat Class 1 usage equals or exceeds 80% of such handler's total market milk solids-not-fat received or diverted and whose direct and derived milk solids-not-fat Class 4a and 4b usage does not exceed 5% of such handler's total market milk solids-not-fat received or diverted.

The handler's milk solids-not-fat Class 1 usage percentage requirement of this Section may be increased or decreased by no more than 10 percent if the Secretary deems it necessary in order to assure that a sufficient number of bottling plants may secure an adequate supply of milk. Advance notice of an increase or decrease of such percentage requirement shall be not less than 30 days on original implementation of the milk movement provisions of Article V of this Stabilization and Marketing Plan in any year, and not less than 15 days after such provisions of Article V have been implemented in any year.

Section 100.8. "Supply handler" means any handler that does not qualify as a call handler.

Section 100.9. "Designated supply handler" means any supply handler for any month who has been designated by the Secretary as subject to call handler requests in accordance with the provisions of Section 500.2 of this plan.

Section 100.10. "Procurement region" means a prescribed area in which a Stabilization and Marketing Plan(s) is in effect.

- (A) The prescribed areas shall be:

Procurement Region 1 - Southern California Marketing Area and the counties of Fresno, Kern, Kings and Tulare.

Procurement Region 2 - Northern California Marketing Area, except for the counties of Del Norte, Fresno, Humboldt, Kern, Kings and Tulare.

- (B) All handlers defined in Section 100.6, Paragraph (A), (B), and (D) of this Article shall act as either supply handlers (including designated supply handlers) or call handlers in the procurement region in which their plant is located.
- (C) A handler defined in Section 100.6, Paragraph (C) of this Article shall be a supply handler (and possibly a designated supply handler) for the procurement region in which such handler delivers the greatest volume of milk.

Section 100.11. "Milk", for purposes of this Plan, means the lacteal secretion from one or more cows, including the milk fat, milk solids-not-fat, and fluid carrier portions thereof, each to be computed and accounted for separately.



Section 100.12. "Market milk" means any and all whole or concentrated milk that is produced in conformity with provisions of Chapter 1, Part 1, Division 15 of the Food and Agricultural Code and other applicable health regulations for market milk of the place where such milk is consumed.

Section 100.13. "Producer's dairy location" means a point where the milk house is situated and includes a platform or other pickup point at or near the milk house where the producer has customarily placed milk to be picked up by the handler.

Section 100.14. "Refrigeration equipment" means direct expansion or brine refrigeration, compressors, coolers, or any combination of such equipment.

Section 100.15. "Standardized milk" means milk which has been brought to a uniform milk fat and/or milk solids-not-fat content different from that of such milk at the time it was produced. Standardization of milk may be accomplished by the addition or subtraction of skim milk, cream, whole milk, or any condensed form of these three.

Section 100.16. "Container" means any package in which milk is packaged for distribution to consumers.

Section 100.17. "Handlers' plant" means any building in which a handler receives, weighs, tests, standardizes or processes market milk, or manufactures such into dairy products.

Section 100.18. "Receive milk" means to convey milk physically into a milk plant where it is utilized within the plant, or stored within such milk plant and transferred to another plant for utilization.

Section 100.19. "Mandatory Class 2" or "Mandatory Class 2 product" means any Class 2 product which must be made from market milk.

Section 100.20. "Pool plant" is as defined in Section 106 of the Pooling Plan.

Section 100.21. "Nonpool plant" is as defined in Section 111 of the Pooling Plan.

## **Article II**

### **Description of Boundaries of Northern California Marketing Area**

Section 200.0. "Northern California Marketing Area" refers to all portions of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kern, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba Counties. All of said Area being within the State of California, or as such Area may hereafter be modified by the Secretary of Food and Agriculture.

## **Article III**

### **Class Prices**

Section 300.0. The minimum class prices for the milk fat and skim milk components of market milk, market cream, and market skim milk f.o.b. the pool plant or nonpool plant located within this Marketing Area where the milk was first received from producers, shall be as follows:

- (A) The minimum monthly prices for components used for Class 1 shall be determined prior to the beginning of each month, using the following formulas and procedures, except as such formulas and procedures may be modified by Paragraph (H) of this Section:
- (1) For all milk fat, not less than the price per pound computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, less a butter adjuster of ten cents (\$0.10), and the result multiplied by a yield factor of 1.2.
  - (2) For all milk solids-not-fat, not less than the price per pound computed by the formula using the Commodity Reference price per hundredweight determined pursuant to Subparagraph (A)(4) of this Section, plus forty-six and four-tenths cents (\$0.464), less 3.5 times the fat price per pound determined pursuant to Subparagraph (A)(1) of this Section, all multiplied by 0.76 and divided by 8.7.
  - (3) For all fluid carrier, not less than the price per pound computed by the formula using the Commodity Reference Price per hundredweight determined pursuant to Subparagraph (A)(4) of this Section, plus forty-six and four-tenths cents (\$0.464), less 3.5 times the fat price per pound determined pursuant to Subparagraph (A)(1) of this Section, all multiplied by 0.24 and divided by 87.8, and then \$0.0031 per pound subtracted from the result.
  - (4) The Commodity Reference Price per hundredweight shall be the higher of either:
    - (a) The sum of the following two formulas:
      - (i) The price per hundredweight computed by the formula using the Cheddar cheese price determined pursuant to Subparagraph (A)(6) of this Section, multiplied by a Cheddar cheese yield factor of nine and eight-tenths (9.8).
      - (ii) The price per hundredweight computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, less ten cents (\$0.10), all multiplied by a whey butter yield factor of twenty-seven-hundredths (0.27).

(b) The sum of the following two formulas:

- (i) The price per hundredweight computed by the formula using the butter price determined pursuant to Subparagraph (A)(5) of this Section, multiplied by a butter yield factor of 1.2, and the result multiplied by 3.5.
- (ii) The price per hundredweight computed by the formula using the nonfat dry milk price determined pursuant to Subparagraph (A)(7) of this Section, multiplied by a nonfat dry milk yield factor of 0.99, and the result multiplied by 8.7.

- (5) The butter price used in calculations pursuant to Paragraph (A) shall be the simple average of the daily closing Grade AA butter prices at the Chicago Mercantile Exchange falling between the period beginning the 26th day of the second previous month and concluding the 10th day of the previous month. In the event that Chicago Mercantile Exchange Grade AA butter prices are not available to calculate the butter price fifteen days prior to the effective date of the Class 1 pricing period concerned, then used in its place shall be the butter price used in the previous month's calculation.
- (6) The Cheddar cheese price used in calculations pursuant to Paragraph (A) shall be the simple average of the daily closing 40 pound block Cheddar cheese prices at the Chicago Mercantile Exchange falling between the period beginning the 26th day of the second previous month and concluding the 10th day of the previous month. In the event that Chicago Mercantile Exchange 40 pound block Cheddar prices are not available to calculate the Cheddar cheese price fifteen days prior to the effective date of the Class 1 pricing period concerned, then used in its place shall be the Cheddar cheese price used in the previous month's calculation.
- (7) The nonfat dry milk price used in calculations pursuant to Paragraph (A) shall be the weighted average of the two most recent weekly price reports for nonfat dry milk f.o.b. California manufacturing plants available on the 10th day of the previous month. The weekly reports are used to calculate the weighted average price per pound for all Grade A and extra grade nonfat dry milk for human consumption sold f.o.b. California manufacturing plants for the seven day period ending on Friday as reported by the California Department of Food and Agriculture.
- (8) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 1 prices shall be increased by the following amounts:
  - (a) For milk fat, five and seven-tenths mils (\$0.0057) per pound.
  - (b) For milk solids-not-fat, two and three-tenths mils (\$0.0023) per pound.
  - (c) For fluid carrier, one-tenth mil (\$0.0001) per pound.

(B) The minimum bimonthly prices for components used for Class 2 shall be determined at the beginning of each even month, using the following formulas and procedures:

- (1) For all milk fat, not less than the Average Class 4a fat price plus three and seven-tenths cents (\$0.037) per pound.
  - (2) For all milk solids-not-fat, not less than the Average Class 4a solids-not-fat price plus six and forty-three hundredths cents (\$0.0643) per pound.
  - (3) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 2 prices shall be increased by the following amounts:
    - (a) For milk fat, seven and one-tenth mils (\$0.0071) per pound.
    - (b) For milk solids-not-fat, two and nine-tenths mils (\$0.0029) per pound.
  - (4) The time periods for the Average Class 4a fat price used in Subparagraph (B)(1) and the Average Class 4a solids-not-fat price used in Subparagraph (B)(2) of this Section shall be those in Subparagraph (B)(5) of this Section.
  - (5) For February-March Class 2 and 3 pricing period, the average of preceding December-January Class 4a component prices per pound.  
 For April-May Class 2 and 3 pricing period, the average of preceding February-March Class 4a component prices per pound.  
 For June-July Class 2 and 3 pricing period, average of preceding April-May Class 4a component prices per pound.  
 For August-September Class 2 and 3 pricing period, average of preceding June-July Class 4a component prices per pound.  
 For October-November Class 2 and 3 pricing period, average of preceding August-September Class 4a component prices per pound.  
 For December-January Class 2 and 3 pricing period, average of preceding October-November Class 4a component prices per pound.
- (C) The minimum bimonthly prices for components used for Class 3 shall be determined at the beginning of each even month, using the following formulas and procedures:
- (1) For all milk fat, not less than the Average Class 4a fat price plus three and seven-tenths cents (\$0.037) per pound.
  - (2) For all milk solids-not-fat, not less than the Average Class 4a solids-not-fat price plus five and eighty-six hundredths cents (\$0.0586) per pound.
  - (3) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 3 prices shall be increased by the following amounts:
    - (a) For milk fat, seven and one-tenth mils (\$0.0071) per pound.
    - (b) For milk solids-not-fat, two and nine-tenths mils (\$0.0029) per pound.

- (4) The time periods for the Average Class 4a fat price used in Subparagraph (C)(1) and the Average Class 4a solids-not-fat price used in Subparagraph (C)(2) of this Section shall be those in Subparagraph (B)(5) of this Section.
- (D) The minimum prices to be paid for components used for Class 4a shall be computed as follows:
- (1) For all milk fat, not less than the price per pound computed by the formula using the simple average of the Grade AA butter price quotations for the last significant trading action for the sale, offer or bid of butter at the Chicago Mercantile Exchange, less a freight adjustment of four and five-tenths cents (\$0.045), less a manufacturing cost allowance of nine and seven-tenths cents (\$0.097), and the result multiplied by a yield factor of 1.2.
  - (2) For all milk solids-not-fat, not less than the weighted average price per pound for all Grade A and extra grade nonfat dry milk for human consumption sold f.o.b. California manufacturing plants for the period beginning the 26th day of the previous month and concluding the 25th day of the current month, as reported by the California Department of Food and Agriculture for the month, less a manufacturing cost allowance of fourteen cents (\$0.14), multiplied by a yield factor of ninety-nine hundredths (0.99).
  - (3) In the event that the Chicago Mercantile Exchange Grade AA butter price is not available to calculate the current Class 4a fat price, pursuant to Subparagraph (D)(1), then used in its place shall be the butter price used in the prior month's calculation of the Class 4a fat price. All other Paragraphs that use the Class 4a fat price shall operate as if the price had been established pursuant to Subparagraph (D)(1).
  - (4) In the event that the California weighted average nonfat dry milk price is not available to calculate the current Class 4a solids-not-fat component price, pursuant to Subparagraph (D)(2), then used in its place shall be the nonfat dry milk price used in the prior month's calculation of the Class 4a solids-not-fat price. All other Paragraphs that use the Class 4a solids-not-fat price shall operate as if the solids-not-fat price had been established pursuant to Subparagraph (D)(2).
  - (5) The butter prices used in calculations pursuant to this paragraph shall be those released by the Chicago Mercantile Exchange falling between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.
- (E) The minimum prices to be paid for components used for Class 4b shall be computed as follows:
- (1) The Cheese hundredweight price shall be the price per hundredweight computed by the sum of the following:
    - (a) The price per hundredweight computed by using the simple average of the 40 pound block price quotations for the last significant transaction for Cheddar cheese at the Chicago Mercantile Exchange, less a marketing adjustment of one and two-tenths cent (\$0.012), less a Cheddar cheese manufacturing cost allowance

of sixteen and nine-tenths cents (\$0.169), all multiplied by a yield factor of ten (10).

- (b) The price per hundredweight computed by the formula using the simple average of the Grade AA butter price quotations for the last significant trading action for the sale, offer or bid of butter at the Chicago Mercantile Exchange, less a manufacturing cost allowance of nine and seven-tenths cents (\$0.097), less ten cents (\$0.10), all multiplied by a yield factor of twenty-seven-hundredths (0.27).
- (2) For all milk fat, the price per pound computed pursuant to Subparagraph (D)(1) of this Section.
- (3) For all milk solids-not-fat, the price per pound computed by the formula using the Cheese hundredweight price established pursuant to Subparagraph (E)(1) less the product of three and sixty-five hundredths (3.65) multiplied by the Class 4b fat price established pursuant to Subparagraph (E)(2), all divided by eight and seventy-eight hundredths (8.78).
- (4) In the event the Chicago Mercantile Exchange 40 pound block Cheddar price is not available to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the cheese price used in the prior month's calculation of the Cheese hundredweight price.
- (5) In the event that the Chicago Mercantile Exchange Grade AA butter price is not available to calculate the Cheese hundredweight price, pursuant to Subparagraph (E)(1), then used in its place shall be the Grade AA butter price used in the prior month's calculation of the Cheese hundredweight price.
- (6) The butter and Cheddar cheese prices used in calculations pursuant this Paragraph shall be those released by the Chicago Mercantile Exchange between the period beginning the 26th day of the previous month and concluding the 25th day of the current month.
- (F) The minimum prices to be paid pursuant to Paragraph (A) of this section shall be computed by the Dairy Marketing Branch and furnished to handlers not less than ten days prior to the effective date of each price change.
- (G) The minimum prices to be paid pursuant to Paragraphs (B), (C), (D), and (E) of this section will be computed by the Dairy Marketing Branch and furnished to handlers each month.
- (H) The minimum price for components used for Class 1, as set forth in Paragraph (A) of this Section, shall be modified only for the period April and May, 1997 and shall be:
- (1) The fat component price shall be \$1.0004 per pound.
- (2) The solids-not-fat component prices shall be \$0.9575 per pound.
- (3) The fluid carrier component price shall be \$0.0283 per pound.

Section 300.1. From the gross value of the minimum class prices [f.o.b. producer's dairy location for milk fat and skim milk components of market milk, market cream, and market skim first received direct from the producer's dairy at a pool plant or nonpool plant located within this Marketing Area as computed pursuant to Section 300.0, Paragraphs (A), (B), (C), (D), and (E)], the handler may deduct the gross transportation charge from the producer's dairy location to the first receiving plant computed from the lowest of the following:

- (A) A rate not in excess of the rate charged for actual or reasonably similar services by highway carriers, as the term "highway carriers" is defined in Section 3511 of the Public Utilities Code;
- (B) The actual amount paid by the handler for such transportation.

Section 300.2. Each handler located in counties designated herein as a supply county may deduct from the applicable minimum prices pursuant to Section 300.0, Paragraph (A), a transportation credit for quantities of market milk and market skim milk shipped in bulk form to a plant located in a designated deficit county. Shipments of condensed skim milk and market cream are excluded from such transportation credits. Such deduction shall not exceed the amounts shown for such bulk transfers in the following schedule:

Designated Supply County	Maximum Deduction Per Cwt.	Designated Deficit Counties
Tulare County	\$0.50	San Diego, Riverside, Orange, Los Angeles or Ventura Counties
Fresno and Kings Counties	\$0.53	San Diego, Riverside, Orange, Los Angeles or Ventura Counties
Sonoma County	\$0.27	Alameda, San Francisco or Santa Clara Counties
Merced County and that portion of Stanislaus County lying south of the standard parallel between Township 3 South and Township 4 South, Mount Diablo Meridian	\$0.38	Alameda, San Francisco or Santa Clara Counties

Section 300.3. Marketing Services.

- (A) Each handler, who installs or maintains handler-owned refrigeration equipment or holding tanks at a producer's dairy location, may make a deduction from the amount due the producer for the services performed, provided said handler has on file a written authorization from the producer stating the amount of the deduction. This deduction may not exceed interest on investment computed at the rate of 6 percent per annum and an allowance for depreciation computed in accordance with depreciation rates established or allowed by the United States Internal Revenue Service.

- (B) Each handler, using nonfat dry milk for fortifying Class 1 products during the current month, may deduct for each pound of milk solids-not-fat in such nonfat dry milk a maximum charge equal to the current Class 1 solids-not-fat price established in Section 300.0, Paragraph (A) less the current Class 4a solids-not-fat price established in Section 300.0, Subparagraph (D)(2). However, in no case shall the deduction be less than zero cents (\$0.0000) nor more than nineteen and eighty-five hundredths cents (\$0.1985). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.
- (C) Each handler, using condensed market skim milk for fortifying Class 1 products, may deduct for each pound of milk solids-not-fat in such condensed market skim milk a maximum charge of nine and eighty-seven hundredths cents (\$0.0987). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.
- (D) Each handler, concentrating market milk at the plant first receiving such milk direct from the producer's dairy which concentrated milk is used in standardizing or fortifying market milk or any dairy product defined as Class 1, may deduct for each pound of solids in such market milk that is concentrated a maximum charge of nine and eighty-seven hundredths cents (\$0.0987). This deduction shall be allowed in calculating the gross pool obligation of such handler, pursuant to the provisions of the Pooling Plan.
- (E) In addition to the minimum prices specified, pursuant to Section 300.0, Paragraph (A), each handler, as defined in Article I, Section 100.6, Paragraph (A) or Paragraph (D), shall pay an additional amount to handlers, as defined in Article I, Section 100.6, Paragraph (B), for services performed under the stated conditions as follows:
  - (1) When the handler, as defined in Article I, Section 100.6, Paragraph (B), performs the function of separation of market milk sold as market cream or market skim milk to handlers and used as Class 1, a minimum of one and one-half cents (\$0.015) per pound milk fat and thirty-four hundredths cents (\$0.0034) per pound milk solids-not-fat shall be paid to such handler performing the separation service.
  - (2) When the handler, as defined in Article I, Section 100.6, Paragraph (B) performs the function of fortifying market milk with milk solids-not-fat or fortifying market skim milk with milk solids-not-fat, or fortifying and standardizing market milk sold as lowfat milk or standardizing market milk to a prescribed milk fat content, a minimum of forty-five hundredths cents (\$0.0045) per pound solids shall be paid to such selling handler.
- (F) In addition to the minimum prices specified pursuant to Section 300.0, Paragraphs (A) and (B), each designated supply handler may charge a call handler for services performed in a sale of bulk market milk for Class 1 use. Such additional charge for bulk milk shall not exceed:
  - (1) The actual rate charged under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rate exists,



- (2) The prevailing rates charged by other supply handlers in the procurement region under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rates exist,
- (3) A rate subject to review or approval by the Secretary.

Section 300.4. Any handler, who receives the milk fat and skim milk components of market milk, market cream, and market skim milk f.o.b. such handler's plant located within this Marketing Area and such components are distributed or sold outside the external boundaries of the State of California, shall pay to the producers thereof not less than the minimum prices established by the Secretary for this Marketing Area.

## **Article IV**

### **Usage Determination, Pooling and Handler Obligations**

Section 400.0. The milk fat and skim milk components of market milk, market cream, and market skim milk received by handlers, shall be reported pursuant to Section 800 of the Pooling Plan. The utilization, classification, and assignment shall be reported pursuant to Sections 801, 802, 803, and 804 of the Pooling Plan.

Section 400.1. The gross pool obligation of each handler shall be computed for each month pursuant to Section 900 of the Pooling Plan.

Section 400.2. Each handler, defined pursuant to Section 100.6, Paragraphs (A) and (D), shall give a written report each month to each producer from whom market milk was received during the month, which report shall include the provisions pursuant to Section 1000 of the Pooling Plan and other information that the Secretary may require from time to time.

Section 400.3. Each handler, defined pursuant to Section 100.6, Paragraphs (A) and (D), shall enter into a written contract with each producer for the purchase of market milk pursuant to the provisions of Article VI of this Stabilization and Marketing Plan.

Section 400.4. All handlers shall make and file with the Secretary such other reports as the Secretary may require to enable the Secretary to enforce the provisions of Chapter 2 and Chapter 3, Part 3, Division 21 of the Food and Agricultural Code.

## **Article V**

### **Milk Movement Requirements**

Section 500.0. Each year, between June 10 and July 10, the Secretary shall review the need for the implementation of the milk movement requirements. To assist in such review, the Secretary shall solicit and consider comments in writing regarding the need for such implementation of said requirements. The Secretary may implement the milk movement requirements if the Secretary determines as a result of the review that adequate supplies of market milk may not be available for Class 1 and mandatory Class 2 uses. The Secretary shall announce this determination no later than August 1.

If the Secretary does not implement the milk movement requirements and conditions change subsequent to this annual review period, the Secretary may on his or her own motion, or based on a petition from a handler, implement the milk movement requirements if he or she determines that adequate supplies of market milk may not be available for Class 1 and mandatory Class 2 uses.

The requirements for milk movement may be implemented for any period of one or more months during the months of September, October, November, December, January, February, March, or April. The implementation of the milk movement requirements shall be preceded by an announcement of not less than 30 days, provided that, the requirements of the milk movement provisions which are currently in effect shall continue for the months of January, February, March, and April 1989 on the effective date of this Stabilization and Marketing Plan, as Amended, until when and if the Secretary amends the order implementing the milk movement requirements dated July 29, 1988.

In implementing the milk movement requirements, the Secretary shall also establish and announce at least 30 days in advance of each month that such program is in effect, a minimum percentage of quota milk solids-not-fat that must have been used for Class 1 and mandatory Class 2 purposes by any supply handler in each procurement region before any such handler is exempted from being a "designated supply handler."

After the milk movement requirements, as specified in this section, have been implemented on 30 days notice, the minimum percentage of quota milk solids-not-fat that must have been used as Class 1 and mandatory Class 2 by a designated supply handler may be amended subject to at least a 15-day advance notice.

If after the implementation of the milk movement requirements the Secretary determines that said requirements are no longer necessary and are not performing a necessary function, the Secretary may terminate said requirements by notice. Such notice shall be announced 10 days prior to termination.

Section 500.1. In establishing the minimum percentage pursuant to Section 500.0 of this Article, the Secretary shall consider separately for each procurement region the Class 1 and mandatory Class 2 uses for the same month or months of the previous year and the most current available quota in each region.

Section 500.2. For any month that the minimum percentages established by the Secretary pursuant to this Article are effective, the Secretary shall announce the designated supply handlers who shall be required to make milk available for Class 1 uses upon request of a call handler.

In the determination of a supply handler's classification as a designated supply handler, the percentage of quota milk solids-not-fat accounted for in direct and derived Class 1 and mandatory Class 2 uses of such handler during the months of September, October, November, and December of the previous year and the months of January, February, March and April of the current year shall be used as a base. Designated supply handlers must have the ability to provide at least 5,000 gallons of milk per day upon request of a call handler.

The quantity of quota milk solids-not-fat that must be made available by a designated supply handler during any week shall be determined on a calendar week basis, reflecting a prorata percentage of such handler's current monthly quota total.

Section 500.3. For the purpose of determining the order of performance, each designated supply handler, once determined under Section 500.2 of this Article, shall be arrayed in a random order for the first week during which the milk movement requirements of this Article are in effect. For each week thereafter, the supply handler list shall be rotated sequentially. The handler who was designated as first supplier in any one week shall be rotated to the bottom of the list for the next week with all other designated handlers moving up one position on the list.

A call handler shall place requests for fluid milk in sequential order starting with the designated supply handler selected as first supplier for the week.

Section 500.4. On any original implementation of these provisions on 30 days notice as provided in Section 500.0, any handler who has been designated by the Secretary as a designated supply handler pursuant to Section 500.2 of this Article shall be eliminated as a designated supply handler if such handler can demonstrate within 25 days after being designated as a designated supply handler that since the previous year, such handler no longer qualifies as a designated supply handler.

On any change from the original implementation of these provisions on 15 days notice as provided in Section 500.0, any handler who has been designated by the Secretary as a designated supply handler pursuant to Section 500.2 of this Article shall be eliminated as a designated supply handler if such handler can demonstrate within 12 days after being designated as a designated supply handler that since the previous year, such handler no longer qualifies as a designated supply handler.

Section 500.5. Any call handler, who is unable to procure bulk market milk upon call from a designated supply handler, may file a complaint with the Department of Food and Agriculture against each designated supply handler who refused to make milk available under the requirements herein. Any such complaint shall be filed in a manner prescribed by the Secretary.

Section 500.6. Upon receipt of a complaint pursuant to Section 500.5, the Secretary shall review the reasonableness of the terms offered by the seller and determine the validity of any refusal to release the bulk market milk requested. If the Secretary determines that the complaint against the designated supply handler or handlers is justified, a charge of two dollars (\$2.00) per hundredweight shall be assessed against the designated supply handler or handlers for each hundredweight of bulk milk requested but not supplied. In reviewing the reasonableness of the terms offered by the seller, the Secretary shall consider the following as being reasonable:

- (A) the order for bulk milk shall be placed at least 48 hours prior to delivery.
- (B) the seller may require payment on delivery.
- (C) minimum delivery volume shall be not less than 5,000 gallons per day.
- (D) transportation terms which are accepted as normal practice.
- (E) the presence of a certification as required under Section 500.7 of this Article.

Section 500.7. Any call handler who makes a call upon a designated supply handler for market milk must file a certification with the Secretary and with such designated supply handler that the market milk requested will be used for Class 1 purposes and that such call handler meets the standards of a call handler as specified in Section 100.7. All market milk released pursuant to the provisions of this Article by a designated supply handler to a call handler shall be credited 100% for performance purposes.

Section 500.8. Any call handler who received market milk after certification pursuant to Section 500.7 of this Article, but who did not meet the terms of such certification and/or who was not a qualified call handler pursuant to Section 100.7 during the week for which the delivery and receipt of market milk was made, shall be assessed two dollars (\$2.00) per hundredweight for each hundredweight of market milk received under the certification.

Section 500.9. Amounts assessed under this Article shall be added to the handler's obligation account and credited to the milk solids-not-fat producer equalization fund as such are established in the Pooling Plan for Market Milk.

## **Article VI**

### **Unlawful Trade Practices**

Section 600.0. As required by Section 62061, Chapter 2, Part 3, Division 21 of the Food and Agricultural Code, or as such is modified pursuant to Section 62724, Chapter 3, Part 3, Division 21 of the Food and Agricultural Code, producers and handlers are prohibited from engaging in unlawful trade practices hereinafter set forth:

- (A) The payment, allowance or acceptance of any secret rebate, secret refund, or unearned discount by any person, whether in the form of money or otherwise, is an unlawful trade practice.
- (B) The giving of any milk, cream, dairy product, service, or article of any kind, except to a bona fide charity, for the purpose of securing or retaining the market milk business of any customer is an unlawful trade practice.

- (C) Except as otherwise provided in Paragraph (E), the purchase of any market milk in excess of 1,000 gallons monthly from any producer unless a written contract, which complies with all of the requirements which are prescribed by this section, has been entered into with such producer is an unlawful trade practice. The contract shall include all of the following:
- (1) The amount of market milk which is to be purchased for any period.
  - (2) The price to be paid for all market milk received.
  - (3) The date and method of payment for such market milk, which shall be as prescribed pursuant to Section 1001 of the Pooling Plan.
  - (4) The charges for transportation, if hauled by the handler.
  - (5) The contract may contain such other provisions as are not in conflict either with this Article or with Chapter 2. A signed copy of such contract shall be filed by the producer with the Secretary within five days from the date of its execution.
- (D) The production of market milk in excess of amounts provided to be purchased under contracts executed pursuant to Paragraph C shall be voluntary on the part of the producer and shall not be a condition, oral or written, of execution or renewal of any such contract.
- (E) Paragraph (C) does not apply to the purchase of market milk which is necessary to meet an unanticipated increase in demand or an unanticipated shortage in the supply of a handler if both:
- (1) The quantity of market milk so purchased from any one producer does not exceed 1,000 gallons in any one month.
  - (2) A complete record of all such purchases is kept by the handler and the price paid for such milk by the handler is not less than the price which is established in this Stabilization and Marketing Plan for the usage to which such milk is applied.
- (F) The payment by a handler to any producer, including any nonprofit cooperative association acting as a producer, or the receipt by a producer, including any nonprofit cooperative association acting as a producer, from a handler of a lesser price for any market milk, distributed to any person, including any agency of federal, state, or local government, for less than the minimum prices established by the Secretary to be paid by handlers to producers for market milk for this Marketing Area is an unlawful trade practice.
- (G) The failure of any handler to pay for market milk delivered to the handler at the time and in the manner specified in the contract with the producer is an unlawful trade practice.
- (H) The provisions of Paragraphs (A), (B), (C), (D), (E), (F), and (G) apply regardless of the form in which market milk is received by the handler, and regardless of the area of origin of such market milk.

Section 600.1. As required by Sections 62094, 62095, and 62095.1, Chapter 2, Part 3, Division 21 of the Food and Agricultural Code, producers and handlers are prohibited from engaging in the unlawful trade practices hereinafter set forth:

- (A) The payment, gift, or the offer or promise of any payment or gift, of money or other thing of value, directly or indirectly, or through any agent or other intermediary, to any person with the purpose or design of inducing such person to become or remain the wholesale customer of any handler is an unlawful trade practice.
- (B) The payment, gift, or the offer or promise of any payment or gift, of money or other thing of value by any person, directly or indirectly or through any agent or other intermediary, to any handler, or producer, or the acceptance by any handler or producer of such payment or gift or thing of value is an unlawful trade practice if it is for any of the following:
  - (1) For the purpose of inducing a handler or producer to enter into a new contract, or to renew, extend, or modify an existing contract, for the purchase of market milk by a handler from a producer.
  - (2) As a condition upon which a handler will enter into a new contract, or renew, extend, or modify an existing contract for the purchase of market milk from a producer.
  - (3) For the purpose of enabling a handler to pay to a producer, or a producer to receive from a handler, less than the minimum class usage prices established by the Secretary to be paid by handlers to producers for market milk.
- (C) The payment by a handler, either directly or indirectly, of less than the minimum producer price established under the applicable Stabilization and Marketing Plan adopted pursuant to Chapter 2, is an unlawful trade practice.



# **California Pooling Plan For Market Milk As Amended**

**Effective July 1, 1997**

**Milk Pooling Branch  
Division of Marketing Services  
California Dept. of Food & Agriculture**



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CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

POOLING PLAN FOR MARKET MILK, AS AMENDED

Article 1. Definitions

Section 100. The definitions contained in Chapter 2 and Chapter 3, Part 3, Division 21 of the Food and Agricultural Code govern the construction of this Plan.

Section 101. "Act" shall be known and may be cited as the "Food and Agricultural Code".

Section 102. "Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, nonprofit cooperative association, nonprofit cooperative marketing association, nonprofit corporation, or any other business unit or organization.

Section 103. "Secretary" means the Secretary of the California Department of Food and Agriculture or any employee of such department duly assigned or delegated to perform the functions required pursuant to this Plan.

Section 104. "Producer" means any person that produces market milk in the State of California from five or more cows.

Section 104.1 "Dairy ranch" and "dairy farm" are synonymous terms and mean a commercial production facility which produces milk.

Section 105. "Handler" means any person functioning in one or more of the following capacities:

- (a) A person (other than a cooperative association) who operates one or more pool plants or operates any other plant from which Class 1 milk is disposed of during the month directly or indirectly in the pool area;
- (b) A duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore and which operates one or more pool plants or operates any other plant from which market milk products are disposed of directly or indirectly during the month in the pool area;
- (c) A cooperative association in its capacity as the marketing agent for producer milk with respect to the milk of its member producers which it markets and receives payment therefore under authority of contracts or agreements with its individual members, which milk is not received at a plant operated by the cooperative or diverted therefrom;
- (d) A person who operates a milk plant located in the pool area and receives market milk from one or more dairy ranches.

Section 106. "Pool plant" means:

- (a) Any handler's milk receiving, processing, bottling, or manufacturing plant located in California from which Class 1 or mandatory Class 2 milk products are disposed of directly or indirectly in the pool area which receives market milk from one or more producers. Any handler with a pool plant qualified under this paragraph shall have the option to have any nonpool plant of that handler treated as either a "pool plant" or a "nonpool plant" for pool accounting purposes. This option may only be made once in any 12-month period.
- (b) Any handler's plant located in California which does not receive market milk from dairy farmers nor claim diversions of such milk, but which processes, packages, or manufactures milk or milk products or imitation milk, if Class 1 or mandatory Class 2 milk products are disposed of from such plant directly to retail or wholesale customers in the pool area. Any handler with a pool plant qualified under this paragraph shall have the option to have any nonpool plant of that handler treated as either a "pool plant" or a "nonpool plant" for pool accounting purposes. This option may only be made once in any 12-month period.
- (c) The following plants shall not be deemed to be pool plants and for accounting and settlement purposes shall operate outside of the pool:
  - (1) The plant of an exempt producer-handler;

- (2) The plant of any governmental agency, unless such plant notifies the secretary it has elected to participate in the Pooling Plan no later than 30 days after the effective date of the Plan or 30 days after said plant commences operations. Having been admitted to the pool pursuant to the request, the plant may not subsequently withdraw;
- (3) A plant from which Class 1 or mandatory Class 2 milk products are disposed of to retail or wholesale outlets in areas outside the pool area, but not to retail or wholesale outlets (except milk plants) in the pool area, nor to any pool plant having such dispositions;
- (4) Any milk processing plant which is not approved by the appropriate public regulatory or health authority for the handling of market milk, provided that such plant receives no market milk except pool milk transferred or diverted by a handler and provided, further, that such plant notifies the secretary in advance that it chooses not to be a pool plant.

Section 106.1. "Call handler" means any handler as defined in Paragraphs 105(a), 105(b), and 105(d), whose total direct and derived solids not fat Class 1 usage equals or exceeds 80 percent of such handler's total market milk solids not fat received or diverted and whose direct and derived solids not fat combined Class 4a and Class 4b usage does not exceed 5 percent of such handler's total market milk solids not fat received or diverted. The handler's solids not fat Class 1 usage percentage requirement of this section may be increased or decreased by no more than 10 if the secretary deems it necessary in order to assure that a sufficient number of bottling plants may secure an adequate supply of milk.

Section 106.2. "Supply handler" means any handler that does not qualify as a call handler.

Section 106.3. "Designated supply handler" means any handler for any month who has been designated by the secretary as subject to call handler requests in accordance with the provisions of the Stabilization and Marketing Plans, as amended.

Section 106.4. "Procurement region" means a prescribed area in which a call handler and a supply handler are both located and in which the call provisions of the Stabilization and Marketing Plans are effective.

- (a) The prescribed areas shall be:

Procurement Region 1 - Southern California Marketing Area and the counties of Fresno, Kern, Kings and Tulare.

Procurement Region 2 - Northern California Marketing Area excluding the counties of Del Norte, Fresno, Humboldt, Kern, Kings and Tulare.

- (b) All handlers defined in Paragraphs 105(a), 105(b), and 105(d) of this article shall act as either supply or call handlers in the procurement region in which their plant is located.
- (c) A handler defined in Paragraph 105(c) of this article shall be a supply handler for the procurement region in which such handler delivers the greatest volume of milk.

Section 106.5 "Mandatory Class 2" or "Mandatory Class 2 product" means any Class 2 product which must be made from market milk.

Section 107. "Base period" means the historical period of market milk production for usage in the pool area which shall be, at the individual producer's option, either the period beginning with the first day of July 1966, and ending with the last day of December 1966, both days inclusive, or the calendar year of 1967.

Section 108. "Production base" means the amount of fat and solids not fat computed by the secretary for each producer pursuant to Paragraphs (a), (b), or (c) of this section, subject to the rules contained in Article 2:

- (a) The total pounds delivered by a producer as market milk to plants regulated under one or more of the Stabilization and Marketing Plans during the base period selected by the producer divided by the number of days in such period, except that if the producer did not deliver market milk throughout the entire period selected, the total deliveries of market milk during such period shall be divided by the number of days of production so delivered in that period but not less than 30 days; or
- (b) The amount specified in contracts with handlers or the allocation to members of cooperative associations which contracts or allocations provided that the handler or cooperative association was required to accept a larger amount of

market milk from such producer than the producer actually produced during the base period selected by such producer; provided that a producer who elects to have a base computed pursuant to this paragraph shall furnish documentation of proof concerning such contract or allocation to the secretary 30 days following official notice to the producer of the assignment of production base. The amount computed pursuant to this paragraph shall be subject to approval by the secretary and shall be established on a daily average basis for the entire base period selected and shall not take into consideration any combination of actual production of milk and contract or allocation in the determination of a production base; or

- (c) A producer located south and east of San Geronio Pass may elect, in lieu of the base computed pursuant to Paragraph (a) or (b) of this section, to have a base computed by multiplying the pounds of market milk delivered by such producer to plants regulated under one or more of the Stabilization and Marketing Plans during the calendar months of December 1966, and January and February 1967, by 4 and the result divided by 365. The election pursuant to this paragraph must be stated in writing and delivered to the secretary not later than 30 days after the producer is officially notified of this production base as computed pursuant to Paragraph (a) or (b) of this section.

Section 108.5. "Monthly production base" means that amount of pool milk delivered by a producer during the month which is not in excess of the production base of such producer computed pursuant to Section 108, multiplied by the number of days in the month, less the number of days on which such producer (including producer members or patrons of cooperative associations) was degraded by the appropriate public regulatory or health authority.

Section 109. "Class 1 usage base" means the quantity of fat and solids not fat computed by the secretary equal to the pounds per day of market milk delivered by a producer to handlers in the pool area and assigned to Class 1 during the base period selected by the producer (including any market milk sold for Class 1 use to a United States military installation or other federal activity), provided that a producer whose milk was not received at a market milk plant during a portion of the base period shall have a Class 1 usage base computed by dividing the total of the milk assigned to Class 1 during the period in which such producer delivered market milk any of which was assigned to Class 1, by the number of days in such period, or by 30, whichever is larger, and provided, further, that the amount computed pursuant to this section may not exceed the producer's production base. A producer electing to have a production base computed pursuant to Paragraph 108(c) shall have a Class 1 usage base computed by multiplying the pounds of milk assigned to Class 1 during the period specified in that paragraph by 4 and dividing the result by 365.

Section 110. "Pool quota", otherwise known as "quota", means a quantity equal to 1.1 times the Class 1 usage base, as determined for the producer pursuant to Section 109.

Section 111. "Nonpool plant" means any milk manufacturing, processing, or packaging plant located in California other than a pool plant.

Section 111.1 "Nonpool milk" means any market milk, skim or cream received from a California nonpool plant.

Section 112. "Milk", for purposes of this Plan, means the lacteal secretion from one or more cows, including the milk fat, solids not fat, and fluid carrier portions thereof, each to be computed and accounted for separately.

Section 113. "Market milk" means any and all milk that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for market milk of the place where such milk is to be consumed.

Section 113.1 "Bulk market milk" means milk, cream, or skim milk, other than packaged products, from market milk sources.

Section 113.2 "Manufacturing milk" means milk, cream, or skim milk, the source of which did not have the approval of any public regulatory or health authority for disposition as market milk.

Section 113.3 For the purpose of this plan, "Restricted use market milk" and "degraded milk" are synonymous terms and mean any milk produced at a market milk dairy ranch which is not produced under or does not conform to the standards established for the production of market milk. The degrading must be done by the appropriate public authorized regulatory agency charged with the administration of Division 15 of the California Food and Agricultural Code.

Restricted use market milk does not include condemned milk or milk which is not used for human consumption.

Section 114. "Pool milk" means:

- (a) Market milk received from producers at a pool plant or nonpool plant;
- (b) Market milk diverted by a handler from a producer's ranch to a pool or nonpool plant for the account of such handler;
- (c) Market milk diverted by a handler (other than a cooperative association) to an out-of-state plant.

Section 115. "Quota milk" means that amount of fat and solids not fat contained in pool milk delivered by a producer during the month which is not in excess of the pool quota of such producer computed pursuant to Section 110 multiplied by the number of quota eligible days in the month.

Section 115.5 "Quota eligible days" means the number of calendar days in the month as reduced by the following:

- (a) The number of days on which a producer (including producer members or patrons of cooperative associations) is degraded as defined in Section 113.3 in accordance with procedures established by an appropriate public regulatory or health authority;
- (b) The number of days, on which the secretary agrees, a producer's milk did not meet the quality requirements specified in the producer's contract with the handler and such milk was not sold or used for Class 1 purposes and was otherwise handled in accordance with Section 62715 of the Food and Agricultural Code.

Section 116. "Daily production milk" or "daily base milk" means that amount of pool milk delivered by a producer during the month which is in excess of the pool quota computed pursuant to Section 110 of such producer but not in excess of the production base computed pursuant to Section 108.

Section 116.5 "Production milk" or "base milk" means that amount of pool milk delivered by a producer during the month which is equal to the monthly production base as computed pursuant to Section 108.5, less the amount of quota milk delivered during the month as computed pursuant to Section 115.

Section 117. "Overproduction milk" or "overbase milk" means that amount of pool milk delivered by a producer during the month, exclusive of milk degraded in accordance with procedures established by the appropriate public regulatory or health authority, which does not qualify as quota milk or base milk.

Section 118. "Pool area" means all the territory within the geographic boundaries of the following marketing areas as established by the Secretary of Food and Agriculture pursuant to Chapter 2, Part 3, Division 21 of the Food and Agricultural Code: Northern California and Southern California, or as such areas may be modified by amendment to the geographic boundaries as established by the secretary.

Section 119. "Family Transfer" means the transfer of production base and pool quota between:

- (a) Spouses;
- (b) Direct lineal descendants and their spouses;
- (c) Direct lineal ancestors and their spouses.

In determining any of these relationships, full effect shall be given to legal adoption, and kindred to the half blood shall be recognized the same as kindred of the whole blood.

Section 120. "New producer" means any person qualified as a producer under Section 104 who does not have a production base and pool quota and meets all the requirements for new entry.

Section 121. "Exempt producer-handler" means any person who qualifies and who continues to qualify under the appropriate options to be excluded from the pool, pursuant to the provisions of Article 6.

Section 122. "Equalization point" means pool quota which is equal to 95 percent of the producer's individual production base.

Section 124. "Month" means one of the 12 calendar months into which the year is divided.

Section 125. "Receive milk" means to convey milk physically into a milk plant where it is utilized within the plant, or

stored within such milk plant and transferred to another plant for utilization.

Section 126. "Nonpool plants of governmental agencies" means any governmental agency that produces, processes, and consumes in its own facilities only its own production and operates outside the pool. Any production of such a governmental agency that is transferred or diverted to a pool plant is accountable to the pool.

Section 127. "Qualifying period production" is the lesser of:

- (a) 150 pounds of fat and 375 pounds of solids-not fat; or
- (b) The average daily production of fat and solids not fat marketed to a milk plant located in the State of California during the 91-day period of September, October, and November immediately preceding the date of application or initial allocation, whichever is less.

Section 128. "Unissued qualifying period production", for the purpose of this Plan, means qualifying period production as defined in Section 127, reduced by the initial allocation of production base pursuant to Paragraph 351(b), and any subsequent allocations of production base pursuant to Section 302.

Section 129. "Producer-handler", for the purpose of this Plan, shall be as defined in Article 6 and Article 6.5.

Section 130. "Inplant usage" means the percentage of market milk fat and the percentage of skim milk utilized in Class 1, Class 2, Class 3, Class 4a and Class 4b by a plant in its operation including bulk shipments to nonpool plants and excluding bulk shipments to pool plants. In computing the percentage of usage in each class the following items are deducted before calculating the percentages:

- (a) The volume of condensed and dry products used in the fortification of Class 1 products.
- (b) Packaged Class 1 products received from other handlers.
- (c) Packaged Class 1 products on hand in the plant at the beginning of the month.
- (d) Manufacturing milk assigned to each class pursuant to Section 131.

Section 131. "Manufacturing milk usage" means the percentage of milk fat and the percentage of skim milk utilized in Class 2, Class 3, Class 4a and Class 4b by a plant in its operation including bulk shipments to nonpool plants and excluding bulk shipments to pool plants. In computing the percentage of usage in each class the following items are deducted before calculating the percentage:

- (a) Class 2 market milk products.
- (b) The milk fat and/or skim milk used in Class 3 products which requires the use of market milk.
- (c) The milk fat and/or skim milk used in Class 4a products which requires the use of market milk.

Section 132. "Pool Price Modification Rate", is an adjustment added to the solids not fat quota and overbase prices for determining the pool credit assigned to handlers for receipts of other source milk in accordance with Section 900(d). The rate is calculated for each pool month by dividing the total value of the plant to plant transportation adjustments plus the total value for transportation allowances by the total pounds of solids not fat for receipts from producers and for other source milk.

Article 2. Eligibility for a Production Base  
and Pool Quota

Section 200. The secretary shall compute and establish a production base and pool quota for each producer who produced market milk which was delivered to a plant regulated under one or more of the Stabilization and Marketing Plans effective in the pool area specified in Section 118, during any base period, subject to the following requirements:

- (a) If a producer operated more than one dairy farm holding valid market milk permits during any base period, or during the months of December 1966 and January and February 1967 for producers whose production base is computed under Paragraph 108(c) a separate production base and pool quota shall be computed, for deliveries from each such dairy farm. If such farms were not operated separately for the entire base period selected, they shall be combined for computing base and quota;
- (b) Only one production base and one pool quota shall be computed for a single production unit which was jointly owned or operated by one or more persons during any base-forming period;
- (c) Producers of certified milk or guaranteed raw milk who qualify under Section 104 shall have the option to be included in the Plan at the time of the adoption of the initial Pooling Plan, provided they so state in an application to the secretary submitted no later than the effective date of the Plan. Admission to the Pooling Plan at a later date by such producers shall be on the basis of the production base and pool quota computed according to the same procedure provided under Section 602, for producer-handlers;
- (d) Any person who purchased or otherwise acquired a producer's business or a portion of a producer's business after June 30, 1966, and prior to the effective date of this Pooling Plan, shall succeed to the same proportion of the producer's production base and pool quota, provided that the same rules concerning eligibility for and computation of base and quota amounts shall apply to the business so transferred as though no change in ownership had occurred. For purposes of this paragraph, the term "business" shall be deemed to be the dairy herd and other physical facilities which made up the business transferred, or all or any portion of a market milk supply contract or allotment which was purchased or otherwise acquired under conditions of continuing performance. The transaction by which the business was acquired shall be fully disclosed and documented on forms provided by and filed with the secretary. Any misrepresentation of facts or falsity in statements by either party shall constitute cause for forfeiture of all or any portion of the production base and pool quota under consideration as purchased or acquired. Any disagreement of the producer with the computation of a base and quota which involves this paragraph shall be referred to the Producer Review Board.

### Article 3. Adjustment of Production Base and Pool Quota

Section 300. After August 31 of each year, and prior to January 1 of the following year, the secretary shall determine the actual new daily Class 1 and Class 2 usage of solids not fat for the pool area, if any, as follows:

- (a) The Class 1 and Class 2 usage of solids not fat for the most recent September through August 12-month period shall be measured against the Class 1 and Class 2 usage of solids not fat for the previous highest identical 12-month period since the 1988-1989 measurement period;
- (b) The Class 1 and Class 2 usage of solids not fat for each 12-month period shall take into consideration the total Class 1 and Class 2 usage generated by the pool, plus that amount which is exempted from pool accountability by producer-handlers operating with an exemption under the provisions of Article 6 or Article 6.5, and further adjusted by the amount of certified raw milk used for Class 1 and Class 2 purposes;
- (c) If new Class 1 and Class 2 usage of solids not fat is to be assigned pursuant to this article, a ratio of 1 pound of fat to 2.5 pounds of solids not fat shall be used to determine the new Class 1 and Class 2 usage of fat.

Section 301. The total new Class 1 and Class 2 usage computed in accordance with Section 300, shall be allocated to producers as pool quota as follows:

- (a) Forty percent of the new quota shall be available for allocation in accordance with the following provisions:
  - (1) A factor shall be computed based on the production base and pool quota in effect on December 1 for those producers who have not reached the equalization point, using one of the following methods:
    - (i) For those producers who meet the one-year production requirement pursuant to Section 352, and who received an initial allocation of quota and production base after December 20, 1976 under the provisions of Article 3.5, a factor equal to 75 percent of currently held production base increased by unissued qualifying period production plus the difference between the currently held production base increased by unissued qualifying period production and pool quota; or
    - (ii) For all other qualifying producers, a factor equal to 75 percent of the production base plus the difference between the production base and pool quota.
  - (2) Divide the factor obtained for each producer under Subparagraph 301(a)(1), by the total of the factors obtained for all producers under that Subparagraph;
  - (3) The result obtained from the computation under Subparagraph 301(a)(2) shall determine the percentage of new pool quota which is available for allocation to each producer. This amount as adjusted by Subparagraph 301(a)(4) shall be assigned to each producer, except that no allocation shall be made to any producer which will result in a pool quota exceeding the equalization point;
  - (4) If, after these computations, the pool quota of the milk fat or solids not fat component of any producer is less than the equalization point of such producer by no more than 3.5 or 8.5 pounds, respectively, both components shall be increased to the equalization point;
  - (5) The secretary shall not be obligated to reduce the new quota available for allocation computed pursuant to Paragraph 301(a) by the additional quota assigned pursuant to Subparagraph 301(a)(4), but shall reallocate one time only the residual quota occurring because of a producer reaching equalization by the operation of Subparagraph 301(a)(3);
  - (6) Any new pool quota remaining to be assigned after all participating pool quotas have reached the equalization point shall be added to that available under Paragraph 301(b) for assignment.
- (b) Forty percent of the new quota, increased by that made available under Subparagraph 301(a)(6) shall be allocated to producers whose total production base and pool quota are equal to or above the equalization point. Each such producer's allocation shall be in the same ratio as that producer's total holdings of quota bears to the total quota holdings of all such producers.



- (c) There shall be no forfeiture of any pool quota, including that assigned pursuant to this article, except as provided under Article 5.

Section 302. Producers who qualify under Article 3.5 for participation in new pool quota pursuant to Paragraph 301(a) shall receive additional production base at the lesser of 111 percent of the additional pool quota allocated or their unissued qualifying period production. Producers reaching equalization under this provision will receive additional production base equaling unissued qualifying period production. A producer who qualifies under Article 3.5, will be considered to have reached equalization when quota is equal to or greater than 95 percent of the sum of currently held production base and unissued qualifying period production.

Article 3.5. Allocation of New Producer's Production Base and Pool Quota

Section 350. Twenty percent of total new Class 1 and Class 2 usage computed in accordance with Section 300 shall be available for initial quota allocations to new producers as defined in Article 4.5. Such allocations shall be made available as of February 1 of each year to new producers who qualify under Article 4.5. This amount shall be added to any previous amount made available pursuant to this section and not allocated.

In addition, any quota which has reverted to the pool, under the provisions of Article 5 shall be allocated on a continuing basis to qualifying new producers. This quota will be accumulated until such time as there is sufficient quota to issue to the next new producer on the priority list under the provisions of Sections 351 and 453. Such quota shall be made available for allocation within 90 days after the quota has reverted to the pool.

Section 351. The new producer's initial allocation shall be:

(a) Pool quota at the lesser of:

(1) 95 percent of the qualifying period production as defined in Section 127, or

(2) An amount determined by multiplying a factor times 150 pounds of fat and 375 pounds of solids not fat. The factor to be used shall be the larger of:

(i) 40 percent;

(ii) The lowest factor obtained by dividing the pool quota solids not fat of each producer who receives an allocation pursuant to Article 3 by that producer's production base of solids not fat.

(b) Production base at the lesser of:

(1) The qualifying period production as defined in Section 127, or

(2) 111 percent of the pool quota allocated.

Section 352. Producers who received an initial allocation under Section 351 shall participate in future allocations under Sections 301 and 302 after a one-year minimum period of continuous production following initial allocation.

Section 353. Any pool quota received pursuant to Sections 351 and 352 shall be subject to the provisions of Article 5.

Section 354. No allocation shall be made to any producer which will result in a pool quota exceeding the equalization point.

#### Article 4.5. New Producer Entry

Section 450. A new producer, as defined under Section 120, and who qualifies under this article, may make application to the secretary on forms provided to establish eligibility for an allocation of quota. Quota, if available, will be allocated within 90 days following the receipt of the application.

Section 451. To qualify for allocation of new quota, a new producer must:

- (a) Obtain a market milk permit from the appropriate California regulatory or health authority prior to making application, and
- (b) Have a market milk contract and be shipping to a pool handler prior to making application, and
- (c) Have one year of continuous commercial production within the State of California prior to making application, and maintain continuous market milk production until receiving an allocation of new quota, and
- (d) Satisfy the requirement that at least 50 percent of the interest in the dairy operation is owned by individuals directly engaged in the management and operation of the dairy, and
- (e) Operate a production facility that is completely separate and apart from any other production facility for a minimum of one year prior to making application and until new quota has been allocated, and
- (f) Satisfy the requirement that no individual or person may apply for new quota on more than one production facility, and
- (g) Operate a production facility under the same ownership percentages as stated in the application for a minimum of one year prior to making application and until new quota has been allocated.

Section 451.2 For a minimum of five years after the initial allocation, a new producer must continue to meet the requirements specified under Section 451. Failure to comply with this provision shall result in the forfeiture of all new quota.

Section 451.5 In the case of partnerships or corporations applying under the provisions of this article, each individual who is a partner or stockholder must individually meet the qualifying requirements.

Section 452. No producer shall qualify under this article for any production base and pool quota if any individual or person involved in the ownership thereof has:

- (a) Transferred or benefitted from the transfer of production base and pool quota, except under the provisions of Section 452.5, during the preceding ten-year period;
- (b) An ownership interest in another entity which has production base and pool quota.

Section 452.5 Producers who have qualified under this article for new quota shall be allowed to purchase or otherwise acquire production base and pool quota without jeopardizing their eligibility for an allocation of new quota provided two years have elapsed since the receipt of their new producer application.

- (a) Pool quota acquired under this section shall be subject to the provisions of Section 500(o);
- (b) If a new producer purchases or acquires pool quota under this section and subsequently transfers such pool quota, that producer shall not be eligible to receive or apply for any allocation of new quota under this article until ten years have elapsed since the date of the last transfer.

Section 453. The secretary shall give priority to new producer applications as follows:

- (a) Priority will be established based on the date the application is physically received by the Sacramento office of the Milk Pooling Branch;
- (b) For applications received on the same day, priority will be established based on the total length of time in production or time elapsed since a transfer of production base and pool quota, whichever is less;

- (c) For applications received on the same day with the same length of production time, priority will be established based on the total length of time in market milk production.

## Article 5. Transfer of Base and Quota

Section 500. The secretary's approval shall be obtained before a transfer of production base and pool quota can be made from one person to another and the secretary's approval shall be predicated on the determination that such transfer is bona fide and not with the intent and purpose to circumvent or evade any provision of this Plan, subject to the following conditions:

- (a) A cooperative association of producers may permit transfers of production base and pool quota among its member producers in accordance with the bylaws, articles of incorporation, or marketing agreement of such association, subject to the provisions of this section and Section 501;
- (b) No transfer of production base which does not accompany transfers of quota in accordance with the other paragraphs of this section will be permitted;
- (c) Any transfer of a portion of a producer's pool quota shall carry with it the same quantity of production base except that if the pool quota exceeds the production base, the pool quota shall carry with it a percentage of production base equal to the percentage of pool quota so transferred. In either case, the producer making a partial transfer shall lose a percentage of the production base equal to the percentage of the pool quota which is so transferred. A producer may transfer the entire production base and pool quota to another person or persons in accordance with the provisions of this article, provided that such transfer shall include the entire production base and the entire pool quota of such producer;
- (d) The transfer of production base and pool quota may be made only to a person who maintains a valid market milk permit or who the secretary determines may qualify as a producer;
- (e) Production base and pool quota may not be transferred by a transferor in an amount less than 50 pounds of pool quota fat unless the transferor is transferring the entire production base and pool quota eligible to be transferred. Production base and pool quota may not be received by a transferee in an amount less than 10 pounds of pool quota fat unless the transferee is receiving the entire production base and pool quota eligible to be transferred by the transferor;
- (f) Any transfer of production base and pool quota shall become effective for pool computation purposes on the first day of the month following the day the transfer is agreed to by the parties involved and approved by the secretary;
- (g) Any producer may transfer pool quota and production base from one location to another without regard to whether the real property used in such production is owned or leased by such producer;
- (h) Any producer who discontinues shipping market milk through a pool plant or cooperative association, as defined in Paragraphs 105(b) or 105(c), for any reason, including the placement of a producer on degrade status in accordance with procedures established by a regulatory or health authority or failure of the plant to qualify as a pool plant, may within 60 days, locate and commence shipments through a pool plant or cooperative association, or may, if otherwise qualified, sell or transfer the production base and pool quota held by such producer to one or more producers holding valid market milk permits or any person whom the secretary determines may qualify as a producer. In the event a plant or a cooperative association fails to maintain its pool status, the 60-day period for producers shipping through such handler shall commence upon the notification to producers by the secretary of the plant's loss of pool status. If production base and pool quota is not made active by shipments of market milk to a pool plant or cooperative association or is not transferred within the 60-day period, such base and quota shall revert to the pool;
- (I) Any producer who has acquired production base and pool quota pursuant to this section during the preceding 24-month period shall not be eligible to transfer production base and pool quota to another producer except as this may be permitted under the provisions of Section 700;
- (j) Any producer who received production base and pool quota under the hardship provisions of Article 7 shall not be eligible to transfer all or any part of the production base and pool quota so assigned until five years have elapsed after such assignment. Any production base and pool quota held by such producer, other than that assigned pursuant to Article 7 may be disposed of (subject to the provisions of this section) only in their entirety within the five-year period specified and, if they are so disposed of within that period, the production base and pool quota assigned under Article 7 shall revert to the pool for reallocation;
- (k) Production base and pool quota issued under the hardship provisions shall revert to the pool for reallocation in the event the holder of such production base and pool quota discontinues milk production within the periods specified in Paragraph 500(j);

- (l) Any producer transferring a portion of the production base and pool quota shall not be eligible to acquire production base and pool quota, except pursuant to Article 3, within the 24-month period following such transfer;
- (m) Family transfers as defined in Section 119 shall not be limited by the provisions of Paragraphs 500(l), 500(j), 500(k), 500(l), and 500(p), but the member(s) of the family receiving such production base and pool quota shall be subject to any restrictions which would have been applicable had the base and quota not been so transferred;
- (n) A member of a cooperative association may transfer production base and pool quota, subject to the provisions of the bylaws, articles of incorporation, or marketing agreement of such association, to or from any person not a member of the same association who is eligible to make such transfer under this article;
- (o) Producers who received an initial allocation of production base and pool quota pursuant to Article 3.5 shall not be eligible to transfer any production base and pool quota to any other person within a five-year period following the initial allocation. Should such producer discontinue milk production within this five-year period, the production base and pool quota shall revert to the pool;
- (p) A corporation or partnership shall notify the secretary whenever a change in ownership interest in excess of five percent has occurred among existing stockholders or partners. For the purpose of this requirement, partnership interest is represented by the percentage of each partner's share in the profit and loss of the partnership, and ownership in a corporation is represented by the voting and nonvoting stock of the corporation. Any transfer of ownership interest in a corporation or partnership to a person other than those who currently have an interest shall constitute a transfer and such transfer shall be subject to all restrictions provided under this article;
- (q) Transfer by testamentary device or bequest or intestate succession shall be excluded from all transfer restrictions imposed under Paragraphs 500(l), 500(j), 500(k), 500(l), 500(o), 500(p), and 500(r) but the transferee receiving such production base and pool quota shall be subject to any restrictions which would have been applicable had the production base and pool quota not been so transferred;
- (r) Any producer receiving a new quota allocation under Article 3 shall not be eligible to transfer that so acquired within the five-year period immediately following such allocation;
  - (1) Should a producer discontinue milk production or transfer all eligible quota, any quota not eligible for transfer under this paragraph shall be forfeited;
  - (2) Should a producer transfer a portion of the quota eligible for transfer under this paragraph, all allocations received under Article 3 may be retained;
  - (3) Any quota forfeited pursuant to this paragraph shall revert to the pool for reallocation.
- (s) Producer-members of a cooperative association as defined under Paragraphs 105(b) and 105(c) shall be subject to the restrictions and penalties contained in Paragraph 500(h) in the event such cooperative fails for 60 consecutive days to market a portion of the milk from its producer-members through a pool plant;
- (t) In addition to the provisions of Paragraph 500(m), a transfer to a direct lineal descendant shall not be limited by the provisions of Paragraphs 500(o) and 500(r) of this section, but the transferee receiving such production base and pool quota shall be subject to any restrictions which would have been applicable had the base and quota not been so transferred.

Section 501. A transfer of production base and pool quota may be made only after compliance with the following:

- (a) Application is made on forms prescribed by the secretary and must be received by the Department by the 15th of any month prior to the first of the month on which the transfer will become effective;
- (b) Applicants for production base and pool quota transfers (transferor and transferee) must certify in the application that all matters relating to the transaction have been fully disclosed and documented. Any misrepresentation of facts or falsity in statements by either party shall constitute cause for forfeiture of all or any portion of the production base and pool quota under consideration for transfer.

Section 502. The production base and the pool quota of active member producers of a cooperative association shall belong

to the individual producer, but shall be assigned to the custody and control of the cooperative association. A cooperative association may combine the bases and quotas assigned to it by members and nonmembers into one base and one quota for purposes of accounting for milk marketed under this Plan, provided that the bases and quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

Section 503. All transfers of production base and pool quota shall be recorded by the secretary in a manner consistent with the purposes of this Plan, including public disclosure of the terms of such transfers upon request.

Section 504. Production base and pool quota shall not be leased or rented by one producer to another.

## Article 6. Producer-Handler Options

Section 601. Any producer-handler who currently operates under the provisions of this section, or any producer-handler who elects pursuant to Sections 604 and 604.5 to operate under this section shall not be subject to the Plan, provided the following requirements are met:

- (a) The producer-handler's farm production must average less than 500 gallons per day during each 12-month period, September 1 through August 31;
- (b) Sales must average less than 500 gallons per day during each 12-month period, September 1 through August 31;
- (c) Ninety-five percent of the farm production and 95 percent of the sales must be disposed of to retail or wholesale outlets (other than market milk handlers).

Section 602. Any producer-handler, who qualified for exemption under Section 601, may subsequently be admitted to the pool upon written request to the secretary for any month beginning no less than ten days after such request is filed with the secretary. Having once been admitted to the pool pursuant to the request, the producer-handler may not subsequently withdraw.

Section 604. Any producer-handler who begins active operation after the effective date of this Plan and who meets and continues to meet the requirements of Section 601 shall be exempt from this Pooling Plan provided such exemption is requested in writing prior to the first day of the producer-handler's second operational month. Such producer-handler shall not have a base and quota assigned. If the producer-handler fails to qualify for exemption from the Plan, the entity shall be considered as a new producer.

Section 604.5. Any producer-handler having sold all production base and pool quota and who meets and continues to meet the requirements of Section 601 shall be exempt from this Pooling Plan provided such exemption is requested in writing prior to the first day of the month for which the producer-handler elects to be exempt. If such a producer-handler fails to continue to qualify for this exemption, the entity shall be considered a new producer subject to the restrictions as set forth in Section 452.

Section 605. Any producer-handler who is exempt from the provisions of the Pooling Plan by reason of the provisions of this article, who at some subsequent date loses exemption by failure to meet the requirements for the exemptions set forth, shall automatically be deemed to have applied for and become subject to the Plan on September 1 following any year ending August 31 during which the secretary determines the producer-handler is no longer entitled to exemption. Determination of failure to meet the requirements for exemption shall be made each month by the secretary, except that where annual data are involved computations of averages shall be made for each year ending August 31.



## Article 6.5. Special Producer-Handler Option

Section 650. A producer-handler, for the purposes of this article, shall also include, as a separate and distinct category of producer-handlers, any producer and any handler who purchases or handles market milk or market cream produced by such producer if they meet the requirement that all of the ownership of the handler and all of the ownership of the producer is owned by the same person or persons and their ownership in the producer or handler is at least 95 percent identical for each person with their ownership in the handler or producer. Such ownership shall not exceed ten individual persons or owners of equitable interest in a partnership, corporation, or other legally constituted business association.

Section 651. The ownership required by this article may be through a partnership, corporation, or other legally constituted business association so long as the entities are owned by the same person or persons, and there is at least 95 percent identity of ownership for each person with their ownership in the handler or producer. For the purposes of this article, a "person" or "persons" includes the spouse, or other persons of lineal consanguinity of the first or second degree or collateral consanguinity to the fourth degree, and their spouses, and includes an adopted child the same as a natural child and kindred of the half blood equally with those of the whole blood of the owner and ownerships by persons so related shall be considered single ownership by one person. For the purpose of this article, property pledged or hypothecated in any manner to others shall be considered "owned" so long as equitable ownership with management and control remain with the producer-handler.

Section 652. Ownership, as provided in this article, shall have existed at the time of the base period selected by the producer under Section 107, and at all times thereafter.

Section 653. Any producer-handler qualified under this article may, no later than August 5, 1969, notify the secretary of the election:

- (a) To join and operate wholly within such pool; or
- (b) To have the entire original production base and pool quota determined during the base period selected as a producer, pursuant to Sections 108 and 110, established as a part of such Pooling Plan, and nevertheless elect to operate entirely outside of the pool to the extent of the provisions of Section 654.

Section 654. Any producer-handler who elects to operate outside the pool pursuant to Paragraph 653(b) shall have its quota milk deducted from its own Class 1 usage, plus a further daily deduction from such usage of 150 pounds of milk fat and 375 pounds of solids not fat, before being required to account to the pool, even though the average Class 1 usage in the pool for that month may be less than 100 percent of the quota milk in the pool.

Section 655. The fact that a producer-handler qualifies as to one of its milk production operations under this article does not prevent the producer-handler from operating on an entirely separate nonqualifying basis at other milk production facilities, and with other nonqualifying persons at such other milk production facilities. A producer-handler can neither buy nor sell the option granted under this article, but this shall not prevent the producer-handler from purchasing or selling pool quota or production base as otherwise provided in this Pooling Plan.

Section 656. If at any time, ownership, as defined in this article ceases, the producer-handler shall no longer be eligible for the option in this article and shall account to the pool as a separate handler and shall be entitled to reentry into producer participation in the pool on the same basis as a producer-handler may, under Sections 602 and 605, or the producer-handler may elect to become an exempt producer-handler provided the entity qualifies under the provisions of Section 604.5.

Section 657. Pool quota exempted under this article shall not be subject to the provisions of Article 9.1 and Article 9.2.

## Article 7. Hardship Consideration

Section 700. Producers may file a written request with the secretary for relief from an alleged hardship resulting from conditions beyond the control of the producer; such as, fire, flood, storms, and other acts of God, or from federal and State eradication programs for disease control. Producers may request a review of alleged hardships resulting from certain Pooling Plan provisions relative to:

- (a) Eligibility for production base and pool quota;
- (b) Production base and pool quota allocations and assignments;
- (c) Producer-handler exemption provisions;
- (d) Provisions regulating transfer of production bases and pool quotas;
- (e) Loss of production base or pool quota;
- (f) Other matters relating to assignment or use of base or quota as specified in this Plan.

Section 701. Any requests for hardship review relative to the initial assignments of production base and pool quota shall include:

- (a) A request in writing within 90 days after the initial notice of the production base and pool quota has been received by the producer from the secretary;
- (b) An explanation of the issue or issues for which the review is requested with full details;
- (c) The extent of relief requested.

Section 702. All requests for hardship relief shall be reviewed by members of the Producer Review Board. The secretary may establish one or more review boards from the 13-member Producer Review Board and may assign a staff member as a secretary to assist the Board.

Section 703. In reviewing a case, each such Board may request the applicant to appear for oral interview, and the Board shall submit its recommendation in writing to the secretary, along with a summary of its findings, on each case. The recommendation shall either reject the request or indicate the extent of relief recommended and the effective date for such relief.

Section 704. The Review Board recommendations shall be subject to approval or modification by the secretary, who shall notify the producer in writing of the decision within 15 days after receiving the recommendations from the Review Board.

## Article 8. Handler Reports of Receipts and Utilization; Classification and Assignment

**Section 800.** Each handler, including nonpool plants, and each producer-handler shall submit a report for each month which shall be transmitted by U.S. mail and postmarked no later than the 8th day of the following month, or physically delivered to the secretary no later than the 10th day of the following month. Such report shall be on forms prescribed by the secretary and shall contain the following information identified by producer:

- (a) The pounds and milk fat and solids not fat content of market milk received into the handler's plant;
- (b) The pounds and milk fat and solids not fat content of market milk diverted to other plants; each listed separately by name and location. Cooperative associations acting as handlers under Paragraph 105(c) must agree the pounds reported pursuant to this paragraph with the summary of the total pool milk marketed and reported under Paragraph 801(b);
- (c) The pounds and milk fat and solids not fat content of certified or guaranteed raw milk received into the handler's plant or diverted to other plants; the amount of such receipts shall be separated between that which qualifies as exempt certified or guaranteed raw milk usage and that which does not so qualify;
- (d) The number of milkings degraded in accordance with procedures established by the appropriate public regulatory or health authority;
- (e) The number of milkings rejected as specified in Section 62715 of the Food and Agricultural Code;
- (f) Any other information the secretary deems necessary.

**Section 800.5** Each handler, including nonpool plants, and each producer-handler shall submit a report for each month which shall be transmitted by U.S. mail and postmarked no later than the 18th day of the following month, or physically delivered to the secretary no later than the 20th day of the following month. Such report shall be on forms prescribed by the secretary and shall contain the following information identified by producer or dairy ranch operator:

- (a) The pounds and milk fat and solids not fat content of manufacturing milk and restricted use market milk received into the handler's plant;
- (b) The pounds and milk fat and solids not fat content of manufacturing milk and restricted use market milk diverted to other plants; each listed separately by name and location;

**Section 801.** Each handler, including nonpool plants, and each producer-handler and exempt producer-handler shall submit a report for each month which shall be transmitted by U.S. mail and postmarked no later than the 12th day of the following month, or physically delivered to the secretary no later than the 14th day of the following month. Such report shall be on forms prescribed by the secretary and shall include the product pounds and, where necessary, the milk fat and solids not fat components for the following:

- (a) For each processing plant, the following receipts and other items available for utilization:
  - (1) The summary total of the pool milk received from producers, including milk diverted by the reporting handler to other plants;
  - (2) The summary total of restricted use market milk received from producers, including milk diverted by the reporting handler to other plants;
  - (3) The summary total of manufacturing milk received from manufacturing milk dairy ranches, including milk diverted by the reporting handler to other plants;
  - (4) Bulk market milk received as transfers from other pool plants, and as direct diversions from other pool handlers, each identified by source;
  - (5) Manufacturing milk received as transfers from other plants, and as direct diversions from other handlers, identified by source;

- (6) Restricted use market milk received as transfers from other plants, and as direct diversions from other handlers, identified by source;
  - (7) Packaged Class 1 products received from California plants;
  - (8) Packaged Class 1 products received from out-of-state plants;
  - (9) Market milk items from any source not previously specified in this section which have the approval of the appropriate public regulatory or health authority for use in market milk products in the area where they are to be disposed of, showing the name and location of the source;
  - (10) Condensed skim or dry powder, from all sources, used in the fortification or reconstitution of Class 1 products;
  - (11) Packaged Class 1 products on hand in the plant at the beginning of the month;
  - (12) Bulk market milk and manufacturing milk on hand in the plant at the beginning of month;
  - (13) Any other information the secretary deems necessary.
- (b) Cooperative associations which act as handlers pursuant to Paragraph 105(c) shall report, in summary, the total pounds and milk fat and solids not fat content of pool milk marketed from producer-members and nonmember patrons, and any other information the secretary deems necessary;
  - (c) Producer-handlers qualifying under Article 6 or Article 6.5 shall report the same items as required of handlers under Paragraph 801(a) and shall include receipts from the producer-handler's own farm production into its own plant;
  - (d) The operator of any milk processing or packaging plant, not otherwise required to report pursuant to this section, from which market milk items are disposed of to retail or wholesale outlets, other than milk plants, in the pool areas shall report the source of its receipts of market milk or other products containing milk fat or solids not fat .

Section 802. Each handler required to report pursuant to Section 801 shall, on the same report, show the product pounds and milk fat content for the following utilization or disposition:

- (a) For each processing plant, the following:
  - (1) Class 1 products disposed of in packaged form (including dispensers) to retail outlets, wholesale outlets, and other plants;
  - (2) Bulk market milk, restricted use market milk and manufacturing milk utilized in the manufacture of Class 2, Class 3, Class 4a, and Class 4b products;
  - (3) Bulk market milk transferred or diverted to pool plants, each identified by destination. The classification of such items shall be based upon the receiving handler's inplant usage of each class for the previous month ;
  - (4) Bulk market milk transferred or diverted to exempt producer-handlers, each identified by destination; such items shall be classified as Class 1;
  - (5) Bulk market milk and restricted use market milk diverted to nonpool plants or other outlets except pool plants and the claimed classification thereof, provided that if such classification is other than Class 1, the classification of such milk shall be changed to Class 1 at a later date if the secretary is unable to verify its use in lower priced classes; such items shall be identified by destination;
  - (6) Bulk market milk, restricted use market milk and manufacturing milk transferred to nonpool plants or other outlets except pool plants and the claimed classification thereof, provided that if such classification is other than Class 1, the classification of such milk shall be changed to Class 1 at a later date if the secretary is unable to verify its use in lower priced classes; such items shall be identified by destination;
  - (7) Packaged Class 1 products on hand at the end of the month which shall be classified as Class 1;

- (8) Bulk market milk on hand at the end of the month which shall be unclassified but shall be priced at the Class 4a level;
  - (9) Bulk manufacturing milk on hand at the end of the month;
  - (10) For plants who have Class 1 inplant disposition, the disappearance of milk fat or skim milk not to exceed 3 percent of the total receipts for the reported month shall be classified on the basis of the percentage of the inplant utilization of the current month, with any excess shrinkage above 3 percent classified as Class 1; for plants having no Class 1 inplant disposition, the total disappearance shall be classified on the basis of the percentage of the inplant utilization of the current month; provided, however, if the operator of the plant does not make and retain full and complete records of the receipt, use, disposition and handling of all milk or milk products received in the plant and inventories thereof, the secretary shall classify any disappearance of milk fat or skim milk as Class 1.
- (b) For each cooperative association acting as a handler under Paragraph 105(c) the following:
- (1) Bulk market milk diverted to pool plants, each identified by destination; the classification of such items shall be based upon the receiving handler's inplant usage of each class for the previous month ;
  - (2) Bulk market milk diverted to nonpool plants or other outlets except pool plants and the claimed classification thereof, provided that if such classification is other than Class 1 the classification of such milk shall be changed to Class 1 at a later date if the secretary is unable to verify its use in lower priced classes; such items shall be identified by destination.
  - (3) Bulk manufacturing milk and restricted use market milk diverted to nonpool plants or other outlets except pool plants, and the claimed classification thereof, provided that if such classification cannot be verified by the Secretary, the Secretary, in his or her discretion may reclassify such milk to an appropriate class.

Section 803. The total product pounds, milk fat and solids not fat available for utilization reported by each handler pursuant to Section 801 shall be computed and classified in accordance with its disposition or use as reported under Section 802 and assigned as Class 1, Class 2, Class 3, Class 4a and Class 4b, or inventory in accordance with the following procedures:

- (a) A producer-handler who continues to qualify under Article 6.5 may have quota milk, including quota purchased prior to March 1, 1995, which is received from its own farm production deducted from its own inplant Class 1 usage, plus a further daily deduction from such usage of 150 pounds of milk fat and 375 pounds of solids not fat. (Inplant Class 1 usage shall not include packaged Class 1 products received from other handlers, or bulk or packaged market milk disposed of to other handlers.) The daily deduction of 150 pounds of milk fat and 375 pounds of solids not fat shall not apply if the producer-handler sold production base and pool quota subsequent to February 9, 1977. Any quota milk, as authorized for deduction pursuant to this paragraph, which cannot be so deducted in excess of the inplant Class 1 usage may participate in the base pool, but only to the extent that the inplant Class 1 usage is less than this monthly production base as determined from the producer-handler's production base as determined from the producer-handler's original production base, plus production base purchased prior to March 1, 1995. The balance of such quota milk, if any, must participate in the overbase pool. In no event may such a producer-handler participate in the quota pool on any quota milk, as determined pursuant to this paragraph, which cannot be assigned to its own Class 1 usage;
- (b) Manufacturing milk and nonpool milk shall be assigned on the basis of the current month's manufacturing milk usage and deducted from the handlers obligation.
- (c) Restricted use market milk shall be assigned the current months value of either the Class 4a or Class 4b price, whichever is lesser, and deducted from the handlers obligation.
- (d) Market milk from nonpool governmental agencies shall be assigned the current months value of either the Class 4a or Class 4b price, whichever is lesser, and deducted from the handlers obligation.
- (e) Market milk items approved by the appropriate public regulatory or health authority for market milk disposition in the State of California which are received from dairy farmers or milk plants outside the State and used by the handler in its market milk business shall be assigned on a pro rata basis to Class 1, Class 2, Class 3, Class 4a, and Class 4b milk according to the inplant utilization of the previous month of all market milk items received by such handler;
- (f) Bulk market milk, restricted use market milk and manufacturing milk which were on hand as inventory at the beginning

of the month shall be deducted from the bulk ending inventory in arriving at the net usage for the month; dollar credit shall be given for this item equivalent to the previous month's charge;

- (g) Certified or guaranteed raw milk receipts which do not qualify as exempt certified or guaranteed raw milk usage shall be accounted for according to the actual disposition or usage of such milk;
- (h) Class 1 products received in packaged form from any source including pool plants, out-of-state handlers, and from the plants of exempt producer-handlers shall be deducted from Class 1 use;
- (i) Bulk market milk received from other pool plants shall be deducted in accordance with its assignment pursuant to Subparagraph 802(a)(3);
- (j) Milk received from cooperative associations in their capacity as handlers, under Paragraph 105(c) shall be deducted as determined under Subparagraph 802(b)(1);
- (k) Solids not fat in dried or condensed form from any approved source used in the production or fortification of Class 1 items shall be deducted from the class originally assigned to solids in that form.

Solids not fat in dried form derived from sources outside of the pool area which have not been assigned a usage classification pursuant to the Food and Agricultural Code of California shall be considered as having a Class 4a classification for the purposes of accounting to the pool;

- (l) Packaged Class 1 products on hand at the beginning of the month shall be deducted from Class 1 usage.
- (m) The remainder represents the utilization in each class for which the handler will be charged as an obligation to the pool pursuant to Article 9;

Section 804. Brokers or agents may be subject to the same reporting requirements as specified for handlers or may be required to submit other types of reports as determined to be necessary by the secretary.

Section 805. Quota and base milk, as defined in Sections 115 and 116.5, respectively, shall be allocated on a pro rata basis over the market milk produced and shipped to each plant receiving such producer's milk.

Section 806. All records, including source documents, and any work sheets used to support the information required to be reported to the secretary pursuant to this Plan, shall be retained by the handler for a period of three years beginning at the end of the month to which such records pertain. If within such three-year period, the secretary notifies the handler in writing that the retention of such records or specified records is necessary in connection with legal proceedings or a court action specified in such notice, the handler shall retain such records or specific records until further written notification from the secretary. The secretary shall give further written notification to the handler promptly upon termination of the litigation or when the records are no longer required.

## Article 8.1. Adjustment to Handler Obligations for Plant to Plant Transfers

Section 810. Each handler entitled to adjustments for plant to plant transfers, who is located within a supply county, as set forth in Section 300.2 of the Stabilization and Marketing Plans, shall submit a report for each month which shall be postmarked no later than 45 days following the end of the month. Such report shall set forth adjustments to the handler's pool obligation as specified in this article.

Section 811. The following shall be shown for transfers for which a transportation credit is provided for under Section 300.2 of the Stabilization and Marketing Plans:

- (a) The pounds and milk fat content of market milk, market skim milk, and market cream transferred in bulk form to each plant located in a county designated as a deficit county under Section 300.2 of the Stabilization and Marketing Plans and the classification assigned under the provisions of Sections 802 and 812 of the Pooling Plan for Market Milk;
- (b) The computation of the transportation credit for market milk and market skim milk (excluding condensed skim milk and market cream) based on the rates in Section 300.2 of the Stabilization and Marketing Plans.

Section 812. Handlers who transfer market milk and market skim milk (excluding condensed skim and market cream) in bulk form from a pool plant located in a county designated as a supply county to another pool plant located in a county designated as a deficit county, as set forth in Section 300.2 of the Stabilization and Marketing Plans, shall be entitled to request the following adjustments provided there is concurrence by the receiving plant:

- (a) Market milk and market skim milk (excluding condensed skim milk and market cream) may be reassigned from the original classification, as provided for in Subparagraph 802(a)(3), to Class 1 provided that the total quantity assigned to Class 1 shall not exceed the total Class 1 inplant usage of the receiving plant;
  - (1) The additional quantity classified as Class 1 shall be deducted on a pro rata basis from the original Class 2, 3, 4a, and 4b classification. The shipping handler will be charged for Class 1 and credited for Class 2, 3, 4a, and 4b at the shipping handler's market area prices. The receiving handler will be credited for Class 1 and charged for Class 2, 3, 4a, and 4b at the receiving handler's market area prices.
- (b) The provisions of this section shall only apply to transfers made during the months of September through the following February.

Section 813. The following shall be shown for transfers for which a credit is requested under Section 812:

- (a) The original classification and value assigned to market milk, market skim milk, and market cream transferred in bulk form and the reassigned classification of market milk and skim milk (excluding condensed skim milk and market cream);
- (b) The computed value of the original and revised classifications at both the shipping and receiving handler market area prices;
- (c) The net adjustment to the pool obligation of both the shipping and receiving handler.

Section 814. The secretary shall verify and correct, if necessary, the adjustments requested under this article and adjust the handler obligation accounts within 60 days after receiving the handler report. The handler adjustments shall be reflected in the fat and solids not fat prices by adjustment of the net pool balance utilized pursuant to Paragraph 902(c) or Section 906, whichever is applicable.

Article 9. Computation of Handler Obligation and Quota, Base, and Overbase Pool Prices

Section 900. The gross pool obligation of each handler for each of the plants or for a cooperative association acting as a handler under Paragraph 105(c) shall be computed as follows:

- (a) Multiply the quantities for each class as determined under Sections 801, 802 and 803 for each plant by the appropriate price announced for such class by the secretary, f.o.b. such handler's plant or the pool or nonpool plant to which diverted;
- (b) Multiply the quantities for each class as determined under Sections 801, 802 and 803 for each cooperative association acting as a handler under Paragraph 105(c) by the appropriate price announced for such class by the secretary, f.o.b. the pool or nonpool plant where the milk was first received from producers;
- (c) Deduct an amount computed by multiplying the pounds of solids not fat or the skim milk equivalent of condensed skim milk used in fortifying Class 1 products by the appropriate charge allowable for condensing or drying of market skim pursuant to the applicable Stabilization and Marketing Plan.
- (d) Deduct from the amounts calculated above, a credit to the handler's obligation for milk received from other sources not included in receipts deducted in Section 802 which shall be determined as follows:
  - (1) The value based on the receiving plant's inplant usage as defined in Section 130 or the value based on the current month's quota fat price for the milk fat component and the current month's quota solids not fat price plus the pool price modification rate for the value of the solids not fat component, whichever is less.
  - (2) The value based on subparagraph (d)(1) of this Section or the value based on the current month's overbase fat price for the milk fat component and the current month's overbase solids not fat price plus the pool price modification rate for the value of the solids not fat component, whichever is greater.

Section 901. The total pounds of milk in each class and the pool value thereof shall be computed by the secretary as follows:

- (a)
  - (1) Determine the net total pounds of Class 1 milk remaining under Paragraph 803(m) for all handlers and combine into one total sum the obligations of all handlers for such Class 1 milk;
  - (2) Subtract the net sum of all adjustments computed pursuant to Paragraphs 900(c) which represent modifications in the actual obligation of all handlers for Class 1 milk.
- (b) Make similar determinations of the net total pounds and value of each of the other classes of utilization for all handlers;
- (c) For those months in which the secretary has implemented the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, adjust the values of each class as determined under Paragraphs 901(a) and 901(b) by:
  - (1) Multiplying the total pounds in each class by the rate established in Section 62561 of the Food and Agricultural Code; and
  - (2) Deducting from the total value of each appropriate class, the amounts calculated under Subparagraph (1). The resulting value for each class shall be utilized in computing the prices under Sections 902, 903 and 904 or 906.

Section 901.5 For those months in which the secretary has implemented a temporary increase in the minimum prices of milk pursuant to Section 62062.2 of the Food and Agricultural Code, adjust the values of each class as determined under Paragraphs 901(a) and (b) by:

- (a) Multiplying the total pounds in each class by the temporary price increase for such class as set forth in Section 300.0 of the Stabilization and Marketing Plans. The funds generated shall form a subpool to be distributed equally to all milk production in the pool;
- (b) Deducting from the total value of each appropriate class, the amounts calculated under Paragraph (a), hereof. The resulting value for each class shall be utilized in computing the initial prices under Sections 902, 903 and 904.



**Section 902.** This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. No later than the 24th day of each month, the secretary shall compute and announce the quota price for the fat and solids not fat components of quota milk received from producers during the preceding month, in accordance with the following procedures:

- (a) Compute the total value of the quota pool and the total value for other source milk by assigning thereto the value or a proportionate share of the total value of the milk fat and solids not fat usages necessary to reflect the total pounds of pool milk which qualified as quota fat and quota solids not fat for all producers, and the total pounds of fat and solids not fat other source milk, excluding except the quota fat and quota solids not fat of producer-handlers which was assigned under Paragraph 803(a). The computation of Class 1 solids not fat shall include the value of the fluid component which is contained in the Class 1 skim usage. The values shall be assigned in the following sequence: Class 1, Class 2, Class 3, and then the higher of Class 4a or Class 4b (based on hundredweight value computed at 3.5 percent butterfat and 8.7 percent solids not fat);
- (b) Add an amount for each component to the value as necessary to reflect the total amount of regional quota adjusters computed pursuant to Article 9.1;
- (c) Add not less than half of the amount on hand in the net pool balance for the respective component of milk;
- (d) Subtract from each component the value a figure equal to not more than one percent of the resulting balance, plus or minus any amount necessary to eliminate any fractional amounts of less than one-tenth cent per pound in the price of quota fat and solids not fat;
- (e) Divide the resulting sums by the pounds of the components of quota milk plus the pounds of the components of other source milk computed under Paragraph 902(a). The resulting figure shall be the quota pool price for such components.

**Section 903.** This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. No later than the 24th day of each month, the secretary shall compute and announce the base price for the fat and solids not fat components of base milk received from producers during the preceding month, in accordance with the following procedures:

- (a) Combine the values computed pursuant to Paragraphs 902(a), and 904(a);
- (b) Subtract the total amount obtained under Paragraph (a), hereof, and any security charges calculated under Paragraph 901(c) from the gross pool obligation of all handlers as computed under Section 900(a), (b) and (c);
- (c) Divide the remaining value of the milk fat and solids not fat portions of pool milk by the pounds of milk fat and solids not fat, respectively, contained in base milk and round the resulting figure for milk fat and for solids not fat to the nearest one-tenth cent. The prices so computed shall be the base pool prices.

**Section 904.** This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. No later than the 24th day of each month, the secretary shall compute and announce the overbase price for the fat and solids not fat components of overbase milk received from producers during the preceding month, in accordance with the following procedures:

- (a) Compute the total value of the overbase pool by assigning thereto the total value or a proportionate share of the total value of the fat and solids not fat components of Class 4a and Class 4b beginning with Class 4a or Class 4b milk, whichever has the lower hundredweight value computed at a 3.5 percent butterfat and 8.7 percent solids not fat basis, as necessary to reflect the total pounds of pool milk which qualified as overbase fat and solids not fat;
- (b) Divide the values obtained pursuant to Paragraph (a) of this section by the pounds of fat and solids not fat, respectively, in overbase milk and round the resulting figure for milk fat and for solids not fat to the nearest one-tenth cent. The prices so computed shall be the overbase pool prices.

**Section 905.** For those months in which the secretary has implemented a temporary increase in the minimum prices of milk pursuant to Section 62062.2 of the Food and Agricultural Code, distribute the subpool funds generated pursuant to Paragraph 901.5(a) by:

- (a) Dividing the total value of the temporary price increase for each component of milk by the total pounds of that component which was produced and received from producers participating in the pool during the preceding month to determine the value per pound; and

- (b) Adding this value per pound adjustment to the initial quota, base and overbase prices computed under Sections 902, 903 and 904. These prices so adjusted shall be the quota, base and overbase pool prices announced for that month by the secretary.

Section 906. This section applies as long as Section 62750 of the Food and Agricultural Code is in effect. No later than the 24th day of each month, the secretary shall compute and announce the prices for the fat and solids not fat components of quota and nonquota milk received from producers during the preceding month, in accordance with the following procedures:

- (a) Compute the total value of pool milk by assigning thereto the total values of the milk fat and solids not fat usages, except the fat and solids not fat exemption of producer-handlers which was assigned under Paragraph 803(a). The total value of pool milk shall include the value of usage for other source milk. The computation of Class 1 solids not fat shall include the value of the fluid component which is contained in the Class 1 skim usage;
- (b) ~~Compute the~~ The total value of the quota premium pool by multiplying the total solids not fat quota pounds by \$0.195 and subtracting the total amount of regional quota adjusters, computed pursuant to Article 9.1; shall be the sum of the following computations:
- (1) Multiply the total solids not fat quota pounds by \$0.195 and subtract the total amount of regional quota adjusters, computed pursuant to Article 9.1;
- (2) Multiply the total solids not fat of other source milk by \$0.195.
- (c) Adjust the total fat value, calculated in Paragraph 906(a), by:
- (1) Subtracting the fat value of the plant to plant transportation adjustments, calculated pursuant to Article 8.1;
- (2) Adding not less than half of the amount on hand in the net pool balance for fat;
- (3) Subtracting from the fat value a figure equal to not more than one percent of the resulting balance, plus or minus any amount necessary to eliminate any fractional amounts of less than one-tenth cent per pound.
- (d) Divide the adjusted total fat value, as calculated in Paragraph ~~906(a)~~ 906(c), by the total quota and nonquota fat pounds plus the total fat pounds of other source milk to determine the quota and nonquota fat prices;
- (e) ~~Compute the adjusted solids not fat value from~~ Adjust the solids not fat value, calculated in Paragraph 906(a) by:
- (1) Subtracting the solids not fat value of the plant to plant transportation adjustments, calculated pursuant to Article 8.1;
- (2) Subtracting the total transportation allowance, calculated pursuant to Article 9.2;
- (3) Adding not less than half of the amount on hand in the net pool balance for solids not fat;
- (4) Subtracting a figure equal to not more than one percent of the resulting balance, plus or minus any amount necessary to eliminate any fractional amounts of less than one-tenth cent per pound;
- (5) Subtracting the quota premium pool value from the total solids not fat value, calculated pursuant to Paragraph 906(b).
- (f) Divide the adjusted ~~total solids not fat value~~ total solids not fat value as calculated in Paragraph 906 (e), by the total quota and nonquota solids not fat pounds plus the total solids not fat pounds of other source milk, by the total solids not fat pounds, as calculated in Paragraph 906(e), to determine the nonquota solids not fat price;
- (g) Add \$0.195 per pound to the solids not fat price calculated in Paragraph ~~930(f)~~ 906(f) to determine the quota solids not fat price.

## Article 9.1. Regional Quota Adjuster

Section 910. The secretary shall determine a regional quota adjuster for each market milk producer. Such determination shall be based on the geographical location of the dairy farm. The regional quota adjuster to be in effect at each producer's dairy farm per hundredweight quota milk or per pound of quota solids not fat shall be as set forth below:

- (a) A negative 11 cents (-\$0.11) per hundredweight, (-\$.012644) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lassen, Madera, Mariposa, Merced, Modoc, Monterey, Nevada, Placer, Plumas, Sacramento, San Benito, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba.
- (b) A negative 5 cents (-\$0.05) per hundredweight, (-\$.005747) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, and Sonoma.
- (c) A negative 27 cents (-\$0.27) per hundredweight, (-\$.031034) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Fresno, Kings, and Tulare.
- (d) A negative 20.5 cents (-\$0.205) per hundredweight, (-\$.023563) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Kern, San Luis Obispo, and Santa Barbara.
- (e) No regional quota adjuster is assigned to dairy farms located within the counties of: Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, and Ventura.

Section 910.1. If after a public hearing the secretary finds that an adjustment in the regional quota adjuster is justified, such change may be made without a referendum if the record clearly shows producer support for the change and that not more than 5 percent of the producers would oppose any such change. A statewide referendum must be held in those cases where there is an indication that more than 5 percent of the producers in the State would oppose the change in the regional quota adjuster.

Section 911. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. The total pounds of milk fat and hundredweight equivalent of solids not fat in quota milk for each producer, who is not a member of a cooperative association, shall be multiplied by the appropriate per hundredweight regional quota adjuster in effect at the producer's dairy farm where the milk was produced.

Section 912. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. For each cooperative association:

- (a) Accumulate the amount of daily solids not fat quota allocated to producer-members, whose dairy farms have the same regional quota adjuster;
- (b) Calculate the percentage of daily solids not fat quota for each regional quota adjuster by dividing the appropriate amount accumulated under Paragraph (a), hereof, by the cooperative association's total allocated daily solids not fat quota;
- (c) The percentages computed under Paragraph (b), hereof, shall be applied to the cooperative association's total pounds of milk fat and hundredweight equivalent of solids not fat in quota milk to determine the amount of quota milk subject to each regional quota adjuster;
- (d) Multiply the amounts determined under Paragraph (c), hereof, by the appropriate per hundredweight regional quota adjuster.

Section 913. This section applies as long as Section 62750 of the Food and Agricultural Code is in effect. The total pounds of quota solids not fat for each producer, who is not a member of a cooperative association, shall be multiplied by the appropriate per pound of solids not fat regional quota adjuster in effect at the producer's dairy farm where the milk was produced.

Section 914. This section applies as long as Section 62750 of the Food and Agricultural Code is effect. For each cooperative association:

- (a) Accumulate the amount of daily solids not fat quota allocated to producer-members, whose dairy farms have the same regional quota adjuster;
- (b) Multiply the amounts determined under Paragraph (a), hereof, by the appropriate per pound of solids not fat regional quota adjuster.

Article 9.2. Transportation Adjustments for Ranch to Plant Shipments

Section 920. Each producer shall be subject to the provisions of this article and shall, where applicable, participate in the transportation allowances set forth in Paragraph 921.2 and transportation sub-pools, when Section 925 is in effect.

Section 921. Producers, including producer-members of cooperative associations, will receive transportation allowances on shipments to plants which are located within designated areas and which, during the immediately preceding 12-month period, actually processed more than 50 percent of the total pounds of milk processed at the plant location into products other than products classified as Class 4a or Class 4b. For purposes of this section, "plant" includes one or more pool plants under single ownership within a designated area.

Section 921.1 For any month, producer-members of a cooperative association will receive transportation allowances on shipments to their cooperative plant which is located within a designated area, provided that the cooperative, for the immediately preceding 12-month period, had total direct and derived Class 1 usage equal to or greater than 40 percent of the cooperative's total market milk received or diverted.

Section 921.2 Transportation allowances shall be calculated on the constructive miles from the dairy farm to the location of the plant of first receipt, subject to Sections 921 and 921.1, and shall apply to all pool milk.

The following rates shall be utilized in calculation of the allowances:

- (a) For plants located in the Bay Area receiving area, which shall consist of the counties of Alameda, Contra Costa, Santa Clara, Santa Cruz, San Francisco, and San Mateo:
  - (1) From zero through 99 miles \$0.20 per CWT
  - Over 99 miles through 199 miles \$0.24 per CWT
  - Over 199 miles \$0.30 per CWT
- (b) For plants located in the Sacramento receiving area, which shall consist of the County of Sacramento:
  - (1) From zero through 59 miles \$0.09 per CWT
  - Over 59 miles \$0.12 per CWT
- (c) For plants located in the Shasta receiving area, which shall consist of the County of Shasta:
  - (1) From zero through 29 miles \$0.13 per CWT
  - Over 29 miles through 49 miles \$0.16 per CWT
  - Over 49 miles \$0.19 per CWT
- (d) For plants located in the Solano receiving area, which shall consist of the County of Solano:
  - (1) From zero through 44 miles \$0.11 per CWT
  - Over 44 miles through 99 miles \$0.16 per CWT
  - Over 99 miles \$0.21 per CWT
- (e) For plants located in the Southern California receiving area, which shall consist of the counties of Los Angeles, Orange, and Ventura:
  - (1) From Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties: \$0
  - (2) From Fresno, Kern, Kings, and Tulare Counties:
    - (1) From zero through 74 miles \$0
    - Over 74 miles through 149 miles \$0.32 per CWT
    - Over 149 miles \$0.58 per CWT
  - (3) From all other areas:
    - (1) From zero through 74 miles \$0
    - Over 74 miles \$0.30 per CWT

Section 922. The constructive mileage to be used for calculating the transportation allowance for each producer's shipments shall be based on the most current "Optional All Points to All Points Table" of the Public Utilities Commission of the State of California, as follows:

- (a) The distance calculated shall be based on the constructive miles from the mileage basing point nearest the dairy farm to the mileage basing point nearest the plant of first receipt;
- (b) In establishing the mileage basing point for either a dairy farm or a plant of first receipt, the mileage basing point which is closest to the actual location when measured on an air-mile basis shall be used.

Section 923. Each month the secretary shall determine for each individual producer the amount of transportation allowance in the following manner:

- (a) Determine the total pounds of milk shipped to each plant of first receipt and the constructive miles from the producer's dairy farm to such plant;
- (b) For the shipments that qualify for a transportation allowance, select the appropriate rate as set forth in Section 921.2, and multiply the total pounds of milk shipped by such rate;
- (c) For each producer, except producer-members of cooperative associations, the amount calculated in Paragraph (b), hereof, shall be credited to the producer's settlement;
- (d) For each cooperative association, the amount calculated for individual producer-members in Paragraph (b), hereof, shall be accumulated and credited to the respective cooperative association's settlement.

Section 924. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. Transportation allowances which are computed in accordance with Section 923 shall be charged as follows:

- (a) The quota milk produced in the Southern California Transportation Sub-pool region consisting of the counties of Fresno, Imperial, Inyo, Kern, Kings, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Tulare, and Ventura shall be charged the cost for shipments to plants located in the Southern California receiving area;
- (b) The quota milk produced in the Northern California Transportation Sub-pool region consisting of all counties not included in the Southern California Transportation Sub-pool region, shall be charged the cost for shipments to plants located in the Bay Area Receiving Area, the Sacramento Receiving Area, the Shasta Receiving Area and the Solano Receiving Area.

Section 925. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. The Director shall announce, at least 15 days prior to the effective date, transportation sub-pool rates which shall be charged against the quota of producers in each transportation sub-pool region. Such rates shall be based on an estimate of the amount of transportation allowances to be paid by each region and shall be adjusted periodically in order to recover from the quota produced therein all of the costs of each transportation sub-pool region.

Section 926. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. For each producer located within a transportation sub-pool region, except producer-members of a cooperative association, the transportation sub-pool charge shall be calculated each month by multiplying the total monthly quota milk shipped by the rate announced by the secretary pursuant to Section 925. The amount calculated shall be charged to the producer's settlement.

Section 927. This section is not in effect as long as Section 62750 of the Food and Agricultural Code is in effect. For each cooperative association, the transportation sub-pool charges shall be determined each month as follows:

- (a) Accumulate the amount of daily solids not fat quota allocated to producer-members, whose dairy farms are located within the same transportation sub-pool region;
- (b) Calculate the percentage of daily solids not fat quota for each transportation sub-pool region by dividing the appropriate amount accumulated under Paragraph (a), hereof, by the cooperative association's total allocated daily solids not fat quota;

- (c) The percentages computed under Paragraph (b), hereof, shall be applied to the cooperative association's total pounds of milk fat and hundredweight equivalent of solids not fat in quota milk to determine the amount of quota milk subject to each rate announced pursuant to Section 925;
- (d) Multiply the amounts determined under Paragraph (c), hereof, by the appropriate rate announced pursuant to Section 925;
- (e) The amounts determined in Paragraph (d), hereof, shall be accumulated and charged to the respective cooperative association's settlement.

**Section 928.** This section is in effect as long as Section 62750 of the Food and Agricultural Code is in effect. Transportation allowances which are computed in accordance with Section 923 shall be deducted from the total solids not fat revenue before any price for quota and nonquota solids not fat is computed.

## Article 10. Reports and Payments to Producers and Equalization of Returns

Section 1000. All persons acting as handlers pursuant to Paragraph 105(a) shall be responsible for assuring that each individual producer from whom pool milk was received directly at the pool plant or diverted therefrom to pool and nonpool plants during the preceding month receives a written report on or before the last day of the month on forms acceptable to the secretary, which report shall show all relevant information concerning the payments due such persons including the following:

- (a) The amount of milk received from the producer or diverted, according to the location of the plant where first received;
- (b) The amount of product paid for (in each component) as quota milk, base milk, and overbase milk, at the respective prices, as determined for each plant by the secretary;
- (c) The dollar value and applicable rate of each authorized deduction made from the gross payment;
- (d) Any premiums above the quota, base, or overbase prices fixed by the secretary showing basis of computation and amount;
- (e) Adjustments for previous months, if any;
- (f) Other information as may be required by the secretary.

Section 1001. Each handler other than those defined in Paragraphs 105(b) and (c) shall pay individual producers from whom milk is received directly at the pool plant or diverted by such handler to pool and nonpool plants at no less than the rates specified and no later than the dates indicated:

- (a) On or before the 15th day of the month, each handler shall pay each producer the approximate net value for milk received or diverted during the last half of the preceding month based on the quota, base, and overbase prices announced for the month before the milk was received or diverted;
- (b) On or before the last day of the month, each handler shall make final payment to each producer for the total value of milk received or diverted during the preceding month, excluding pool milk received by nonpool plants as a direct purchase from individual producers, at not less than the rates specified below subject to adjustments, where applicable for transportation allowances and transportation charges specified in Article 9.2, and subject to deductions for advance payments made under this paragraph and Paragraph (a), hereof, for applicable charges for hauling the milk from ranch to plant and for assignments or other proper charges authorized in writing by the producer or required under Chapters 1, 2, and 3 of the Food and Agricultural Code, plus a payment for the approximate value of the milk based on the quota, base, and overbase prices for the preceding month for milk received or diverted during the first 15 days of the month:
  - (1) Quota milk delivered during the preceding month shall be paid for at the quota price announced by the secretary in accordance with Section 902, as adjusted for the regional quota adjuster pursuant to Article 9.1;
  - (2) Base milk delivered during the preceding month shall be paid for at the base price announced by the secretary in accordance with Section 903;
  - (3) Overbase milk delivered during the preceding month shall be paid for at the overbase price announced by the secretary in accordance with Section 904.
- (c) Any handler qualified pursuant to Paragraph 105(a) who receives milk, skim milk, or cream at its pool plant(s) from handlers, as defined pursuant to Paragraphs 105(b) and (c), shall pay such handlers no less than the applicable minimum class prices for such milk, skim milk, or cream no later than the dates specified:
  - (1) For milk received during the first 15 days of the month on or before the 28th day of such month based on the appropriate class prices, provided the class price announced for the preceding month shall be used for any class for which the current month's price has not yet been announced by the secretary;
  - (2) For milk received during the period from the 16th to the end of the month on or before the 13th day of the following month at no less than the appropriate class prices subject to any adjustment necessary due to



overpayments or underpayments resulting from the use of tentative prices under Subparagraph (1), hereof.

- (d) Each handler operating a nonpool plant as defined in Section 111 that receives market milk as a direct purchase from producers or from handlers defined pursuant to Paragraphs 105(b) and (c) shall pay for such milk at no less than the classified prices established by the Stabilization and Marketing Plans. The total combined inplant and derived usage of the nonpool plant shall be allocated among all producers each month.

Section 1002. The secretary shall establish and maintain two separate funds known as the Producer Equalization Funds, one for milk fat and the other for solids not fat. The secretary shall deposit into the appropriate fund the amounts received from handlers pursuant to Sections 1003 and 1005 and shall make payments out of the appropriate fund pursuant to Sections 1004 and 1005. Should this Plan be terminated at any time after it has become effective, any remaining balance in these funds shall be distributed on a pro rata basis as determined by the secretary to or for the account of producers who are supplying milk to handlers at the time of such termination.

Section 1003. Each handler shall make payment to the secretary on or before the second day after receiving notice of any amount due pursuant to this section of the amount computed as follows:

- (a) The secretary shall compute the total of the amounts due from such handler to individual producers at the rates specified in Subparagraphs 1001(b)(1), (2), and (3), as adjusted for regional quota adjusters and transportation allowances, pursuant to Articles 9.1 and 9.2, and transportation sub-pool charges, if in effect;
- (b) Subtract the sum computed pursuant to Paragraph (a), hereof, from the gross pool obligation of such handler computed pursuant to Section 900, if such pool obligation is larger than the amount owed to producers. The resulting figure shall be known as the handler's net pool obligation;
- (c) In the event any handler fails to pay to the secretary, the net financial obligation to the pool resulting from its operation on or before the 15th day of the second month following the month for which the obligation was incurred, the secretary may add to such unpaid balance interest at the rate of 1 percent (1%) per month computed from the first day of the second month following the month for which the obligation was incurred until such obligation is paid. Such obligation shall be reduced by the following:
  - (1) Payments received on or before the 15th of the month; and
  - (2) Any credits resulting from adjustments to previous obligations.

The interest charged under this section shall be added to the milk fat and solids not fat Producer Equalization Funds on a 1 to 2.5 ratio, respectively. The handler shall not be entitled to pass such interest charge on to the producers.

- (d) Except as provided in Paragraphs (e) and (f) of this section, the obligation of any handler to pay money required to be paid pursuant to this section shall terminate two years after the last day of the month during which the secretary receives the handler's report of receipts and utilization and disposition of which such obligation is based, unless within such two-year period the secretary notifies the handler in writing that such money is due and payable. Written notice shall be complete upon mailing to the handler's last known address the following information:
  - (1) The amount of the obligation;
  - (2) The month on which the obligation is based; and
  - (3) The account for which it is to be paid.
- (e) If a handler fails or refuses to make available to the secretary all records required under this Plan, the secretary may notify the handler in writing as provided in Paragraph 1003(d), of such failure or refusal. If the secretary so notifies the handler, the two-year period in respect to such obligation shall not begin to run until the first day of the month following the month during which all records pertaining to the obligation were made available to the secretary;
- (f) A handler's obligation under this Plan shall not be terminated for any transaction involving fraud or willful concealment of a fact on the part of the handler against whom the obligation is being imposed;
- (g) Unless the handler gives notice within the applicable two-year period, the obligation of the secretary to pay a handler any money the handler claims to be due under the provisions of this Plan shall terminate two years after the end of the month during which the market milk involved in the claim was received.

Section 1004. If the gross pool obligation of the handler, as computed under Section 900, is less than the amount owed producers under Subparagraphs 1001(b)(1), (2) and (3) the secretary shall make payment of any difference to such handler from funds available in the Producer Equalization Funds on the 28th day after the end of the month or as soon thereafter as funds are available, provided that if adequate funds are not available in the appropriate fund on such date, a proportionate distribution of

available funds shall be made to all handlers entitled to receive payments under this section.

Section 1005. Whenever audit by the secretary of a handler's books or records or other examination of the operation reveals that the reports of such handler or payments made pursuant to this Plan were in error, the secretary shall promptly notify such handler of the nature and amount of the error. If the error occurred in the process of a handler's direct payment to producers and caused underpayments by such handler to such producers, the handler shall correct the payment no later than 15 days after receiving such notice. If the error caused incorrect settlement with the secretary, the monetary amount resulting from such audit or other examination shall be adjusted through the handler's obligation account for the month following the notification by the secretary of adjustment amount.

Any amount assessed as determined pursuant to Article IV of the Stabilization and Marketing Plan shall be adjusted through the handler's obligation account for the month following the notification by the secretary of the assessed amount.

The net pool balance to be used pursuant to Subparagraph 906(c)(2), when in effect, or Paragraph 902(c), when in effect, in calculating current pool prices shall be increased or decreased to reflect the adjustments of this section.

Section 1006. Each handler, subject to the provisions of this Plan, shall deduct as a fee from payments made to producers for all pool milk received or diverted each month an amount determined pursuant to Section 62718 of Chapter 3 of the Food and Agricultural Code. The amount of such fee shall be paid to the secretary on or before the 30th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay to the secretary this fee, pursuant to Section 62718 of Chapter 3 of the Food and Agricultural Code, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

Section 1007. For purposes of ascertaining the correctness of reports submitted, the secretary shall have access to and may inspect the records of handlers pursuant to Section 61442 of Chapter 1 of the Food and Agricultural Code.

Section 1008. The secretary shall transfer from the Producer Equalization Funds to the Milk Producers Security Trust Fund provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code the amount of security charges computed under Paragraph 901(c) within 30 days after the final pool settlement has been mailed to handlers, as provided for under Section 1004.

## Article 11. Authority and Duties of a Pool Manager

Section 1100. A pool manager shall act for the secretary to the extent authorized by the secretary under the law in effectuating the terms and provisions of this Plan and shall perform any or all the duties authorized by the secretary in the administration of this Plan. Such duties shall include, but are not limited to, the following:

- (a) Maintain records and reports which accurately reflect the operation of the Plan, including the receipt and disbursement of all money handled;
- (b) Verify all reports and payments by each handler, including cooperative associations, subject to the provisions of this Plan through audit of the books, records and accounts of such handler, and the examination of operations or other verification deemed relevant;
- (c) Notify each handler of such information as is necessary in determining the values for all milk utilized and the obligation of each handler under Sections 1003 and 1005 of this Plan;
- (d) Announce the prices for quota milk, base milk, and overbase milk, and when Sections 924, 925, 926 and 927 are in effect, the transportation rate for quota milk in effect within each transportation sub-pool region;
- (e) Notify each handler of the rate of deduction from producer payments determined by the secretary to be necessary to cover the cost of administering this Plan and of the time and method of making such deductions;
- (f) At the pool manager's discretion, publicly announce the name of any handler who has not filed the proper reports pursuant to Article 8, or made payment as required pursuant to Sections 1001, 1003 and 1005, herein. Any handler may be excluded from the computations involved in determining quota and base prices if this should become necessary due to the handler's failure to comply with the payment provision specified in this paragraph;
- (g) After the secretary has computed a producer's initial allocation or change of allocation of production base and pool quota, each of the following shall be notified of the change:
  - (1) The individual producer;
  - (2) The handler who is responsible for payment; or
  - (3) The cooperative association of which the producer is a member or patron.

Section 1101. The pool manager may from time to time issue interpretive bulletins, letters, instructions on completing monthly reports, and other documents and instructions to assist in the interpretation of and compliance with this plan.

**Article 12. Modification or Supersedence of Chapter 1 and Chapter 2**

**Section 1200. Under authority of Section 62724 of Chapter 3 of the Food and Agricultural Code, this Plan may modify or supersede provisions of Chapter 1 and Chapter 2, Part 3, Division 21 of the Food and Agricultural Code, when such modification or supersedence is determined by the secretary to be necessary to effect the purposes of Chapter 3 commencing with Section 62700 of the Food and Agricultural Code.**

**Article 13. Severability**

**Section 1300** The provisions of this plan are severable. If any section, subdivision, paragraph, sentence, clause, or phrase of this plan should be declared or held unconstitutional or invalid for any reason, such unconstitutionality or invalidity shall not affect the validity of any other provision of this plan.

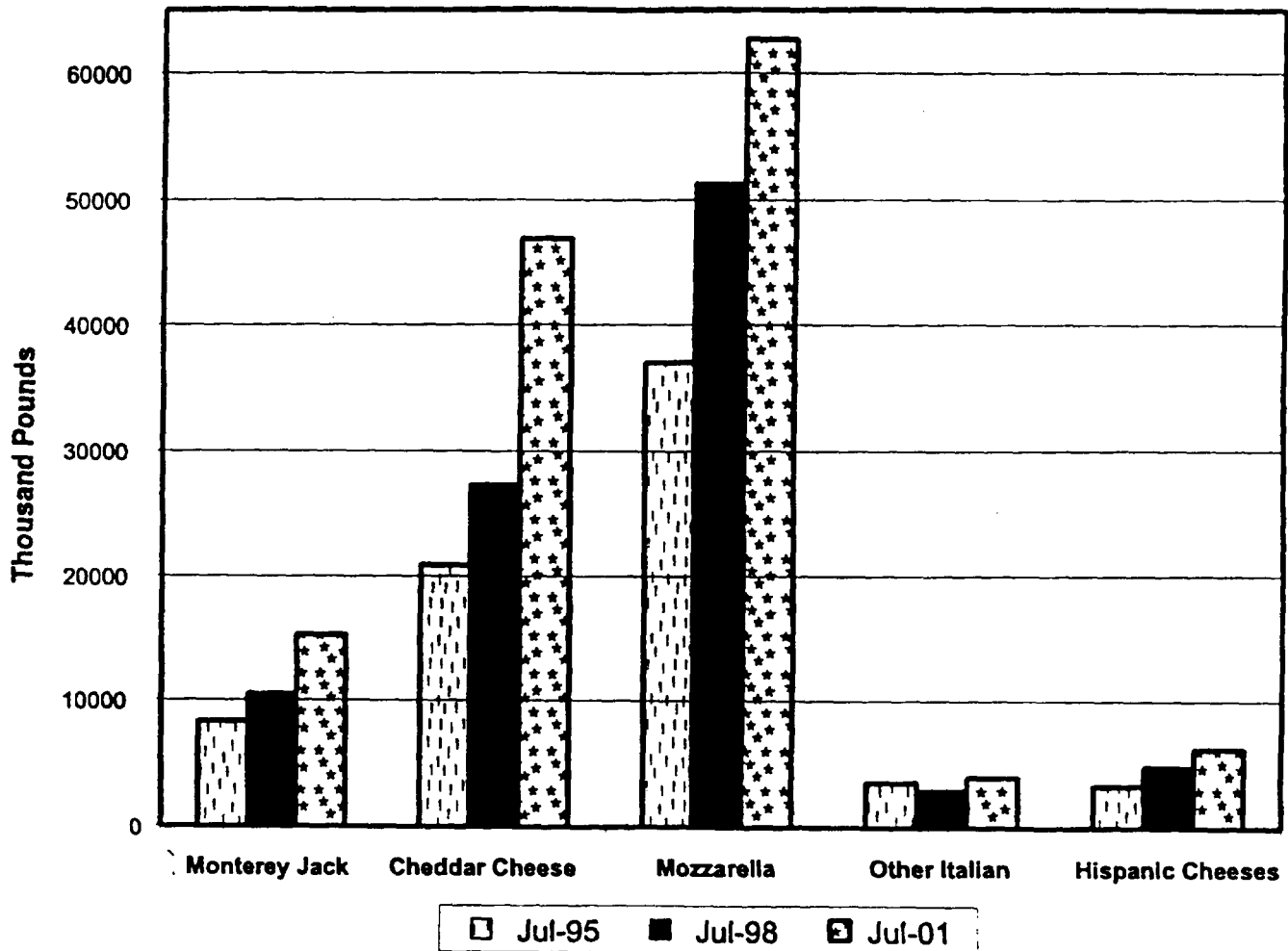
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# California

B U L L E T I N

# Dairy Information

**Cheese Production Comparison  
July 1995, July 1998, and July 2001**







## Key Department Contacts for Dairy Services

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**Robert "Tad" Bell, Undersecretary**  
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**USDA/NASS**

**California Agricultural Statistics Service**

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Milk price information is available on a recorded message:

**1-800-503-3490**

In Sacramento or out of California, please call **(916) 442-MILK**

Home Page Address: <http://www.cdfa.ca.gov/dairy>

E-Mail: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

*The Dairy Statistics Unit appreciates the cooperation of all dairy processors by filing monthly statistical reports with our office. These reports are carefully reviewed in an attempt to identify and correct any errors in reporting. All data is received directly from either California dairy processors or federal Milk Market Administrator offices in regions neighboring California. While data is submitted from reliable sources, no representation is made as to the complete accuracy of the data reported. Data is published subject to errors, revisions, or withdrawals without notice.*

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## **New Web Sites for Dairy Producers and Processors**

The California Dairy Research Foundation (CDRF) has launched two new websites for obtaining information about activities and developments in environmental quality assurance and dairy probiotics.

### **California Dairy Quality Assurance**

Dairy producers can gain information on the California Dairy Quality Assurance (CDQA) Program including how and where to sign up for the program, key contacts, and annual activity reports, by visiting [www.cdqa.org](http://www.cdqa.org). The University of California and the dairy industry created the CDQA to help dairy producers understand and comply with environmental laws enforced by local, state, and federal agencies. This program focuses on the components of public health, animal health and welfare, and environmental stewardship. Since its inception in 1997, the program has certified 10 dairies and provided voluntary training to about 1,400 dairy farmers and their employees.

### **Dairy Probiotics**

Learn more about probiotics (live cultures consumed for health benefits) by visiting [www.usprobiotics.org](http://www.usprobiotics.org), a website maintained by CDRF. This site offers information on activities, research and new developments in probiotics. CDRF has set up this user friendly site with a pop-up dictionary for explanation of terms etc., and easy access to sections without endless searching. For more information about CDRF and the dairy research it sponsors, visit [www.cdrf.org](http://www.cdrf.org).

## **Dairy Options Pilot Program**

To help dairy producers respond to volatile dairy prices, the USDA's Risk Management Agency is offering Round III of the Dairy Options Pilot Program (DOPP), an innovative cost-share program available in selected states and counties. DOPP is designed to give producers an opportunity to learn how futures and options markets work and about hedging milk prices through hands-on put options trading. The 4-hour training sessions will provide an overview of how put options work, how to apply them to a dairy operation, and the rules of the program. (A "put option" is a contract traded on futures markets that gives the buyer the right but not the obligation to sell the underlying futures contract at a price known as the "strike price" on or before an established expiration date) For additional information, see "Cash Forward Contracting" on the Department's website at [www.cdfa.ca.gov/dairy/cashforw5.htm](http://www.cdfa.ca.gov/dairy/cashforw5.htm)

To be eligible, producers in selected counties must have operated a dairy producing at least 100,000 pounds of milk over six consecutive months. Under DOPP, producers can purchase milk put options on a maximum of 600,000 pounds of milk. Through the options contracts, producers are able to buy a kind of price insurance. When milk prices fall below the floor (or "strike price") bought, the option contract increases in value, making up the difference. Options protect participating producers from prolonged periods of low prices that threaten their ability to cover expenses and loan payments. Producers are responsible for 20 percent of the premium (or cost) of each milk put option, while USDA pays 80 percent of the premium as well as broker fees of up to \$30 per option.

For more information on the October and November scheduled classes in Rohnert Park, Orland, Chino, Stockton, Hanford, and Modesto, see the following contacts:

Rohnert Park: Stephanie Larson, (707) 565-2621  
Orland: Barb Reed, (530) 865-1107  
Hanford: Carol Collar, (559) 582-3211, x-2730

Stockton: Marit Arana, (209) 468-9492  
Chino: Abraham Wubishet, (909) 387-2262  
Modesto: Jonathan Merriam, ((209) 525-6800

For more detailed information about DOPP, contact Dale Miller, Dana Thissen, Robert Smith, or Nancy Larson at the Davis Regional Office, (530) 792-5870.

## **California Milk Advisory Board Annual Meetings**

The California Milk Advisory Board (CMAB) invites all milk producers to attend one of the annual information and nomination meetings held throughout the state. These meetings will update producers on CMAB's advertising and research activities. Also, nominations for serving on the CMAB Board will be conducted. Following is a schedule of the meetings. All of these gatherings are dinner meetings that will be preceded by a no-host social hour. The social hour for all locations, except Chino, will begin at 6:30 p.m. The social hour in Chino begins at 6:00 p.m.

- Turlock – Tuesday, October 23, Our Lady of the Assumption Hall
- Visalia - Wednesday, October 24, Heritage Complex
- Selma - Thursday, October 25, Spike N' Rail
- Stockton – Tuesday, October 30, Stockton Ballroom
- Temecula - Wednesday, November 7, Temeku Hills
- Chino - Thursday, November 8, USA Yanks Air Museum
- Fortuna – Tuesday, November 13, River Lodge
- Willows - Wednesday, November 14, Franco's
- Rohnert Park – Thursday, November 15, Double Tree Hotel

Please refer to your CMAB mail invitation or call (209) 525-6875 if you need more information.

## **Milk Producers Security Trust Fund Board Meeting**

This board serves in an advisory position to the Secretary and is appointed by him as well. The board is comprised of seven members of the dairy industry: three Co-op Representatives, two Handler Representatives, and three Producer Representatives. The next board meeting will be held Tuesday, October 30, 2001, 10:00 a.m., at the Sacramento International Airport Host Hotel.

## **DATA SUMMARIES**

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### **COMMERCIAL PRODUCTION OF ALL MILK**

Production of all milk on farms and ranches in California during August 2001 totaled 2.81 billion pounds – 5.2 percent more than the quantity produced during August 2000. For the twelve months ending in August 2001, total milk production increased 2.3 percent relative to the same period in 2000.

### **MANUFACTURED PRODUCTS**

For the month of August 2001, as compared to August 2000, the total manufacture of butter decreased 2.3 percent; manufacture of nonfat dried milk for human consumption increased 8.8 percent; manufacture of cheese increased 10.1 percent; and manufacture of frozen products increased 2.0 percent.

### **SALES OF CLASS 1 MARKET MILK**

Sales of Class 1 market milk products in California during August 2001 were down 0.2 percent relative to sales during August 2000.

**MILK PRODUCTION 1/**

Table 1 - Commercial Production of Market and Manufacturing Milk,  
in Thousand Pounds, in California, by Month, Sep 1999 - Aug 2001 2/

Month	Market			Manufacturing			Total		
	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change
	<i>Bulk Milk, Total for Month Compared to Same Month Prior Year</i>								
September	2,474,749	2,562,894	3.6%	41,056	29,938	-27.1%	2,515,805	2,592,832	3.1%
October	2,569,263	2,647,305	3.0%	33,171	31,780	-4.2%	2,602,434	2,679,085	2.9%
November	2,507,210	2,558,462	2.0%	31,051	26,443	-14.8%	2,538,261	2,584,905	1.8%
December	2,610,336	2,673,283	2.4%	29,014	24,802	-14.5%	2,639,350	2,698,085	2.2%
January	2,675,387	2,725,280	1.9%	30,472	22,849	-25.0%	2,705,859	2,748,129	1.6%
February	2,532,143	2,505,698	-1.0%	23,688	20,092	-15.2%	2,555,831	2,525,790	-1.2%
March	2,699,327	2,780,611	3.0%	37,097	25,908	-30.2%	2,736,424	2,806,519	2.6%
April	2,694,556	2,758,191	2.4%	34,332	25,370	-26.1%	2,728,888	2,783,561	2.0%
May	2,760,890	2,851,244	3.3%	35,328	31,365	-11.2%	2,796,218	2,882,609	3.1%
June	2,631,735	2,746,912	4.4%	37,581	33,752	-10.2%	2,669,316	2,780,664	4.2%
July	2,745,053	2,780,829	1.3%	36,394	32,556	-10.5%	2,781,447	2,813,385	1.1%
August	2,645,520	2,784,151	5.2%	33,167	32,560	-1.8%	2,678,687	2,816,711	5.2%
Jan-Aug Total	21,384,611	21,932,916	2.6%	268,059	224,452	-16.3%	21,652,670	22,157,368	2.3%
Sep-Aug Total	31,546,169	32,374,860	2.6%	402,351	337,415	-16.1%	31,948,520	32,712,275	2.4%
2000 Total	31,826,555			381,022			32,207,577		
	<i>Bulk Milk, Average Daily Basis Compared to Prior Month</i>								
Current Month									
		2000-2001	% Change	2000-2001	% Change	2000-2001	% Change		
August		85,339		1,070		86,409			
September		85,430	0.1%	998	-6.7%	86,428	0.0%		
October		85,397	0.0%	1,025	2.7%	86,422	0.0%		
November		85,282	-0.1%	881	-14.0%	86,164	-0.3%		
December		86,235	1.1%	800	-9.2%	87,035	1.0%		
January		87,912	1.9%	737	-7.9%	88,649	1.9%		
February		89,489	1.8%	718	-2.6%	90,207	1.8%		
March		89,697	0.2%	836	16.4%	90,533	0.4%		
April		91,940	2.5%	846	1.2%	92,785	2.5%		
May		91,976	0.0%	1,012	19.6%	92,987	0.2%		
June		91,564	-0.4%	1,125	11.2%	92,689	-0.3%		
July		89,704	-2.0%	1,050	-6.6%	90,754	-2.1%		
August		89,811	0.1%	1,050	0.0%	90,862	0.1%		

1/ Data are subject to revision.

2/ Includes total milk sold. Excludes milk left on ranch.

**MILK PRODUCTION BY COUNTY 1/**

Table 2 - Commercial Production of Bulk Milk, Average Milk Fat and Solids-Not-Fat Test, in Pounds, in California, by Counties and Regions, August 2001 2/

County and Region	Bulk Milk			Percent change from 2000	Average Milk Fat Test	Average Solids-Not-Fat Test
	Market	Manufacturing	Total			
Alameda						
Alpine						
Amador						
Butte	1,139,182	43,999	1,183,181	5.8%	3.69%	8.94%
Calaveras						
Colusa						
Contra Costa	4,953,219	0	4,953,219	-3.1%	3.65%	8.52%
Del Norte	4,537,070	910,944	5,448,014	80.8%	3.81%	8.85%
El Dorado						
Fresno	153,437,088	115,477	153,552,565	4.9%	3.52%	8.72%
Glenn	24,143,120	3,138,766	27,281,886	14.4%	3.54%	8.68%
Humboldt	17,287,634	11,953,273	29,240,907	14.0%	3.68%	8.06%
Kern	120,935,997	71,769	121,007,766	9.2%	3.60%	8.66%
Kings	231,803,406	503,327	232,306,733	7.7%	3.58%	8.69%
Lake						
Lassen						
Madera	77,901,312	365,969	78,267,281	9.0%	3.59%	8.69%
Marin	17,427,995	39,413	17,467,408	-10.4%	3.64%	8.82%
Mariposa						
Mendocino						
Merced	383,139,654	3,879,287	387,018,941	6.3%	3.65%	8.73%
Modoc						
Monterey	3,808,156	0	3,808,156	-21.3%	3.82%	8.84%
Napa						
Nevada						
Placer						
Plumas						
Sacramento	29,129,716	1,201,899	30,331,615	-3.5%	3.68%	8.72%
San Benito	1,579,053	0	1,579,053	26.1%	3.85%	8.74%
San Francisco						
San Joaquin	184,079,932	919,792	184,999,724	3.8%	3.64%	8.71%
San Mateo						
Santa Clara						
Santa Cruz						
Shasta						
Sierra						
Siskiyou	3,131,119	0	3,131,119	7.6%	3.62%	8.77%
Solano	2,628,777	0	2,628,777	-4.1%	3.77%	8.78%
Sonoma	56,524,497	306,306	56,830,803	-1.8%	3.73%	8.83%
Stanislaus	290,028,850	3,684,811	293,713,661	3.7%	3.62%	8.71%
Sutter						
Tehama	8,934,677	1,022,919	9,957,596	4.8%	3.84%	8.87%
Trinity						
Tulare	693,294,633	3,218,099	696,512,732	13.2%	3.57%	8.69%
Tuolumne						
Yolo	2,760,012	468,631	3,228,643	14.8%	4.07%	8.80%
Yuba	5,582,268	0	5,582,268	2.9%	3.91%	8.78%
<b>N. California</b>	<b>2,324,212,691</b>	<b>31,941,156</b>	<b>2,356,153,847</b>	<b>7.7%</b>	<b>3.61%</b>	<b>8.70%</b>

**MILK PRODUCTION BY COUNTY 1/**

Table 2 - Continued - Commercial Production of Bulk Milk, Average Milk Fat and Solids-Not-Fat Test, in Pounds, in California, by Counties and Regions, August 2001 2/

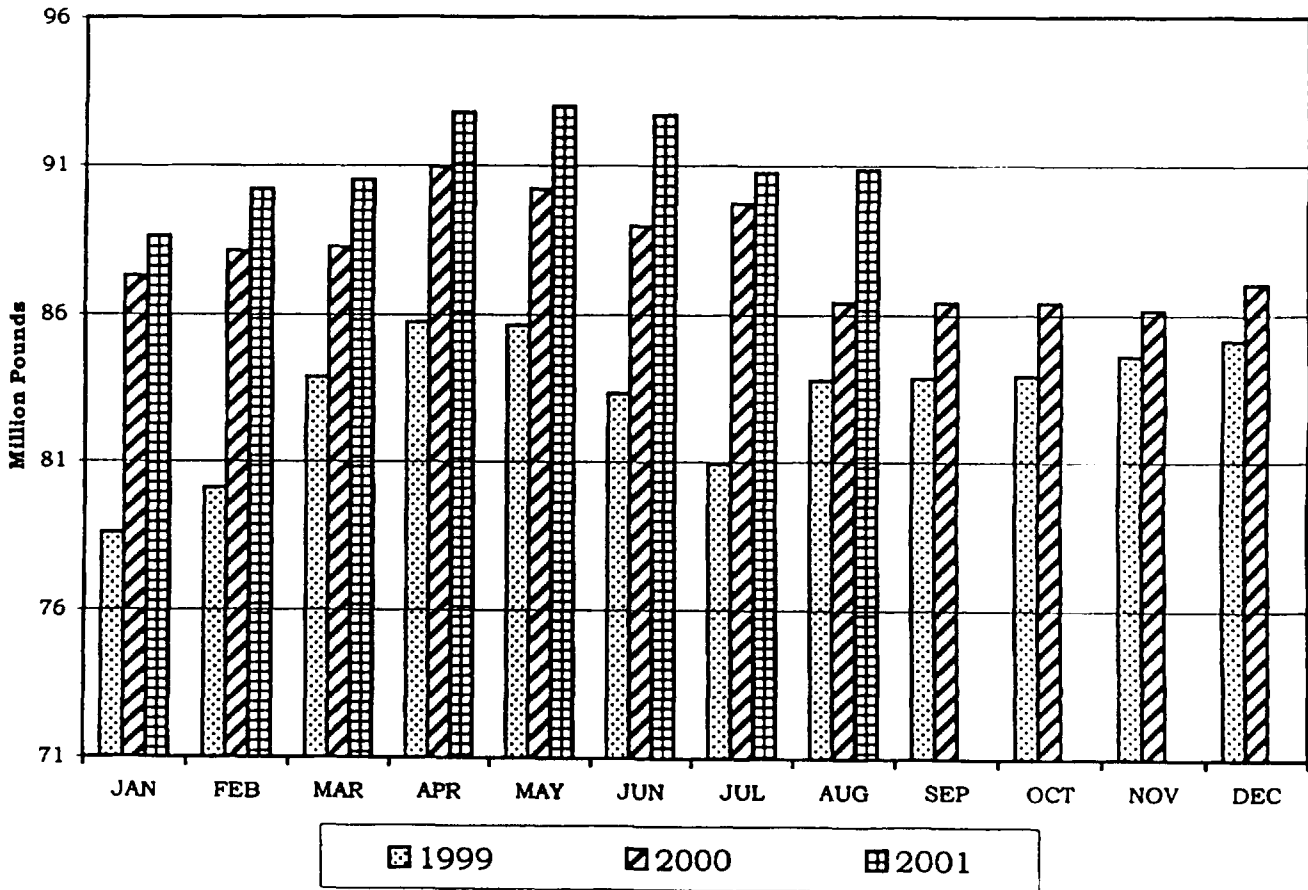
County and Region	Bulk Milk			Percent change from 2000	Average Milk Fat Test	Average Solids-Not-Fat Test
	Market	Manufacturing	Total			
Imperial						
Inyo						
Los Angeles						
Mono						
Orange						
Riverside	172,426,899	53,140	172,480,039	-9.2%	3.49%	8.64%
San Bernardino	265,284,256	529,304	265,813,560	-3.5%	3.46%	8.69%
San Diego	9,642,578	36,515	9,679,093	-18.2%	3.29%	8.63%
San Luis Obispo						
Santa Barbara	5,567,103	0	5,567,103	13.0%	3.52%	8.65%
Ventura						
<b>S. California</b>	<b>459,938,437</b>	<b>618,959</b>	<b>460,557,396</b>	<b>-6.0%</b>	<b>3.48%</b>	<b>8.67%</b>
<b>State Total</b>	<b>2,784,151,128</b>	<b>32,560,115</b>	<b>2,816,711,243</b>	<b>5.2%</b>	<b>3.59%</b>	<b>8.69%</b>

1/ Counties not shown but included in total: Colusa, Mendocino, Santa Cruz, Placer, Shasta, Sutter, Imperial, Los Angeles, Santa Clara, and San Luis Obispo.

2/ Data are subject to revision.

**CALIFORNIA MILK PRODUCTION**

Average Daily Basis 1999, 2000, 2001





**MILK UTILIZATION 1/**

Table 3 - Pooled Milk Utilization of Grade A Milk, by Classes and Months,  
in Thousand Pounds, 2000 - 2001 2/

Month	Class 1 - Fat		Class 2 - Fat		Class 3 - Fat		Class 4a - Fat	
	2000	2001	2000	2001	2000	2001	2000	2001
January	12,249	12,298	3,747	4,317	5,826	8,332	43,116	37,787
February	11,574	11,264	4,066	3,698	8,606	7,928	37,641	33,550
March	12,496	12,246	4,742	5,013	10,593	11,586	36,645	31,478
April	11,478	11,925	4,754	5,410	11,562	12,202	33,398	30,033
May	12,301	12,218	5,095	5,988	14,268	14,363	30,344	27,416
June	11,741	11,369	5,577	5,242	15,344	13,867	24,955	25,491
July	12,080	12,385	4,639	5,522	16,246	13,642	25,447	24,811
August	12,679	12,620	5,315	5,638	11,589	13,684	25,752	25,336
September	12,027		4,542		8,781		29,747	
October	12,959		5,068		8,426		31,120	
November	12,660		6,864		8,014		30,493	
December	12,251		6,008		6,600		35,433	
<b>Jan - Aug Total</b>	<b>96,598</b>	<b>96,325</b>	<b>37,935</b>	<b>40,828</b>	<b>94,034</b>	<b>95,604</b>	<b>257,298</b>	<b>235,902</b>
<b>Change from 2000</b>		<b>-0.3%</b>		<b>7.6%</b>		<b>1.7%</b>		<b>-8.3%</b>
<b>2000 Total</b>	<b>146,495</b>		<b>60,417</b>		<b>125,855</b>		<b>384,091</b>	
Month	Class 1 - Snf		Class 2 - Snf		Class 3 - Snf		Class 4a - Snf	
	2000	2001	2000	2001	2000	2001	2000	2001
January	52,849	52,866	8,976	8,804	5,259	6,504	76,201	68,613
February	49,785	47,931	9,511	8,404	6,965	6,163	70,824	62,119
March	53,973	52,663	9,757	9,873	7,741	7,710	72,584	67,211
April	48,645	50,498	9,496	9,262	8,211	8,300	74,157	67,760
May	52,508	52,491	10,060	9,926	8,975	9,104	70,783	69,222
June	49,722	48,143	9,373	8,973	8,652	8,912	66,406	67,809
July	49,923	50,915	8,699	9,227	8,673	8,868	69,665	64,880
August	52,278	52,646	10,341	9,512	8,376	9,089	61,353	63,430
September	51,574		9,376		7,098		64,560	
October	55,089		9,534		6,935		64,435	
November	52,510		9,833		5,729		62,245	
December	50,507		10,035		4,590		68,126	
<b>Jan - Aug Total</b>	<b>409,683</b>	<b>408,153</b>	<b>76,213</b>	<b>73,981</b>	<b>62,852</b>	<b>64,650</b>	<b>561,973</b>	<b>531,044</b>
<b>Change from 2000</b>		<b>-0.4%</b>		<b>-2.9%</b>		<b>2.9%</b>		<b>-5.5%</b>
<b>2000 Total</b>	<b>619,363</b>		<b>114,991</b>		<b>87,204</b>		<b>821,339</b>	
Month	Fluid							
	2000	2001						
January	485,851	484,796						
February	458,886	441,066						
March	496,552	487,385						
April	447,587	468,781						
May	483,357	485,673						
June	457,258	445,020						
July	459,659	471,246						
August	481,070	485,791						
September	474,003							
October	506,394							
November	481,839							
December	463,912							
<b>Jan - Aug Total</b>	<b>3,770,220</b>	<b>3,769,758</b>						
<b>Change from 2000</b>		<b>0.0%</b>						
<b>2000 Total</b>	<b>5,696,368</b>							

**MILK UTILIZATION 1/**

Table 3 - Continued - Pooled Milk Utilization of Grade A Milk, by Classes and Months,  
in Thousand Pounds, 2000 - 2001 2/

Month	Class 4b - Fat		Quota - Fat 3/		Non-quota - Fat		Pool Total - Fat	
	2000	2001	2000	2001	2000	2001	2000	2001
January	35,364	41,185	29,295	29,546	71,007	74,373	100,302	103,919
February	32,336	38,310	27,445	26,850	66,779	67,900	94,224	94,750
March	36,329	43,471	29,687	30,141	71,118	73,653	100,805	103,794
April	36,098	42,213	28,478	29,206	68,811	72,577	97,289	101,783
May	36,650	43,382	29,284	30,065	69,374	73,302	98,658	103,367
June	35,034	42,855	28,232	29,014	64,419	69,810	92,651	98,824
July	38,280	43,939	29,139	29,939	67,554	70,360	96,693	100,299
August	38,730	43,145	28,971	29,801	65,093	70,621	94,064	100,422
September	37,535		28,101		64,530		92,631	
October	39,900		29,334		68,140		97,474	
November	38,351		28,375		68,007		96,382	
December	41,089		29,352		72,028		101,380	
<b>Jan - Aug Total</b>	<b>288,821</b>	<b>338,500</b>	<b>230,531</b>	<b>234,562</b>	<b>544,155</b>	<b>572,596</b>	<b>774,686</b>	<b>807,158</b>
<b>Change from 2000</b>		<b>17.2%</b>		<b>1.7%</b>		<b>5.2%</b>		<b>4.2%</b>
<b>2000 Total</b>	<b>445,696</b>		<b>345,693</b>		<b>816,860</b>		<b>1,162,553</b>	
Month	Class 4b - Snf		Quota - Snf 4/		Non-quota - Snf		Pool Total - Snf	
	2000	2001	2000	2001	2000	2001	2000	2001
January	89,217	103,628	70,543	71,337	161,993	169,077	232,536	240,414
February	82,659	96,487	66,110	65,073	153,636	156,031	219,746	221,104
March	91,007	107,509	71,452	73,181	163,610	171,786	235,062	244,967
April	93,128	107,429	68,851	71,047	164,786	172,203	233,637	243,250
May	96,183	109,341	71,080	73,444	167,430	176,640	238,510	250,084
June	92,523	106,535	68,719	70,885	157,957	169,487	226,676	240,372
July	99,488	109,583	71,175	73,196	165,273	170,277	236,448	243,473
August	95,625	109,035	70,625	72,774	157,347	170,938	227,972	243,712
September	89,324		68,309		153,623		221,932	
October	95,304		71,259		160,040		231,299	
November	94,235		68,775		155,777		224,552	
December	102,149		71,001		164,405		235,406	
<b>Jan - Aug Total</b>	<b>739,830</b>	<b>849,547</b>	<b>558,555</b>	<b>570,937</b>	<b>1,292,032</b>	<b>1,356,439</b>	<b>1,850,587</b>	<b>1,927,376</b>
<b>Change from 2000</b>		<b>14.8%</b>		<b>2.2%</b>		<b>5.0%</b>		<b>4.1%</b>
<b>2000 Total</b>	<b>1,120,842</b>		<b>837,899</b>		<b>1,925,877</b>		<b>2,763,776</b>	

1/ Data are subject to revision

2/ Includes pooled milk only. Excludes exempt, non-pool, grade B milk, and bulk milk shipped out-of-California (ranch to plant). Class usage has been adjusted for plant gain and inventory variance.

3/ Includes Other Source Milk.

4/ Includes Other Source Milk.

**POOL MILK PRODUCTION**

Table 4A - Commercial Production of Grade A milk, Pooled and Non-Pooled, Total Grade B Milk, by Months, in Thousand Pounds, 2000 - 2001 1/

Month	Pool Milk		Grade A Milk Not Pooled 2/		Total Grade A Milk 3/		Total Grade B Milk	
	2000	2001	2000	2001	2000	2001	2000	2001
January	2,602,100	2,670,174	73,286	55,106	2,675,386	2,725,280	30,472	22,849
February	2,462,879	2,456,019	69,264	49,679	2,532,143	2,505,698	23,688	20,092
March	2,629,611	2,724,812	69,716	55,799	2,699,327	2,780,611	37,097	25,908
April	2,621,767	2,705,371	72,790	52,820	2,694,557	2,758,191	34,332	25,370
May	2,683,752	2,800,405	77,138	50,838	2,760,890	2,851,243	35,328	31,365
June	2,558,593	2,698,989	73,142	47,923	2,631,735	2,746,912	37,581	33,752
July	2,671,225	2,734,192	73,828	46,638	2,745,053	2,780,830	36,394	32,556
August	2,578,198	2,732,362	67,322	51,789	2,645,520	2,784,151	33,167	32,560
September	2,497,881		65,013		2,562,894		29,938	
October	2,578,336		68,969		2,647,305		31,780	
November	2,492,013		66,449		2,558,462		26,443	
December	2,620,650		52,633		2,673,283		24,802	
<b>Jan-Aug Total</b>	<b>20,808,125</b>	<b>21,522,324</b>	<b>576,486</b>	<b>410,592</b>	<b>21,384,611</b>	<b>21,932,916</b>	<b>268,059</b>	<b>224,452</b>
<b>Change From 2000</b>		<b>3.4%</b>		<b>-28.8%</b>		<b>2.6%</b>		<b>-16.3%</b>
<b>2000 Total</b>	<b>30,997,005</b>		<b>829,550</b>		<b>31,826,555</b>		<b>381,022</b>	

1/ Data are subject to revision.

2/ Includes exempt and milk shipped out-of-state.

3/ Not all milk shipped out of state is reported. These numbers represent lower limits.

**NET MILK AVAILABLE IN CALIFORNIA 1/**

Table 4B - California Commercial Milk Production, Production Entering, and Production Leaving, Net Milk Available, in Thousand Pounds, by Month, 2000 - 2001 2/

Month	California Milk Production		Production Entering California		Production Leaving California		Net Milk Available in California	
	2000	2001	2000	2001	2000	2001	2000	2001
January	2,705,859	2,748,129	44,719	53,402	22,864	27,785	2,727,714	2,773,746
February	2,555,830	2,525,791	43,404	55,600	21,684	24,958	2,577,550	2,556,433
March	2,736,425	2,806,519	55,333	74,798	21,762	28,526	2,769,996	2,852,791
April	2,728,888	2,783,561	49,642	74,572	25,255	26,189	2,753,275	2,831,944
May	2,796,218	2,882,608	50,151	77,502	28,183	22,996	2,818,186	2,937,114
June	2,669,316	2,780,664	48,434	73,427	26,439	20,745	2,691,311	2,833,346
July	2,781,447	2,813,385	50,801	75,058	24,638	20,369	2,807,610	2,868,074
August	2,678,687	2,816,711	45,049	69,847	21,661	23,642	2,702,075	2,862,916
September	2,592,832		43,391		22,033		2,614,190	
October	2,679,084		52,459		24,546		2,706,997	
November	2,584,905		48,853		24,684		2,609,074	
December	2,698,086		49,790		25,438		2,722,438	
<b>Jan-Aug Total</b>	<b>21,652,670</b>	<b>22,157,368</b>	<b>387,533</b>	<b>554,206</b>	<b>192,486</b>	<b>195,210</b>	<b>21,847,717</b>	<b>22,516,364</b>
<b>Change From 2000</b>		<b>2.3%</b>		<b>43.0%</b>		<b>1.4%</b>		<b>3.1%</b>
<b>2000 Total</b>	<b>32,207,577</b>		<b>582,026</b>		<b>289,187</b>		<b>32,500,416</b>	

1/ Data are subject to revision.

2/ Not all milk shipped into or out of the state is reported. These numbers represent lower limits.

**CLASS 1 SALES 1/**

**Table 5 - Sales of Class 1 Market Milk Products in California, by Months, in Thousand Gallons, Sep 1999 - Aug 2001 2/**

Month	Whole Milk			Reduced-fat			Lowfat/Light Milk		
	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change
September	25,004	25,378	1.5%	19,236	19,569	1.7%	8,759	9,157	4.5%
October	24,300	25,095	3.3%	19,442	19,426	-0.1%	8,715	9,231	5.9%
November	24,081	24,877	3.3%	18,917	18,994	0.4%	8,568	8,627	0.7%
December	25,457	25,530	0.3%	19,579	19,425	-0.8%	8,480	8,357	-1.5%
January	24,553	24,911	1.5%	19,102	19,251	0.8%	8,661	8,504	-1.8%
February	24,003	22,927	-4.5%	18,412	18,017	-2.1%	8,276	8,121	-1.9%
March	25,923	26,161	0.9%	20,077	20,399	1.6%	9,189	9,302	1.2%
April	23,365	23,916	2.4%	18,187	18,517	1.8%	8,015	8,308	3.7%
May	24,683	24,302	-1.5%	19,321	19,091	-1.2%	8,891	8,888	0.0%
June	24,582	24,657	0.3%	18,840	18,992	0.8%	7,952	8,055	1.3%
July	24,570	24,248	-1.3%	18,890	18,820	-0.4%	7,656	7,411	-3.2%
August	25,256	25,142	-0.5%	19,212	19,539	1.7%	8,116	7,910	-2.5%
Jan-Aug Total	196,935	196,264	-0.3%	152,041	152,626	0.4%	66,756	66,499	-0.4%
Sep-Aug Total	295,777	297,144	0.5%	229,215	230,040	0.4%	101,278	101,871	0.6%
2000 Total	297,815			229,455			102,128		
Month	Skim/Nonfat/Fat-free Milk			Subtotal Beverage Milks			Half - And - Half		
	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change
September	9,590	9,568	-0.2%	62,589	63,672	1.7%	1,105	1,061	-4.0%
October	9,905	9,489	-4.2%	62,362	63,241	1.4%	1,097	1,137	3.6%
November	9,559	9,191	-3.8%	61,126	61,690	0.9%	1,145	1,250	9.2%
December	9,256	8,902	-3.8%	62,772	62,215	-0.9%	1,179	1,201	1.9%
January	9,609	9,348	-2.7%	61,924	62,014	0.1%	1,035	1,098	6.1%
February	9,368	8,539	-8.8%	60,059	57,604	-4.1%	1,041	1,070	2.8%
March	10,139	10,064	-0.7%	65,328	65,926	0.9%	1,113	1,183	6.3%
April	8,883	8,857	-0.3%	58,449	59,598	2.0%	989	1,093	10.5%
May	9,750	9,414	-3.4%	62,645	61,695	-1.5%	1,029	1,115	8.4%
June	8,941	8,826	-1.3%	60,315	60,529	0.4%	1,049	1,063	1.3%
July	8,161	8,031	-1.6%	59,277	58,510	-1.3%	1,019	1,079	5.9%
August	8,538	8,383	-1.8%	61,121	60,975	-0.2%	1,079	1,108	2.7%
Jan-Aug Total	73,389	71,462	-2.6%	489,118	486,851	-0.5%	8,354	8,809	5.4%
Sep-Aug Total	111,699	108,612	-2.8%	737,967	737,669	0.0%	12,880	13,458	4.5%
2000 Total	110,539			739,936			13,003		
Month	All Other Class 1 Uses 3/			Total Class 1 Milk					
	1999-2000	2000-2001	% Change	1999-2000	2000-2001	% Change			
September	21	38	81.0%	63,715	64,772	1.7%			
October	24	22	-8.3%	63,483	64,400	1.4%			
November	21	24	14.3%	62,292	62,964	1.1%			
December	29	12	-58.6%	63,980	63,428	-0.9%			
January	44	12	-72.7%	63,002	63,123	0.2%			
February	18	11	-38.9%	61,118	58,684	-4.0%			
March	21	13	-38.1%	66,461	67,122	1.0%			
April	19	13	-31.6%	59,456	60,704	2.1%			
May	21	15	-28.6%	63,695	62,825	-1.4%			
June	14	14	0.0%	61,378	61,606	0.4%			
July	21	16	-23.8%	60,316	59,605	-1.2%			
August	26	17	-34.6%	62,227	62,100	-0.2%			
Jan-Aug Total	184	111	-39.7%	497,653	495,769	-0.4%			
Sep-Aug Total	279	207	-25.8%	751,123	751,333	0.0%			
2000 Total	280			753,217					

1/ Reported by California plants only.

2/ Data are subject to revision.

3/ Includes sterilized, filled, and extra rich milks.

**CLASS 1 SALES, BY MARKETING AREA 1/**

Table 6 - Sales of Selected Class 1 Products in California, by Marketing Areas,  
August 1999, August 2000 And August 2001 2/

Products and Marketing Areas	Sales			Change To August 2001 From 3/	
	August 1999	August 2000	August 2001	August 1999	August 2000
	Gallons			Percent	
<b>Whole Milk</b>					
N. California	9,557,498	9,808,202	9,474,577	-0.9%	-3.4%
S. California	16,215,192	15,448,195	15,667,849	-3.4%	1.4%
<b>State Total</b>	<b>25,772,690</b>	<b>25,256,397</b>	<b>25,142,426</b>	<b>-2.4%</b>	<b>-0.5%</b>
<b>Reduced Fat Milk</b>					
N. California	8,119,760	8,135,440	8,267,762	1.8%	1.6%
S. California	11,367,998	11,076,472	11,271,089	-0.9%	1.8%
<b>State Total</b>	<b>19,487,758</b>	<b>19,211,912</b>	<b>19,538,851</b>	<b>0.3%</b>	<b>1.7%</b>
<b>Lowfat/Light Milk</b>					
N. California	3,820,440	4,116,518	3,857,899	1.0%	-6.3%
S. California	3,841,138	3,999,101	4,052,074	5.5%	1.3%
<b>State Total</b>	<b>7,661,578</b>	<b>8,115,619</b>	<b>7,909,973</b>	<b>3.2%</b>	<b>-2.5%</b>
<b>Skim/Nonfat/Fat Free Milk</b>					
N. California	3,772,295	3,681,277	3,537,571	-6.2%	-3.9%
S. California	4,963,006	4,856,250	4,845,916	-2.4%	-0.2%
<b>State Total</b>	<b>8,735,301</b>	<b>8,537,527</b>	<b>8,383,487</b>	<b>-4.0%</b>	<b>-1.8%</b>
<b>Beverage Milk Totals</b>					
N. California	25,269,993	25,741,437	25,137,809	-0.5%	-2.3%
S. California	36,387,334	35,380,018	35,836,928	-1.5%	1.3%
<b>State Total</b>	<b>61,657,327</b>	<b>61,121,455</b>	<b>60,974,737</b>	<b>-1.1%</b>	<b>-0.2%</b>
<b>Half - And - Half</b>					
N. California	547,143	633,684	579,586	5.9%	-8.5%
S. California	546,273	445,791	528,844	-3.2%	18.6%
<b>State Total</b>	<b>1,093,416</b>	<b>1,079,475</b>	<b>1,108,430</b>	<b>1.4%</b>	<b>2.7%</b>

1/ Sales to N. Calif. and/or S. Calif. regions; not necessarily in area of plant.

2/ Data are subject to revision.

3/ Percent change may not agree with those in Table 5 due to rounding.

**Class 2 Production**

Table 7 - Manufacture of Selected Class 2 Dairy Products in California,  
by Months, in Thousand Pounds (P) or Gallons (G), 2000 - 2001 1/

Month	Cottage Cheese (P)			Lowfat Cottage Cheese (P)			Nonfat Cottage Cheese (P)		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	2,820	2,571	-8.8%	4,215	4,364	3.5%	1,149	1,031	-10.3%
February	2,793	2,501	-10.5%	4,401	4,354	-1.1%	1,229	991	-19.4%
March	2,972	2,650	-10.8%	4,634	4,568	-1.4%	1,260	1,132	-10.2%
April	2,708	2,554	-5.7%	4,354	4,431	1.8%	1,171	1,087	-7.2%
May	2,950	3,023	2.5%	4,950	5,096	2.9%	1,259	1,282	1.8%
June	3,035	2,565	-15.5%	4,648	4,426	-4.8%	1,186	1,035	-12.7%
July	2,658	2,951	11.0%	4,302	4,735	10.1%	1,040	1,182	13.7%
August	2,993	2,835	-5.3%	4,984	4,836	-3.0%	1,267	1,228	-3.1%
September	2,745			4,543			1,127		
October	2,785			4,596			1,132		
November	2,602			4,142			1,057		
December	2,429			3,693			921		
Jan-Aug Total	22,929	21,650	-5.6%	36,488	36,810	0.9%	9,561	8,968	-6.2%
2000 Total	33,490			53,462			13,798		
Month	Total Cottage Cheese (P)			Sour Cream And S. C. Dressing (G)			Other Cream (G)		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	8,185	7,967	-2.7%	1,464	1,591	8.7%	1,652	1,690	2.3%
February	8,424	7,848	-6.8%	1,344	1,343	-0.1%	1,731	1,622	-6.3%
March	8,867	8,351	-5.8%	1,526	1,651	8.2%	1,919	1,744	-9.1%
April	8,234	8,074	-1.9%	1,550	1,674	8.0%	1,829	1,709	-6.6%
May	9,160	9,403	2.7%	1,659	1,772	6.8%	1,914	1,680	-12.2%
June	8,871	8,027	-9.5%	1,621	2,023	24.8%	1,936	1,686	-12.9%
July	8,001	8,869	10.8%	1,409	1,528	8.4%	1,755	1,619	-7.7%
August	9,246	8,900	-3.7%	1,734	1,670	-3.7%	1,885	1,782	-5.5%
September	8,416			1,516			1,704		
October	8,514			1,634			1,812		
November	7,802			1,946			2,238		
December	7,044			1,796			1,821		
Jan-Aug Total	68,988	67,439	-2.2%	12,307	13,252	7.7%	14,621	13,532	-7.4%
2000 Total	100,764			19,199			22,196		
Month	Buttermilk (G)			Yogurt (G)					
	2000	2001	% Change	2000	2001	% Change			
January	655	664	1.4%	2,337	2,328	-0.4%			
February	658	551	-16.3%	2,581	2,176	-15.7%			
March	744	724	-2.7%	2,653	2,611	-1.6%			
April	690	689	-0.1%	2,373	2,590	9.1%			
May	695	718	3.3%	2,641	2,836	7.4%			
June	698	681	-2.4%	2,456	2,560	4.2%			
July	674	679	0.7%	2,174	2,614	20.2%			
August	728	698	-4.1%	2,649	2,419	-8.7%			
September	657			2,513					
October	711			2,248					
November	708			1,957					
December	717			1,988					
Jan-Aug Total	5,542	5,404	-2.5%	19,864	20,134	1.4%			
2000 Total	8,335			28,570					

1/ Data are subject to revision.

**CLASS 3 PRODUCTION**

Table 8 - Manufacture of Selected Class 3 Dairy Products in California,  
by Months, in Thousand Gallons, 2000 - 2001 1/

Month	Ice Cream			Ice Milk 2/			Sherbet		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	6,256	8,178	30.7%	1,940	2,037	5.0%	479	403	-15.9%
February	9,181	8,838	-3.7%	2,119	2,074	-2.1%	619	516	-16.6%
March	10,735	12,156	13.2%	2,660	2,612	-1.8%	856	686	-19.9%
April	10,882	11,448	5.2%	2,823	2,893	2.5%	685	605	-11.7%
May	11,988	12,366	3.2%	3,049	3,019	-1.0%	713	773	8.4%
June	12,851	13,568	5.6%	3,393	3,293	-2.9%	825	778	-5.7%
July	11,817	11,598	-1.9%	3,007	2,968	-1.3%	708	797	12.6%
August	11,844	12,584	6.2%	3,178	3,001	-5.6%	818	674	-17.6%
September	10,718			2,474			615		
October	8,947			2,382			466		
November	7,219			1,864			259		
December	6,196			1,925			250		
<b>Jan-Aug Total</b>	<b>85,554</b>	<b>90,736</b>	<b>6.1%</b>	<b>22,169</b>	<b>21,897</b>	<b>-1.2%</b>	<b>5,703</b>	<b>5,232</b>	<b>-8.3%</b>
<b>2000 Total</b>	<b>118,634</b>			<b>30,814</b>			<b>7,293</b>		
Month	Frozen Yogurt 3/			Total Frozen Products					
	2000	2001	% Change	2000	2001	% Change			
January	291	511	75.6%	8,967	11,130	24.1%			
February	402	547	36.1%	12,322	11,977	-2.8%			
March	623	645	3.5%	14,876	16,100	8.2%			
April	540	669	23.9%	14,932	15,617	4.6%			
May	796	677	-14.9%	16,547	16,837	1.8%			
June	700	662	-5.4%	17,771	18,302	3.0%			
July	679	685	0.9%	16,214	16,049	-1.0%			
August	755	658	-12.8%	16,596	16,920	2.0%			
September	611			14,419					
October	476			12,273					
November	438			9,781					
December	353			8,725					
<b>Jan-Aug Total</b>	<b>4,786</b>	<b>5,054</b>	<b>5.6%</b>	<b>118,225</b>	<b>122,932</b>	<b>4.0%</b>			
<b>2000 Total</b>	<b>6,664</b>			<b>163,423</b>					

1/ Data includes soft serve and shake mixes in appropriate categories as defined by butterfat standards. Data are subject to revision.

2/ Includes light dairy dessert and nonfat ice cream.

3/ Includes nonfat and reduced fat yogurts.

**CLASS 4A/4B PRODUCTION**

Table 9 - Manufacture of Selected Class 4a and Class 4b Products in California,  
by Months, in Thousand Pounds, 2000 - 2001 1/

Month	Butter			Nonfat Dried Milk, Human Consumption			Condensed Skim, Bulk		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	37,961	35,428	-6.7%	64,689	59,172	-8.5%	47,685	44,401	-6.9%
February	34,983	31,915	-8.8%	59,592	54,362	-8.8%	44,484	38,247	-14.0%
March	34,853	30,157	-13.5%	59,338	58,592	-1.3%	47,385	40,891	-13.7%
April	31,272	28,769	-8.0%	62,879	60,317	-4.1%	40,525	39,342	-2.9%
May	30,822	26,867	-12.8%	60,637	61,773	1.9%	42,927	40,213	-6.3%
June	23,088	23,177	0.4%	57,497	59,236	3.0%	42,067	38,524	-8.4%
July	22,869	23,516	2.8%	58,796	57,044	-3.0%	43,210	39,191	-9.3%
August	23,515	22,978	-2.3%	50,380	54,838	8.8%	45,694	39,621	-13.3%
September	27,113			51,972			40,995		
October	29,947			53,916			42,415		
November	30,101			54,458			41,912		
December	33,488			58,800			43,092		
<b>Jan-Aug Total</b>	<b>239,363</b>	<b>222,807</b>	<b>-6.9%</b>	<b>473,808</b>	<b>465,334</b>	<b>-1.8%</b>	<b>353,977</b>	<b>320,430</b>	<b>-9.5%</b>
<b>2000 Total</b>	<b>360,012</b>			<b>692,954</b>			<b>522,391</b>		
Month	Monterey Cheese			Cheddar Cheese			Mozzarella Cheese		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	13,057	13,706	5.0%	35,568	44,193	24.2%	59,668	64,743	8.5%
February	13,033	13,503	3.6%	33,128	39,926	20.5%	55,287	57,609	4.2%
March	12,921	14,620	13.1%	36,833	43,658	18.5%	58,665	63,598	8.4%
April	11,759	14,770	25.6%	39,231	44,987	14.7%	60,285	62,036	2.9%
May	12,201	13,534	10.9%	42,396	48,854	15.2%	58,724	62,048	5.7%
June	13,892	14,635	5.3%	39,656	53,215	34.2%	54,546	55,698	2.1%
July	15,157	15,276	0.8%	47,117	46,876	-0.5%	55,157	62,695	13.7%
August	12,987	14,936	15.0%	47,658	47,080	-1.2%	50,452	60,914	20.7%
September	13,384			41,143			52,950		
October	15,148			44,409			56,599		
November	16,366			45,105			52,162		
December	13,382			44,833			63,921		
<b>Jan-Aug Total</b>	<b>105,007</b>	<b>114,980</b>	<b>9.5%</b>	<b>321,587</b>	<b>368,789</b>	<b>14.7%</b>	<b>452,784</b>	<b>489,341</b>	<b>8.1%</b>
<b>2000 Total</b>	<b>163,287</b>			<b>497,077</b>			<b>678,416</b>		
Month	Other Italian Cheese 2/			Hispanic Cheese			Total Cheese		
	2000	2001	% Change	2000	2001	% Change	2000	2001	% Change
January	3,876	4,048	4.4%	4,714	5,673	20.3%	120,267	136,093	13.2%
February	2,861	3,159	10.4%	5,102	5,338	4.6%	112,314	124,141	10.5%
March	3,871	4,005	3.5%	5,867	5,986	2.0%	122,658	137,142	11.8%
April	3,880	4,241	9.3%	5,301	5,688	7.3%	124,191	137,838	11.0%
May	3,250	2,956	-9.0%	5,531	5,844	5.7%	126,132	138,618	9.9%
June	3,663	3,664	0.0%	5,459	5,730	5.0%	121,219	136,345	12.5%
July	3,486	3,911	12.2%	6,047	6,151	1.7%	130,500	138,541	6.2%
August	3,849	4,136	7.5%	5,805	6,484	11.7%	125,327	137,963	10.1%
September	4,672			5,500			123,002		
October	4,111			5,474			131,035		
November	4,192			5,182			125,238		
December	3,590			5,270			134,769		
<b>Jan-Aug Total</b>	<b>28,736</b>	<b>30,120</b>	<b>4.8%</b>	<b>43,826</b>	<b>46,894</b>	<b>7.0%</b>	<b>982,608</b>	<b>1,086,681</b>	<b>10.6%</b>
<b>2000 Total</b>	<b>45,301</b>			<b>65,252</b>			<b>1,496,652</b>		

1/ Data are subject to revision.

2/ Other Italian includes ricotta, provolone, mascarpone and cacavallo cheeses.



**AVERAGE PRICE PAID FOR MARKET MILK**

Table 10 - Market Bulk Milk and Milk Fat Purchased from Producers, Average Milk Fat Test, Average Solids-Not-Fat and Average Prices Paid Producers in California, by Months, 2000 - 2001 1/

Month	Bulk Milk		Average Milk Fat Test		Average Solids-not-fat		Average Prices Paid Producers 2/	
	2000	2001	2000	2001	2000	2001	2000	2001
	Thousand Pounds		Percent		Percent		Dollars Per Hundredweight	
January	2,675,387	2,725,280	3.78	3.81	8.79	8.83	10.88	12.03
February	2,532,143	2,505,698	3.75	3.77	8.77	8.81	10.71	12.28
March	2,699,327	2,780,611	3.75	3.71	8.76	8.76	10.82	13.04
April	2,694,556	2,758,191	3.64	3.66	8.75	8.75	11.03	13.76
May	2,760,890	2,851,244	3.61	3.60	8.73	8.69	11.18	14.64
June	2,631,735	2,746,912	3.55	3.57	8.69	8.67	11.62	15.34
July	2,745,053	2,780,829	3.56	3.57	8.69	8.67	11.85	15.25
August	2,645,520	2,784,151	3.59	3.59	8.69	8.70	11.91	15.66
September	2,562,894		3.64		8.74		12.31	
October	2,647,305		3.70		8.79		11.41	
November	2,558,462		3.79		8.84		12.03	
December	2,673,283		3.79		8.82		12.32	

1/ Data are subject to revision.

2/ Prices are F.O.B. plant, at actual test. Includes in-state pool shipments, and California milk shipped into a Federal Milk Marketing Order.

**AVERAGE PRICE PAID FOR MANUFACTURING MILK**

Table 11 - Manufacturing Bulk Milk and Milk Fat Purchased from Producers, Average Milk Fat Test, Average Solids-Not-Fat and Average Prices Paid Producers in California, by Months, 2000 - 2001 1/

Month	Bulk Milk		Average Milk Fat Test		Average Solids-not-fat		Average Prices Paid Producers 2/	
	2000	2001	2000	2001	2000	2001	2000	2001
	Thousand Pounds		Percent		Percent		Dollars Per Hundredweight	
January	30,472	22,849	4.09	4.15	8.99	8.97	10.80	11.23
February	23,688	20,092	4.10	4.10	8.97	8.96	10.28	11.42
March	37,097	25,908	4.03	3.95	8.94	8.93	10.21	13.12
April	34,332	25,370	3.94	3.91	8.96	8.94	10.43	13.67
May	35,328	31,365	3.94	3.85	8.97	8.90	10.84	15.31
June	37,581	33,752	3.86	3.83	8.88	8.85	10.81	15.93
July	36,394	32,556	3.90	3.84	8.88	9.05	11.49	15.87
August	33,167	32,560	3.97	3.58	8.88	8.10	11.53	15.07
September	29,938		4.04		8.90		12.47	
October	31,780		4.11		8.97		10.25	
November	26,443		4.25		9.02		10.64	
December	24,802		4.22		8.98		11.16	

1/ Data are subject to revision.

2/ Prices are F.O.B. Plant, at actual test.

## Class and Pool Prices

**Table 12 - Minimum Prices<sup>1/</sup> for Classes 1, 2, 3, 4a and 4b Market Milk F.O.B. Plant and Pool Prices for Quota, Overbase<sup>2/</sup> and Blend, March 1999 - October 2001**

Month	Year	No. Calif. Class 1	So. Calif. Class 1	No. Calif. Class 2	So. Calif. Class 2	No. Calif. Class 3	So. Calif. Class 3	Statewide Class 4a	Statewide Class 4b	Statewide Quota	Statewide Overbase	Statewide Blend <sup>3/</sup>
<i>Dollars per Hundredweight</i>												
March	1999	19.78	20.05	14.20	14.43	14.15	14.15	12.30	11.52	14.86	13.16	13.98
April		13.96	14.24	13.20	13.43	13.15	13.16	11.24	11.48	13.26	11.56	12.31
May		13.96	14.24	13.20	13.43	13.15	13.16	11.55	10.68	13.11	11.41	12.04
June		14.12	14.39	12.13	12.36	12.08	12.09	13.15	11.91	13.85	12.15	12.74
July		14.12	14.39	12.13	12.36	12.08	12.09	12.45	13.96	14.40	12.70	13.23
August		14.61	14.88	13.54	13.77	13.49	13.50	12.74	16.90	16.14	14.44	15.06
September		14.61	14.88	13.54	13.77	13.49	13.50	12.52	15.06	15.32	13.62	14.30
October <sup>4/</sup>		19.48	19.75	13.32	13.55	13.27	13.28	11.62	11.66	14.55	12.85	13.63
November <sup>5/</sup>		19.48	19.75	13.32	13.55	13.27	13.28	11.42	9.88	13.81	12.11	12.98
December		13.70	13.97	12.21	12.44	12.16	12.17	10.72	9.67	12.16	10.46	11.36
January	2000	11.92	12.19	12.21	12.44	12.16	12.17	10.67	9.58	11.75	10.05	10.89
February		11.69	11.96	11.38	11.62	11.33	11.34	10.74	9.28	11.65	9.95	10.72
March		11.61	11.88	11.38	11.62	11.33	11.34	11.05	9.34	11.73	10.03	10.81
April		12.97	13.25	11.58	11.82	11.54	11.54	11.39	9.27	12.06	10.36	11.02
May		13.50	13.77	11.58	11.82	11.54	11.54	11.94	9.17	12.24	10.54	11.17
June		13.72	13.99	12.36	12.59	12.31	12.32	12.23	9.98	12.78	11.08	11.62
July		14.50	14.77	12.36	12.59	12.31	12.32	11.85	10.64	13.00	11.30	11.84
August		13.93	14.20	12.73	12.96	12.68	12.68	11.86	10.57	13.02	11.32	11.92
September		13.83	14.10	12.73	12.96	12.68	12.68	11.84	11.32	13.31	11.61	12.31
October		13.84	14.11	12.54	12.77	12.49	12.50	11.73	9.01	12.29	10.59	11.41
November		13.76	14.03	12.54	12.77	12.49	12.50	13.36	8.71	12.69	10.99	12.03
December		14.59	14.86	13.23	13.47	13.18	13.19	13.14	9.39	12.98	11.28	12.32
January	2001	16.35	16.62	13.23	13.47	13.18	13.19	11.99	9.22	12.73	11.03	12.04
February		13.80	14.07	13.25	13.48	13.20	13.21	12.56	10.05	13.04	11.34	12.29
March		14.43	14.70	13.25	13.48	13.20	13.21	13.31	11.34	13.88	12.18	13.03
April		15.17	15.44	13.62	13.85	13.57	13.58	14.32	12.12	14.65	12.95	13.76
May		15.92	16.19	13.62	13.85	13.57	13.58	14.77	14.16	15.70	14.00	14.64
June		16.66	16.94	15.23	15.46	15.18	15.19	15.14	14.82	16.46	14.76	15.34
July		17.01	17.29	15.23	15.46	15.18	15.19	14.38	14.96	16.35	14.65	15.25
August		17.05	17.32	15.45	15.68	15.40	15.41	14.92	15.26	16.70	15.00	15.66
September		17.11	17.38	15.45	15.68	15.40	15.41	15.35	15.55			
October		17.73	18.01	15.77	16.00	15.72	15.73					

1/ Prices as reported by the Dairy Marketing Branch in the monthly class price letter.

2/ Prices as reported by the Milk Pooling Branch in the monthly pool price letter. Quota price is not reduced by the Regional Quota Adjuster (RQA).

3/ Gross pool value after RQA and Transportation Allowance adjustments divided by the total pounds of pooled production. Price is at actual test, which is generally higher than the 3.5% fat and 8.7% SNF used in all other prices.

4/ Effective October 1, 1999, Milk Producer Security Trust Fund assessments are suspended indefinitely. The Class 1 price for October has been revised to reflect the suspension of the MPSTF assessments.

5/ Effective November 1, 1999, Class 1 milk pricing released on a monthly basis.

**POOL PRICE DATA 1/**

**Table 13 - Statistical Summary of California Milk Pool Data for Selected Months, with Comparisons for the Most Recent Month, August 2000, June 2001, July 2001 and August 2001 2/**

Receipts and Usage	2000 August	2001 June	2001 July	2001 August	Annual Change 3/
	pounds				percent
<b>Milk Fat</b>					
Receipts: Quota	882,875	882,216	882,274	882,879	0.0%
Base	5,191	5,339	5,043	4,945	-4.7%
Overbase	2,094,588	2,321,651	2,264,627	2,273,158	8.5%
Other Source Milk	51,673	84,902	83,494	78,455	51.8%
Daily Average	3,034,327	3,294,108	3,235,438	3,239,437	6.8%
Usage: Class 1	408,986	378,956	399,521	407,100	-0.5%
Class 2	171,447	174,733	178,115	181,861	6.1%
Class 3	373,829	462,217	440,059	441,415	18.1%
Class 4a	830,713	849,704	800,358	817,289	-1.6%
Class 4b	1,249,352	1,428,497	1,417,386	1,391,771	11.4%
Daily Average	3,034,327	3,294,107	3,235,439	3,239,436	6.8%
<b>Solids-not-fat</b>					
Receipts: Quota	2,152,580	2,151,339	2,151,693	2,152,593	0.0%
Base	9,986	10,689	10,576	10,511	5.3%
Overbase	5,065,720	5,638,886	5,482,244	5,503,612	8.6%
Other Source Milk	125,642	211,483	209,471	194,945	55.2%
Daily Average	7,353,928	8,012,397	7,853,984	7,861,661	6.9%
Usage: Class 1	1,686,372	1,604,765	1,642,419	1,698,254	0.7%
Class 2	333,582	299,099	297,651	306,828	-8.0%
Class 3	270,184	297,070	286,058	293,182	8.5%
Class 4a	1,979,114	2,260,309	2,092,912	2,046,135	3.4%
Class 4b	3,084,676	3,551,155	3,534,942	3,517,261	14.0%
Daily Average	7,353,928	8,012,398	7,853,982	7,861,660	6.9%
<b>Class 1 Fluid (Daily Average)</b>	<b>15,518,387</b>	<b>14,834,001</b>	<b>15,201,497</b>	<b>15,670,682</b>	<b>1.0%</b>

**Daily Class 1 Use as a Percent of Daily Quota**

	Percent				
	Milk Fat	46.3%	43.0%	45.3%	46.1%
Solids-not-fat	78.3%	74.6%	76.3%	78.9%	0.6%

**Announced Pool Prices, August 2001**

Pooling Category	Milk Component Prices		Standardized Milk 4/ Prices dollars/cwt.
	Fat	Solids-not-fat	
	dollars/pound		
Quota 5/	2.265	1.008	16.70
Base	2.265	0.813	15.00
Overbase	2.265	0.813	15.00

- 1/ Daily totals may not agree due to rounding.
- 2/ Based on handler reports of pool milk receipts and utilization.
- 3/ Percent change from August 2000 to August 2001.
- 4/ Hundredweight prices based on 3.5% fat and 8.7% SNF milk.
- 5/ Quota prices are subject to regional quota adjuster.

## Commodity Prices

**Table 14 - Selected Monthly Commodity Prices Used  
In the Calculation of California Class 2, 3, 4a, 4b Prices  
January 2000 - September 2001**

Month	Chicago Mercantile Exchange			
	Grade AA Butter		Block Cheddar Cheese	
	2000	2001	2000	2001
<i>Dollars Per Pound</i>				
January	0.9011	1.2109	1.1400	1.0990
February	0.9188	1.3513	1.1089	1.1808
March	0.9935	1.5344	1.1141	1.3095
April	1.0748	1.7725	1.1064	1.3850
May	1.2058	1.8750	1.0945	1.5889
June	1.2744	1.9677	1.1749	1.6545
July	1.1854	1.9000	1.2425	1.6693
August	1.1836	2.0448	1.2363	1.6977
September	1.1806	2.1532	1.3119	1.7261
October	1.1490		1.0789	
November	1.5375		1.0440	
December	1.4854		1.1130	

Month	Commodity Reference Prices <sup>2/</sup>		California Manufacturing Plants Nonfat Dry Milk	
	2000	2001	2000	2001
	<i>Dollars Per CWT</i>		<i>Dollars Per Pound</i>	
January	11.39	3/	1.0086	1.0108
February	11.09	3/	1.0083	1.0084
March	12.78	3/	1.0078	1.0061
April	3/	3/	1.0079	1.0074
May	3/	3/	1.0078	1.0094
June	3/	3/	1.0072	1.0070
July	3/	3/	1.0070	0.9526
August	3/	3/	1.0087	0.9323
September	3/	3/	1.0083	0.9412
October	3/	3/	1.0107	
November	3/	3/	1.0108	
December	3/	3/	1.0102	

- 1/ All commodity prices are for the 26th of the prior month to the 25th of the current month.  
2/ Commodity Reference Price equals 9.8 times CME Block Cheddar plus 0.27 times CME AA Butter, minus 10 cents.  
3/ Effective April 2000, different time periods for commodity prices were established for calculating the commodity reference prices. These new commodity price series are shown in Table 16.

**Table 15 - Selected Weekly Commercial Commodity Prices Used  
In the Calculation of California Class Prices  
June 9, 2001 - September 7, 2001**

Week	California Manufacturing Plants NFDM	NFDM West <sup>1/</sup> Average <sup>2/</sup>	Chicago Mercantile Exchange		USDA/NASS Block Cheddar Cheese		
			Grade AA Butter	Block Cheddar Cheese	Other States <sup>3/</sup>	MN/WI	U.S.
			<i>Dollars Per Pound</i>				
Jun 9 - Jun 15	1.0039	0.9937	1.9758	1.6590	1.6023	1.6236	1.6096
Jun 16 - Jun 22	1.0025	0.9937	2.0025	1.6670	1.6179	1.6736	1.6339
Jun 23 - Jun 29	0.9893	0.9887	2.0067	1.6675	1.6286	1.6752	1.6418
Jun 30 - Jul 6	0.9571	0.9875	1.9650	1.6700	1.6340	1.6782	1.6492
Jul 7 - Jul 13	0.9529	0.9550	1.8200	1.6700	1.6443	1.6932	1.6590
Jul 14 - Jul 20	0.9450	0.9500	1.8442	1.6695	1.6397	1.6878	1.6546
Jul 21 - Jul 27	0.9375	0.9400	1.9517	1.6700	1.6463	1.7232	1.6705
Jul 28 - Aug 3	0.9262	0.9400	1.9742	1.6700	1.6527	1.6945	1.6654
Aug 4 - Aug 10	0.9213	0.9450	2.0067	1.6800	1.6467	1.7089	1.6658
Aug 11 - Aug 17	0.9360	0.9450	2.0633	1.7200	1.6537	1.7044	1.6668
Aug 18 - Aug 24	0.9420	0.9400	2.1542	1.7320	1.6649	1.7251	1.6795
Aug 25 - Aug 31	0.9335	0.9400	2.2083	1.7440	1.6720	1.7393	1.6895
Sept 1 - Sept 7	0.9433	0.9400	2.2100	1.7200	1.7008	1.7588	1.7125

- 1/ California, Idaho, Oregon, and Washington  
2/ Simple average of the mostly price as reported by "Dairy Market News"  
3/ Representing the largest percentage of other states were the western states of Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington.

## Commodity Prices

Table 16 - Selected Monthly Commodity Prices Used in the Calculation  
of the California Class 1 Price 1/

**April 2000 - September 2001**

Month	Chicago Mercantile Exchange			
	Grade AA Butter		Block Cheddar Cheese	
	2000	2001	2000	2001
<i>Dollars Per Pound</i>				
January		1.1667		1.1050
February		1.3175		1.1236
March		1.5029		1.2990
April	1.0996	1.6800	1.1111	1.3548
May	1.1539	1.8542	1.0982	1.5684
June	1.3404	1.9335	1.1178	1.6433
July	1.2071	1.9680	1.2580	1.6688
August	1.1804	1.9900	1.1929	1.6742
September	1.1805	2.2071	1.3083	1.7320
October	1.1571		1.1216	
November	1.3536		1.0100	
December	1.7750		1.1005	

Month	Commodity Reference Prices 2/		California Manufacturing Plants Nonfat Dry Milk	
	2000	2001	2000	2001
	<i>Dollars Per CWT</i>		<i>Dollars Per Pound</i>	
January		13.6087		1.0111
February		14.2361		1.0104
March		14.9803		1.0064
April	11.1587	15.7302	1.0087	1.0071
May	13.5266	16.4721	1.0078	1.0083
June	14.3107	16.8216	1.0079	1.0102
July	13.7397	16.8586	1.0066	0.9712
August	13.6370	16.9175	1.0077	0.9308
September	13.6478	17.5425	1.0089	0.9381
October	13.5684		1.0111	
November	14.3937		1.0111	
December	16.1584		1.0105	

1/ All commodity prices are for the 26th of the prior month to the 10th of the current month, except the California NFDM price is a weighted average of the two weekly prices available as of the 10th of the month. See Table 15 for weekly NFDM prices.

2/ Commodity Reference Price equals the higher of either (a) 9.8 times CME Block Cheddar plus 0.27 times CME AA Butter, minus 10 cents, or (b) 4.2 times CME AA Butter plus 8.613 times California Nonfat Dry Milk.

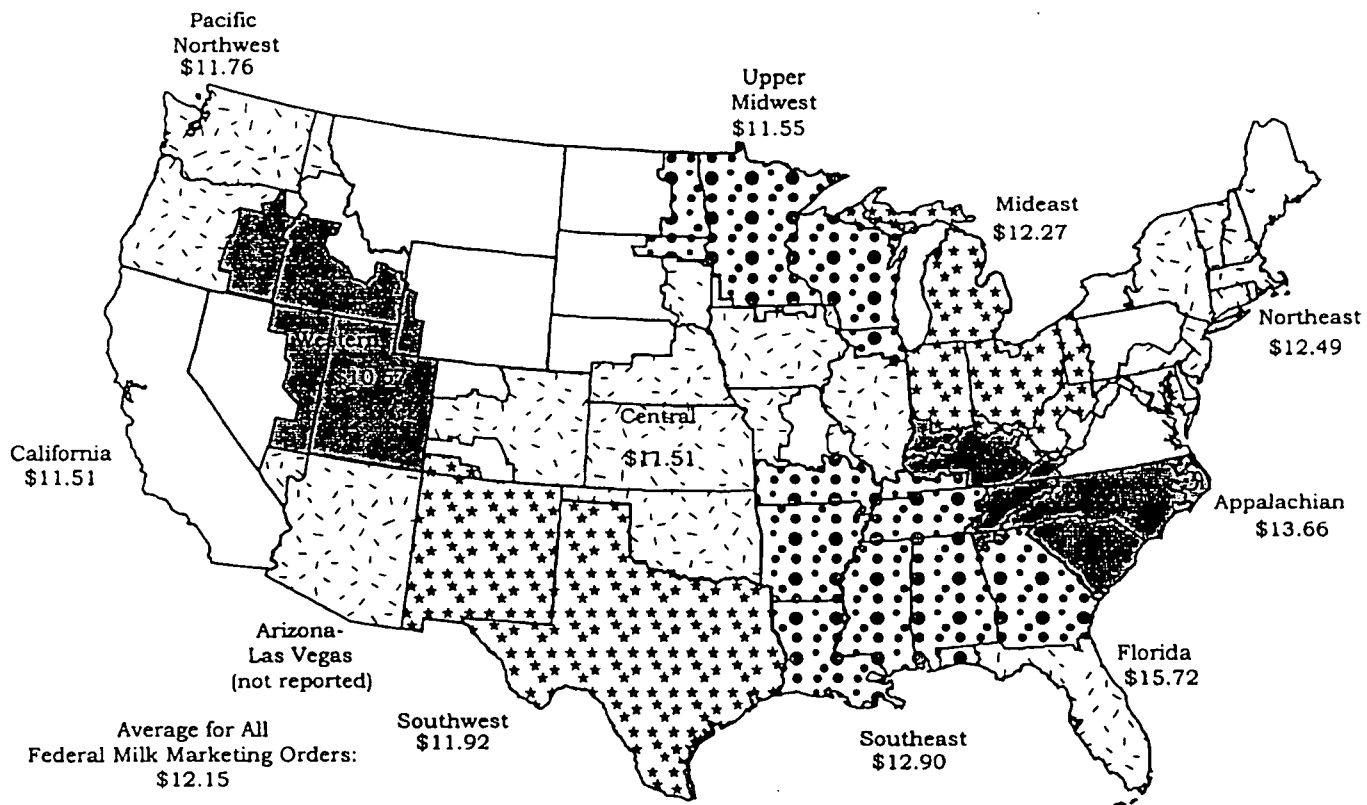
## Production Costs

Table 17 - Milk Production Cost Index for California, by Month  
January 2000 - December 2001

Month	Del Norte / Humboldt		North Bay		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
	<i>Dollars per Hundredweight</i>											
January	14.93	14.68	12.33	13.66	12.05	12.60	11.89	12.09	12.14	13.04	12.0350	12.5165
February	14.93	14.68	12.33	13.66	12.05	12.60	11.89	12.09	12.14	13.04	12.0350	12.5165
March	12.45	12.66	12.42*	13.10*	11.88	12.39	11.78	12.00	12.41	13.20	11.9597	12.3930
April	12.45	12.66	12.42*	13.10*	11.88	12.39	11.78	12.00	12.41	13.20	11.9597	12.3930
May	11.13	11.43	12.75*	13.15	12.14	12.66	12.07	12.39	12.78	13.57	12.2443	12.7255
June	11.13	11.43	12.75*	13.15	12.14	12.66	12.07	12.39	12.78	13.57	12.2443	12.7255
July	11.45		12.76		12.38		12.55		13.21		12.6254	
August	11.45		12.76		12.38		12.55		13.21		12.6254	
September	12.27		13.10		12.57		12.48		13.20		12.6780	
October	12.27		13.10		12.57		12.48		13.20		12.6780	
November	13.29		13.29		12.55		12.21		12.92		12.5172	
December	13.29		13.29		12.55		12.21		12.92		12.5172	

\*Corrected Figures

## Annual Average Mailbox Prices for 2000



## Average Retail Prices

Table 18 - Comparison of Class 1 "Farm" and "Average Retail" Prices for Selected Markets  
June 1999 through October 2001

Month	Year	Class 1 Farm Price 1/	Class 1 Farm Price 1/				Average Whole Milk Retail Price Collected by AC Nielson 2/				
		Southern California	Phoenix	Salt Lake City	Boise	Denver	Los Angeles	San Diego	Salt Lake City/Boise	Phoenix	Denver
<i>Dollars Per Gallon</i>											
June	1999	1.24	1.24	1.19	1.14	1.25	2.72	2.69	2.62	2.34	3.02
July		1.24	1.19	1.14	1.10	1.21	2.74	2.77	2.62	2.27	2.72
August		1.28	1.21	1.15	1.11	1.22	2.77	2.78	2.60	2.29	2.90
September		1.28	1.39	1.33	1.30	1.41	2.75	2.71	2.68	2.29	3.06
October		1.70	1.59	1.53	1.49	1.60	3.15	3.11	2.80	2.60	3.28
November		1.70	1.63	1.57	1.53	1.64	3.29	3.20	2.84	2.81	3.28
December		1.20	1.16	1.16	1.12	1.23	3.04	3.00	2.82	2.88	3.28
January	2000	1.05	1.14	1.10	1.08	1.16	2.78	2.77	2.80	2.76	3.34
February		1.03	1.12	1.08	1.06	1.14	2.69	2.74	2.79	2.79	3.15
March		1.02	1.13	1.10	1.07	1.15	2.63	2.63	2.71	2.48	3.17
April		1.14	1.14	1.10	1.08	1.16	2.69	2.72	2.71	2.49	2.96
May		1.18	1.19	1.15	1.12	1.20	2.69	2.68	2.64	2.60	2.71
June		1.20	1.21	1.17	1.14	1.23	2.71	2.70	2.77	2.59	2.71
July		1.27	1.27	1.23	1.21	1.29	2.75	2.72	2.81	2.58	2.71
August		1.22	1.23	1.19	1.17	1.25	2.75	2.68	2.82	2.28	2.64
September		1.21	1.22	1.18	1.16	1.24	2.72	2.64	2.77	2.37	2.60
October		1.21	1.22	1.19	1.16	1.24	2.76	2.68	2.76	2.51	2.54
November		1.21	1.22	1.18	1.15	1.24	2.76	2.69	2.72	2.44	2.75
December		1.28	1.25	1.21	1.18	1.26	2.83	2.73	2.70	2.43	2.68
January	2001	1.43	1.41	1.37	1.34	1.42	3.01	2.89	2.80	2.45	2.84
February		1.21	1.23	1.19	1.16	1.25	3.00	2.88	2.80	2.35	2.67
March		1.26	1.29	1.25	1.23	1.31	2.93	2.80	2.50	2.49	2.67
April		1.33	1.36	1.32	1.29	1.38	3.00	2.91	2.47	2.43	2.71
May		1.39	1.42	1.39	1.36	1.44	3.06	2.94	2.52	2.53	2.79
June		1.46	1.49	1.45	1.43	1.51	3.12	2.98	2.66	2.41	2.85
July 3/		1.49	1.52	1.48	1.46	1.54	3.15	3.02	2.72	2.29	2.76
August		1.49	1.53	1.49	1.46	1.54	3.14	3.13	2.54	2.17	2.79
September		1.50	1.54	1.50	1.48	1.56					
October		1.53	1.57	1.53	1.51	1.59					

Month	Year	Class 1 Farm Price 1/	Class 1 Farm Price 1/				Average Whole Milk Retail Price Collected by AC Nielson 2/				
		Northern California	Salt Lake City	Boise		Pacific Northwest	Sacramento	Francisco	Salt Lake City/Boise	Portland	Seattle
<i>Dollars Per Gallon</i>											
June	1999	1.22	1.19	1.14		1.19	2.48	2.52	2.62	2.91	3.10
July		1.22	1.14	1.10		1.14	2.56	2.60	2.62	2.48	3.20
August		1.26	1.15	1.11		1.15	2.61	2.64	2.60	3.03	3.14
September		1.26	1.33	1.30		1.33	2.58	2.54	2.68	2.59	3.33
October		1.68	1.53	1.49		1.53	2.99	3.03	2.80	2.82	3.14
November		1.68	1.57	1.53		1.57	3.05	3.11	2.84	3.17	3.36
December		1.18	1.16	1.12		1.16	2.64	2.69	2.82	2.55	3.30
January	2000	1.03	1.10	1.08		1.10	2.32	2.39	2.80	2.77	3.21
February		1.01	1.08	1.06		1.08	2.29	2.35	2.79	2.92	3.30
March		1.00	1.10	1.07		1.10	2.28	2.34	2.71	2.85	3.31
April		1.12	1.10	1.08		1.10	2.35	2.42	2.71	2.20	3.15
May		1.16	1.15	1.12		1.15	2.40	2.41	2.64	2.56	3.23
June		1.18	1.17	1.14		1.17	2.46	2.54	2.77	2.92	3.33
July		1.25	1.23	1.21		1.23	2.50	2.54	2.81	2.54	3.32
August		1.20	1.19	1.17		1.19	2.47	2.49	2.82	2.77	3.39
September		1.19	1.18	1.16		1.18	2.47	2.47	2.77	2.75	3.27
October		1.19	1.19	1.16		1.19	2.46	2.44	2.76	2.80	3.29
November		1.18	1.18	1.15		1.18	2.48	2.53	2.72	3.22	2.80
December		1.25	1.21	1.18		1.21	2.58	2.63	2.70	2.76	3.35
January	2001	1.41	1.37	1.34		1.37	2.71	2.71	2.80	2.85	3.31
February		1.19	1.19	1.16		1.19	2.54	2.63	2.80	2.67	3.39
March		1.24	1.25	1.23		1.25	2.60	2.60	2.50	2.72	3.45
April		1.30	1.32	1.29		1.32	2.73	2.74	2.47	2.74	3.51
May		1.37	1.39	1.36		1.39	2.80	2.76	2.52	2.92	3.59
June		1.43	1.45	1.43		1.45	2.91	2.87	2.66	2.46	3.30
July 3/		1.46	1.48	1.46		1.48	2.96	2.97	2.72	2.62	3.14
August		1.47	1.49	1.46		1.49	2.98	2.96	2.54	2.99	3.46
September		1.47	1.50	1.48		1.50					
October		1.55	1.53	1.51		1.53					

1/ Class 1 and Class 1 prices depicted are minimum producer f.o.b. plant prices. They do not include either haul, deductions, or any over-order charges such as quality bonuses, service charges, premiums, etc.

2/ The Department has contracted with AC Nielson to provide the retail price survey data on a monthly basis. Data subject to revision.

3/ August data as reported by AC Nielson for the week ending 8/25/01.

Source: Dairy Marketing Class 1 Price Letter - Selected Issues; AC Nielson Scantrack Reports on Refrigerated Milk; Dairy Market News

# MINIMUM PRICES: CLASS 1, 2, 3, 4A, 4B MARKET MILK (F.O.B. PROCESSING PLANT)

## ▶ CLASS 1 For October 2001

	LB. FAT	LB. SNF	LB. FLUID	EQUIVALENT PER CWT.
Northern California	\$2.5285	\$0.7999	\$0.0219	\$17.73
Southern California	\$2.5285	\$0.7999	\$0.0250	\$18.01
<b>Statewide Average CWT Price:</b>				
Based Upon Production				\$17.79
Based Upon Utilization				\$17.87

### COMMODITY MARKET PRICES

	\$ Per Lb.
Chicago Mercantile Exchange Grade AA Butter – Daily Simple Average (August 26-September 10)	\$2.2071
Chicago Mercantile Exchange Block Cheddar Cheese – Daily Simple Average (August 26-September 10)	\$1.7320
California Extra Grade & Grade A Nonfat Dry Milk (for weeks ending August 24 <sup>th</sup> and August 31 <sup>st</sup> )	\$0.9381
COMMODITY REFERENCE PRICE FOR FEBRUARY CLASS 1 PRICING:	\$17.5425

November 2001 Class 1 price will be announced no later than 4:00 p.m. on October 10, 2001.

## ▶ CLASS 2 October and November, 2001

	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Northern California	\$2.3854	\$0.8531	\$15.77
Southern California	\$2.3877	\$0.8789	\$16.00

## ▶ CLASS 3 October and November, 2001

	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Northern California	\$2.3854	\$0.8474	\$15.72
Southern California	\$2.3877	\$0.8474	\$15.73

### COMMODITY MARKET PRICES

	\$ Per Lb.
Chicago Mercantile Exchange Grade AA Butter – Daily Simple Average (Aug 26 – Sept 25)	\$2.1532
Chicago Mercantile Exchange Block Cheddar Cheese – Daily Simple Average (Aug 26 – Sept 25)	\$1.7261
California Extra Grade & Grade A Nonfat Dry Milk – Monthly Weighted Average (Aug 26 – Sept 25)	\$0.9412

December and January 2002 Class 2 and 3 prices will be issued no later than 4:00 p.m. on December 3, 2001.

## ▶ CLASS 4a September 2001

	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$2.4134	\$0.7932	\$15.35

## ▶ CLASS 4b September 2001

	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$2.4134	\$0.8166	\$15.55

### COMMODITY MARKET PRICES

	\$ Per Lb.
Chicago Mercantile Exchange Grade AA Butter – Daily Simple Average (Aug 26 – Sept 25)	\$2.1532
Chicago Mercantile Exchange Block Cheddar Cheese – Daily Simple Average (Aug 26 – Sept 25)	\$1.7261
California Extra Grade & Grade A Nonfat Dry Milk – Monthly Weighted Average (Aug 26 – Sept 25)	\$0.9412

October 2001 Class 4a and 4b prices will be issued no later than 4:00 p.m. on November 1, 2001.



**Table 19 - Retail Price Data**

	Sacramento		San Francisco		Los Angeles		San Diego	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
<b>Dollars per Gallon</b>								
<b>Whole Milk</b>								
September 2000	2.35-3.46	2.47	2.27-3.50	2.47	2.38-4.25	2.72	2.43-4.00	2.64
October	2.32-3.21	2.46	2.26-3.59	2.44	2.38-4.22	2.76	2.43-4.00	2.68
November	2.34-3.44	2.48	2.31-3.59	2.53	2.49-4.18	2.76	2.39-4.03	2.69
December	2.41-3.33	2.58	2.38-3.79	2.63	2.45-4.22	2.83	2.43-4.11	2.73
January 2001	2.54-3.45	2.71	2.53-3.79	2.71	2.45-4.18	3.01	2.75-4.30	2.89
February	2.36-3.45	2.54	2.32-3.81	2.63	2.49-3.91	3.00	2.43-4.23	2.88
March	2.43-3.45	2.60	2.39-3.80	2.60	2.45-3.90	2.93	2.46-4.08	2.80
April	2.55-3.45	2.73	2.54-3.89	2.74	2.49-3.94	3.00	2.78-4.09	2.91
May	2.61-3.65	2.80	2.54-4.19	2.76	2.47-4.00	3.06	2.43-4.13	2.94
June	2.75-3.75	2.91	2.68-4.19	2.87	2.45-4.09	3.12	2.50-4.09	2.98
July	2.83-3.79	2.96	2.82-4.19	2.97	2.41-4.01	3.15	2.40-4.07	3.02
August 1/	2.80-5.00	2.98	2.72-5.02	2.96	2.53-4.14	3.14	3.02-4.13	3.13
<b>2% Lowfat Milk</b>								
September 2000	2.25-3.42	2.42	2.18-3.59	2.45	2.53-4.21	2.64	2.29-4.03	2.57
October	2.23-3.21	2.40	2.17-3.59	2.37	2.46-4.20	2.64	2.29-4.02	2.57
November	2.29-3.49	2.44	2.40-3.59	2.54	2.46-4.19	2.65	2.29-4.02	2.58
December	2.31-3.48	2.52	2.31-3.79	2.55	2.47-4.19	2.72	2.29-4.09	2.52
January 2001	2.37-3.44	2.59	2.32-3.79	2.56	2.49-4.19	2.82	2.36-4.29	2.60
February	2.24-3.39	2.45	2.32-3.79	2.56	2.51-4.17	2.80	2.36-4.21	2.60
March	2.24-3.39	2.52	2.23-3.79	2.52	2.44-4.14	2.72	2.36-4.11	2.54
April	2.36-3.35	2.59	2.29-3.89	2.58	2.53-4.14	2.80	2.36-4.11	2.63
May	2.43-3.45	2.64	2.43-4.19	2.58	2.64-4.14	2.81	2.36-4.11	2.69
June	2.42-3.59	2.70	2.34-4.19	2.63	2.73-4.19	2.89	2.39-4.14	2.78
July	2.39-3.63	2.66	2.28-4.19	2.52	2.72-4.21	2.87	2.38-4.08	2.75
August 1/	2.59-3.63	2.78	2.49-4.19	2.61	2.73-4.20	2.87	2.83-4.08	2.90
<b>1% Lowfat Milk</b>								
September 2000	2.48-3.30	2.59	2.82-3.59	2.94	2.60-4.19	2.76	2.54-3.88	2.67
October	2.36-3.22	2.54	2.39-3.59	2.82	2.76-4.17	2.80	2.65-3.87	2.70
November	2.44-3.23	2.58	2.74-3.59	2.90	2.70-4.19	2.81	2.64-3.96	2.70
December	2.41-3.34	2.61	2.46-3.79	2.90	2.82-4.21	2.90	2.70-4.04	2.75
January 2001	2.57-3.50	2.73	2.87-3.79	3.06	2.94-4.19	2.99	2.78-4.31	2.83
February	2.53-3.50	2.58	2.91-3.79	3.05	2.85-4.18	2.94	2.72-4.21	2.79
March	2.46-3.47	2.61	2.49-3.80	2.97	2.79-4.18	2.90	2.69-3.96	2.76
April	2.56-3.45	2.72	2.85-3.89	3.13	2.79-4.17	2.91	2.37-4.02	2.80
May	2.69-3.56	2.77	3.01-4.19	3.20	2.79-4.19	2.95	2.40-3.97	2.84
June	2.79-3.56	2.87	3.17-4.19	3.31	2.91-4.23	2.98	2.40-3.95	2.87
July	2.85-3.64	2.89	3.26-4.20	3.35	2.93-4.26	2.98	2.39-3.95	2.88
August 1/	2.89-3.64	2.96	3.35-4.20	3.42	2.88-4.21	3.00	2.39-3.95	3.05
<b>Nonfat Milk</b>								
September 2000	2.07-3.17	2.21	1.93-3.32	2.28	2.49-4.06	2.70	2.53-3.71	2.64
October	2.03-3.09	2.21	2.02-3.32	2.30	2.47-4.03	2.70	2.07-3.77	2.63
November	2.02-3.09	2.23	2.01-3.34	2.32	2.47-4.05	2.76	2.14-3.94	2.66
December	2.04-3.27	2.27	2.05-3.35	2.32	2.76-4.04	2.82	2.14-4.02	2.68
January 2001	2.11-3.11	2.28	2.26-3.39	2.38	2.84-4.04	2.87	2.71-4.22	2.74
February	2.11-3.11	2.25	2.25-3.39	2.37	2.74-3.99	2.84	2.14-4.08	2.72
March	2.11-3.16	2.28	2.06-3.40	2.34	2.59-3.94	2.72	2.14-3.98	2.64
April	2.16-3.16	2.34	2.24-3.49	2.39	2.59-3.96	2.69	2.44-3.97	2.62
May	2.21-3.15	2.34	2.28-3.49	2.39	2.47-3.96	2.70	2.63-3.83	2.69
June	2.23-3.23	2.37	2.29-3.54	2.42	2.47-3.97	2.73	2.14-3.79	2.71
July	2.23-3.27	2.38	2.31-3.55	2.43	2.47-3.96	2.70	2.07-3.79	2.75
August 1/	2.29-3.22	2.43	2.35-3.49	2.46	2.64-3.88	2.74	2.07-3.72	2.98

Source: AC Nielsen Scantrack © Reports on Refrigerated Milk. The low and the high price in this chart does not represent the lowest or the highest observed price, but rather weighted averages for specific brands of milk within the specified market. Data subject to revision.

1/ August data as reported by AC Nielsen for the week ending 8/25/01.

Table 19 - Retail Price Data

	Seattle		Portland		Salt Lake City/Boise		Phoenix		Denver	
	Dollars per Gallon									
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
	<b>Whole Milk</b>									
September 2000	2.43-3.69	3.27	0.83-3.69	2.75	2.32-3.29	2.77	1.89-3.92	2.37	2.17-3.83	2.60
October	1.97-3.69	3.29	1.39-3.69	2.80	2.68-3.30	2.76	1.79-3.92	2.51	2.22-3.86	2.54
November	2.30-3.98	2.80	1.39-3.69	3.22	2.49-3.31	2.72	1.79-3.08	2.44	2.49-3.82	2.75
December	3.02-3.99	3.35	0.99-3.62	2.76	2.21-3.34	2.70	1.79-3.08	2.43	2.49-3.80	2.68
January 2001	2.65-3.99	3.31	1.50-3.65	2.85	2.00-3.46	2.80	1.79-2.99	2.45	2.60-3.84	2.84
February	2.81-3.64	3.39	1.50-3.59	2.67	2.64-3.46	2.80	1.85-3.27	2.35	2.20-3.84	2.67
March	2.58-3.98	3.45	1.47-3.52	2.72	1.67-3.33	2.50	1.92-3.28	2.49	2.23-3.78	2.67
April	1.78-3.97	3.51	0.99-3.50	2.74	1.67-3.36	2.47	1.93-3.39	2.43	2.46-3.80	2.71
May	2.48-3.98	3.59	1.50-3.49	2.92	1.67-3.46	2.52	1.92-3.39	2.53	1.14-3.78	2.79
June	2.08-4.19	3.30	1.50-3.69	2.46	2.40-3.56	2.66	1.92-3.39	2.41	1.99-3.89	2.85
July	2.10-4.19	3.14	1.50-3.64	2.62	2.47-3.61	2.72	1.96-3.39	2.29	2.33-3.89	2.76
August 1/	2.10-4.19	3.46	1.50-6.05	2.99	2.21-3.60	2.54	1.68-3.39	2.17	2.21-4.04	2.79
	<b>2% Lowfat Milk</b>									
September 2000	1.97-3.49	2.79	0.80-3.23	2.58	1.67-3.21	2.35	1.62-3.94	2.16	2.15-3.79	2.53
October	2.11-3.59	2.83	1.39-3.23	2.67	1.67-3.20	2.31	1.56-3.89	2.11	2.16-3.87	2.46
November	2.10-3.87	2.38	1.39-3.28	2.81	1.81-3.19	2.31	1.66-2.97	2.09	2.42-3.88	2.62
December	2.21-3.88	2.69	0.99-3.21	2.47	1.95-3.26	2.37	1.76-2.91	2.14	2.25-3.90	2.58
January 2001	2.42-3.89	2.79	1.50-3.33	2.46	1.88-3.35	2.41	1.79-2.96	2.39	2.54-3.73	2.75
February	2.56-3.50	2.95	1.50-3.35	2.26	2.00-3.35	2.44	1.85-3.06	2.25	1.69-3.67	2.58
March	2.45-3.85	2.81	1.38-3.33	2.34	2.00-3.26	2.40	1.85-2.80	2.24	1.73-3.65	2.60
April	1.74-3.83	2.74	0.91-3.20	2.36	1.99-3.30	2.37	1.86-3.39	2.25	2.37-3.64	2.65
May	1.98-3.92	2.76	1.40-3.21	2.36	2.00-3.36	2.43	1.78-3.39	2.29	1.98-3.70	2.75
June	1.79-5.00	2.63	1.25-3.69	2.12	2.00-3.39	2.41	1.81-3.41	2.30	1.99-3.69	2.86
July	1.79-4.35	2.66	1.50-3.67	2.29	2.19-3.46	2.47	1.93-3.40	2.44	2.17-3.68	2.71
August 1/	1.88-4.11	2.79	1.50-3.30	2.43	1.74-3.46	2.30	1.69-3.40	2.15	2.19-3.75	2.74
	<b>1% Lowfat Milk</b>									
September 2000	1.74-3.99	2.82	0.80-3.09	2.50	1.75-3.47	2.31	1.67-2.91	2.14	2.14-3.50	2.47
October	2.00-3.99	2.93	1.39-3.08	2.61	1.68-3.45	2.26	1.60-2.93	2.16	2.12-3.49	2.41
November	1.76-3.99	2.46	1.39-3.08	2.73	1.76-3.46	2.25	1.63-2.98	2.10	2.36-3.20	2.55
December	1.67-3.99	2.76	0.99-3.09	2.37	1.83-3.47	2.26	1.77-2.92	2.14	2.41-3.27	2.51
January 2001	2.44-4.00	2.75	1.50-3.18	2.38	2.02-3.45	2.29	1.79-2.95	2.38	2.49-3.31	2.69
February	2.70-3.99	2.97	1.50-3.23	2.17	1.66-3.27	2.25	1.80-3.00	2.28	1.45-3.50	2.48
March	1.98-3.99	2.85	1.33-3.21	2.26	1.66-3.27	2.09	1.80-3.04	2.25	1.87-3.49	2.49
April	1.73-3.99	2.78	0.86-3.12	2.30	1.67-3.09	2.12	1.80-3.00	2.22	2.04-3.50	2.57
May	1.98-3.99	2.85	1.33-3.18	2.31	1.90-3.20	2.21	1.78-3.00	2.29	0.99-3.51	2.29
June	1.98-3.99	2.65	1.15-3.36	2.09	1.70-3.20	2.24	1.80-2.85	2.29	1.90-3.51	2.72
July	2.00-4.92	2.73	1.50-3.31	2.25	1.81-3.19	2.25	1.90-3.33	2.32	2.20-3.50	2.59
August 1/	1.98-4.05	2.99	1.50-6.10	2.43	1.95-3.20	2.20	1.69-3.11	2.15	1.90-3.50	2.65
	<b>Nonfat Milk</b>									
September 2000	2.30-3.65	2.91	0.80-3.02	2.53	2.05-3.39	2.50	1.89-3.00	2.29	2.10-3.65	2.49
October	2.08-3.53	3.00	1.39-3.03	2.55	2.25-3.39	2.54	1.79-2.94	2.36	2.15-3.68	2.42
November	2.07-3.88	2.42	1.39-3.03	2.74	1.99-3.41	2.50	1.79-3.01	2.26	2.38-3.73	2.70
December	2.24-3.89	2.90	0.99-3.03	2.31	1.65-3.40	2.44	1.79-3.03	2.43	2.40-3.69	2.61
January 2001	1.00-3.89	2.55	1.50-3.13	2.43	1.99-3.40	2.54	1.79-2.99	2.54	2.55-3.30	2.74
February	2.60-3.51	2.99	1.50-3.16	2.13	0.72-3.40	2.54	1.80-3.00	2.34	2.04-3.64	2.54
March	2.59-3.80	2.97	1.28-3.14	2.33	1.67-3.40	2.36	1.80-3.10	2.43	1.46-3.60	2.56
April	1.77-3.78	2.85	0.84-3.01	2.27	1.67-3.38	2.30	1.80-2.98	2.30	1.46-3.60	2.64
May	2.56-4.17	3.11	1.50-3.04	2.38	1.67-3.09	2.34	1.79-3.03	2.27	1.34-3.58	2.55
June	2.20-4.02	2.83	1.50-3.20	2.02	1.99-3.10	2.44	1.46-3.20	2.38	2.57-3.60	2.74
July	2.19-4.12	2.71	1.50-3.15	2.45	2.03-3.10	2.41	1.82-3.34	2.35	2.16-3.61	2.59
August 1/	2.15-4.07	3.08	1.50-3.17	2.54	2.09-3.10	2.46	1.73-3.15	2.29	2.18-3.69	2.64

Source: AC Nielsen Scantrack © Reports on Refrigerated Milk. The low and the high price in this chart does not represent the lowest or the highest observed price, but rather weighted averages for specific brands of milk within the specified market. Data subject to revision.

1/ August data as reported by AC Nielsen for the week ending 8/25/01.

# November 2001

## *Dairy Information Release Dates and Events*

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																																									
<table border="1"> <thead> <tr> <th colspan="7">Oct 2001</th> </tr> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td></td> </tr> <tr> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> </tr> <tr> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> <td>19</td> <td>20</td> </tr> <tr> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> <td>26</td> <td>27</td> </tr> <tr> <td>28</td> <td>29</td> <td>30</td> <td>31</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Oct 2001							S	M	T	W	T	F	S	1	2	3	4	5	6		7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				<table border="1"> <thead> <tr> <th colspan="7">Dec 2001</th> </tr> <tr> <th>S</th> <th>M</th> <th>T</th> <th>W</th> <th>T</th> <th>F</th> <th>S</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1</td> </tr> <tr> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td>8</td> </tr> <tr> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>15</td> </tr> <tr> <td>16</td> <td>17</td> <td>18</td> <td>19</td> <td>20</td> <td>21</td> <td>22</td> </tr> <tr> <td>23</td> <td>24</td> <td>25</td> <td>26</td> <td>27</td> <td>28</td> <td>29</td> </tr> <tr> <td>30</td> <td>31</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Dec 2001							S	M	T	W	T	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						1	2	3
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# THE CALIFORNIA DAIRY INDUSTRY IN 2000

The "2000 California Dairy Statistics" annual reflects that it was a mixed year for the California dairy industry. Milk production and milk cow numbers both increased. Processing of most dairy products also increased. However, the annual average price paid to producers declined, as did the number of dairy farms.

The decline in farm numbers follows a long-term trend. However, the decline in milk prices represents a unique combination of factors. Feed prices were low relative to milk prices in 1998-99. (Feed costs represent approximately 50 percent of the total cost of producing milk.) Consequently, national milk production increased faster in 1999-2000 than in prior years. The excess milk resulted in depressed prices in 2000.

Even with lower prices, California continues to lead the nation in total milk production, with Wisconsin ranking second, and New York third. In addition, California is first in the total number of milk cows, averaging 696 cows per farm.

In 2000, Kings County replaced Riverside County in the ranking of California's five leading counties in terms of milk production: Tulare (24 percent), Merced (13 percent), San Bernardino (11 percent), Stanislaus (10 percent), and Kings (8 percent).



California ranked fourth in milk production per cow after Washington, Arizona and Colorado. Significantly, all six states averaging more than 20,000 pounds per year are located in the Western States. Cost of milk production continues to be lower in the West than other regions of the United States, partially a result of higher production per cow.

In the United States, California ranked first in nonfat dry milk production, first in butter production and second in cheese production. California produced 50

percent of the nation's nonfat dry milk, 28 percent of the butter, and 18 percent of the cheese. Cheddar and mozzarella cheeses constituted approximately 75 percent of the cheese produced in California.

The "California Dairy Statistics 2000" annual is a joint effort of the California Department of Food and Agriculture (CDFA) and the United States Department of Agriculture (USDA). Like the 56 previous issues, it contains a summary of statistical data that was originally published by CDFA and USDA, primarily in the "Dairy Information Bulletin" (DIB). This publication would not be possible without the cooperation of the individuals and firms engaged in the production, manufacture and distribution of milk and dairy products. Both corrections of errors and revisions based on receipt of more complete information are the basis of all changes from previously published data.



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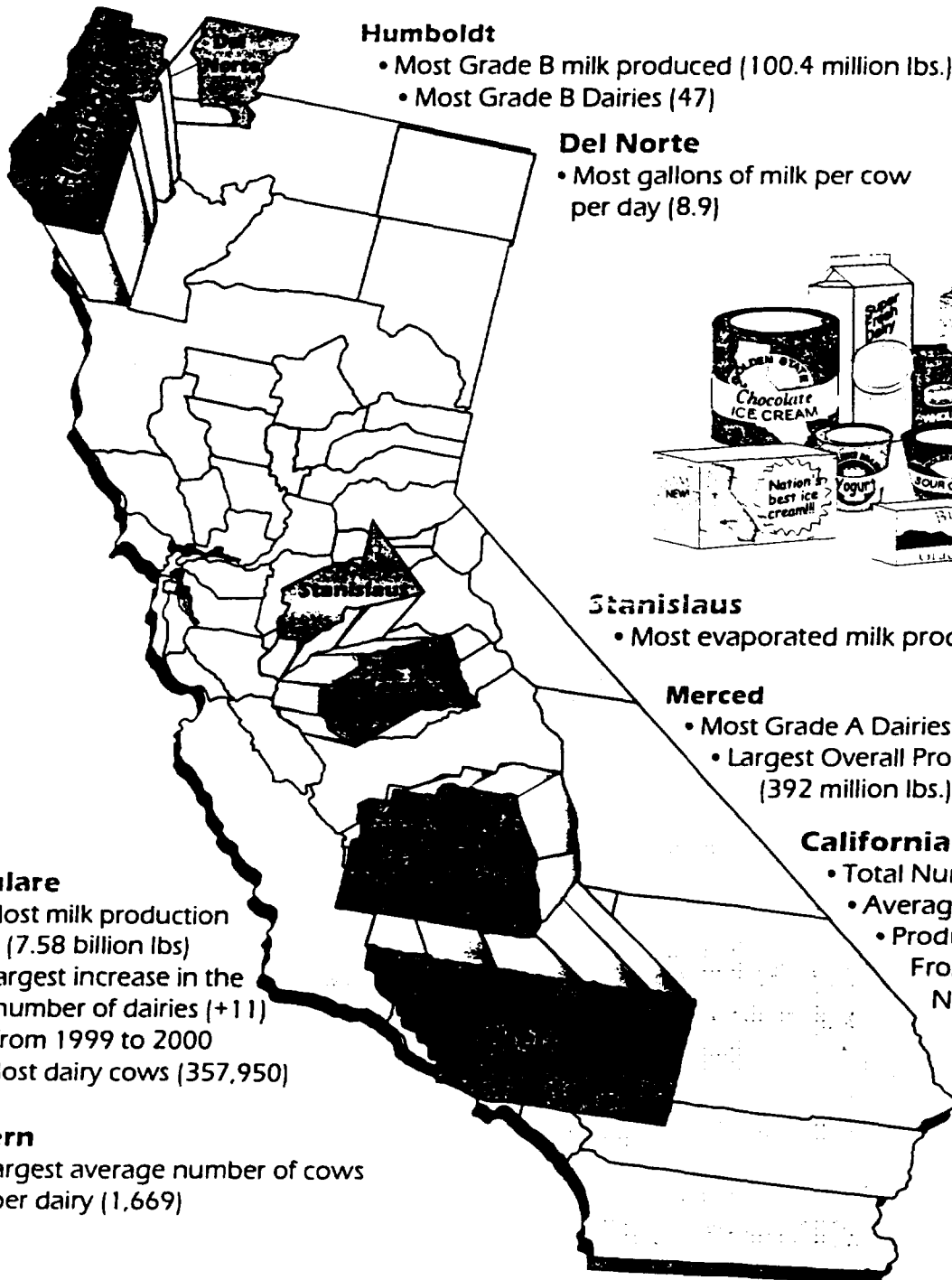
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# 2000 California



## Humboldt

- Most Grade B milk produced (100.4 million lbs.)
- Most Grade B Dairies (47)

## Del Norte

- Most gallons of milk per cow per day (8.9)



## Stanislaus

- Most evaporated milk production (196.2 million lbs.)

## Merced

- Most Grade A Dairies (315)
- Largest Overall Producer of Cheese (392 million lbs.)

## California Rated #1:

- Total Number of Cows;
- Average Number of Cows on Farms;
- Production of: Yogurt, Sherbet, Frozen Yogurt, Hispanic Cheese, NFDM, WPC, Nearly All Categories of Ice Cream, Butter, and Dry Buttermilk

## Tulare

- Most milk production (7.58 billion lbs)
- Largest increase in the number of dairies (+11) from 1999 to 2000
- Most dairy cows (357,950)

## Kern

- Largest average number of cows per dairy (1,669)

# County Highlights



# 2000 CALIFORNIA: Cows, Production, Receipts



- ◆ The average production of milk per cow in California during the year 2000 was 21,169 pounds.
- ◆ Total milk production during 2000 was 32.2 billion pounds, 5.8 percent more than 1999 production.
- ◆ Cash receipts from farm marketing of milk and cream in California during 2000 totaled approximately 3.7 billion dollars. The comparable figure for 1999 was 4.1 billion dollars.
- ◆ Estimates of the number of milk cows and heifers that had calved on farms by county and by region in California at the beginning of 2000 and 2001 are given in Table 4. Of the total 1,528 thousand head on farms in the State on January 1, 2001, approximately 81 percent were in Northern California and 19 percent in Southern California counties.
- ◆ The five leading counties in number of milk cows were the same as for milk production: Tulare, Merced, San Bernardino, Stanislaus, and Kings. Collectively these counties accounted for approximately 66 percent of all milk cows in the State.

*Table 1 is derived from USDA/NASS statistics.  
USDA total milk production figures on all farms includes all milk produced on the farm.*

**Table 1. California, Estimated Number of Milk Cows on Farms, Average Production Per Milk Cow, Total Production on Farms, and Cash Receipts From Farm Marketing of Dairy Products, 1995-2000 <sup>1/</sup>**

Year	Milk Cows & Heifers That Have Calved, On Farms		Average Production Per Milk Cow		Total Production On Farms		Cash Receipts From Farm Marketings Of Dairy Products <sup>2/</sup>
	Jan. 1 Total	Annual Average	Milk	Milk Fat Test	Milk	Milk Fat Test	
	<i>Thousands</i>		<i>Pounds</i>	<i>Percent</i>	<i>Million Pounds</i>	<i>Percent</i>	<i>Thousand Dollars</i>
1995	1,270	1,294	19,573	3.64	25,327	3.64	3,080,084
1996	1,320	1,349	19,161	3.66	25,848	3.66	3,714,624
1997	1,380	1,391	19,829	3.64	27,582	3.64	3,629,762
1998	1,400	1,420	19,474	3.67	27,654	3.67	4,140,659
1999	1,440	1,466	20,773	3.66	30,453	3.63	4,090,145
2000 <sup>3/</sup>	1,490	1,523	21,169	3.63	32,240	3.68	3,703,805

<sup>1/</sup> USDA/NASS data. Source: "Cattle Report" and "Milk Production, Disposition and Income."

<sup>2/</sup> All milk and cream.

<sup>3/</sup> Figures for 2000 are preliminary.

# 2000 UNITED STATES: Cows, Production, Receipts



- ◆ The average production per milk cow in the United States during 2000 was 18,204 pounds. This was 433 pounds more than the 1999 production per cow.
- ◆ Total milk production during 2000 was 167,658 million pounds, 4,497 million pounds more than in 1999.
- ◆ The estimated annual average number of cows that have calved on farms throughout the United States during 2000 was 9.2 million milk cows.
- ◆ Cash receipts from milk and cream marketings in the United States during 2000 were unavailable at the time of release. The figure for 1999 was 23,203 billion dollars.
- ◆ California accounted for 19.2 percent of the milk produced in the United States during 2000.
- ◆ California ranked first among the various states in total milk production, with Wisconsin second, and New York third.
- ◆ California ranked first in the average number of milk cows on farms and ranked fourth in production of milk per cow during 2000.
- ◆ California had more cows, but the States of Washington, Arizona, and Colorado had more production of milk per cow.

*Table 2 is derived from USDA/NASS statistics.  
USDA total milk production figures on all farms includes all milk produced on the farm.*

**Table 2. United States, Estimated Number of Milk Cows on Farms, Average Production Per Milk Cow, Total Production on Farms, and Cash Receipts From Farm Marketings of Dairy Products, 1995-2000<sup>1/</sup>**

Year	Milk Cows & Heifers That Have Calved, On Farms		Average Production Per Milk Cow		Total Production On Farms		Cash Receipts From Farm Marketings Of Dairy Products <sup>2/</sup>
	Jan. 1 Total	Annual Average	Milk	Milk Fat Test	Milk	Milk Fat Test	
	<i>Thousands</i>		<i>Pounds</i>	<i>Percent</i>	<i>Million Pounds</i>	<i>Percent</i>	<i>Thousand Dollars</i>
1995	9,482	9,466	16,405	3.66	155,292	3.66	19,876,353
1996	9,420	9,372	16,433	3.69	154,006	3.69	22,781,435
1997	9,318	9,252	16,871	3.66	156,091	3.66	20,936,726
1998	9,199	9,154	17,189	3.66	157,348	3.66	24,114,036
1999	9,133	9,156	17,772	3.66	162,716	3.66	23,203,993
2000 <sup>3/</sup>	9,190	9,210	18,204	N/A	167,658	N/A	N/A

<sup>1/</sup> USDA/NASS data. Source: "Cattle Report" and "Milk Production, Disposition and Income".

<sup>2/</sup> All milk and cream.

<sup>3/</sup> Figures for 2000 are preliminary.

N/A - Unavailable at time of release.

# COWS, PRODUCTION, RECEIPTS, by State

Table 3. Total Production on Farms, Estimated Number of Milk Cows on Farms, Average Production per milk cow and Cash Receipts from Farm Marketings of Dairy Products, by State, 2000<sup>1/2/</sup>

State	Total Production on Farms		Milk cows on farms <sup>2/</sup>	Average production per milk cow	Cash receipts from farm marketings of dairy products <sup>3/</sup>	Rank in Production	Percent of United States Production
	Milk	Milk Fat		Milk	Thousand Dollars		Percent
	Million Pounds		Thousands	Pounds			
Alabama	348	N/A	25	13,920	N/A	41	0.2
Alaska	13	N/A	1	14,500	N/A	50	0.0
Arizona	3,017	N/A	139	21,705	N/A	13	1.8
Arkansas	524	N/A	42	12,476	N/A	36	0.3
California	32,240	N/A	1,523	21,169	N/A	1	19.2
Colorado	1,924	N/A	89	21,618	N/A	19	1.1
Connecticut	478	N/A	26	18,385	N/A	37	0.3
Delaware	149	N/A	10	14,910	N/A	46	0.1
Florida	2,461	N/A	157	15,675	N/A	15	1.5
Georgia	1,433	N/A	87	16,471	N/A	26	0.9
Hawaii	116	N/A	8	14,358	N/A	47	0.1
Idaho	7,223	N/A	347	20,816	N/A	6	4.3
Illinois	2,094	N/A	120	17,450	N/A	18	1.2
Indiana	2,365	N/A	145	16,310	N/A	16	1.4
Iowa	3,934	N/A	215	18,298	N/A	12	2.3
Kansas	1,520	N/A	91	16,703	N/A	25	0.9
Kentucky	1,690	N/A	132	12,803	N/A	22	1.0
Louisiana	705	N/A	58	12,155	N/A	32	0.4
Maine	669	N/A	40	16,725	N/A	34	0.4
Maryland	1,351	N/A	84	16,083	N/A	28	0.8
Massachusetts	392	N/A	23	17,043	N/A	39	0.2
Michigan	5,705	N/A	300	19,017	N/A	8	3.4
Minnesota	9,493	N/A	534	17,777	N/A	5	5.7
Mississippi	544	N/A	36	15,111	N/A	35	0.3
Missouri	2,258	N/A	154	14,662	N/A	17	1.3
Montana	315	N/A	18	17,500	N/A	42	0.2
Nebraska	1,252	N/A	77	16,260	N/A	30	0.7
Nevada	476	N/A	25	19,040	N/A	38	0.3
New Hampshire	310	N/A	18	17,333	N/A	43	0.2
New Jersey	266	N/A	16	16,625	N/A	44	0.2
New Mexico	5,236	N/A	250	20,944	N/A	10	3.1
New York	11,920	N/A	686	17,376	N/A	3	7.1
North Carolina	1,189	N/A	71	16,746	N/A	31	0.7
North Dakota	701	N/A	49	14,306	N/A	33	0.4
Ohio	4,461	N/A	262	17,027	N/A	11	2.7
Oklahoma	1,295	N/A	91	14,231	N/A	29	0.8
Oregon	1,695	N/A	90	18,833	N/A	21	1.0
Pennsylvania	11,156	N/A	617	18,081	N/A	4	6.7
Rhode Island	28	N/A	2	15,667	N/A	49	0.0
South Carolina	369	N/A	23	15,375	N/A	40	0.2
South Dakota	1,634	N/A	102	16,020	N/A	24	1.0
Tennessee	1,405	N/A	95	14,789	N/A	27	0.8
Texas	5,735	N/A	348	16,480	N/A	7	3.4
Utah	1,687	N/A	96	17,573	N/A	23	1.0
Vermont	2,787	N/A	159	17,528	N/A	14	1.7
Virginia	1,901	N/A	120	15,842	N/A	20	1.1
Washington	5,593	N/A	247	22,644	N/A	9	3.3
West Virginia	265	N/A	17	15,588	N/A	45	0.2
Wisconsin	23,259	N/A	1,344	17,306	N/A	2	13.9
Wyoming	76	N/A	6	13,571	N/A	48	0.0
United States <sup>4</sup>	167,658		9,210	18,204			

<sup>1/</sup> USDA/NASS data. Source: "Milk Production, Disposition and Income."

<sup>2/</sup> Average number during year, heifers that have not freshened excluded

<sup>3/</sup> All milk and cream.

<sup>4/</sup> State totals may not add to U.S. totals because of rounding.

N/A - Not available at time of release.

# CALIFORNIA MILK PRODUCTION

**Table 5. Commercial Production of Bulk Milk, Average Milk Fat and Solids-not-Fat Test in California, by Year, 1996-2000<sup>1/</sup>**

Year and Month	Bulk Milk			Average Milk Fat Test			Average Solids-not-Fat Test			Total Bulk Milk Change From Prior Year
	Market	Manufacturing	Total <sup>2/</sup>	Market	Manufacturing	Total	Market	Manufacturing	Total	
	<i>Thousand Pounds</i>			<i>Percent</i>			<i>Percent</i>			<i>Percent</i>
1996	24,781,520	1,030,348	25,811,868	3.65	3.84	3.66	8.72	8.85	8.72	2.0
1997	27,197,308	359,772	27,557,080	3.63	4.04	3.64	8.76	8.85	8.76	6.8
1998	27,184,791	400,747	27,585,538	3.66	4.01	3.66	8.74	8.86	8.75	0.1
1999	30,032,734	377,162	30,409,896	3.66	4.03	3.66	8.76	8.95	8.76	10.2
2000	31,826,556	381,023	32,207,579	3.68	4.02	3.68	8.76	8.94	8.76	5.9
<b>1997</b>										
January	2,148,373	28,431	2,176,804	3.83	4.16	3.83	8.82	8.94	8.82	3.5
February	1,999,037	27,262	2,026,299	3.75	4.15	3.75	8.78	8.94	8.79	1.6
March	2,324,546	33,794	2,358,340	3.65	3.99	3.65	8.74	8.87	8.75	8.7
April	2,324,045	33,052	2,357,097	3.59	3.97	3.60	8.74	8.88	8.74	9.1
May	2,379,490	35,445	2,414,935	3.51	3.87	3.52	8.72	8.87	8.72	8.3
June	2,285,325	28,642	2,313,967	3.50	3.92	3.50	8.73	8.88	8.73	8.2
July	2,360,652	22,348	2,383,000	3.49	3.91	3.49	8.72	8.86	8.72	9.4
August	2,337,709	26,586	2,364,295	3.51	3.95	3.52	8.70	8.46	8.70	11.2
September	2,226,583	29,667	2,256,250	3.57	4.02	3.58	8.72	8.55	8.72	5.6
October	2,308,630	35,988	2,344,618	3.66	4.09	3.67	8.77	8.92	8.78	5.9
November	2,230,646	29,217	2,259,863	3.79	5.03	3.81	9.08	10.99	9.10	4.9
December	2,272,272	29,340	2,301,612	3.85	4.29	3.85	8.84	8.98	8.85	4.2
<b>1998</b>										
January	2,310,150	30,202	2,340,352	3.82	4.22	3.83	8.80	8.96	8.81	7.5
February	2,044,163	33,148	2,077,311	3.83	4.16	3.84	8.79	8.93	8.80	2.5
March	2,303,241	39,995	2,343,236	3.72	3.99	3.72	8.72	8.86	8.73	-0.6
April	2,273,067	37,493	2,310,560	3.68	4.00	3.69	8.72	8.85	8.72	-2.0
May	2,387,494	42,356	2,429,850	3.62	3.94	3.62	8.71	8.85	8.71	0.6
June	2,272,623	40,159	2,312,782	3.57	3.87	3.57	8.68	8.81	8.69	-0.1
July	2,273,007	35,134	2,308,141	3.52	3.84	3.53	8.63	8.75	8.63	-3.1
August	2,233,744	32,491	2,266,234	3.47	3.84	3.47	8.64	8.76	8.64	-4.1
September	2,152,100	29,356	2,181,456	3.52	3.94	3.52	8.69	8.80	8.70	-3.3
October	2,329,922	29,067	2,358,989	3.68	4.05	3.68	8.83	8.83	8.83	0.6
November	2,256,635	25,381	2,282,015	3.70	4.13	3.70	8.84	8.98	8.84	1.0
December	2,348,647	25,967	2,374,613	3.79	4.28	3.79	8.87	9.03	8.87	3.2
<b>1999</b>										
January	2,407,762	29,011	2,436,773	3.77	4.13	3.77	8.83	8.95	8.83	4.1
February	2,219,672	23,046	2,242,718	3.74	4.14	3.75	8.80	8.96	8.81	8.0
March	2,570,400	30,027	2,600,427	3.67	3.97	3.67	8.78	8.90	8.78	11.0
April	2,539,723	32,637	2,572,360	3.66	3.97	3.67	8.77	8.91	8.77	11.3
May	2,621,217	33,810	2,655,027	3.59	3.96	3.59	8.74	8.98	8.74	9.3
June	2,467,756	32,125	2,499,881	3.55	3.92	3.55	8.71	8.86	8.71	8.1
July	2,479,178	29,997	2,509,175	3.52	3.94	3.53	8.68	8.85	8.68	8.7
August	2,565,468	32,217	2,597,685	3.57	3.96	3.58	8.70	9.20	8.70	14.6
September	2,474,749	41,056	2,515,805	3.60	3.93	3.61	8.71	8.81	8.72	15.3
October	2,569,263	33,171	2,602,434	3.66	4.11	3.67	8.76	8.99	8.76	10.3
November	2,507,210	31,051	2,538,262	3.73	4.14	3.74	8.79	8.99	8.79	11.2
December	2,610,336	29,014	2,639,349	3.81	4.24	3.81	8.83	9.04	8.83	11.1
<b>2000</b>										
January	2,675,387	30,472	2,705,859	3.78	4.09	3.78	8.79	8.99	8.79	11.0
February	2,532,143	23,688	2,555,830	3.75	4.10	3.75	8.77	8.97	8.77	14.0
March	2,699,327	37,097	2,736,425	3.75	4.03	3.75	8.76	8.94	8.77	5.2
April	2,694,556	34,332	2,728,888	3.64	3.94	3.64	8.75	8.96	8.75	6.1
May	2,760,890	35,328	2,796,218	3.61	3.94	3.61	8.73	8.97	8.73	5.3
June	2,631,735	37,581	2,669,316	3.55	3.86	3.56	8.69	8.88	8.70	6.8
July	2,745,053	36,394	2,781,447	3.56	3.90	3.56	8.69	8.88	8.69	10.9
August	2,645,520	33,167	2,678,687	3.59	3.97	3.59	8.69	8.88	8.69	3.1
September	2,562,894	29,938	2,592,832	3.64	4.04	3.65	8.74	8.90	8.74	3.1
October	2,647,305	31,780	2,679,084	3.70	4.11	3.71	8.79	8.97	8.80	2.9
November	2,558,462	26,443	2,584,905	3.79	4.25	3.80	8.84	9.02	8.84	1.8
December	2,673,283	24,802	2,698,086	3.79	4.22	3.79	8.82	8.98	8.82	2.2

<sup>1/</sup> Includes total milk sold. Excludes milk used on ranch.

<sup>2/</sup> Monthly totals may not add to annual totals due to rounding.

# CALIFORNIA MILK PRODUCTION, by County

**Table 6. Commercial Production of Bulk Milk, Average Milk Fat and Solids-not-Fat Test in California, by County and Region, 2000 <sup>1/</sup>**

County and Region <sup>2/</sup>	Bulk Milk			Average Milk Fat Test <sup>3/</sup>			Average Solids-not-Fat Test <sup>3/</sup>			State Rank
	Market	Manufacturing	Total	Market	Manufacturing	Total	Market	Manufacturing	Total	
	<i>Thousand Pounds</i>			<i>Percent</i>			<i>Percent</i>			
Butte	14,727	600	15,327	3.91	3.66	3.90	9.03	8.28	9.00	29
Colusa <sup>4/</sup>										36
Contra Costa	61,354	1,454	62,807	3.71	3.79	3.71	8.57	8.77	8.58	20
Del Norte	49,791	9,937	59,728	3.67	4.86	3.87	8.78	9.35	8.87	21
Fresno	1,743,869	10,072	1,753,942	3.64	3.67	3.64	8.77	8.75	8.77	8
Glenn	260,769	33,518	294,286	3.68	3.66	3.68	8.73	8.72	8.73	13
Humboldt	179,984	100,399	280,384	3.87	4.50	4.10	8.81	9.18	8.94	14
Kern	1,358,974	7,552	1,366,525	3.67	3.60	3.67	8.71	8.70	8.71	9
Kings	2,590,033	8,854	2,598,887	3.66	3.64	3.66	8.77	8.77	8.77	5
Madera	844,233	7,398	851,630	0.74	3.83	3.70	8.74	8.81	8.74	10
Marin	224,575	775	225,351	0.19	3.56	3.66	8.85	8.75	8.85	15
Mendocino <sup>4/</sup>										28
Merced	4,222,716	44,029	4,266,745	3.76	3.77	3.76	8.79	8.90	8.79	2
Monterey	54,266		54,266	3.98		3.98	8.86		8.86	23
Placer <sup>4/</sup>										
Sacramento	358,186	5,884	364,070	3.80	3.72	3.80	8.75	8.65	8.75	12
San Benito	14,061		14,061	3.73		3.73	8.77		8.77	30
San Joaquin	2,026,659	24,636	2,051,294	3.74	3.73	3.74	8.74	8.67	8.74	7
Santa Clara	10,419	4	10,423	3.30	3.49	3.30	8.71	8.63	8.71	32
Santa Cruz <sup>4/</sup>										37
Shasta <sup>4/</sup>										35
Siskiyou	33,182		33,182	3.73		3.73	8.81		8.81	25
Solano	31,728	66	31,794	3.82	3.61	3.82	8.81	8.65	8.81	26
Sonoma	658,864	2,916	661,780	3.77	4.05	3.77	8.86	9.00	8.86	11
Stanislaus	3,263,183	60,294	3,323,477	3.74	3.80	3.74	8.76	8.83	8.76	4
Sutter <sup>4/</sup>										33
Tehama	72,259	32,389	104,647	3.74	4.40	3.94	8.78	9.21	8.91	17
Tulare	7,562,192	19,102	7,581,294	3.67	3.67	3.67	8.76	8.78	8.76	1
Yolo	28,220	1,561	29,782	4.32	4.78	4.34	9.13	9.29	9.13	27
Yuba	65,650		65,650	4.02		4.02	8.89		8.89	19
<b>Northern Calif.</b>	<b>25,786,498</b>	<b>371,783</b>	<b>26,158,281</b>	<b>3.70</b>	<b>4.03</b>	<b>3.71</b>	<b>8.77</b>	<b>8.95</b>	<b>8.77</b>	
Imperial <sup>4/</sup>										18
Los Angeles <sup>4/</sup>										24
Riverside	2,349,126	1,496	2,350,622	3.56	3.60	3.56	8.69	8.66	8.69	6
San Bernardino	3,387,694	7,427	3,395,121	3.56	3.63	3.56	8.72	8.65	8.72	3
San Diego	143,276	22	143,298	3.42	3.40	3.42	8.66	8.72	8.66	16
San Luis Obispo <sup>4/</sup>										34
Santa Barbara	57,490		57,490	3.63		3.63	8.71		8.71	22
<b>Southern Calif.</b>	<b>6,040,058</b>	<b>9,240</b>	<b>6,049,298</b>	<b>3.56</b>	<b>3.63</b>	<b>3.56</b>	<b>8.71</b>	<b>8.65</b>	<b>8.71</b>	
<b>STATE TOTALS</b>	<b>31,826,556</b>	<b>381,023</b>	<b>32,207,579</b>	<b>3.68</b>	<b>4.02</b>	<b>3.68</b>	<b>8.75</b>	<b>8.94</b>	<b>8.76</b>	

<sup>1/</sup> Includes total milk sold. Excludes milk used on ranch.

<sup>2/</sup> Counties omitted have no reported milk production.

<sup>3/</sup> Tests were computed from unrounded data.

<sup>4/</sup> Not published, but included in total.



# CALIFORNIA MILK PRODUCTION, by County, by Month

Table 7. Commercial Production of All Milk in California,  
by County and Region, 2000 <sup>1/</sup>

County and Region <sup>2/</sup>	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	2,115,316	1,163,787	1,310,026	1,286,807	1,286,253	1,208,303
Colusa <sup>3/</sup>						
Contra Costa	5,377,764	5,304,668	5,716,528	5,393,978	5,499,012	5,021,881
Del Norte	5,335,585	4,937,605	5,784,744	5,067,432	6,087,190	5,813,045
Fresno	148,040,004	138,837,491	147,680,032	147,727,725	150,609,161	144,314,055
Glenn	26,592,025	25,060,363	27,119,732	25,291,595	24,431,321	23,715,903
Humboldt	20,307,609	18,705,956	22,165,170	24,995,343	27,134,237	26,825,941
Kern	113,487,836	105,467,326	112,190,762	112,728,811	120,769,990	111,656,190
Kings	215,991,936	205,523,206	221,076,969	221,489,322	225,633,383	214,652,009
Madera	69,434,693	65,353,441	69,952,568	70,442,544	73,889,600	70,703,818
Marin	18,764,348	17,411,362	18,962,162	18,676,992	19,595,648	19,073,973
Mendocino <sup>3/</sup>						
Merced	348,399,159	328,840,878	359,593,416	356,207,142	367,639,909	354,136,115
Monterey	4,986,987	4,694,871	4,715,740	4,657,007	5,128,054	4,794,836
Placer <sup>3/</sup>						
Sacramento	31,137,794	28,983,142	30,702,402	30,284,089	31,035,730	30,344,114
San Benito	1,145,532	1,095,478	1,128,755	1,101,040	1,119,132	1,167,721
San Joaquin	164,890,069	156,362,376	170,450,994	168,303,916	174,721,292	170,557,923
Santa Clara	842,602	795,714	843,740	888,239	930,978	912,966
Santa Cruz <sup>3/</sup>						
Shasta <sup>3/</sup>						
Siskiyou	2,474,514	2,186,210	2,603,268	2,659,509	2,944,128	2,957,400
Solano	2,708,189	2,533,572	2,751,992	2,738,407	2,754,262	2,594,222
Sonoma	55,403,820	52,415,425	56,223,000	54,734,054	56,874,780	55,826,733
Stanislaus	273,541,364	257,231,640	283,052,459	281,012,439	288,667,018	278,637,982
Sutter <sup>3/</sup>						
Tehama	7,393,796	6,972,323	7,435,791	9,159,430	9,418,212	9,217,557
Tulare	633,434,387	607,294,638	650,565,548	644,825,859	657,343,992	613,836,271
Yolo	1,649,521	777,803	2,120,202	2,329,663	2,633,848	2,737,526
Yuba	5,615,399	5,376,715	5,756,788	5,652,177	5,584,142	5,396,859
<b>Northern California</b>	<b>2,163,837,760</b>	<b>2,047,696,845</b>	<b>2,214,728,015</b>	<b>2,202,430,513</b>	<b>2,266,706,294</b>	<b>2,160,892,493</b>
Imperial <sup>3/</sup>						
Los Angeles <sup>3/</sup>						
Riverside	215,258,163	199,767,266	199,719,496	199,498,369	203,157,910	196,789,370
San Bernardino	300,213,510	283,224,457	295,828,311	301,191,451	299,920,070	286,466,431
San Diego	13,035,464	11,929,148	12,076,031	11,892,495	12,153,008	11,553,815
San Luis Obispo <sup>3/</sup>						
Santa Barbara	5,016,564	4,710,219	4,834,112	4,692,215	4,896,516	4,827,675
<b>Southern California</b>	<b>542,021,370</b>	<b>508,133,289</b>	<b>521,696,610</b>	<b>526,457,946</b>	<b>529,512,079</b>	<b>508,423,962</b>
<b>STATE TOTALS</b>	<b>2,705,859,130</b>	<b>2,555,830,134</b>	<b>2,736,424,625</b>	<b>2,728,888,459</b>	<b>2,796,218,373</b>	<b>2,669,316,455</b>

<sup>1/</sup> Includes total milk sold. Excludes milk used on ranch.

<sup>2/</sup> Counties omitted have no reported milk production.

<sup>3/</sup> Not published, but included in total.

July	August	September	October	November	December	Total
<i>Pounds</i>						
1,226,412	1,118,180	1,121,702	1,168,212	1,145,575	1,176,212	15,326,785
5,310,680	5,111,968	4,801,760	5,001,047	5,082,015	5,185,994	62,807,295
3,150,170	3,013,278	5,270,901	5,238,942	4,972,589	5,056,196	59,727,677
152,636,373	146,387,104	141,971,104	146,859,322	141,130,550	147,748,744	1,753,941,665
24,412,770	23,839,939	23,078,121	23,902,064	23,053,904	23,788,566	294,286,303
27,130,521	25,659,472	22,900,831	23,246,682	20,801,932	20,510,155	280,383,849
116,174,113	110,827,140	109,721,806	115,936,190	114,089,747	123,475,424	1,366,525,335
222,889,377	215,599,034	208,514,135	217,297,764	210,850,413	219,369,316	2,598,886,864
74,619,511	71,828,565	70,571,396	72,538,836	69,544,639	72,750,804	851,630,415
19,868,662	19,495,612	18,410,568	18,874,907	17,855,306	18,361,179	225,350,719
375,902,767	364,130,256	349,799,059	361,285,223	344,557,827	356,253,604	4,266,745,355
4,882,530	4,835,796	4,578,306	3,970,144	3,474,214	3,547,405	54,265,890
32,104,496	31,442,321	29,315,542	30,282,232	28,833,663	29,604,510	364,070,035
1,250,724	1,252,105	1,205,330	1,232,853	1,160,109	1,202,198	14,060,977
179,985,849	178,233,575	170,359,464	175,712,549	167,954,954	173,761,272	2,051,294,233
935,863	887,499	836,153	856,395	813,772	878,843	10,422,764
3,026,135	2,911,108	2,827,256	2,903,118	2,821,026	2,868,715	33,182,387
2,752,789	2,741,079	2,531,060	2,566,441	2,511,075	2,610,871	31,793,959
58,084,641	57,863,766	54,097,029	55,342,561	52,113,414	52,801,128	661,780,351
293,634,640	283,307,274	271,092,867	277,372,344	264,213,965	271,712,673	3,323,476,665
9,826,545	9,499,643	8,862,669	9,208,768	8,723,597	8,929,114	104,647,445
638,117,311	615,305,563	607,207,498	634,799,730	621,558,526	657,004,756	7,581,294,079
3,085,361	2,811,363	2,879,608	2,899,487	2,852,183	3,005,408	29,781,973
5,693,914	5,423,645	5,313,725	5,535,299	5,070,178	5,231,615	65,650,456
<b>2,261,780,574</b>	<b>2,188,475,519</b>	<b>2,121,774,318</b>	<b>2,198,760,905</b>	<b>2,119,653,266</b>	<b>2,211,544,441</b>	<b>26,158,280,943</b>
201,019,018	190,017,429	184,655,078	187,375,765	181,568,862	191,795,347	2,350,622,073
292,471,094	275,315,302	262,136,495	268,228,115	260,215,414	269,910,442	3,395,121,092
11,986,099	11,826,414	11,614,858	11,864,843	11,418,048	11,947,868	143,298,091
5,117,691	4,926,393	4,813,709	4,778,190	4,370,514	4,506,229	57,490,027
<b>519,665,966</b>	<b>490,211,562</b>	<b>471,057,892</b>	<b>480,323,575</b>	<b>465,251,938</b>	<b>486,541,392</b>	<b>6,049,297,581</b>
<b>2,781,446,540</b>	<b>2,678,687,081</b>	<b>2,592,832,210</b>	<b>2,679,084,480</b>	<b>2,584,905,204</b>	<b>2,698,085,833</b>	<b>32,207,578,524</b>

# CALIFORNIA MARKET MILK PRODUCTION, by County, by Month

Table 8. Commercial Production of Market Milk in California,  
by County and Region, 2000 <sup>1/</sup>

County and Region <sup>2/</sup>	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	2,064,204	1,104,540	1,268,314	1,234,133	1,231,258	1,155,408
Colusa <sup>3</sup>						
Contra Costa	5,154,624	5,015,365	5,370,840	5,238,289	5,147,076	4,954,410
Del Norte	4,834,940	4,525,610	5,131,972	4,181,502	5,057,415	4,783,375
Fresno	147,574,477	137,295,167	143,676,947	147,008,347	149,932,689	144,126,438
Glenn	23,509,619	22,317,038	23,827,577	22,161,945	22,414,241	20,780,240
Humboldt	13,308,394	12,408,545	14,309,995	15,777,341	16,848,821	16,804,052
Kern	113,355,996	104,523,522	111,130,773	112,259,791	120,680,052	109,146,982
Kings	215,411,165	204,498,317	220,101,046	220,142,822	224,192,013	214,225,664
Madera	69,038,350	65,016,653	69,665,595	69,075,313	72,596,789	69,730,589
Marin	18,764,348	17,347,486	18,900,013	18,606,994	19,522,838	18,939,629
Mendocino <sup>3</sup>						
Merced	343,845,466	327,121,565	356,004,582	352,919,229	364,322,197	350,044,675
Monterey	4,986,987	4,694,871	4,715,740	4,657,007	5,128,054	4,794,836
Placer <sup>3</sup>						
Sacramento	30,727,490	28,685,526	30,371,192	29,942,217	30,805,383	30,097,545
San Benito	1,145,532	1,095,478	1,128,755	1,101,040	1,119,132	1,167,721
San Joaquin	162,498,051	154,514,894	167,712,471	164,768,120	172,310,447	168,026,816
Santa Clara	842,602	795,714	843,740	888,239	930,978	912,966
Santa Cruz <sup>3</sup>						
Shasta <sup>3</sup>						
Siskiyou	2,474,514	2,186,210	2,603,268	2,659,509	2,944,128	2,957,400
Solano	2,708,189	2,533,572	2,751,992	2,727,046	2,754,262	2,594,222
Sonoma	55,018,248	52,131,897	55,973,381	54,344,846	56,821,387	55,614,407
Stanislaus	270,155,498	255,299,584	276,920,878	276,185,600	281,894,998	271,708,788
Sutter <sup>3</sup>						
Tehama	4,912,604	4,585,607	4,956,392	6,595,124	6,727,524	6,393,525
Tulare	631,492,605	606,557,178	648,879,857	643,610,192	654,988,844	612,406,296
Yolo	832,982	777,803	1,579,498	2,329,663	2,633,848	2,737,526
Yuba	5,615,399	5,376,715	5,756,788	5,652,177	5,584,142	5,396,859
<b>Northern California</b>	<b>2,135,039,795</b>	<b>2,024,779,712</b>	<b>2,178,406,833</b>	<b>2,168,843,479</b>	<b>2,231,563,538</b>	<b>2,124,289,519</b>
Imperial <sup>3</sup>						
Los Angeles <sup>3</sup>						
Riverside	214,565,403	199,554,642	199,619,826	199,442,353	203,053,124	196,669,083
San Bernardino	299,231,858	282,677,388	295,151,752	300,502,442	299,839,381	285,819,750
San Diego	13,035,464	11,929,148	12,076,031	11,892,495	12,153,008	11,553,815
San Luis Obispo <sup>3</sup>						
Santa Barbara	5,016,564	4,710,219	4,834,112	4,692,215	4,896,516	4,827,675
<b>Southern California</b>	<b>540,346,958</b>	<b>507,362,829</b>	<b>520,920,381</b>	<b>525,712,921</b>	<b>529,326,604</b>	<b>507,445,774</b>
<b>STATE TOTALS</b>	<b>2,675,386,753</b>	<b>2,532,142,541</b>	<b>2,699,327,214</b>	<b>2,694,556,400</b>	<b>2,760,890,142</b>	<b>2,631,735,293</b>

<sup>1/</sup> Includes total milk sold. Excludes milk used on ranch.

<sup>2/</sup> Counties omitted have no reported milk production.

<sup>3/</sup> Not published, but included in total.

July	August	September	October	November	December	Total
<i>Pounas</i>						
1,176,639	1,068,400	1,081,275	1,127,244	1,103,008	1,112,410	14,726,833
5,310,680	5,111,968	4,794,852	4,987,469	5,082,015	5,185,994	61,353,582
2,097,627	2,009,507	4,322,573	4,310,230	4,161,573	4,374,499	49,790,823
151,858,371	145,954,481	141,427,854	146,496,314	140,853,991	147,664,261	1,743,869,337
21,563,394	20,844,164	20,429,044	21,401,024	20,510,587	21,009,747	260,768,620
17,165,884	16,189,440	14,982,555	14,917,495	13,619,368	13,652,516	179,984,406
115,966,196	110,504,435	109,499,207	114,626,631	113,804,546	123,475,424	1,358,973,555
222,225,335	214,995,192	208,138,227	216,773,064	210,270,338	219,059,445	2,590,032,628
73,725,629	71,206,823	70,312,817	72,239,227	69,273,623	72,351,237	844,232,645
19,833,606	19,447,647	18,357,573	18,726,695	17,806,500	18,321,973	224,575,302
371,909,704	360,111,102	345,879,705	357,408,967	340,667,868	352,481,250	4,222,716,310
4,882,530	4,835,796	4,578,306	3,970,144	3,474,214	3,547,405	54,265,890
31,578,983	30,412,319	28,592,932	29,791,405	28,205,955	28,975,137	358,186,084
1,250,724	1,252,105	1,205,330	1,232,853	1,160,109	1,202,198	14,060,977
177,452,297	175,981,131	169,402,830	174,357,670	167,018,401	172,615,375	2,026,658,503
931,655	887,499	836,153	856,395	813,772	878,843	10,418,556
3,026,135	2,911,108	2,827,256	2,903,118	2,821,026	2,868,715	33,182,387
2,752,789	2,741,079	2,521,363	2,521,491	2,511,075	2,610,871	31,727,951
57,900,515	57,705,936	53,867,161	54,782,867	51,937,978	52,765,666	658,864,289
287,294,101	278,796,066	264,843,686	271,140,818	260,311,005	268,631,982	3,263,183,004
6,808,843	6,528,764	6,089,508	6,353,057	6,052,973	6,254,753	72,258,674
635,657,707	613,340,802	606,088,175	633,424,082	619,941,702	655,804,620	7,562,192,060
3,085,361	2,811,363	2,879,608	2,899,487	2,852,183	2,801,161	28,220,483
5,693,914	5,423,645	5,313,725	5,535,299	5,070,178	5,231,615	65,650,456
<b>2,226,227,039</b>	<b>2,156,021,006</b>	<b>2,092,435,377</b>	<b>2,167,512,841</b>	<b>2,093,792,081</b>	<b>2,187,586,836</b>	<b>25,786,498,056</b>
200,938,749	189,974,621	184,601,756	187,375,765	181,568,862	191,761,582	2,349,125,766
291,711,207	274,717,475	261,590,504	267,696,520	259,633,413	269,122,695	3,387,694,385
11,986,099	11,804,042	11,614,858	11,864,843	11,418,048	11,947,868	143,275,719
5,117,691	4,926,393	4,813,709	4,778,190	4,370,514	4,506,229	57,490,027
<b>518,825,810</b>	<b>489,499,395</b>	<b>470,458,579</b>	<b>479,791,980</b>	<b>464,669,937</b>	<b>485,696,563</b>	<b>6,040,057,731</b>
<b>2,745,052,849</b>	<b>2,645,520,401</b>	<b>2,562,893,956</b>	<b>2,647,304,821</b>	<b>2,558,462,018</b>	<b>2,673,283,399</b>	<b>31,826,555,787</b>

# CALIFORNIA MANUFACTURING MILK, by County, by Month

Table 9. Commercial Production of Manufacturing Milk in California, by County and Region, 2000 <sup>1/</sup>

County and Region <sup>2/</sup>	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	51,112	59,247	41,712	52,674	54,995	52,895
Colusa <sup>3/</sup>						
Contra Costa	223,140	289,303	345,688	155,689	351,936	67,471
Del Norte	500,645	411,995	652,772	885,930	1,029,775	1,029,670
Fresno	465,527	1,542,324	4,003,085	719,378	676,472	187,617
Glenn	3,082,406	2,743,325	3,292,155	3,129,650	2,017,080	2,935,663
Humboldt	6,999,215	6,297,411	7,855,175	9,218,002	10,285,416	10,021,889
Kern	131,840	943,804	1,059,989	469,020	89,938	2,509,208
Kings	580,771	1,024,889	975,923	1,346,500	1,441,370	426,345
Madera	396,343	336,788	286,973	1,367,231	1,292,811	973,229
Marin		63,876	62,149	69,998	72,810	134,344
Mendocino <sup>3/</sup>						
Merced	4,553,693	1,719,313	3,588,834	3,287,913	3,317,712	4,091,440
Monterey						
Placer <sup>3/</sup>						
Sacramento	410,304	297,616	331,210	341,872	230,347	246,569
San Benito						
San Joaquin	2,392,018	1,847,482	2,738,523	3,535,796	2,410,845	2,531,107
Santa Clara						
Santa Cruz <sup>3/</sup>						
Solano				11,361		
Sonoma	385,572	283,528	249,619	389,208	53,393	212,326
Stanislaus	3,385,866	1,932,056	6,131,581	4,826,839	6,772,020	6,929,194
Sutter <sup>3/</sup>						
Tehama	2,481,192	2,386,716	2,479,399	2,564,306	2,690,688	2,824,032
Tulare	1,941,782	737,460	1,685,691	1,215,667	2,355,148	1,429,975
Yolo	816,539		540,704			
Yuba						
<b>Northern California</b>	<b>28,797,965</b>	<b>22,917,133</b>	<b>36,321,182</b>	<b>33,587,034</b>	<b>35,142,756</b>	<b>36,602,974</b>
Imperial <sup>3/</sup>						
Los Angeles <sup>3/</sup>						
Riverside	692,760	212,624	99,670	56,016	104,786	120,287
San Bernardino	981,652	547,069	676,559	689,009	80,689	646,681
San Diego						
San Luis Obispo <sup>3/</sup>						
Santa Barbara						
<b>Southern California</b>	<b>1,674,412</b>	<b>770,460</b>	<b>776,229</b>	<b>745,025</b>	<b>185,475</b>	<b>978,188</b>
<b>STATE TOTALS</b>	<b>30,472,377</b>	<b>23,687,593</b>	<b>37,097,411</b>	<b>34,332,059</b>	<b>35,328,231</b>	<b>37,581,162</b>

<sup>1/</sup> Includes total milk sold. Excludes milk used on ranch.

<sup>2/</sup> Counties omitted have no reported milk production.

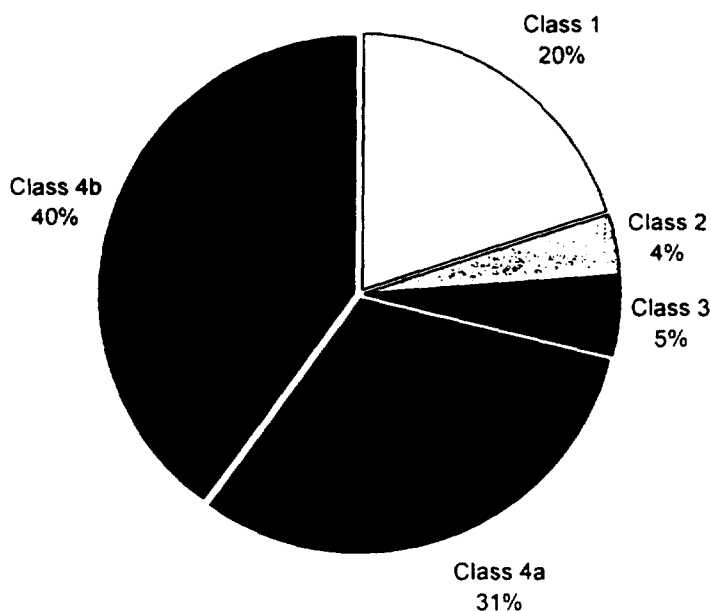
<sup>3/</sup> Not published, but included in total.

July	August	September	October	November	December	Total <sup>1</sup>
<i>Pounds</i>						
49,773	49,780	40,427	40,968	42,567	63,802	599,952
		6,908	13,578			1,453,713
1,052,543	1,003,771	948,328	928,712	811,016	681,697	9,936,854
778,002	432,623	543,250	363,008	276,559	84,483	10,072,328
2,849,376	2,995,775	2,649,077	2,501,040	2,543,317	2,778,819	33,517,683
9,964,637	9,470,032	7,918,276	8,329,187	7,182,564	6,857,639	100,399,443
207,917	322,705	222,599	1,309,559	285,201		7,551,780
664,042	603,842	375,908	524,700	580,075	309,871	8,854,236
893,882	621,742	258,579	299,609	271,016	399,567	7,397,770
35,056	47,965	52,995	148,212	48,806	39,206	775,417
3,993,063	4,019,154	3,919,354	3,876,256	3,889,959	3,772,354	44,029,045
525,513	1,030,002	722,610	490,827	627,708	629,373	5,883,951
2,533,552	2,252,444	956,634	1,354,879	936,553	1,145,897	24,635,730
4,208						4,208
		9,697	44,950			66,008
184,126	157,830	229,868	559,694	175,436	35,462	2,916,062
6,340,539	4,511,208	6,249,181	6,231,526	3,902,960	3,080,691	60,293,661
3,017,702	2,970,879	2,773,161	2,855,711	2,670,624	2,674,361	32,388,771
2,459,604	1,964,761	1,119,323	1,375,648	1,616,824	1,200,136	19,102,019
					204,247	1,561,490
<b>35,553,535</b>	<b>32,454,513</b>	<b>29,338,941</b>	<b>31,248,064</b>	<b>25,861,185</b>	<b>23,957,605</b>	<b>371,782,887</b>
80,269	42,808	53,322			33,765	1,496,307
759,887	597,827	545,991	531,595	582,001	787,747	7,426,707
	22,372					22,372
<b>840,156</b>	<b>712,167</b>	<b>599,313</b>	<b>531,595</b>	<b>582,001</b>	<b>844,829</b>	<b>9,239,850</b>
<b>36,393,691</b>	<b>33,166,680</b>	<b>29,938,254</b>	<b>31,779,659</b>	<b>26,443,186</b>	<b>24,802,434</b>	<b>381,022,737</b>

# POOLED MILK UTILIZATION IN 2000

Utilization of Pooled Grade A milk fat and solids-not-fat (SNF) pounds in 2000 increased 6.6 and 6.0 percent respectively as compared to 1999. Compared with 1999, utilization of Class 1, 2, 3, 4a, and 4b pounds on a total solids basis increased 0.18, 5.5, 9.0, 3.3, and 10.4 percent respectively. Total fat and SNF pounds increased 6.2 percent compared with 1999 and 32.4 percent compared with 1996.

Chart 2: Utilization of Milk in California by Class, 2000



Class 1 = Fluid Dairy Products  
 Class 2 = Soft Dairy Products  
 Class 3 = Frozen Dairy Products  
 Class 4a = Butter and Powder  
 Class 4b = Cheese

## Summary of Quota Transfers and Sales Based on Solids-not-Fat, 1996-2000

	Number of Sellers	Number of Buyers	Average Price <sup>1/2/</sup> (dollars)	SNF Transferred (pounds)	Average Ratio
1996	139	149	313	71,205	2.45
1997	90	92	303	52,242	2.45
1998	107	137	323	76,122	2.45
1999	63	93	386	77,278	2.44
2000	73	110	410	71,276	2.41

<sup>1/</sup> Sales without cows.

<sup>2/</sup> Price per pound.

# POOLED MILK UTILIZATION

**Table 10. Utilization of Pooled Milk Fat, in California  
by Class, by Year, 1996-2000 <sup>1/ 2/ 3/</sup>**

Year	Class 1	Class 2	Class 3	Class 4a	Class 4b	Fat Total	Quota <sup>4/</sup>	Non-Quota
<i>Thousand Pounds</i>								
1996	129,371	51,926	83,568	314,993	295,942	875,801	322,882	553,232
1997	134,400	54,346	105,025	339,391	331,390	964,551	332,191	632,360
1998	142,592	57,323	114,232	322,066	350,517	986,730	342,757	643,973
1999	141,418	56,923	106,939	385,187	400,301	1,090,769	346,073	744,695
2000	146,495	60,418	125,855	384,092	445,695	1,162,554	345,693	816,862

<sup>1/</sup> Data are subject to revision.

<sup>2/</sup> Includes pooled milk only. Excludes exempt, non-pool, grade B milk and bulk milk shipped out-of-California.

<sup>3/</sup> Class usage has been adjusted for plant gain and inventory variance.

<sup>4/</sup> Includes other source milk, effective July 1, 1997.

**Table 11. Utilization of Pooled Milk Solids-not-Fat,  
in California by Class, by Year, 1996-2000 <sup>1/ 2/ 3/</sup>**

Year	Class 1	Class 2	Class 3	Class 4a	Class 4b	SNF Total	Quota <sup>4/</sup>	Non-Quota
<i>Thousand Pounds</i>								
1996	568,017	100,919	82,538	558,060	779,523	2,089,057	787,061	1,302,732
1997	586,839	102,780	78,322	674,532	880,791	2,323,263	807,980	1,515,283
1998	609,021	105,963	80,934	629,288	928,321	2,353,528	831,359	1,522,169
1999	610,396	109,337	88,420	781,071	1,017,703	2,606,926	837,470	1,769,456
2000	619,363	114,992	87,204	821,340	1,120,843	2,763,740	837,899	1,925,876

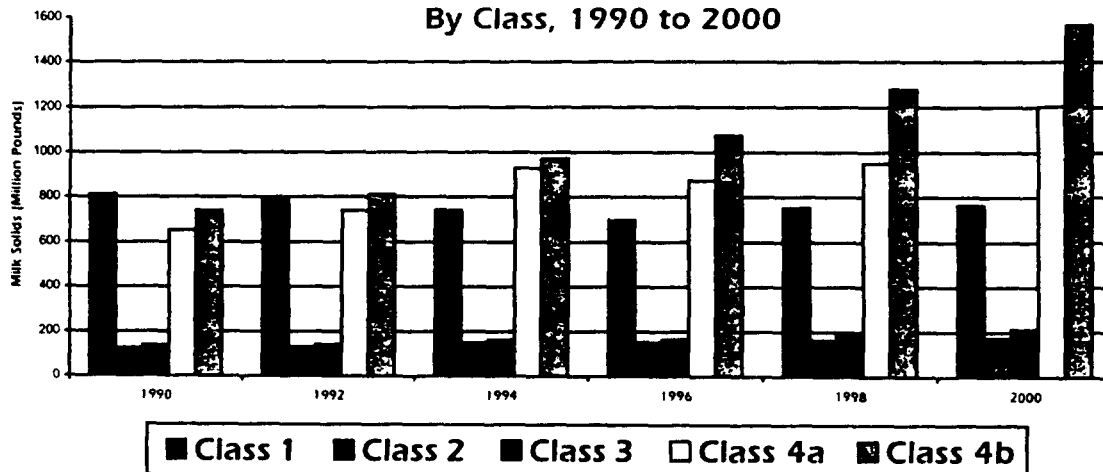
<sup>1/</sup> Data are subject to revision.

<sup>2/</sup> Includes pooled milk only. Excludes exempt, non-pool, grade B milk and bulk milk shipped out-of-California.

<sup>3/</sup> Class usage has been adjusted for plant gain and inventory variance.

<sup>4/</sup> Includes other source milk, effective July 1, 1997.

**Chart 3: Use of Total Pool Milk Solids in California,  
By Class, 1990 to 2000**





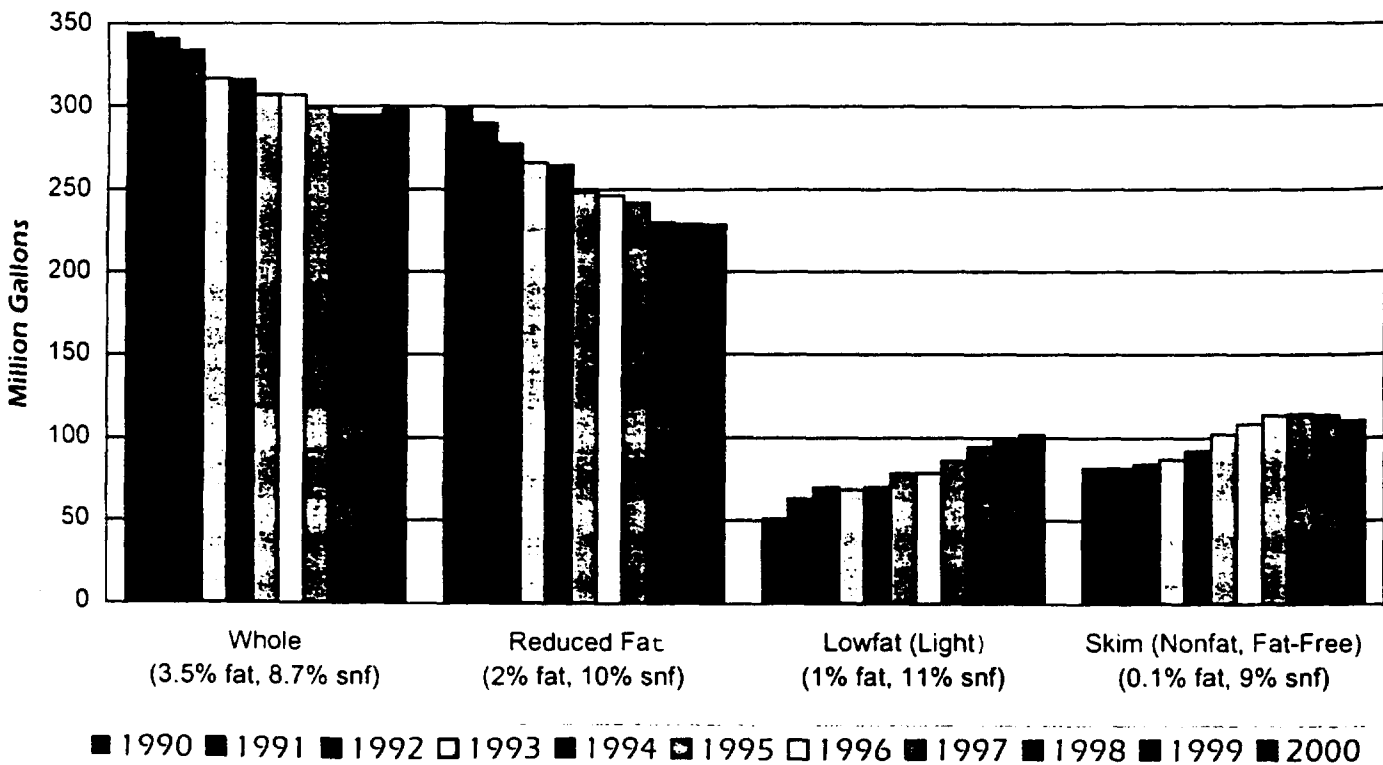
# SALES OF CLASS 1 MARKET MILK PRODUCTS IN 2000

For the second year in a row, total sales of Class 1 market milk products increased, reaching 753 million gallons. In 2000, sales of fluid products were up 0.6 percent compared to an annual average decline of 0.4 percent over the last ten years.

The year 2000 may be a turning point of the long-term trend away from higher fat fluid products. For the first time in ten years, whole milk sales were up. Reduced fat sales continued their ten-year decline. This decline began with the introduction of lowfat milk, which itself continued its ten years of continuous increases. For the second year in a row, skim sales were down, reversing a long-term trend. In 2000, sales of whole, reduced fat, lowfat and skim milks were, respectively, up 1.2 percent, down 0.1 percent, up 4.3 percent and down 2.8 percent.

Sales of fluid Class 1 products made up 98 percent of all Class 1 sales: 40 percent whole, 30 percent reduced fat, 14 percent lowfat, and 15 percent skim.

**Chart 4: Sales of Fluid Class 1 Market Milk Products  
California, 1990 to 2000**



# CLASS 1 SALES

Table 12. Sales of Class 1 Market Milk Products in California, by Year, 1996-2000 <sup>1/</sup>

Year	Whole Milk	Reduced Fat Milk	Lowfat/Light Milk	Skim/Nonfat Fat-Free Milk	Subtotal Beverage Milks	Half and Half	Total Class 1 <sup>2/</sup>	Total Class 1 Milk Change From Prior Year	
								Thousand Gallons	Percent
1996	306,642	246,615	79,007	108,436	740,700	10,584	752,299		0.7
1997	299,164	242,078	86,129	113,982	741,354	10,637	752,500		0.0
1998	294,670	230,819	94,754	114,546	734,789	11,324	746,409		-0.8
1999	294,421	229,583	97,948	113,677	735,629	12,768	748,682		0.3
2000	297,815	229,453	102,128	110,540	739,936	13,002	753,217		0.6
<b>1997</b>									
January	25,335	20,546	7,391	9,647	62,918	859	63,824		0.5
February	22,815	18,617	6,687	9,001	57,121	819	57,983		-4.2
March	25,481	20,736	7,433	9,972	63,622	898	64,581		-0.5
April	24,120	19,742	7,158	9,463	60,482	869	61,414		-1.0
May	25,029	20,540	7,551	9,932	63,052	865	63,967		0.7
June	24,334	19,500	6,552	8,995	59,381	816	60,259		0.7
July	25,373	20,067	6,468	8,824	60,733	875	61,650		-0.3
August	25,742	20,187	6,762	8,969	61,660	835	62,533		0.0
September	25,543	20,721	7,749	10,015	64,028	853	64,906		3.4
October	25,661	21,063	7,902	10,310	64,936	929	65,906		0.3
November	24,181	19,818	7,176	9,482	60,657	976	61,650		-2.0
December	25,551	20,543	7,301	9,370	62,765	1,042	63,826		2.7
<b>1998</b>									
January	25,085	19,985	8,028	9,878	62,976	898	63,894		0.1
February	23,221	18,173	7,560	9,204	58,158	860	59,044		1.8
March	25,080	20,053	8,503	10,236	63,872	940	64,842		0.4
April	23,897	18,731	7,755	9,356	59,739	919	60,688		-1.2
May	24,135	19,154	8,171	9,787	61,247	925	62,205		-2.8
June	24,405	18,880	7,516	9,197	59,998	950	60,976		1.2
July	24,693	18,887	7,248	8,892	59,720	912	60,649		-1.6
August	24,501	18,844	7,294	8,880	59,518	880	60,431		-3.4
September	24,712	19,498	8,298	9,933	62,441	927	63,392		-2.3
October	25,324	20,038	8,644	10,289	64,295	981	65,292		-0.9
November	23,689	18,611	7,773	9,362	59,435	999	60,453		-1.9
December	25,929	19,964	7,964	9,533	63,390	1,133	64,542		1.1
<b>1999</b>									
January	24,194	19,085	8,056	9,747	61,082	924	62,043		-2.9
February	22,573	17,826	7,559	9,182	57,138	954	58,116		-1.6
March	25,300	20,044	8,618	10,473	64,436	1,078	65,546		1.1
April	24,264	19,066	8,044	9,608	60,982	1,084	62,086		2.3
May	24,442	19,211	8,319	9,776	61,748	1,033	62,803		1.0
June	23,981	18,511	7,579	8,986	59,057	1,034	60,112		-1.4
July	25,052	19,176	7,588	8,861	60,678	1,043	61,735		1.8
August	25,773	19,488	7,662	8,735	61,657	1,093	62,771		3.9
September	25,004	19,236	8,759	9,590	62,589	1,104	63,714		0.5
October	24,300	19,442	8,715	9,905	62,362	1,097	63,483		-2.8
November	24,081	18,917	8,568	9,559	61,126	1,145	62,292		3.0
December	25,457	19,579	8,480	9,256	62,772	1,179	63,980		-0.9
<b>2000</b>									
January	24,553	19,102	8,661	9,609	61,924	1,035	63,002		1.5
February	24,003	18,412	8,276	9,368	60,059	1,041	61,118		5.2
March	25,923	20,077	9,189	10,139	65,328	1,113	66,461		-1.4
April	23,365	18,187	8,015	8,883	58,449	989	59,456		-4.2
May	24,683	19,321	8,891	9,750	62,645	1,029	63,695		1.4
June	24,582	18,840	7,952	8,941	60,315	1,049	61,378		2.1
July	24,570	18,890	7,656	8,161	59,277	1,019	60,316		-2.3
August	25,256	19,212	8,116	8,538	61,121	1,079	62,227		-0.9
September	25,378	19,569	9,157	9,568	63,672	1,061	64,772		1.7
October	25,095	19,426	9,231	9,489	63,241	1,137	64,400		1.4
November	24,877	18,994	8,627	9,191	61,690	1,250	62,964		1.1
December	25,530	19,425	8,357	8,902	62,215	1,201	63,428		-0.9

<sup>1</sup> Monthly totals may not add to annual totals due to rounding.

<sup>2</sup> Miscellaneous Class 1 Products are included in the total. See Table 13 for annual total of miscellaneous Class 1 products.

# CLASS 1 SALES

Table 13. Sales of Selected Class 1 Products in California by Marketing Areas, 1996 - 2000

Products & Marketing Areas	1996	1997 <sup>1/</sup>	Sales		
			1998 <sup>1/</sup>	1999 <sup>1/</sup>	2000 <sup>1/</sup>
<i>Gallons</i>					
<b>Whole Milk</b>					
Northern California	84,976,524	106,205,641	109,128,650	111,175,937	112,947,792
South Valley	23,499,211				
Southern California	198,166,179	192,958,244	185,541,612	183,245,299	184,867,122
State Total	306,641,914	299,163,885	294,670,262	294,421,236	297,814,914
<b>Reduced Fat Milk</b>					
Northern California	84,394,162	98,460,584	97,896,216	97,614,576	97,036,423
South Valley	16,749,097				
Southern California	145,471,703	143,617,686	132,922,404	131,968,040	132,416,984
State Total	246,614,962	242,078,270	230,818,620	229,582,616	229,453,407
<b>Lowfat/Light Milk</b>					
Northern California	35,858,719	45,769,013	47,968,093	48,881,636	51,171,432
South Valley	6,350,843				
Southern California	36,797,372	40,360,445	46,785,488	49,066,163	50,956,587
State Total	79,006,934	86,129,458	94,753,581	97,947,799	102,128,019
<b>Skim/Nonfat/Fat Free Milk</b>					
Northern California	38,297,217	46,390,276	47,862,174	46,769,535	44,854,948
South Valley	5,797,965				
Southern California	64,340,889	67,592,064	66,684,238	66,907,663	65,684,742
State Total	108,436,071	113,982,340	114,546,412	113,677,198	110,539,690
<b>Beverage Milks Subtotal</b>					
Northern California	243,526,622	296,825,514	302,855,133	304,441,684	306,010,595
South Valley	52,397,116				
Southern California	444,776,143	444,528,439	431,933,742	431,187,165	433,925,435
State Total	740,699,881	741,353,953	734,788,875	735,628,849	739,936,030
<b>Half-and-Half</b>					
Northern California	5,453,088	5,704,675	5,836,994	6,590,954	6,974,895
South Valley	392,038				
Southern California	4,739,237	4,931,893	5,486,791	6,177,145	6,027,565
State Total	10,584,363	10,636,568	11,323,785	12,768,099	13,002,460
<b>Miscellaneous Class 1</b>					
Northern California	716,868	422,038	257,180	275,699	265,034
Southern California	297,763	87,141	39,515	9,077	13,793
State Total	1,014,631	509,179	296,695	284,776	278,827
<b>Total Class 1</b>					
Northern California		302,952,227	308,949,307	311,308,337	313,250,524
Southern California		449,547,473	437,460,048	437,373,387	439,966,793
<b>STATE TOTALS</b>	<b>752,298,875</b>	<b>752,499,700</b>	<b>746,409,355</b>	<b>748,681,724</b>	<b>753,217,317</b>

<sup>1/</sup> As a result of the decisions of the October 1996 consolidation hearings, the South Valley and Northern California marketing areas were combined into one Northern California marketing area.

# MANUFACTURE OF DAIRY PRODUCTS IN 2000

California leads the nation in milk production. It also leads the nation in the production of many manufactured dairy products: yogurt, nearly all categories of ice cream, sherbet, frozen yogurt, Hispanic cheese, butter, nonfat dry milk (NFDM), dry butter milk, and whey protein concentrate (WPC). California is second or third in the production of most other manufactured products: cottage cheese, ice cream mixes, dry skim whey and total cheese, as well as American and Italian cheeses.

## Class 2 (Soft Dairy Products)

During 2000, total cottage cheese production declined to 101 million pounds. Production was down 0.9 percent compared to an annual average decline of 0.7 percent over the last ten years. Production of cottage cheese curd, creamed cottage cheese, lowfat and nonfat cottage cheese were, respectively, down 9.0 percent, down 1.7 percent, up 4.7 percent and down 16.3 percent.

During 2000, yogurt production increased to 29 million gallons. Production was up 8.0 percent compared to an annual average increase of 0.6 percent over the last ten years. Sour cream and sour cream dressing also showed an increase in production, reaching 19 million gallons. Production was up 5.6 percent compared to a ten-year annual average increase of 3.6 percent. Similarly, buttermilk production increased to 8.3 million gallons. Production was up 6.9 percent compared to a ten-year annual average decrease of 1.7 percent.

## Class 3 (Frozen Dairy Products)

During 2000, total frozen product production declined to 163 million gallons. Production was down 1.0 percent compared to an annual average decline of 0.5 percent over the last ten years. Production of ice cream, ice milk, sherbet and frozen yogurt were, respectively, down 0.8 percent, down 0.8 percent, down 9.7 percent, and up 5.0 percent.

The shares of total frozen product production were 73 percent ice cream, 19 percent ice milk, 4 percent sherbet, and 4 percent frozen yogurt.

## Class 4a (Butter and Nonfat Dry Milk)

Continuing their steady advance, both butter and nonfat dry milk (NFDM) production were up in 2000. Butter production rose 4.8 percent to 343 million pounds; the annual average increase over the last ten years was 2.5 percent. NFDM production rose 6.3 percent to 693 million pounds; the annual average increase over the last ten years was 7.9 percent.

## Class 4b (Cheese and Whey Byproducts)

Class 4b utilization has been growing faster than the other four classes. The year 2000 was no exception. Total cheese production increased to 1.49 billion pounds. Production was up 6.6 percent compared to an annual average increase of 7.9 percent over the last ten years. Production percentage breakdowns were as follows: Mozzarella (up 3.4 percent), Cheddar (up 16.3 percent), Monterey (down 3.7 percent), Hispanic (up 11.8 percent), other Italian (up 0.1 percent), and all other cheese (up 3.4 percent). The shares of total cheese production were 45 percent mozzarella, 33 percent Cheddar, 11 percent Monterey, 4 percent Hispanic, 3 percent other Italian, and 3 percent all other.

# CLASS 2 PRODUCTION

Table 14. Production of Class 2 Products in California, 1996-2000

Month	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
<b>Dry Curd Cottage Cheese</b>						<b>Cottage Cheese</b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	4,210,519	4,440,650	4,140,153	4,891,776	4,068,976	2,507,046	2,640,818	2,533,987	2,611,311	2,820,982
Feb	4,183,189	4,316,872	4,017,726	3,937,163	4,083,180	2,534,951	2,462,080	2,452,261	2,533,273	2,793,239
Mar	4,367,029	4,215,884	4,711,136	5,009,274	4,440,481	2,514,030	2,585,722	2,916,028	3,162,680	2,972,432
Apr	4,865,313	4,355,300	4,318,445	4,403,351	3,999,603	2,741,907	2,586,864	2,649,500	2,920,229	2,708,378
May	5,195,937	4,859,676	4,697,136	4,438,328	4,397,510	2,960,583	2,758,136	2,807,971	2,754,099	2,950,305
Jun	4,666,878	4,535,742	4,599,086	4,820,840	4,348,146	2,865,014	2,673,042	2,822,636	3,103,636	3,035,702
Jul	4,762,839	4,571,760	4,751,501	4,623,984	3,828,581	2,939,203	2,737,989	3,022,655	2,950,478	2,658,627
Aug	5,249,434	4,468,368	4,725,370	4,672,257	4,619,148	3,002,110	2,838,181	2,848,432	2,992,818	2,993,890
Sep	4,934,830	4,702,632	4,930,694	4,457,869	4,258,920	2,803,510	2,720,110	2,921,810	2,874,106	2,745,089
Oct	4,802,151	4,731,467	4,627,642	4,540,695	4,156,141	2,855,112	2,788,391	2,874,223	2,942,017	2,785,358
Nov	4,192,060	3,964,608	4,330,298	4,129,912	3,006,737	2,380,486	2,833,777	2,625,167	2,734,132	2,602,800
Dec	4,122,367	3,829,600	4,356,412	3,595,210	3,476,264	2,461,308	2,565,019	2,772,021	2,486,653	2,429,192
<b>Total</b>	<b>55,552,546</b>	<b>52,992,559</b>	<b>54,205,599</b>	<b>53,520,659</b>	<b>48,683,687</b>	<b>32,565,260</b>	<b>32,190,129</b>	<b>33,246,691</b>	<b>34,065,432</b>	<b>33,495,994</b>
<b>Lowfat Cottage Cheese</b>						<b>Nonfat Cottage Cheese</b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	3,263,705	3,515,847	3,631,423	3,769,481	4,215,353	1,443,177	1,551,074	1,433,048	1,340,170	1,149,489
Feb	3,105,446	3,271,629	3,656,337	3,632,721	4,401,917	1,365,228	1,399,704	1,412,718	1,233,811	1,229,703
Mar	3,202,054	3,625,698	4,243,629	4,581,976	4,634,141	1,459,371	1,468,834	1,595,783	1,622,884	1,260,617
Apr	3,576,425	3,608,277	3,954,900	4,092,427	4,354,979	1,566,935	1,564,548	1,494,762	1,364,953	1,171,203
May	3,987,313	4,004,964	4,157,163	3,951,522	4,950,314	1,678,262	1,628,807	1,564,314	1,270,195	1,259,637
Jun	3,659,913	3,733,443	4,061,760	4,519,436	4,648,516	1,577,674	1,524,287	1,380,770	1,472,444	1,186,840
Jul	3,781,954	3,945,054	4,299,314	4,648,671	4,302,965	1,663,556	1,655,721	1,652,581	1,480,001	1,040,388
Aug	4,017,558	3,989,088	4,092,092	4,711,042	4,984,704	1,638,671	1,568,809	1,455,320	1,506,962	1,267,568
Sep	3,837,693	4,063,618	4,006,469	4,571,445	4,543,588	1,647,655	1,679,920	1,546,662	1,450,810	1,127,848
Oct	3,634,205	4,102,139	4,232,051	4,661,779	4,596,042	1,564,740	1,605,666	1,412,123	1,400,701	1,132,905
Nov	3,208,674	4,100,230	3,728,277	4,259,848	4,142,126	1,458,220	1,349,203	1,311,227	1,251,568	1,057,336
Dec	3,150,781	3,436,227	3,976,768	3,685,255	3,693,698	1,359,417	1,363,844	1,391,632	1,101,318	921,437
<b>Total</b>	<b>42,425,721</b>	<b>45,396,214</b>	<b>48,040,183</b>	<b>51,085,603</b>	<b>53,468,343</b>	<b>18,422,906</b>	<b>18,360,417</b>	<b>17,650,940</b>	<b>16,495,817</b>	<b>13,804,971</b>
<b>Total Cottage Cheese</b>						<b>Buttermilk</b>				
	<i>Pounds</i>					<i>Gallons</i>				
Jan	7,213,928	7,707,739	7,598,458	7,720,962	8,185,824	642,341	638,022	628,724	621,974	655,557
Feb	7,005,625	7,133,413	7,521,316	7,399,805	8,424,859	616,547	621,056	612,625	602,524	658,934
Mar	7,175,455	7,680,254	8,755,440	9,367,540	8,867,190	684,298	695,443	722,875	690,137	744,874
Apr	7,885,267	7,759,689	8,099,162	8,377,609	8,234,560	685,913	660,090	647,433	640,651	690,987
May	8,626,158	8,391,907	8,529,448	7,975,816	9,160,256	698,890	695,793	740,349	649,492	695,672
Jun	8,102,601	7,930,772	8,265,166	9,095,516	8,871,058	641,221	662,879	658,921	655,422	698,834
Jul	8,384,713	8,338,764	8,974,550	9,079,150	8,001,980	701,272	692,674	696,417	640,946	674,367
Aug	8,658,339	8,396,078	8,395,844	9,210,822	9,246,162	674,114	686,442	661,395	649,888	728,231
Sep	8,288,858	8,463,648	8,474,941	8,896,361	8,416,525	654,637	659,536	674,847	636,568	657,843
Oct	8,054,057	8,496,196	8,518,397	9,004,497	8,514,305	686,242	673,935	685,030	660,142	711,213
Nov	7,047,380	8,283,210	7,664,671	8,245,548	7,802,262	657,953	698,532	666,991	672,303	708,372
Dec	6,971,506	7,365,090	8,140,421	7,273,226	7,044,327	681,151	706,756	658,443	685,315	717,460
<b>Total</b>	<b>93,413,887</b>	<b>95,946,760</b>	<b>98,937,814</b>	<b>101,646,852</b>	<b>100,769,308</b>	<b>8,024,579</b>	<b>8,091,158</b>	<b>8,054,050</b>	<b>7,805,362</b>	<b>8,342,344</b>

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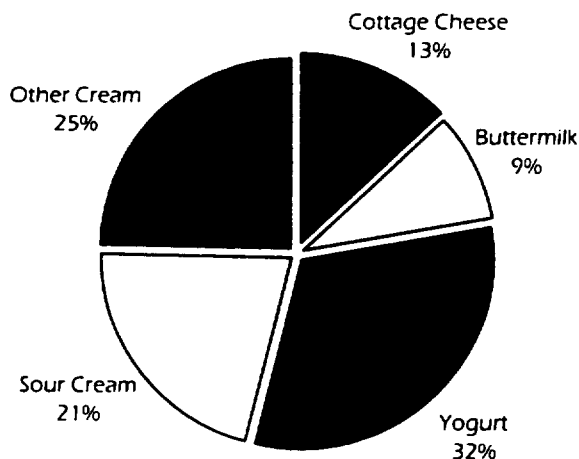
# CLASS 2 PRODUCTION - Continued

Table 14 Continued: Production of Class 2 Products in California, 1996-2000

Month	1996	1997 <sup>1/</sup>	1998	1999	2000	1996	1997	1998	1999	2000
<b>Yogurt Sales<sup>2/</sup></b>						<b>Yogurt Production</b>				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	2,035,064	1,712,273				1,770,561	2,095,977	2,337,756		
Feb	1,766,745	1,691,647				1,868,790	2,059,444	2,561,625		
Mar	2,043,608	1,937,172				1,950,942	2,453,484	2,653,961		
Apr	2,184,162	1,772,210				1,757,910	2,099,854	2,373,395		
May	1,908,455	1,892,979				1,740,942	2,329,072	2,641,122		
Jun	1,813,133	1,730,285				1,738,182	2,225,384	2,456,243		
Jul	2,041,581	1,701,253				1,728,269	2,106,504	2,174,418		
Aug	1,951,288	1,970,266				1,985,903	2,459,776	2,649,323		
Sep	1,753,716					1,858,054	2,035,320	2,363,433	2,513,232	
Oct	1,666,675					1,754,884	2,055,361	2,287,914	2,248,768	
Nov	1,181,505					1,433,115	1,669,174	2,014,297	1,957,911	
Dec	1,304,372					1,573,504	1,961,156	1,976,348	1,988,830	
<b>Total</b>	<b>21,650,304</b>	<b>14,408,085</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,619,557</b>	<b>22,262,510</b>	<b>26,471,487</b>	<b>28,576,784</b>
<b>Sour Cream &amp; Sour Cream Dressing<sup>4/</sup></b>						<b>Other Cream<sup>4/</sup></b>				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	1,124,229	1,230,094	1,264,657	1,241,644	1,464,176	956,993	1,229,895	1,301,325	1,666,946	1,652,704
Feb	1,085,281	1,241,489	1,287,741	1,276,637	1,344,120	1,181,860	1,393,295	1,350,567	1,692,374	1,731,289
Mar	1,229,213	1,455,444	1,510,250	1,596,376	1,526,809	1,236,644	1,588,301	1,448,846	1,979,584	1,919,674
Apr	1,115,169	1,279,904	1,448,085	1,379,766	1,550,882	1,236,510	1,510,187	1,593,544	1,954,569	1,829,788
May	1,240,536	1,468,051	1,502,499	1,509,812	1,659,034	1,448,250	1,555,797	1,703,843	1,878,669	1,914,200
Jun	1,286,467	1,384,129	1,598,243	1,580,088	1,621,458	1,446,663	1,546,098	1,678,017	1,845,780	1,936,977
Jul	1,234,898	1,372,642	1,458,779	1,427,768	1,409,288	1,367,224	1,724,153	1,819,245	1,851,074	1,755,234
Aug	1,216,740	1,382,988	1,370,661	1,581,337	1,734,355	1,182,681	1,587,152	1,495,019	1,859,085	1,885,127
Sep	1,065,217	1,313,995	1,446,652	1,530,815	1,516,973	1,218,849	1,501,935	1,496,192	1,769,105	1,704,542
Oct	1,260,970	1,497,422	1,338,049	1,521,949	1,634,416	1,332,167	3,094,706	1,689,213	1,862,280	1,812,726
Nov	1,391,268	1,636,733	1,709,075	1,801,492	1,946,348	1,541,909	3,078,379	1,671,150	2,103,560	2,238,506
Dec	1,417,035	1,474,304	1,739,816	1,741,117	1,796,607	1,468,487	1,913,791	1,858,437	1,804,512	1,821,529
<b>Total</b>	<b>14,667,023</b>	<b>16,737,195</b>	<b>17,674,507</b>	<b>18,188,801</b>	<b>19,204,466</b>	<b>15,618,237</b>	<b>21,723,689</b>	<b>19,105,398</b>	<b>22,267,538</b>	<b>22,202,296</b>

<sup>1/</sup> Prior to September 1997, yogurt reported as sales  
<sup>2/</sup> Includes out-of-state sales  
<sup>3/</sup> Yogurt reported as production since September 1997  
<sup>4/</sup> Figures for 1998 have been revised

Chart 5: Class 2 Products in 2000



# CLASS 3 PRODUCTION

Table 15. Production of Class 3 Products in California, 1996-2000

Month	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
<b>Ice Cream</b>						<b>Ice Milk <sup>1/2/</sup></b>				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	7,237,872	7,213,305	6,550,412	6,699,006	6,256,583	2,000,350	2,223,688	1,981,943	1,947,467	1,940,035
Feb	7,870,710	7,750,700	8,167,784	8,274,693	9,181,476	2,024,664	2,228,164	2,214,796	2,024,195	2,119,082
Mar	8,961,585	9,800,628	10,439,699	10,110,694	10,735,985	2,552,789	2,608,242	2,678,914	2,667,290	2,660,509
Apr	9,102,822	10,083,395	10,220,092	10,812,213	10,882,246	2,475,930	2,775,402	2,923,329	2,600,226	2,823,492
May	10,535,138	11,112,408	10,024,147	11,548,117	11,988,851	2,925,049	2,636,844	2,840,564	2,874,893	3,049,063
Jun	11,610,718	12,128,916	11,237,205	14,208,437	12,851,834	3,078,100	3,206,953	4,062,686	3,498,290	3,393,441
Jul	11,576,419	11,340,875	11,388,020	13,265,859	11,817,934	2,902,167	2,850,081	3,607,295	3,322,150	3,007,784
Aug	11,782,936	10,674,421	11,245,395	12,027,289	11,844,433	3,102,792	3,415,208	3,728,629	2,733,620	3,178,474
Sep	9,013,366	9,065,192	10,721,316	9,603,135	10,718,609	2,522,506	2,757,163	2,767,433	2,770,217	2,474,820
Oct	7,550,119	7,410,188	7,671,561	8,448,320	8,947,819	2,510,566	2,641,281	2,017,676	2,425,654	2,382,419
Nov	5,858,321	6,667,610	6,512,674	8,037,029	7,246,704	1,980,900	2,067,522	2,042,523	2,012,498	1,856,411
Dec	6,335,814	6,424,870	6,386,618	6,573,065	6,222,445	1,846,170	2,038,106	1,985,860	2,167,657	1,908,634
<b>Total</b>	<b>107,435,819</b>	<b>109,672,508</b>	<b>110,564,922</b>	<b>119,607,855</b>	<b>118,694,919</b>	<b>29,921,985</b>	<b>31,448,656</b>	<b>32,851,648</b>	<b>31,044,159</b>	<b>30,794,164</b>
<b>Sherbet</b>						<b>Frozen Yogurt <sup>2/ 3/</sup></b>				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	542,557	365,187	492,690	504,542	479,942	1,066,994	723,598	600,008	496,880	291,251
Feb	524,229	471,529	471,150	623,477	619,643	968,496	863,938	666,069	425,114	402,664
Mar	628,412	603,604	690,515	799,381	856,001	1,216,126	943,173	860,648	639,014	623,598
Apr	527,905	649,955	668,582	731,192	685,648	1,211,046	910,818	791,187	670,550	540,792
May	647,057	752,784	642,492	845,916	713,405	1,157,528	1,034,533	706,134	646,488	796,499
Jun	655,070	764,171	789,828	941,591	825,459	1,088,362	1,080,328	776,150	728,422	700,918
Jul	642,884	632,924	825,198	854,176	708,622	1,318,966	942,352	849,714	696,238	679,730
Aug	722,343	565,791	848,705	888,934	818,519	1,045,066	790,205	913,826	548,134	755,168
Sep	499,137	485,736	660,494	594,940	615,229	1,133,254	1,032,592	789,022	424,858	611,174
Oct	465,335	472,210	530,283	573,191	466,649	753,085	756,923	603,901	412,142	476,509
Nov	311,422	360,945	426,066	521,157	262,407	639,899	560,707	505,981	355,104	438,154
Dec	310,364	266,367	331,384	217,086	260,865	509,144	537,870	389,906	307,080	353,094
<b>Total</b>	<b>6,476,715</b>	<b>6,391,203</b>	<b>7,377,387</b>	<b>8,095,583</b>	<b>7,312,389</b>	<b>12,107,966</b>	<b>10,177,037</b>	<b>8,452,546</b>	<b>6,350,026</b>	<b>6,669,552</b>
<b>Total Frozen Products</b>										
	<i>Gallons</i>									
Jan	10,847,773	10,525,779	9,625,052	9,647,895	8,967,812					
Feb	11,388,099	11,314,331	11,519,799	11,347,479	12,322,865					
Mar	13,358,912	13,955,647	14,669,777	14,216,379	14,876,093					
Apr	13,317,703	14,419,570	14,603,190	14,814,182	14,932,177					
May	15,264,772	15,536,569	14,213,337	15,915,414	16,547,819					
Jun	16,432,250	17,180,368	16,865,869	19,376,740	17,771,653					
Jul	16,440,437	15,766,232	16,670,227	18,138,423	16,214,070					
Aug	16,653,136	15,445,625	16,736,554	16,197,978	16,596,595					
Sep	13,168,264	13,340,684	14,938,265	13,393,149	14,419,832					
Oct	11,279,105	11,280,603	10,823,421	11,859,308	12,273,396					
Nov	8,790,543	9,656,783	9,487,245	10,925,788	9,803,675					
Dec	9,001,492	9,267,214	9,093,768	9,264,888	8,745,039					
<b>Total</b>	<b>155,942,486</b>	<b>157,689,404</b>	<b>159,246,503</b>	<b>165,097,622</b>	<b>163,471,024</b>					

<sup>1</sup> Includes Light Dairy Dessert and Nonfat Ice Cream.

<sup>2</sup> Figures for 1998 have been revised.

<sup>3</sup> Includes nonfat and reduced fat yogurts.

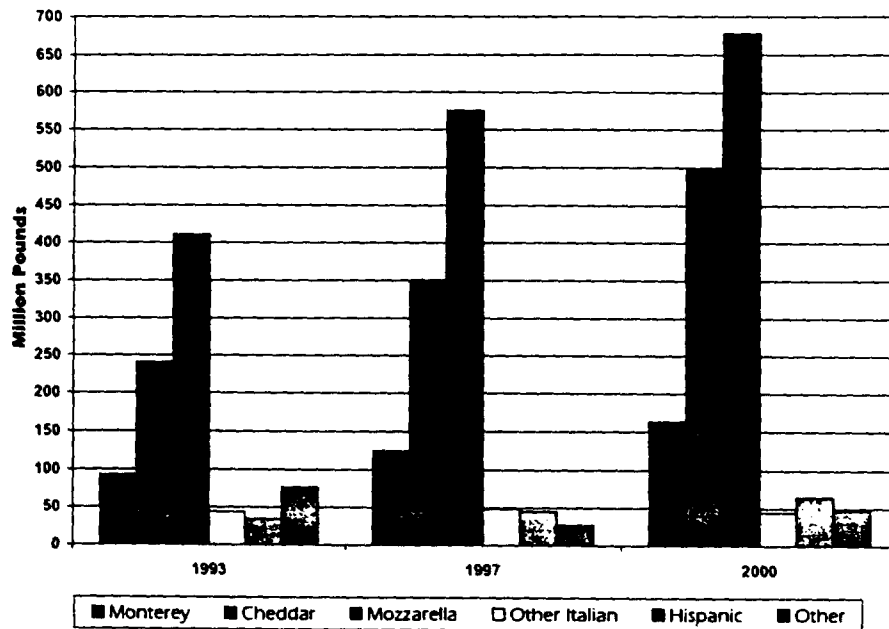
# CLASS 4a PRODUCTION

Table 16. Production of Class 4a Products in California, 1996-2000

Month	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
<b>Butter <sup>1/2</sup></b>						<b>Nonfat Dry Milk for Human Consumption</b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	31,618,561	34,085,356	35,635,316	33,502,564	37,961,355	34,755,093	39,817,501	47,169,059	52,372,596	64,688,850
Feb	28,897,130	25,959,895	26,545,912	30,856,350	34,983,266	32,629,384	36,061,587	37,593,560	46,622,594	59,591,800
Mar	28,444,664	26,598,507	27,926,947	33,313,731	34,852,626	34,360,496	47,350,166	42,065,641	57,108,002	59,338,260
Apr	27,523,289	33,371,582	28,807,335	31,749,069	31,272,401	38,327,553	53,309,175	46,885,726	60,575,269	62,879,470
May	24,325,891	28,149,157	27,432,089	30,775,161	30,821,795	37,039,723	50,294,434	48,520,566	60,673,485	60,636,500
Jun	17,166,010	21,521,370	17,887,861	21,452,978	23,088,248	34,960,571	48,198,148	41,877,952	52,800,820	57,496,620
Jul	18,321,594	23,590,725	16,454,476	17,797,187	22,868,521	34,113,651	50,437,763	41,255,157	49,652,818	58,795,550
Aug	19,282,938	20,803,424	19,193,841	22,795,746	23,515,480	29,436,103	46,138,383	37,247,245	52,381,665	50,380,200
Sep	24,611,917	24,492,913	19,238,858	25,482,050	27,112,795	33,091,349	40,651,000	34,162,421	49,830,503	51,971,810
Oct	27,163,608	26,132,068	30,532,778	29,089,780	29,947,209	36,790,828	44,547,431	41,544,323	50,983,164	53,916,490
Nov	28,164,521	23,805,530	28,784,471	30,589,389	30,100,823	37,939,630	44,032,328	39,467,734	54,760,663	54,458,310
Dec	30,146,759	25,696,843	34,310,297	35,985,006	33,488,022	42,526,928	47,673,656	49,345,406	64,276,917	58,800,130
<b>Total</b>	<b>305,666,882</b>	<b>314,207,370</b>	<b>312,750,181</b>	<b>343,389,011</b>	<b>360,012,541</b>	<b>425,971,309</b>	<b>548,511,572</b>	<b>507,134,790</b>	<b>652,038,496</b>	<b>692,954,030</b>
<b>Nonfat Dry Milk for Animal Consumption</b>						<b>Condensed Skim Bulk</b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	143,053	177,908	177,394	178,997	288,364	42,527,559	36,916,606	40,881,831	55,774,996	47,685,321
Feb	135,674	130,774	127,777	119,160	264,238	40,037,293	35,086,316	35,481,327	54,721,297	44,483,560
Mar	150,999	194,239	160,077	209,801	265,239	44,677,105	40,429,208	45,193,527	62,996,873	47,385,030
Apr	95,951	166,525	109,270	206,452	250,673	45,325,582	43,415,623	42,614,759	57,224,672	40,525,450
May	134,850	217,644	160,184	265,376	334,838	48,311,710	47,631,454	45,270,287	58,336,776	42,926,690
Jun	120,975	232,907	142,025	279,120	319,772	50,442,544	45,238,660	43,151,999	53,186,638	42,067,390
Jul	205,900	250,523	182,620	225,604	371,375	52,593,184	46,622,077	48,320,215	52,143,700	43,210,460
Aug	145,022	260,677	147,486	227,303	279,443	50,356,679	43,946,548	48,730,904	54,308,884	45,693,590
Sep	131,855	162,794	172,275	278,548	195,740	51,503,471	43,505,400	52,781,263	51,903,120	40,994,610
Oct	158,684	189,397	144,463	220,299	158,163	47,438,348	38,654,999	49,795,861	50,494,320	42,414,681
Nov	207,118	189,874	171,757	280,391	194,788	39,178,656	39,329,397	47,814,195	48,419,929	41,912,470
Dec	241,178	151,490	156,648	240,957	211,257	40,003,733	38,670,842	47,678,418	48,700,911	43,091,911
<b>Total</b>	<b>1,871,259</b>	<b>2,324,752</b>	<b>1,851,976</b>	<b>2,732,008</b>	<b>3,133,890</b>	<b>552,395,864</b>	<b>499,447,130</b>	<b>547,714,586</b>	<b>648,212,116</b>	<b>522,391,203</b>

<sup>1</sup> Figures for 1998 have been revised.

Chart 6: California Cheese Production, by Type of Cheese





# CLASS 4b PRODUCTION

Table 17. Production of Class 4b Products in California, 1996-2000

Month	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
	<b>Monterey<sup>1/</sup></b>					<b>Cheddar<sup>1/</sup></b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	7,619,474	8,777,408	9,911,256	11,225,114	13,056,672	23,913,465	27,788,346	28,258,226	37,686,304	35,568,405
Feb	10,240,708	10,746,666	11,299,110	13,046,789	13,033,296	21,707,040	28,456,273	32,194,523	33,430,286	33,127,666
Mar	5,900,927	10,885,654	10,967,633	13,696,882	12,921,318	19,663,330	27,783,847	31,210,161	40,481,780	36,833,062
Apr	6,879,340	11,152,302	10,344,610	14,184,004	11,758,716	18,833,084	27,008,115	31,258,716	39,157,466	39,231,423
May	8,990,548	11,232,095	10,694,093	14,590,586	12,200,638	29,750,585	29,827,086	37,627,216	32,826,593	42,396,200
Jun	7,913,417	9,856,346	12,398,666	13,854,073	13,892,336	27,310,367	29,037,565	27,892,191	31,404,784	39,655,715
Jul	10,129,619	10,925,334	10,476,634	15,681,413	15,156,718	25,077,810	32,474,834	27,218,031	38,401,919	47,116,575
Aug	9,391,889	10,466,626	10,648,126	15,136,230	12,987,335	28,664,018	29,644,823	28,574,905	39,465,206	47,657,967
Sep	8,275,001	10,120,723	12,000,686	13,254,560	13,384,375	25,868,375	29,945,119	26,159,288	35,458,224	41,143,468
Oct	7,989,048	10,269,216	12,003,534	14,717,018	15,147,598	26,910,099	28,666,473	29,849,881	32,586,333	44,409,202
Nov	9,682,508	10,258,707	11,375,685	15,201,369	16,365,921	30,339,106	28,800,423	33,922,394	30,831,192	45,104,715
Dec	9,106,948	10,140,690	11,460,097	14,942,984	13,382,107	30,757,410	31,568,417	35,859,554	35,787,522	44,833,456
<b>Total</b>	<b>102,119,427</b>	<b>124,831,767</b>	<b>133,580,130</b>	<b>169,531,022</b>	<b>163,287,030</b>	<b>308,794,689</b>	<b>351,001,321</b>	<b>370,025,086</b>	<b>427,517,609</b>	<b>497,077,854</b>
	<b>Mozzarella</b>					<b>Other Italian<sup>2/</sup></b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	41,497,364	46,043,526	49,900,164	51,148,296	59,668,062	5,446,941	3,544,867	3,560,862	3,757,107	3,876,454
Feb	40,746,617	43,394,580	46,287,006	47,766,468	55,286,836	5,214,083	3,262,981	3,162,066	3,381,294	2,860,820
Mar	44,469,128	48,562,916	52,254,181	52,864,312	58,664,838	6,355,265	4,141,525	3,572,255	3,923,768	3,870,745
Apr	42,499,615	46,638,577	49,416,036	51,230,296	60,284,773	5,288,253	4,013,037	4,415,169	3,539,330	3,879,642
May	42,275,893	48,736,589	51,345,776	55,548,072	58,724,452	5,171,833	3,990,178	3,741,010	3,795,043	3,250,031
Jun	39,302,552	47,155,044	50,782,702	53,647,712	54,545,587	4,194,290	4,004,060	3,169,984	3,806,415	3,663,035
Jul	39,599,062	47,364,217	51,245,789	54,856,246	55,157,158	3,694,065	4,072,661	2,878,706	3,817,444	3,485,991
Aug	39,698,729	48,589,976	49,811,932	53,669,909	50,452,347	4,124,973	3,796,350	3,188,135	3,809,630	3,849,058
Sep	41,571,241	47,971,087	45,613,903	53,940,397	52,949,925	4,479,246	4,140,402	3,265,218	4,193,831	4,672,059
Oct	42,175,102	50,203,069	54,727,146	60,091,139	56,598,568	4,151,329	4,098,465	4,460,834	3,938,682	4,111,195
Nov	41,696,109	50,221,940	55,091,196	59,138,602	52,162,460	4,268,396	5,211,834	4,282,671	3,872,726	4,191,883
Dec	41,955,531	51,328,364	55,578,862	61,931,025	63,920,689	4,600,844	4,244,618	4,514,920	3,442,732	3,589,843
<b>Total</b>	<b>497,486,943</b>	<b>576,209,885</b>	<b>612,054,693</b>	<b>655,832,474</b>	<b>678,415,695</b>	<b>56,989,518</b>	<b>48,520,978</b>	<b>44,211,830</b>	<b>45,278,002</b>	<b>45,300,756</b>
	<b>Hispanic</b>					<b>Other Cheese<sup>3/</sup></b>				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	3,371,746	3,421,092	3,709,771	4,098,534	4,714,498	3,246,310	2,115,570	2,510,715	3,069,573	3,383,042
Feb	3,403,023	4,052,615	3,905,703	4,324,059	5,102,232	3,082,793	2,171,773	2,820,654	3,447,510	2,903,188
Mar	4,126,593	3,927,283	4,706,417	5,470,845	5,866,947	3,438,710	2,048,616	2,719,853	4,466,168	4,500,982
Apr	4,219,087	3,865,593	4,635,392	4,829,826	5,300,837	3,465,278	2,034,819	2,545,060	3,430,752	3,735,447
May	4,268,720	3,884,062	3,933,360	4,852,365	5,530,841	3,475,488	2,025,334	3,041,744	3,980,310	4,030,076
Jun	3,261,840	3,441,768	3,864,037	5,070,474	5,458,696	3,716,109	2,595,340	3,750,296	4,620,153	4,003,898
Jul	3,994,847	3,873,449	4,724,960	4,798,571	6,046,856	2,917,748	2,000,423	3,306,854	4,019,698	3,537,101
Aug	3,633,961	4,139,860	3,844,850	5,014,109	5,804,954	2,037,010	1,990,938	4,653,612	4,406,157	4,575,182
Sep	3,558,952	3,996,370	4,177,862	5,445,729	5,500,473	2,699,131	2,095,787	5,705,713	4,962,176	5,351,640
Oct	4,059,723	4,043,179	4,337,309	5,111,865	5,473,773	3,053,313	2,692,276	4,511,800	3,938,938	5,294,757
Nov	3,439,599	3,406,423	4,357,349	4,908,510	5,181,878	3,159,471	2,991,638	4,911,849	3,821,657	4,259,897
Dec	3,606,240	3,863,494	4,115,647	4,461,775	5,270,482	3,121,611	2,142,652	4,133,614	3,571,084	3,772,737
<b>Total</b>	<b>44,944,331</b>	<b>45,915,188</b>	<b>50,312,657</b>	<b>58,386,662</b>	<b>65,252,467</b>	<b>37,412,972</b>	<b>26,905,166</b>	<b>44,611,764</b>	<b>47,734,176</b>	<b>49,347,947</b>
	<b>Total Cheese</b>									
	<i>Pounds</i>									
Jan	85,095,300	91,690,809	97,850,994	110,984,928	120,267,133					
Feb	84,394,264	92,084,888	99,669,062	105,396,406	112,314,038					
Mar	83,953,953	97,349,841	105,430,500	120,903,755	122,657,892					
Apr	81,184,657	94,712,443	102,614,983	116,371,674	124,190,838					
May	93,933,067	99,695,344	110,383,199	115,592,969	126,132,238					
Jun	85,698,575	96,090,123	101,857,876	112,403,611	121,219,267					
Jul	85,413,151	100,710,918	99,850,974	121,575,291	130,500,399					
Aug	87,550,580	98,628,573	100,721,560	121,501,241	125,326,843					
Sep	86,451,946	98,269,488	96,922,670	117,254,917	123,001,940					
Oct	88,338,614	99,972,678	109,890,504	120,383,975	131,035,093					
Nov	92,585,189	100,890,965	113,941,144	117,774,056	125,237,917					
Dec	93,148,584	103,288,235	115,662,694	124,137,122	134,769,314					
<b>Total</b>	<b>1,047,747,880</b>	<b>1,173,384,305</b>	<b>1,254,796,160</b>	<b>1,404,279,945</b>	<b>1,496,652,912</b>					

<sup>1</sup> Figures for 1998 have been revised.

<sup>2</sup> Other Italian includes ricotta, provolone, mascarpone and cacavallo cheeses.

<sup>3</sup> Other cheese includes breakfast, brie, camembert, cream cheese, delicat baby Swiss, feta, fontina, fontinella, gouda, havarti, kefir, muenster, organic cheese, processed cheese, Portuguese, romano, schloss, St. Jorge, Swiss, and teleme.

# PRICING IN 2000

It was a mixed year for the California dairy industry. Milk production and processing increased. However, producer prices fell from 1999 levels in response to increased volumes of manufactured dairy products. For producers, a sustained low cost of producing milk, attributable mostly to low feed prices, was a positive note.

Wholesale prices for butter, nonfat dry milk (NFD), and Cheddar cheese form the basis for California's regulated milk prices. For much of 2000, both NFD and cheese markets were soft with prices near their support purchase price levels. With the virtual collapse of the cheese market from 1999 to 2000, butter and powder became the dominant dairy products for dictating regulated prices. Butter and powder set the price for sixty percent of the regulated market grade milk. The unregulated price for most manufacturing grade milk continued to be tied to the price of cheese.

Traditionally, milk prices are highest in the fall, peaking with the holiday use of butter. Cheese sales typically remain strong through Super Bowl Sunday in late January. Milk prices generally decline as demand tapers off in mid-winter and the seasonal milk production flush comes on in the spring. In some years however, there have been double peaks in milk prices. Besides the holiday peak, there can be a peak in late summer as end-users build inventory for the fall. There were two such peaks in 2000, one in September and the second in December.

## Selected Monthly Commodity Prices Used in the Calculation of California Class 4a and 4b Prices in 2000

Month	Chicago Mercantile Exchange		California Manufacturing Plants
	Grade AA Butter	Block Cheddar Cheese	Nonfat Dry Milk
<i>Dollars Per Pound</i>			
January	1.4294	1.6136	1.0672
February	1.3150	1.3068	1.0336
March	1.2783	1.3300	1.0142
April	1.0315	1.3300	1.0111
May	1.1150	1.2473	1.0062
June	1.4983	1.3668	1.0052
July	1.3307	1.5757	1.0057
August	1.3964	1.8724	1.0074
September	1.3352	1.6873	1.0116
October	1.1194	1.3470	1.0130
November	1.0700	1.1672	1.0133
December	0.9075	1.1482	1.0112

# AVERAGE PRICES PAID PRODUCERS

Table 18. Average Prices Paid Producers In California  
For All Bulk Milk (Grade A and Grade B), By Month, 1996-2000 <sup>1/2/</sup>

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1996	12.75	12.36	12.28	12.29	12.80	13.55	13.99	15.37	15.85	15.82	13.71	13.06	13.65
1997	13.27	12.67	12.66	12.27	11.62	11.50	11.64	12.14	12.29	13.45	13.75	14.04	12.61
1998	13.58	14.03	13.39	13.13	12.94	13.94	14.40	15.62	16.68	18.08	17.24	17.19	15.02
1999	15.89	14.14	13.99	12.30	12.03	12.75	13.28	15.10	14.32	13.60	12.94	11.35	13.47
2000	10.88	10.70	10.81	11.02	11.17	11.61	11.84	11.90	12.32	11.39	12.02	12.31	11.50

<sup>1/</sup> Prices are F.O.B. plant, at actual test.

<sup>2/</sup> Includes in-state pool shipments and California milk shipped into Federal Milk Marketing Orders. Excludes bonuses and premiums.

Table 19. Average Prices Paid Producers In California  
For Market Milk (Grade A), By Month, 1996-2000 <sup>1/2/</sup>

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1996	12.76	12.37	12.29	12.28	12.77	13.55	13.98	15.37	15.85	15.83	13.72	13.07	13.65
1997	13.30	12.67	12.67	12.27	11.62	11.50	11.64	12.13	12.28	13.45	13.75	14.04	12.61
1998	13.56	14.03	13.39	13.15	12.96	13.94	14.39	15.62	16.68	18.08	17.22	17.17	15.02
1999	15.89	14.15	14.00	12.30	12.03	12.74	13.26	15.07	14.30	13.61	12.96	11.35	13.47
2000	10.88	10.71	10.82	11.03	11.18	11.62	11.85	11.91	12.31	11.41	12.03	12.32	11.50

<sup>1/</sup> Prices are F.O.B. plant, at actual test.

<sup>2/</sup> Includes in-state pool shipments and California milk shipped into Federal Milk Marketing Orders. Excludes bonuses and premiums and exempt production.

Table 20. Average Prices Paid Producers In California  
For Manufacturing Milk (Grade B), By Month, 1996-2000 <sup>1/</sup>

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1996	12.46	12.14	12.09	12.48	13.18	13.56	14.12	15.24	15.87	15.65	13.24	12.09	13.51
1997	11.48	12.88	12.00	12.12	11.55	11.58	11.34	12.67	13.28	13.59	14.13	14.41	12.59
1998	14.71	13.85	13.20	12.39	12.13	13.91	15.07	15.77	16.90	18.32	18.65	19.01	15.32
1999	15.72	13.30	12.97	12.53	12.00	13.58	14.63	17.11	15.43	13.36	11.45	11.22	13.61
2000	10.80	10.28	10.21	10.43	10.84	10.81	11.49	11.53	12.47	10.25	10.64	11.16	10.91

<sup>1/</sup> Prices are F.O.B. plant, at actual test.

# MINIMUM CLASS 1 PRICES

## Table 21. Minimum Prices in California for Market Milk Used to Produce Class 1 Products by Marketing Area, 1996-2000

Year & Month	Northern California				South Valley				Southern California				Wtd. Av Basis <sup>2</sup>		
	Fat	SNF	Fluid	Equivalent	Fat	SNF	Fluid	Equivalent	Fat	SNF	Fluid	Equivalent			
	Dollars Per Pound				Per Cwt.				Dollars Per Pound					Per Cwt.	
<b>1996</b>															
Jan	1.0811	0.9964	0.0301	15.10	1.0811	0.9964	0.0283	14.94	1.0861	0.9964	0.0326	15.33	15.10		
Feb	1.1022	0.9985	0.0307	15.24	1.1022	0.9985	0.0289	15.08	1.1072	0.9985	0.0332	15.48	15.24		
Mar	1.1022	0.9985	0.0307	15.24	1.1022	0.9985	0.0289	15.08	1.1072	0.9985	0.0332	15.48	15.24		
Apr	1.0480	0.9767	0.0296	14.76	1.0480	0.9767	0.0278	14.61	1.0530	0.9767	0.0321	15.00	14.76		
May	1.0480	0.9767	0.0296	14.76	1.0480	0.9767	0.0278	14.61	1.0530	0.9767	0.0321	15.00	14.76		
Jun	1.0730	0.9868	0.0301	14.98	1.0730	0.9868	0.0283	14.83	1.0780	0.9868	0.0326	15.22	14.98		
Jul	1.0730	0.9868	0.0301	14.98	1.0730	0.9868	0.0283	14.83	1.0780	0.9868	0.0326	15.22	14.98		
Aug	1.2333	1.0512	0.0333	16.39	1.2333	1.0512	0.0315	16.23	1.2383	1.0512	0.0358	16.62	16.38		
Sep	1.2333	1.0512	0.0333	16.39	1.2333	1.0512	0.0315	16.23	1.2383	1.0512	0.0358	16.62	16.38		
Oct	1.3720	1.1070	0.0361	17.60	1.3720	1.1070	0.0343	17.44	1.3770	1.1070	0.0386	17.84	17.60		
Nov	1.3720	1.1070	0.0361	17.60	1.3720	1.1070	0.0343	17.44	1.3770	1.1070	0.0386	17.84	17.60		
Dec	1.3974	1.1173	0.0362	17.79					1.4024	1.1173	0.0391	18.06	17.85		
<b>1997<sup>3/</sup></b>															
Jan	1.3974	1.1173	0.0362	17.79					1.4024	1.1173	0.0391	18.06	17.85		
Feb	1.0004	0.9575	0.0283	14.32					1.0054	0.9575	0.0312	14.59	14.38		
Mar	1.0004	0.9575	0.0283	14.32					1.0054	0.9575	0.0312	14.59	14.38		
Apr	1.0004	0.9575	0.0283	14.32					1.0054	0.9575	0.0312	14.59	14.38		
May	1.0004	0.9575	0.0283	14.32					1.0054	0.9575	0.0312	14.59	14.38		
Jun	1.0247	0.8708	0.0236	13.23					1.0247	0.8708	0.0267	13.51	13.29		
Jul	1.0247	0.8708	0.0236	13.23					1.0247	0.8708	0.0267	13.51	13.29		
Aug	0.9407	0.8370	0.0219	12.50					0.9407	0.8370	0.0250	12.77	12.56		
Sep	0.9407	0.8370	0.0219	12.50					0.9407	0.8370	0.0250	12.77	12.56		
Oct	1.1614	0.9258	0.0263	14.43					1.1614	0.9258	0.0294	14.70	14.49		
Nov	1.1614	0.9258	0.0263	14.43					1.1614	0.9258	0.0294	14.70	14.49		
Dec	1.2054	0.9435	0.0272	14.82					1.2054	0.9435	0.0303	15.09	14.88		
<b>1998</b>															
Jan	1.2054	0.9435	0.0272	14.82					1.2054	0.9435	0.0303	15.09	14.88		
Feb	1.2463	0.9599	0.0280	15.17					1.2463	0.9599	0.0311	15.44	15.23		
Mar	1.2463	0.9599	0.0280	15.17					1.2463	0.9599	0.0311	15.44	15.23		
Apr	1.2435	0.9588	0.0279	15.14					1.2435	0.9588	0.0310	15.42	15.20		
May	1.2435	0.9588	0.0279	15.14					1.2435	0.9588	0.0310	15.42	15.20		
Jun	1.0849	0.8950	0.0248	13.76					1.0849	0.8950	0.0279	14.03	13.82		
Jul	1.0849	0.8950	0.0248	13.76					1.0849	0.8950	0.0279	14.03	13.82		
Aug	1.3208	0.9899	0.0295	15.83					1.3208	0.9899	0.0326	16.10	15.89		
Sep	1.3208	0.9899	0.0295	15.83					1.3208	0.9899	0.0326	16.10	15.89		
Oct	1.5216	1.0707	0.0335	17.58					1.5216	1.0707	0.0366	17.85	17.64		
Nov	1.5216	1.0707	0.0335	17.58					1.5216	1.0707	0.0366	17.85	17.64		
Dec	1.7015	1.1430	0.0370	19.15					1.7015	1.1430	0.0401	19.42	19.21		
<b>1999</b>															
Jan	1.7015	1.1430	0.0370	19.15					1.7015	1.1430	0.0401	19.42	19.21		
Feb	1.7723	1.1715	0.0385	19.78					1.7723	1.1715	0.0416	20.05	19.84		
Mar	1.7723	1.1715	0.0385	19.78					1.7723	1.1715	0.0416	20.05	19.84		
Apr	1.1089	0.9046	0.0252	13.96					1.1089	0.9046	0.0283	14.24	14.02		
May	1.1089	0.9046	0.0252	13.96					1.1089	0.9046	0.0283	14.24	14.02		
Jun	1.1261	0.9116	0.0256	14.12					1.1261	0.9116	0.0287	14.39	14.18		
Jul	1.1261	0.9116	0.0256	14.12					1.1261	0.9116	0.0287	14.39	14.18		
Aug	1.1817	0.9339	0.0267	14.61					1.1817	0.9339	0.0298	14.88	14.66		
Sep	1.1817	0.9339	0.0267	14.61					1.1817	0.9339	0.0298	14.88	14.66		
Oct	1.7391	1.1582	0.0378	19.48					1.7391	1.1582	0.0409	19.75	19.54		
Nov	1.7391	1.1582	0.0378	19.48					1.7391	1.1582	0.0409	19.75	19.54		
Dec	1.1729	0.8617	0.0239	13.70					1.1729	0.8617	0.0270	13.97	13.75		
<b>2000</b>															
Jan	1.1136	0.7248	0.0196	11.92					1.1136	0.7248	0.0227	12.19	11.98		
Feb	0.9186	0.7643	0.0208	11.69					0.9186	0.7643	0.0239	11.96	11.75		
Mar	0.9109	0.7595	0.0207	11.61					0.9109	0.7595	0.0238	11.88	11.67		
Apr	1.0530	0.8351	0.0230	12.97					1.0530	0.8351	0.0261	13.25	13.03		
May	1.1995	0.8362	0.0231	13.50					1.1995	0.8362	0.0262	13.77	13.55		
Jun	1.2647	0.8355	0.0230	13.72					1.2647	0.8355	0.0261	13.99	13.73		
Jul	1.4885	0.8356	0.2300	14.50					1.4885	0.8356	0.2610	14.77	14.56		
Aug	1.3285	0.8346	0.2300	13.93					1.3285	0.8346	0.0261	14.20	13.99		
Sep	1.2965	0.8354	0.0230	13.83					1.2965	0.8354	0.0261	14.10	13.89		
Oct	1.2966	0.8363	0.0231	13.84					1.2966	0.8363	0.0262	14.11	13.90		
Nov	1.2685	0.8380	0.0231	13.76					1.2685	0.8380	0.0262	14.03	13.82		
Dec	1.5043	0.8380	0.0231	14.59					1.5043	0.8380	0.0262	14.86	14.64		

<sup>1</sup> Calculated based on 3.5 percent fat, 8.7 percent solids-not-fat, and 87.8 percent fluid carrier.

<sup>2</sup> Calculated for the State as a whole using market milk production in each marketing area for weighting.

<sup>3</sup> The South Valley and Northern California marketing areas were combined into one Northern California marketing area as a result of the October 1996 consolidation hearings.

# MINIMUM CLASS 2 PRICES

Table 22. Minimum Prices in California for Market Milk Used to Produce Class 2 Products, by Marketing Area, 1996-2000

Year & Month	Northern California			South Valley			Southern California		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	Dollars Per Pound		Per Cwt.	Dollars Per Pound		Per Cwt.	Dollars Per Pound		Per Cwt.
<b>1996</b>									
Jan	1.1397	0.9593	12.33	1.1397	0.9593	12.33	1.1420	0.9851	12.57
Feb	0.8318	0.9860	11.49	0.8318	0.9860	11.49	0.8341	1.0118	11.72
Mar	0.8318	0.9860	11.49	0.8318	0.9860	11.49	0.8341	1.0118	11.72
Apr	0.7296	0.9831	11.11	0.7296	0.9831	11.11	0.7319	1.0089	11.34
May	0.7296	0.9831	11.11	0.7296	0.9831	11.11	0.7319	1.0089	11.34
Jun	0.8682	1.0029	11.76	0.8682	1.0029	11.76	0.8705	1.0287	12.00
Jul	0.8682	1.0029	11.76	0.8682	1.0029	11.76	0.8705	1.0287	12.00
Aug	1.5841	1.1213	15.30	1.5841	1.1213	15.30	1.5864	1.1471	15.53
Sep	1.5841	1.1213	15.30	1.5841	1.1213	15.30	1.5864	1.1471	15.53
Oct	1.7026	1.1709	16.15	1.7026	1.1709	16.15	1.7049	1.1967	16.38
Nov	1.7026	1.1709	16.15	1.7026	1.1709	16.15	1.7049	1.1967	16.38
Dec	1.2158	1.1616	14.36				1.2181	1.1874	14.59
<b>1997<sup>2/</sup></b>									
Jan	1.2158	1.1616	14.36				1.2181	1.1874	14.59
Feb	0.8841	1.0543	12.27				0.8864	1.0801	12.50
Mar	0.8841	1.0543	12.27				0.8864	1.0801	12.50
Apr	1.2009	1.0236	13.11				1.2032	1.0494	13.34
May	1.2009	1.0236	13.11				1.2032	1.0494	13.34
Jun	1.0612	1.0131	12.53				1.0635	1.0389	12.76
Jul	1.0612	1.0131	12.53				1.0635	1.0389	12.76
Aug	1.2061	0.9687	12.65				1.2084	0.9945	12.88
Sep	1.2061	0.9687	12.65				1.2084	0.9945	12.88
Oct	1.1705	0.9651	12.49				1.1728	0.9909	12.73
Nov	1.1705	0.9651	12.49				1.1728	0.9909	12.73
Dec	1.6795	0.9592	14.22				1.6818	0.9850	14.46
<b>1998</b>									
Jan	1.6795	0.9592	14.22				1.6818	0.9850	14.46
Feb	1.3933	0.9552	13.19				1.3956	0.9810	13.42
Mar	1.3933	0.9552	13.19				1.3956	0.9810	13.42
Apr	1.5095	0.9473	13.52				1.5118	0.9731	13.76
May	1.5095	0.9473	13.52				1.5118	0.9731	13.76
Jun	1.6090	0.9506	13.90				1.6113	0.9764	14.13
Jul	1.6090	0.9506	13.90				1.6113	0.9764	14.13
Aug	2.1613	0.9488	15.82				2.1636	0.9746	16.05
Sep	2.1613	0.9488	15.82				2.1636	0.9746	16.05
Oct	2.7811	0.9579	18.07				2.7834	0.9837	18.30
Nov	2.7811	0.9579	18.07				2.7834	0.9837	18.30
Dec	2.3582	0.9948	16.91				2.3605	1.0206	17.14
<b>1999</b>									
Jan	2.3582	0.9948	16.91				2.3605	1.0206	17.14
Feb	1.5935	0.9907	14.20				1.5958	1.0165	14.43
Mar	1.5935	0.9907	14.20				1.5958	1.0165	14.43
Apr	1.4297	0.9423	13.20				1.4320	0.9681	13.43
May	1.4297	0.9423	13.20				1.4320	0.9681	13.43
Jun	1.1616	0.9272	12.13				1.1639	0.9230	12.36
Jul	1.1616	0.9272	12.13				1.1639	0.9230	12.36
Aug	1.5711	0.9240	13.54				1.5734	0.9498	13.77
Sep	1.5711	0.9240	13.54				1.5734	0.9498	13.77
Oct	1.5056	0.9251	13.32				1.5079	0.9509	13.55
Nov	1.5056	0.9251	13.32				1.5079	0.9509	13.55
Dec	1.1803	0.9287	12.21				1.1826	0.9545	12.44
<b>2000</b>									
Jan	1.1803	0.9287	12.21				1.1826	0.9545	12.44
Feb	0.9518	0.9255	11.38				0.9541	0.9513	11.62
Mar	0.9518	0.9255	11.38				0.9541	0.9513	11.62
Apr	1.0140	0.9237	11.58				0.0163	0.9495	11.82
May	1.0140	0.9237	11.58				0.0163	0.9495	11.82
Jun	1.2350	0.9235	12.36				1.2373	0.9493	12.59
Jul	1.2350	0.9235	12.36				1.2373	0.9493	12.59
Aug	1.3425	0.9227	12.73				1.3448	0.9485	12.96
Sep	1.3425	0.9227	12.73				1.3448	0.9485	12.96
Oct	1.2851	0.9241	12.54				1.2874	0.9499	12.77
Nov	1.2851	0.9241	12.54				1.2874	0.9499	12.77
Dec	1.4785	0.9263	13.23				1.4808	0.9521	13.47

<sup>1</sup> Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.

<sup>2</sup> The South Valley and Northern California marketing areas were combined into one Northern California marketing area as a result of the October 1996 consolidation hearings.

# MINIMUM CLASS 3 PRICES

Table 23. Minimum Prices in California for Market Milk Used to Produce Class 3 Products, by Marketing Area, 1996-2000

Year & Month	Northern California			South Valley			Southern California		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	Dollars Per Pound		Per Cwt.	Dollars Per Pound		Per Cwt.	Dollars Per Pound		Per Cwt.
<b>1996</b>									
Jan	1.1397	0.9536	12.29	1.1397	0.9536	12.29	1.1420	0.9536	12.29
Feb	0.8318	0.9803	11.44	0.8318	0.9803	11.44	0.8341	0.9803	11.45
Mar	0.8318	0.9803	11.44	0.8318	0.9803	11.44	0.8341	0.9803	11.45
Apr	0.7296	0.9774	11.06	0.7296	0.9774	11.06	0.7319	0.9774	11.07
May	0.7296	0.9774	11.06	0.7296	0.9774	11.06	0.7319	0.9774	11.07
Jun	0.8682	0.9972	11.71	0.8682	0.9972	11.71	0.8705	0.9972	11.72
Jul	0.8682	0.9972	11.71	0.8682	0.9972	11.71	0.8705	0.9972	11.72
Aug	1.5841	1.1156	15.25	1.5841	1.1156	15.25	1.5864	1.1156	15.26
Sep	1.5841	1.1156	15.25	1.5841	1.1156	15.25	1.5864	1.1156	15.26
Oct	1.7026	1.1652	16.10	1.7026	1.1652	16.10	1.7049	1.1652	16.10
Nov	1.7026	1.1652	16.10	1.7026	1.1652	16.10	1.7049	1.1652	16.10
Dec	1.2158	1.1559	14.31				1.2181	1.1559	14.32
<b>1997<sup>2</sup></b>									
Jan	1.2158	1.1559	14.31				1.2181	1.1559	14.32
Feb	0.8864	1.0486	12.22				0.8841	1.0486	12.23
Mar	0.8864	1.0486	12.22				0.8841	1.0486	12.23
Apr	1.2009	1.0179	13.06				1.2032	1.0179	13.07
May	1.2009	1.0179	13.06				1.2032	1.0179	13.07
Jun	1.0612	1.0074	12.48				1.0635	1.0074	12.49
Jul	1.0612	1.0074	12.48				1.0635	1.0074	12.49
Aug	1.2084	0.9630	12.61				1.2061	0.9630	12.60
Sep	1.2084	0.9630	12.61				1.2061	0.9630	12.60
Oct	1.1705	0.9594	12.44				1.1728	0.9594	12.45
Nov	1.1705	0.9594	12.44				1.1728	0.9594	12.45
Dec	1.6795	0.9535	14.17				1.6818	0.9535	14.18
<b>1998</b>									
Jan	1.6795	0.9535	14.17				1.6818	0.9535	14.18
Feb	1.3933	0.9495	13.14				1.3956	0.9495	13.15
Mar	1.3933	0.9495	13.14				1.3956	0.9495	13.15
Apr	1.5095	0.9416	13.48				1.5118	0.9416	13.48
May	1.5095	0.9416	13.48				1.5118	0.9416	13.48
Jun	1.6090	0.9449	13.85				1.6113	0.9449	13.86
Jul	1.6090	0.9449	13.85				1.6113	0.9449	13.86
Aug	2.1613	0.9431	15.77				2.1636	0.9431	15.78
Sep	2.1613	0.9431	15.77				2.1636	0.9431	15.78
Oct	2.7811	0.9522	18.02				2.7834	0.9522	18.03
Nov	2.7811	0.9522	18.02				2.7834	0.9522	18.03
Dec	2.3582	0.9891	16.86				2.3605	0.9891	16.87
<b>1999</b>									
Jan	2.3582	0.9891	16.87				2.3605	0.9891	16.86
Feb	1.5935	0.9850	14.15				1.5958	0.9850	14.15
Mar	1.5935	0.9850	14.15				1.5958	0.9850	14.15
Apr	1.4297	0.9366	13.15				1.4320	0.9366	13.16
May	1.4297	0.9366	13.15				1.4320	0.9366	13.16
Jun	1.1616	0.9215	12.08				1.1639	0.9215	12.09
Jul	1.1616	0.9215	12.08				1.1639	0.9215	12.09
Aug	1.5711	0.9183	13.49				1.5734	0.9183	13.50
Sep	1.5711	0.9183	13.49				1.5734	0.9183	13.50
Oct	1.5056	0.9194	13.27				1.5079	0.9194	13.28
Nov	1.5056	0.9194	13.27				1.5079	0.9194	13.28
Dec	1.1803	0.9230	12.16				1.1826	0.9230	12.17
<b>2000</b>									
Jan	1.1803	0.9230	12.16				1.1826	0.9230	12.17
Feb	0.9518	0.9198	11.33				0.9541	0.9198	11.34
Mar	0.9518	0.9198	11.33				0.9541	0.9198	11.34
Apr	1.0140	0.9180	11.54				1.0163	0.9180	11.54
May	1.0140	0.9180	11.54				1.0163	0.9180	11.54
Jun	1.2350	0.9178	12.31				1.2373	0.9178	12.32
Jul	1.2350	0.9178	12.31				1.2373	0.9178	12.32
Aug	1.3425	0.9227	12.73				1.3448	0.9485	12.96
Sep	1.3425	0.9227	12.73				1.3448	0.9485	12.96
Oct	1.2851	0.9184	12.49				1.2874	0.9184	12.50
Nov	1.2851	0.9184	12.49				1.2874	0.9184	12.50
Dec	1.4785	0.9206	13.18				1.4808	0.9206	13.19

<sup>1</sup> Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.

<sup>2</sup> The South Valley and Northern California marketing areas were combined into one Northern California marketing area as a result of the October 1996 consolidation hearings.

# MINIMUM CLASS 4a and 4b PRICES

Table 24. Minimum Prices in California for Market Milk  
Used to Produce Class 4a and 4b Products 1996-2000

Month	4a			4b		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	<i>Dollars Per Pound</i>		<i>Per Cwt.</i>	<i>Dollars Per Pound</i>		<i>Per Cwt.</i>
<b>1996</b>						
Jan	0.7943	0.9374	10.94	0.7943	1.0540	11.95
Feb	0.6976	0.9241	10.48	0.6976	1.0748	11.79
Mar	0.6876	0.9134	10.35	0.6876	1.0877	11.87
Apr	0.7252	0.9317	10.64	0.7252	1.1232	12.31
May	0.9372	0.9455	11.51	0.9372	1.1256	13.07
Jun	1.4466	1.0255	13.98	1.4466	0.9281	13.14
Jul	1.6476	1.0885	15.24	1.6476	0.9062	13.65
Aug	1.6656	1.1039	15.43	1.6656	0.9974	14.51
Sep	1.6656	1.1092	15.48	1.6656	1.0692	15.13
Oct	1.5312	1.1093	15.01	1.5312	1.0056	14.11
Nov	0.8263	1.0853	12.33	0.8263	0.9791	11.41
Dec	0.7822	1.0158	11.58	0.7822	0.9119	10.67
<b>1997</b>						
Jan	0.9120	0.9641	11.58	0.9120	0.8707	10.77
Feb	1.1092	0.9553	12.19	1.1092	0.8527	11.30
Mar	1.2186	0.9633	12.65	1.2186	0.8262	11.45
Apr	1.0728	0.9692	12.19	1.0728	0.7924	10.65
May	0.9756	0.9283	11.49	0.9756	0.7326	9.79
Jun	1.1849	0.9059	12.03	1.1849	0.6615	9.90
Jul	1.1532	0.9029	11.89	1.1532	0.7279	10.37
Aug	1.1496	0.9029	11.88	1.1496	0.8981	11.84
Sep	1.1173	0.8987	11.73	1.1173	0.9425	12.11
Oct	1.5504	0.8961	13.22	1.5504	0.7765	12.18
Nov	1.7346	0.8936	13.85	1.7346	0.7199	12.33
Dec	1.4706	0.8943	12.93	1.4706	0.8508	12.55
<b>1998</b>						
Jan	1.2420	0.8874	12.07	1.2420	0.9366	12.50
Feb	1.5006	0.8849	12.95	1.5006	0.8354	12.52
Mar	1.4443	0.8811	12.72	1.4443	0.7964	11.98
Apr	1.4784	0.8863	12.89	1.4784	0.6834	11.12
May	1.6656	0.8863	13.54	1.6656	0.5299	10.44
Jun	2.0166	0.8842	14.75	2.0166	0.6992	13.14
Jul	2.2320	0.8848	15.51	2.2320	0.7523	14.36
Aug	2.4059	0.8855	16.12	2.4059	0.7415	14.87
Sep	3.0822	0.9016	18.63	3.0822	0.5307	15.40
Oct	2.7172	0.9295	17.60	2.7172	0.7890	16.37
Nov	1.9110	0.9257	14.74	1.9110	1.1629	16.81
Dec	1.5539	0.9290	13.52	1.5539	1.3452	17.14
<b>1999</b>						
Jan	1.5449	0.9179	13.39	1.5449	1.0273	14.34
Feb	1.4076	0.8847	12.62	1.4076	0.7314	11.29
Mar	1.3636	0.8655	12.30	1.3636	0.7750	11.52
Apr	1.0674	0.8624	11.24	1.0674	0.8906	11.48
May	1.1676	0.8575	11.55	1.1676	0.7573	10.68
Jun	1.6276	0.8565	13.15	1.6276	0.7140	11.91
Jul	1.4264	0.8570	12.45	1.4264	1.0304	13.96
Aug	1.5053	0.8587	12.74	1.5053	1.3375	16.90
Sep	1.4318	0.8629	12.52	1.4318	1.1554	15.06
Oct	1.1729	0.8643	11.62	1.1729	0.8688	11.66
Nov	1.1136	0.8646	11.42	1.1136	0.6871	9.88
Dec	0.9186	0.8625	10.72	0.9186	0.7416	9.67
<b>2000</b>						
Jan	0.9109	0.8599	10.67	0.9109	0.7352	9.58
Feb	0.9322	0.8596	10.74	0.9322	0.6915	9.28
Mar	1.0218	0.8591	11.05	1.0218	0.6625	9.34
Apr	1.1194	0.8592	11.39	1.1194	0.6156	9.27
May	1.2766	0.8591	11.94	1.2766	0.5408	9.17
Jun	1.3589	0.8585	12.23	1.3589	0.6002	9.98
Jul	1.2521	0.8583	11.85	1.2521	0.7189	10.64
Aug	1.2499	0.8600	11.86	1.2499	0.7127	10.57
Sep	1.2463	0.8596	11.84	1.2463	0.8002	11.32
Oct	1.2084	0.8620	11.73	1.2084	0.5496	9.01
Nov	1.6746	0.8621	13.36	1.6746	0.3280	8.71
Dec	1.6121	0.8615	13.14	1.6121	0.4310	9.39

Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.

# QUOTA, BASE, and OVERBASE PRICES

Table 25. Pool Prices for Quota, Base and Overbase 1996-2000

Year & Month	Quota			Base and Overbase <sup>1</sup>		
	Fat	SNF	Equivalent <sup>2</sup>	Fat	SNF	Equivalent
	<i>Dollars Per Pound</i>		<i>Per Cwt</i>	<i>Dollars Per Pound</i>		<i>Per Cwt</i>
<b>1996</b>						
Jan	0.876	1.198	13.49	0.876	1.003	11.79
Feb	0.773	1.207	13.21	0.773	1.012	11.51
Mar	0.769	1.202	13.15	0.769	1.007	11.45
Apr	0.775	1.216	13.29	0.775	1.021	11.59
May	0.928	1.221	13.87	0.928	1.026	12.17
Jun	1.280	1.171	14.67	1.280	0.976	12.97
Jul	1.375	1.182	15.10	1.375	0.987	13.40
Aug	1.583	1.258	16.49	1.583	1.063	14.79
Sep	1.589	1.287	16.76	1.589	1.092	15.06
Oct	1.523	1.292	16.57	1.523	1.097	14.87
Nov	0.975	1.265	14.42	0.975	1.070	12.72
Dec	0.910	1.218	13.79	0.910	1.023	12.09
<b>1997</b>						
Jan	1.017	1.193	13.94	1.017	0.998	12.24
Feb	1.069	1.120	13.49	1.069	0.925	11.79
Mar	1.128	1.108	13.59	1.128	0.913	11.89
Apr	1.075	1.096	13.30	1.075	0.901	11.60
May	1.008	1.059	12.74	1.008	0.864	11.04
Jun	1.147	0.991	12.64	1.147	0.796	10.94
Jul	1.114	1.020	12.78	1.114	0.825	11.08
Aug	1.153	1.095	13.56	1.153	0.900	11.86
Sep	1.101	1.082	13.27	1.101	0.887	11.57
Oct	1.440	1.055	14.22	1.440	0.860	12.52
Nov	1.553	1.030	14.40	1.553	0.835	12.70
Dec	1.447	1.089	14.54	1.447	0.894	12.84
<b>1998</b>						
Jan	1.264	1.114	14.12	1.264	0.919	12.42
Feb	1.465	1.090	14.61	1.465	0.895	12.91
Mar	1.405	1.065	14.19	1.405	0.870	12.49
Apr	1.444	1.027	13.99	1.444	0.832	12.29
May	1.582	0.962	13.91	1.582	0.767	12.21
Jun	1.794	1.008	15.05	1.794	0.813	13.35
Jul	1.889	1.025	15.53	1.889	0.830	13.83
Aug	2.190	1.054	16.84	2.190	0.859	15.14
Sep	2.622	0.983	17.73	2.622	0.788	16.03
Oct	2.543	1.118	18.64	2.543	0.923	16.94
Nov	1.939	1.272	17.85	1.939	1.077	16.15
Dec	1.653	1.362	17.64	1.653	1.167	15.94
<b>1999</b>						
Jan	1.640	1.232	16.46	1.640	1.037	14.76
Feb	1.474	1.119	14.90	1.474	0.924	13.20
Mar	1.441	1.128	14.86	1.441	0.933	13.16
Apr	1.109	1.078	13.26	1.109	0.883	11.56
May	1.201	1.024	13.11	1.201	0.829	11.41
Jun	1.461	1.004	13.85	1.461	0.809	12.15
Jul	1.301	1.131	14.40	1.301	0.936	12.70
Aug	1.477	1.261	16.14	1.477	1.066	14.44
Sep	1.412	1.193	15.32	1.412	0.998	13.62
Oct	1.284	1.155	14.55	1.284	0.960	12.85
Nov	1.242	1.087	13.81	1.242	0.892	12.11
Dec	0.972	1.006	12.16	0.972	0.811	10.46
<b>2000</b>						
Jan	0.962	0.964	11.74	0.962	0.769	10.05
Feb	0.936	0.962	11.65	0.936	0.767	9.95
Mar	1.000	0.945	11.73	1.000	0.750	10.03
Apr	1.097	0.945	12.06	1.097	0.750	10.36
May	1.220	0.916	12.24	1.220	0.721	10.54
Jun	1.321	0.937	12.78	1.321	0.742	11.08
Jul	1.275	0.981	13.00	1.275	0.786	11.30
Aug	1.278	0.982	13.02	1.278	0.787	11.32
Sep	1.266	1.020	13.31	1.266	0.825	11.61
Oct	1.229	0.918	12.29	1.229	0.723	10.59
Nov	1.576	0.824	12.69	1.576	0.629	10.99
Dec	1.579	0.857	12.98	1.579	0.662	11.28

<sup>1</sup> Base and Overbase prices have been combined. They have been the same since January 1994.

<sup>2</sup> Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.



# 2001-2002 CLASS & POOL PRICE ANNOUNCEMENT SCHEDULE

## ► Class 1, 2, 3, 4a, and 4b Prices (F.O.B. Processing Plant)

	<u>Pricing Period</u>	<u>Price Release Date (by 4:00 p.m.)</u>
Class 1 Prices	May 2001	April 10, 2001
	June 2001	May 10, 2001
	July 2001	June 8, 2001
	August 2001	July 10, 2001
	September 2001	August 10, 2001
	October 2001	September 10, 2001
	November 2001	October 10, 2001
	December 2001	November 9, 2001
	January 2002	December 10, 2001
	February 2002	January 10, 2002
	March 2002	February 8, 2002
	April 2002	March 8, 2002
	Class 2 & 3 Prices	April/May 2001
June/July 2001		June 1, 2001
August/September 2001		August 1, 2001
October/November 2001		October 1, 2001
December 2001/Jan. 2002		December 3, 2001
February/March 2002		February 1, 2002
April/May 2002		April 1, 2002
Class 4a & 4b Prices	April 2001	May 1, 2001
	May 2001	June 1, 2001
	June 2001	July 2, 2001
	July 2001	August 1, 2001
	August 2001	September 4, 2001
	September 2001	October 2, 2001
	October 2001	November 1, 2001
	November 2001	December 3, 2001
	December 2001	January 2, 2002
	January 2002	February 1, 2002
	February 2002	March 1, 2002
	March 2002	April 1, 2002
	April 2002	May 1, 2002

## ► Quota, Base, and Overbase Pool Prices

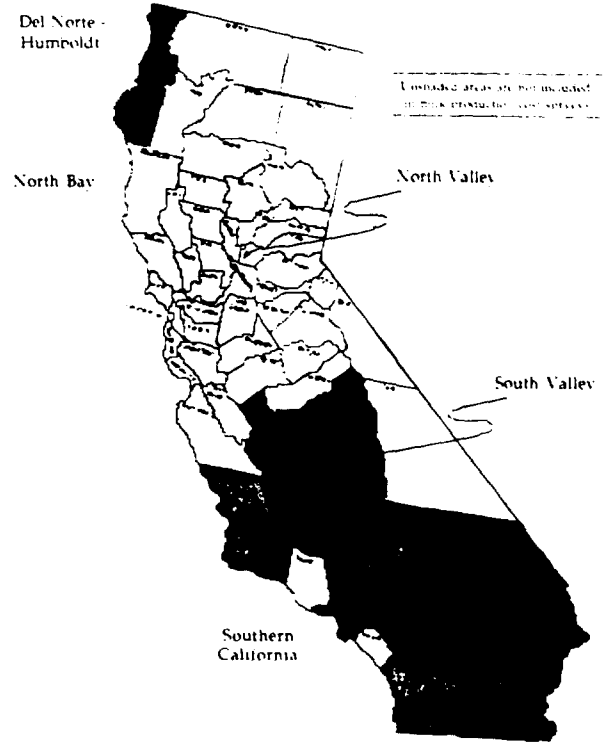
<u>Pricing Period</u>	<u>Price Release Date (by 4:00 p.m.)</u>
April 2001	May 24, 2001
May 2001	June 24, 2001
June 2001	July 24, 2001
July 2001	August 24, 2001
August 2001	September 24, 2001
September 2001	October 24, 2001
October 2001	November 23, 2001
November 2001	December 24, 2001
December 2001	January 24, 2002
January 2002	February 25, 2002
February 2002	March 25, 2002
March 2002	April 24, 2002
April 2002	May 24, 2002

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
 For additional information or a copy of the Milk Pricing Newsletter, call (916) 654-1456, send an email to [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov), or visit our homepage at <http://www.cdfa.ca.gov/dairy>

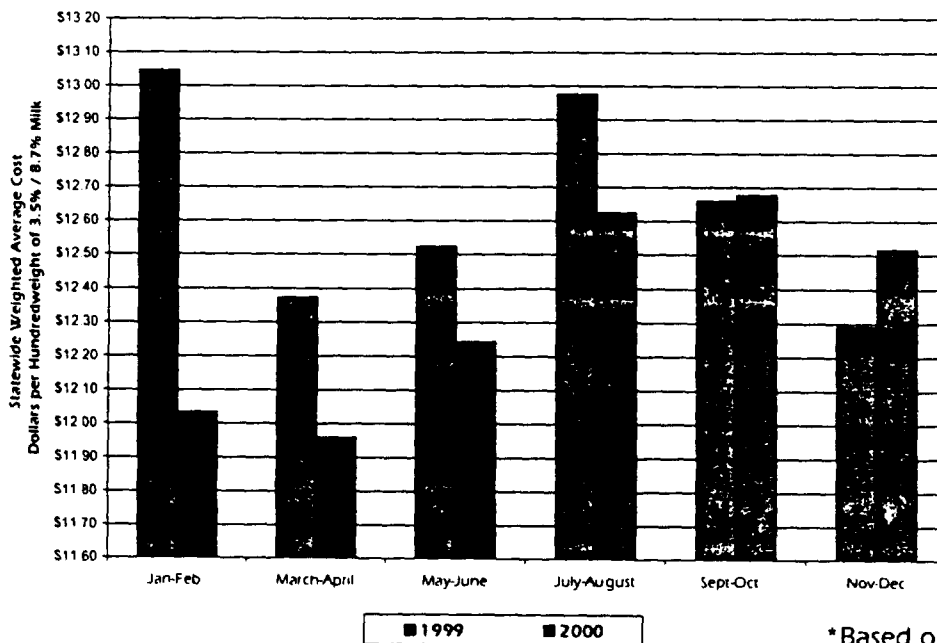
# PRODUCTION COST SUMMARY 2000

The Department considers the cost of producing market milk in establishing minimum prices for the various classes of milk. Since 1955, the Department's Cost of Production Unit has been collecting and summarizing cost data from California dairy farms. The staff reviews dairy farm financial records on-site and works with dairy managers to determine allocations of dairy expenditures to produce milk. Dairy producers find that the studies and resulting cost comparisons are a valuable tool in dairy management.

The Cost of Production Unit conducts surveys for five dairy regions (see map at right) within California (Del Norte-Humboldt, North Bay, North Valley, South Valley, and Southern California). Comparing 1999 to 2000, the statewide weighted average on-farm cost of milk production decreased by \$0.31 per hundredweight. This decrease in production costs must be viewed in terms of changes in producer farm prices. For the same time period, producer farm prices for quota, base, and overbase milk decreased \$0.97 per hundredweight. The \$0.31 decrease in production costs was the result of decreases in both feed costs (down \$0.28) and operating expenses (down \$0.03). The feed cost decreases were, in part, due to decreases in alfalfa and grain prices of \$6.22 and \$5.82 per ton, respectively.



**Chart 7: California Milk Production Cost Summary\*  
1999-2000**



\*Based on Milk Production Cost Index Reports

# MANUFACTURING COST SUMMARY 2000

The Department's Manufacturing Cost Unit collects and summarizes cost data from California dairy manufacturing plants. Any plant that produces Class 4a or Class 4b products may be asked to participate in the cost studies. The butter, nonfat dry milk (NFDM), and Cheddar cheese study participants typically account for over 97 percent of these respective products manufactured in California.

The Department annually reviews the cost of manufacturing milk into butter, NFDM, and Cheddar cheese with other factors. These costs are considered when establishing the manufacturing cost allowances for the minimum pricing formulas. The table below shows the weighted average manufacturing costs per pound for butter (salted and unsalted), NFDM, and Cheddar cheese. Costs included in this summary are packaging, processing labor, processing non-labor, general and administrative, return on investment and, for butter and Cheddar cheese, miscellaneous ingredients.

Compared to the February 2000 Exhibit, the updated survey shows production increases for butter of 780,000 pounds (0.25%), nonfat powder of 43,750,000 pounds (8.67%), and Cheddar and Monterey Jack cheeses of 22,670,000 pounds (4.86%). For more information, see the Manufacturing Cost Unit Annual to be printed in mid-2000.

## Weighted Average Manufacturing Costs 1989-2001

Exhibit Date	Butter	# of Butter Plants	Nonfat Powder	# of NFDM Plants	Cheddar Cheese	# of Cheddar Cheese Plants
May 1989	\$0.0879	11	\$0.1370	11	\$0.2251	9
June 1990	\$0.0888	11	\$0.1398	11	\$0.2324	9
May 1991	\$0.0883	10	\$0.1438	11	\$0.2192	9
July 1992	\$0.0969	12	\$0.1443	12	\$0.2010	9
August 1993	\$0.0936	12	\$0.1430	11	\$0.1868	10
September 1994	\$0.0895	11	\$0.1341	11	\$0.1889	8
April 1995	\$0.0889	9	\$0.1327	9	\$0.1862	8
November 1995	\$0.0928	9	\$0.1328	9	\$0.1981	8
December 1996	\$0.0970	9	\$0.1333	9	\$0.1898 <sup>1/</sup>	8
July 1997	\$0.0958	8	\$0.1327	9	\$0.1840	9
February 1999	\$0.0930	8	\$0.1277	9	\$0.1759	10
February 2000	\$0.0957	8	\$0.1356	10	\$0.1693	9
January 2001 <sup>2/</sup>	\$0.0959	8	\$0.1463	11	\$0.1753	9

<sup>1/</sup> This and successive figures include costs associated with bulk Cheddar plants, although packaging labor and packaging expenses reflect costs from the 40-lb. block plants.

<sup>2/</sup> Includes the most current completed cost studies as well as utility cost adjustments for all plants. The adjustments were made using each plant's invoices for energy costs through October 2000.

# CALIFORNIA MILK PROCESSING PLANTS

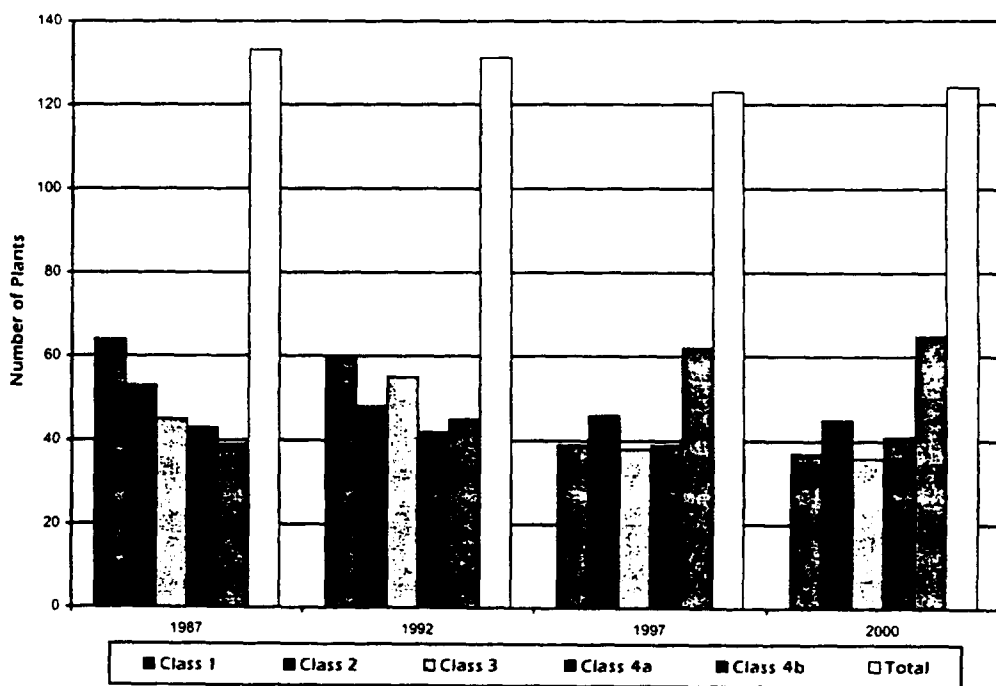
California milk processing plants are experiencing trends similar to what other dairy processing plants across the U.S. are experiencing: more milk from fewer dairy farms. For example, for the period from 1960 to 2000, California milk production increased dramatically from 8.0 billion pounds annually to 34.2 billion pounds in 2000. Furthermore, the number of California processing plants decreased from 600 to 113 during the same period.

On average, California plants are operating at 90%+ capacity to meet the demand of this increase in milk production, causing the average amount of milk processed per plant to grow steadily. Many California plants have expanded or are planning expansions to increase processing capacity. Typically, plants that are already large in terms of processing capacity are the ones planning further expansions. Thus, the "larger" plants are getting "even larger" in size and processing volume as compared to the "smaller" processing plants. For example, the 3 largest nonfat dry milk (NFD) processing plants produced 24 times more NFD than the 3 smallest plants. These plant expansions will ease some of the pressure of increased milk production. For example, two manufacturing plants currently under construction will together process more than 9 million pounds of milk per day when operating at full capacity (one of these plants is already planning further expansion to process an additional 3 million pounds of milk per day).

Dairy processing plants of the 1960's often produced a wide range of products, whereas today, plants tend to specialize in the processing of only a few dairy products.

The following chart depicts the historical trend for number of milk processing plants between 1987-2000. Note the decline in the total number of milk processing plants, the decline in the number of processing plants processing Class 1 and 2 milk, and the steady increase in the number of processing plants processing Class 4b milk.

**Chart 8: Categorization of California Milk Processing Plants Based Upon Classification of Processed Products**



# CLASSIFICATION OF DAIRY PRODUCTS

## PRODUCT DESCRIPTION

## CLASSIFICATION

Acidified Half-and-Half	1	
Fluid Milk Products:		
Acidophilus	1	
Concentrated	1	
Filled	1	
Flavored	1	
High Nutrient	1	
Imitation	1	
With Lactobacillus Acidophilus Culture	1	
Lactose Reduced	1	
Modified	1	
Whole, Reduced Fat, Lowfat, Fat Free	1	<div style="border: 1px solid black; padding: 5px;">           These products are assigned to Class 2 if packaged in pre-sterilized containers to meet out-of-state requirements and sold outside California.         </div>
Half-and-Half	1	
Kefir and Fruit Kefir	1	
Milk Drink	1	
Milk Drink Mix	1	
Acidified Buttermilk	2	
Acidified Half-and-Half Dressing	2	
Buttermilk	2	
Clotted Cream	2	<div style="border: 1px solid black; padding: 5px;">           These products must be assigned to the classification of ultimate usage when utilized in bulk by handlers, but are assigned to Class 4a when sold to consumers.         </div>
Condensed (Sweetened and Unsweetened) Milk	2	
Lowfat Milk	2	
Fat Free Milk	2	
Cottage Cheese:		
Acidified or directly set	2	<div style="border: 1px solid black; padding: 5px;">           These products are assigned to Class 4a if sold outside the U.S.         </div>
Creamed	2	
Creamed Spread	2	
Lowfat	2	
Fat free	2	
Partially Creamed	2	
Uncreamed	2	
Cream		
Acidified Cream	2	
Coffee Cream	2	
Light Cream	2	
Table Cream	2	
Whipping Cream	2	
Cream Dressing (Sour and Acidified Sour)	2	
Dry Whey (from Cottage Cheese)	2	
Egg Nog (all varieties)	2	
Evaporated (Sweetened and Unsweetened):		
Cream	2	<div style="border: 1px solid black; padding: 5px;">           These products are assigned to the classification of ultimate usage when utilized in bulk by handlers, but are assigned to Class 4a when sold to consumers.         </div>
Milk	2	
Lowfat Milk	2	
Fat free Milk	2	
Fromage Frais (Lowfat, Fat free)	2	<div style="border: 1px solid black; padding: 5px;">           These products are assigned to Class 4a if sold outside the U.S.         </div>
Hoop Cheese	2	
Sour Cream and Light Sour Cream	2	
Sour Flavored Half-and-Half	2	
Sour Half-and-Half Dressing	2	
Ultra High Temperature (UHT) and		
Fluid Flavored Milk (Whole, Lowfat, Fat Free)	1	<div style="border: 1px solid black; padding: 5px;">           These products are assigned to Class 2 if sold for use outside California and Class 4a if sold for use outside the 48 contiguous states.         </div>
Fluid Milk (Whole, Lowfat, Fat Free)	1	
Half-and-Half	1	

PRODUCT DESCRIPTION	CLASSIFICATION	
Cream	2	These products are assigned to Class 4a if sold outside the U.S.
Dairy Spread	2	
Egg Nog	2	
Flavored Cream	2	
Flavored Drink	2	
Lowfat Milk	2	
Milk	2	
Milk Drink Mix	2	
Sour Cream	2	
Sour Flavored Half-and-Half	2	
Ultrapasteurized Half-and-Half (Hermetically Sealed)	2	
Whipped Cream (Cream Topping)	2	
Whipped Nonfat Yogurt Topping	2	
Yogurt (Flavored, Lowfat, Fat Free)	2	
Yogurt Drink (Lowfat, Fat Free)	2	
Yogurt Sherbet	2	
Frozen Dairy Dessert (Mix, Lowfat, Fat Free)	3	
Frozen Yogurt (Mix, Lowfat, Nonfat)	3	
Ice Cream and Ice Milk:		
Diabetic	3	
Dietetic	3	
Imitation	3	
Mix	3	
Nonfat	3	
Light Dairy Dessert	3	
Quiescently Frozen Confections	3	
Sherbet	3	
Butter	4a	
Dry Buttermilk	4a	
Nonfat Dry Milk	4a	
Whole Dry Milk	4a	
Cheese:		
Bakers	4b	
Blue	4b	
Brick	4b	
Cheddar	4b	
Colby	4b	
Cream	4b	
Full Skim	4b	
Gorgonzola	4b	
Limburger	4b	
Monterey Jack	4b	
Mozzarella	4b	
Muenster	4b	
Neufchatel	4b	
Parmesan	4b	
Part Skim	4b	
Provolone	4b	
Ricotta	4b	
Romano	4b	
Swiss	4b	
Dry Modified Whey	4b	
Dry Whey (from other Cheese)	4b	

# CALIFORNIA DAIRY INDUSTRY HISTORIC TIMELINE (as related to Government)

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- 1919 California Department of Food and Agriculture established.  
Milk and Dairy Foods Control Branch established.
- 1932 Los Angeles Milk Arbitration Board: State-sponsored voluntary agreement among producers and handlers to set producer and resale prices.
- 1933 Federal license (order) established in Southern California – immediately enjoined by federal courts.
- 1935 Young Act - Establishes minimum producer pricing. Dairy Marketing created. Federal licenses (order) terminated in California.
- 1937 Desmond Act - Establishes minimum wholesale and retail pricing. (repealed 1978)  
Minimum producer prices extended to all classes of milk.
- 1945 Dairy Products Promotion Act - Establishes the Dairy Council of California to foster education and promotional programs.
- 1947 Unfair Practices Act - Regulates unfair dairy business practices.  
Prohibits sales below cost.
- 1949 Federal Price Support for dairy industry established.
- 1955 Amendment of Young Act: Basis for pricing changed.
- 1962 AB 2742 - Establishes component pricing for fluid milk products.  
(butterfat, solids-not-fat, and fluid carrier).  
California introduces lowfat (2-10) milk.
- 1965 Classified pricing for manufactured products begins, based solely on finished product prices for butter and nonfat dry milk.
- 1967 Gonsalves Milk Pooling Act - Establishes a statewide pooling of producer revenues, using a system of quota, base and overbase.
- 1969 Gonsalves Milk Pooling Act becomes effective.  
California Milk Advisory Board established.
- 1970 California Manufacturing Milk Advisory Board established.
- 1973 Quality assurance dating was extended to most dairy products.  
Forward pricing for Class 2 and 3 products began.  
Suspension of minimum wholesale pricing began.
- 1974 AB 1570 - Requires cottage cheese, buttermilk, and sour cream dressing be made from market grade milk.
- 1975 Minimum retail prices suspended in North and Central Valley.
- 1977 Minimum retail and wholesale prices suspended in all areas.  
Market Milk Enforcement consolidated with Dairy Marketing.
- 1978 AB 1110 - Desmond Act repealed. All original quota equalized.  
Authority to establish formula pricing.  
Economic formula to determine Class 1 prices implemented.  
Established 2-month pricing periods.
- 1979 Current milk movement provisions developed.
- to Call provisions
- 1982 Transportation credits (plant to plant)  
Transportation allowances (ranch to plant)

- 
- 1980 Fluid milk usage goes below 50 percent of total milk production on an annual basis.
- 1982 AB 903 - Class 4 divided into Class 4a and Class 4b.
- 1983 Dairy and Tobacco Adjustment Act of 1983 - Dairy Diversion Program: first federal use of supply control in the milk industry.
- 1984 AB 910 - Milk Pooling statutes revised relative to issuance of new quota. Quota allocated based on Class 1 growth above historic high. Implementation of \$0.15 per hundredweight national promotion assessment.
- 1985 1985 Farm Bill - Dairy Termination Program
- 1987 SB 29 - Establishes Milk Producers Security Trust Fund.
- 1989 Class 4b prices based on cheese prices began. Two-month pricing for Classes 2 and 3 began.
- 1990 Extra light (1-11) milk introduced.
- 1991 AB 2203 - Provided for emergency price relief
- 1992 Emergency price relief granted on Class 1, 2 and 3 from February through August 1992.
- 1993 SB 688 - Milk Pooling Statutes revised to provide a fixed Class 1 price differential of \$1.70 from January 1, 1994 to January 1, 1995.  
SB 72 - Authorizes dairy product cross-promotion. Yogurt reclassified from Class 1 to Class 2 milk product. Quota allocation now based on Class 1 and 2 SNF growth.  
Cost of Production and consumer purchasing power removed from Class 1 pricing formula. Now formula only uses Commodity Reference Price.  
California Milk Processors Board established.  
California Dairy Advisory Committee established.
- 1994 AB 1285 - Removes sunset clause on SB 688 making the \$1.70 fixed differential permanent.
- 1995 Emergency price relief granted on all classes from June 1995 through January 1996.
- 1996 SB 1885 - Changes accounting for restricted use market milk. Eliminates producer's ability to de-pool their milk on a monthly basis by giving up their Grade A permit.
- 1997 Changed the pool accounting for other source milk on July 1.
- 1998 AB 1058 - Removes sunset clause on SB 1885.
- 1999 California Milk Price Survey initiated as a result of SB 419, legislation passed in September 1999.
- 2000 As a result of changes to both systems, pricing in California and Federal Milk Marketing Orders become much more similar.





## Key Contacts for Department Dairy Services

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**Robert "Tad" Bell, Undersecretary**  
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**Marketing Services**  
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**Milk Pooling Branch**  
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654-0795  
**Pool Operations**  
(Revenue Distribution, Quota, & Quota Transfers)  
**Don Shippelhouse**  
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**California Dairy Statistics Service**  
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**Production Cost Unit**  
**Producer Payments Unit**  
**License & Bond Unit**  
**Greg Lawley**  
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**Manufacturing Cost Audits**  
**Ed Hunter**  
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**Milk Price Recording**  
(800) 503-3490  
442-MILK (For Sacramento and Out-of-State)

**Pool Audits**  
**John Lee**  
654-0794, Fax 653-8919



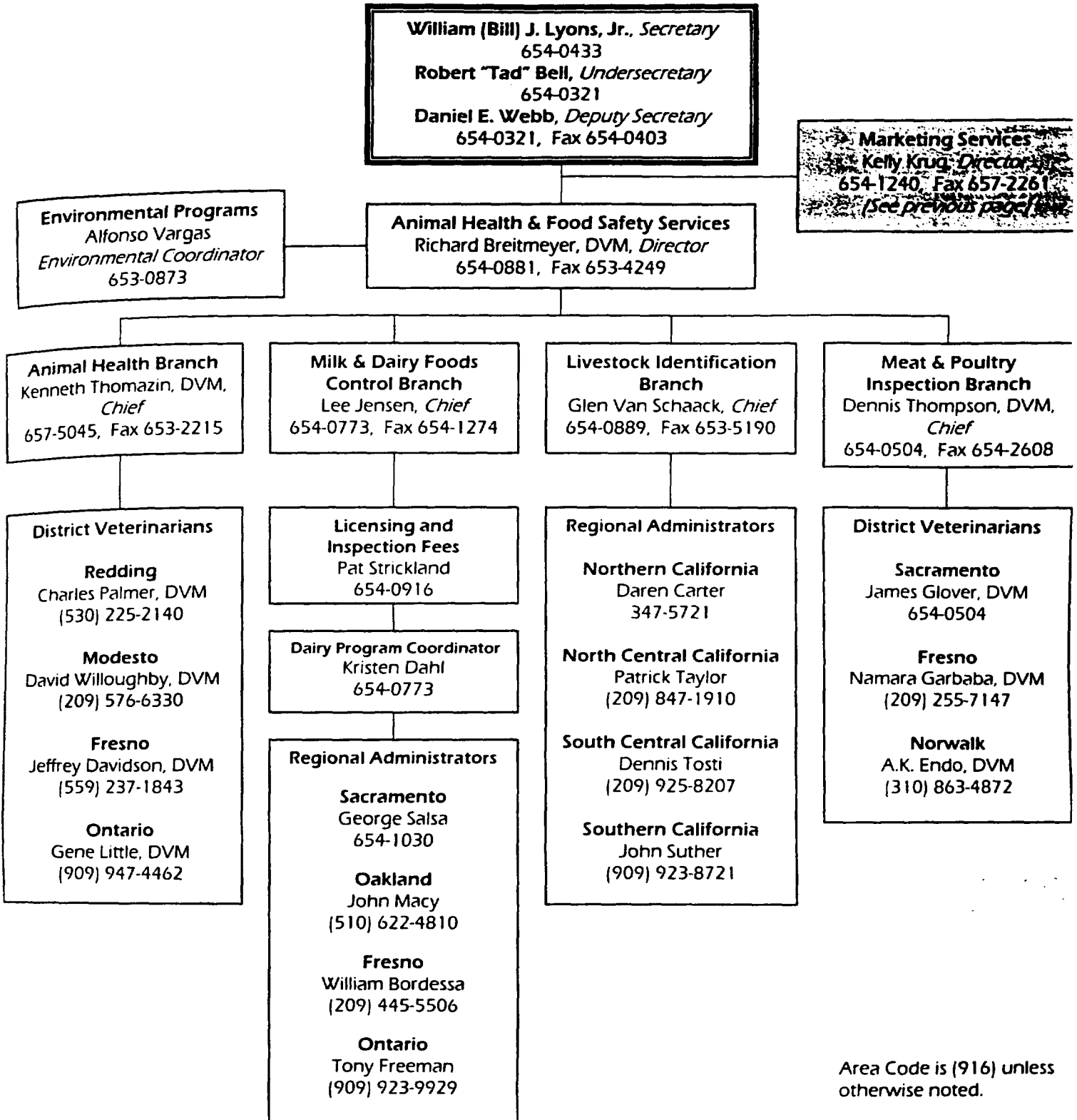
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## MILK PRICING IN CALIFORNIA

California minimum prices paid for milk to producers are determined through a complex system of reference prices and formulas. The intricacies of the system are often not fully understood which leads to confusion even among those whose livelihood relies on this system. The complexities of the pricing system stem from processors paying different prices for milk according to how the milk is used and payments to producers according to a schedule of quota, base and overbase prices. This paper explains how the various class prices are determined and how they are converted to the pool prices from which producer payments are made.

### **CLASS PRICES**

To promote stability in the dairy industry, California's milk marketing program establishes minimum prices that processors must pay for fluid grade or Grade A milk received from dairy farmers based on end product use. These prices are established within defined marketing areas where milk production and marketing practices are similar. Currently, California operates its milk pricing plan with two marketing areas: Northern California and Southern California. Each marketing area has a separate but essentially identical Stabilization and Marketing Plan. Each plan provides formulas for pricing the five classes of milk. In general, the classes and the products they contain are:

- Class 1: Milk used in fluid products.
- Class 2: Milk used in heavy cream, cottage cheese, yogurt and sterilized products.
- Class 3: Milk used in ice cream and other frozen products.
- Class 4a: Milk used in butter and dry milk products, such as nonfat dry milk.
- Class 4b: Milk used in cheese, other than cottage cheese.

Milk consists of three basic components: butterfat (fat), solids-not-fat (SNF) and fluid carrier. Prices are assigned to all three components in the determination of the Class 1 milk price. Only the fat and SNF components are used to set the Class 2, 3, 4a and 4b milk prices. Class 2 and 3 prices are adjusted bimonthly according to their pricing formulas, and Class 1, 4a and 4b prices are adjusted monthly according to their formulas.

## Pricing Procedures for Classes 4a and 4b

The California Class 4a and 4b pricing formulas rely on commercial market prices for butter, nonfat dry milk (NFDM) and Cheddar cheese. The commodity market prices are adjusted by manufacturing cost allowances and yields specific to California to determine fat and SNF component prices. In general terms, the pricing formula is:

$$\text{price} = (\text{commodity market price} - \text{manufacturing cost allowance}) * \text{product yield}$$

### Class 4a:

The Class 4a price is updated monthly to reflect the most current dairy commodity prices used to establish the 4a fat and 4a SNF component prices. The fat portion of this class of manufacturing milk is primarily used to make butter, and therefore, 4a fat prices are derived from and reflect changes in market prices for butter. Likewise, the SNF portion of this class of manufacturing milk is primarily used to make NFDM, and therefore, 4a SNF prices are derived from and reflect changes in NFDM commodity prices. The specific formulas for the 4a component prices are:

$$\text{Class 4a fat} = ((\text{CME butter price} - \$0.045) - \text{butter manufacturing cost allowance}) * \text{butter yield factor}$$

where:

butter manufacturing cost allowance	=	\$0.097 per pound of butter
butter yield factor	=	1.2 pounds of butter per pound of fat

$$\text{Class 4a SNF} = (\text{California NFDM price} - \text{NFDM manufacturing cost allowance}) * \text{NFDM yield factor}$$

where:

NFDM manufacturing cost allowance	=	\$0.14 per pound of NFDM
NFDM yield factor	=	0.99 pounds of NFDM per pound of SNF

The Chicago Mercantile Exchange (CME) butter price, butter manufacturing cost allowance, NFDM price, and NFDM manufacturing cost allowance are on a per pound basis. The yield factors reflect the relationship between the component (fat or SNF) and the product (butter or NFDM). For example, one pound of milk fat can be converted to approximately 1.2 pounds of butter. Similarly, one pound of SNF can be converted to 0.99 pounds of NFDM.

The Department uses the Grade AA butter price established at the CME as a base price. The cost of transporting butter from California to the CME is included such that the adjusted price consists of the CME Grade AA butter price less \$0.045 per pound. The CME monthly estimate of market butter price relies on the price data released between the twenty-sixth day of the previous month through the twenty-fifth day of the current month.

The California NFDM price is a weighted average price for Extra Grade and Grade A NFDM sales f.o.b. California manufacturing plants. The Department compiles NFDM sales information through audits of California manufacturing plants. The figure used in the Class 4a pricing formula is estimated each month using data from sales occurring between the twenty–sixth day of the previous month through the twenty–fifth day of the current month.

California has established 3.5% fat and 8.7% SNF as the component standards for whole milk. To get the standard hundredweight (cwt.) price for Classes 4a and 4b multiply the fat component price by 3.5 and the SNF component price by 8.7 and add the two resulting numbers. For example:

$$\text{Class 4a price per cwt.} = (3.5 * 4a \text{ fat price}) + (8.7 * 4a \text{ SNF price})$$

Class 4b:

Following the accepted standard of the dairy industry, the Department uses commodity market Cheddar cheese prices to establish the 4b component prices. The 4b formula is updated monthly to reflect the most current Cheddar cheese prices.

The average fat and SNF contents and product yields are the principal factors that determine the price level in the 4b formula. When the 4b formula was revised in 1997, it was determined that many cheese plants in California were fortifying their milk to increase the total solids content in the cheese vat. To reflect the higher solids content, an average test of 3.65% fat and 8.78% SNF, abbreviated as "3.65/8.78 milk" was established. One hundred pounds of milk yields 10.0 pounds of Cheddar cheese. Whey, an often–overlooked byproduct of cheese production, can be used to produce whey butter. The whey from a 100 pounds of 3.65/8.78 milk yields an average of 0.27 pounds of whey butter, and the value of whey butter is roughly equal to the value of CME Grade AA butter less \$0.10 per pound. This potential revenue is included in the 4b price formula.

The Department uses the average CME price for 40 pound blocks of Cheddar cheese to set a base price. The base price is adjusted by subtracting \$0.012 per pound from the CME price. This adjustment factor reflects the price relationship between CME and California Cheddar cheese prices and was last updated using 1996 – 1997 data. The commodity prices applicable to the Class 4b formula occur between the twenty–sixth day of the previous month through the twenty–fifth day of the current month.

The 4b price calculation consists of four steps. The first step determines the cheese price per cwt. The second and third steps identify the 4b fat price and the 4b SNF price. The final step calculates the per cwt. price of Class 4b 3.5/8.7 milk.

**Step 1:**

Cheese price per cwt. =

$((\text{CME Cheddar cheese price} - \$0.012) - \text{cheese manufacturing cost allowance}) * (\text{Cheddar cheese yield}) + (\text{CME AA butter} - \$0.10 - \text{butter manufacturing cost allowance}) * \text{whey butter yield}$

where:

cheese manufacturing cost allowance = \$0.169 per pound of product  
cheese yield factor = 10.0 lbs. of cheese per cwt. of milk  
whey butter manufacturing cost allowance = \$0.097 per pound of product  
whey butter yield factor = 0.27 lbs. of butter per cwt. of milk

**Step 2:**

Fat in Class 4b milk must be assigned a value. The current formula requires that 4b fat be valued at the same level as the 4a fat, i.e.,

$$\text{Class 4b fat price} = \text{Class 4a fat price}$$

**Step 3:**

SNF in Class 4b milk also must be assigned a value which is accomplished by subtracting the value of fat from the cheese price calculated in Step 1, i.e.,

$$\text{Class 4b SNF} = \frac{\text{Cheese price per cwt.} - (3.65 * \text{Class 4b fat})}{8.78}$$

**Step 4:**

Convert component prices to standardized milk (3.5/8.7) milk price per cwt.

$$\text{Class 4b milk per cwt.} = (3.5 * \text{Class 4b fat}) + (8.7 * \text{Class 4b SNF})$$

**Pricing Procedures for Classes 2 and 3**

The Class 2 and Class 3 prices are determined by simply adding a set differential to the Class 4a component prices. The differentials are intended to impart credit to the producer for a value-added product and are established at levels that do not provide any economic incentive for manufacturers outside the state to ship identical products into California or for manufacturers within California to reconstitute products from intermediate dairy products, such as butter and NFDM.



Class 2 and Class 3 prices are established on a bi-monthly basis prior to the beginning of each even month. For example, the February–March period pricing period for Class 2 and Class 3 milk uses the average Class 4a component prices for December and January. The general formulas for each component within class are:

$$\text{Class 3 fat} = \text{Average Class 4a fat} + \left( \begin{array}{c} \$0.0370 \text{ in Northern California} \\ \text{OR} \\ \$0.0393 \text{ in Southern California} \end{array} \right)$$

$$\text{Class 3 SNF} = \text{Average Class 4a SNF} + (\$0.0586 \text{ throughout California})$$

$$\text{Class 2 fat} = \text{Average Class 4a fat} + \left( \begin{array}{c} \$0.0370 \text{ in Northern California} \\ \text{OR} \\ \$0.0393 \text{ in Southern California} \end{array} \right)$$

$$\text{Class 2 SNF} = \text{Average Class 4a SNF} + \left( \begin{array}{c} \$0.0643 \text{ in Northern California} \\ \text{OR} \\ \$0.0901 \text{ in Southern California} \end{array} \right)$$

### Pricing Procedures for Class 1

Determining the price for fluid milk products involves several steps. The Class 1 fat price for fluid milk pricing formula is set directly and uses the Chicago Mercantile Exchange (CME) butter price with an adjustment. The SNF and carrier prices are calculated as residuals. They rely on a basic price mover called the commodity reference price (CRP) which is based off the higher of the CME price for Cheddar cheese or the CME Grade AA butter and California weighted average price for nonfat dry milk. The Class 1 fat price is subtracted from the CRP and the remaining residual value is allocated to SNF and carrier. Once the component prices have been assigned to fat, SNF, and fluid carrier portions of milk, the implied value of raw milk can be calculated.

**Step 1:**

$$\text{Price of Class 1 fat} = (\text{CME butter} - \$0.10) \times 1.2$$

**Step 2:**

Commodity Reference Price is the **higher of**:

$$(\text{CME Cheddar}) \times 9.8 + (\text{CME AA butter} - \$0.10) \times 0.27$$

OR

$$(\text{CME butter} \times 1.2) \times 3.5 + (\text{CA NFDM} \times 0.99) \times 8.7$$

**Step 3:**

$$\text{Price of Class 1 SNF} = \frac{(((\text{CRP} + \$0.464) - (\text{Class 1 fat price} \times 3.5)) \times 0.76)}{8.7}$$

**Step 4:**

$$\text{Price of Class 1 carrier} = \frac{(((\text{CRP} + \$0.464) - (\text{Class 1 fat price} \times 3.5)) \times 0.24)}{87.8}$$

For Northern California, subtract an additional \$0.0031 from the per pound price of fluid carrier.

**Step 5:**

$$\begin{aligned} &\text{Class 1 price per 100 pounds of milk (@3.5\% fat and 8.7\% SNF)} \\ &= (3.5 \times \text{Class 1 fat}) + (8.7 \times \text{Class 1 SNF}) + (87.8 \times \text{Class 1 carrier}) \end{aligned}$$

## ***POOL PRICES***

Payments to California milk producers are determined through a system of quota and non-quota pool prices. The Milk Pooling Branch at the Department is responsible for converting the five separate class prices to the pool prices. Pool prices for fat and SNF are calculated separately. The following hypothetical examples illustrate the procedure used.

### **FAT POOL PRICES**

The Milk Pooling Branch receives production reports from all processing plants in the state, which detail how much milk each plant received and how it was used it. For example, say that these reports show 1,000,000 pounds of fat were produced in January. The report also indicates that 300,000 pounds were used in Class 1 products; 50,000 pounds were used

in Class 2 products; 50,000 pounds were used in Class 3 products; 300,000 pounds were used in Class 4a products; and 300,000 pounds were used in Class 4b products. Each class of fat has its own price as described earlier. Assume for this exercise that the fat prices are \$0.99 for Class 1; \$0.79 for Class 2; \$0.78 for Class 3; \$0.72 for Class 4a; and \$0.72 for Class 4b.

Multiplying the fat prices in each class by the individual class uses provides an indication of the revenue generated per class. The class revenues are summed to give the revenue attributable to uses of fat. Dividing the total fat revenue by the total fat production gives an average fat price weighted by the different class uses. To summarize,

$$= \frac{[(300,000 * \$0.99) + (50,000 * \$0.79) + (50,000 * \$0.78) + (300,000 * \$0.72) + (300,000 * \$0.72)]}{1,000,000}$$

$$= \frac{[\$297,000 + \$39,500 + \$39,000 + \$216,000 + \$216,000]}{1,000,000}$$

$$= \frac{\$807,500}{1,000,000} = \$0.8075 \text{ per pound of fat}$$

### SNF POOL PRICES

The process to determine the pool prices for SNF is slightly more involved than that described for fat pool prices. This is the result of two complicating factors:

1. Currently there is a \$1.70 spread between quota and non-quota milk at 3.5% and 8.7% test. The spread is maintained by setting quota and non-quota SNF prices equal initially and then the price of quota SNF is increased to \$0.195 per pound greater than non-quota SNF (\$1.70 divided by 8.7 equals \$0.195).
2. In the Class 1 formula fluid carrier must be assigned a value but a pool price for the fluid carrier does not exist. Consequently, the revenue generated by the fluid carrier is transferred to the SNF pool.

As with the fat pool pricing procedure, the Milk Pooling Branch receives reports from manufacturing plants detailing milk receipts and usage. For example, say that these reports show 1,000,000 pounds of SNF and 9,000,000 pounds of fluid products were produced in January. The report also indicates that 350,000 pounds were used in Class 1 products; 50,000 pounds were used in Class 2 products; 30,000 pounds were used in Class 3 products; 260,000 pounds were used in Class 4a products; and 310,000 pounds were used in Class 4b products. Each class of SNF has its own price, and for this

exercise the prices are \$0.90 for Class 1; \$0.96 for Class 2; \$0.93 for Class 3; \$0.90 for Class 4a; and \$0.95 for Class 4b. Class 1 fluid carrier price is set at \$0.02 per pound.

Multiplying the SNF prices in each class by the individual class uses provides an indication of the revenue generated. The class revenues are summed to give the revenue attributable to uses of SNF. Dividing the total SNF revenue by the total SNF production gives an average fat price weighted by the different class uses. To summarize,

$$\begin{aligned}
 &= \frac{[(350,000 * \$0.90) + (50,000 * \$0.96) + (30,000 * \$0.93) + (260,000 * \$0.90)]}{1,000,000} \\
 &= \frac{[\$315,000 + \$48,000 + \$27,900 + \$234,000 + \$294,500 + \$180,000]}{1,000,000} \\
 &= \frac{\$1,099,400}{1,000,000} = \$1.0994 \text{ per pound of SNF}
 \end{aligned}$$

After the price per pound of SNF has been determined, the \$1.70 spread between the quota and non-quota price can be instituted. This is accomplished by removing \$0.195 for each pound of SNF quota from the SNF revenue pool which requires that the Milk Pooling Branch be knowledgeable of the number of pounds of SNF quota held by dairyman in the state. Assume that of the 1,000,000 pounds of SNF produced 400,000 pounds were covered by quota.

The 400,000 pounds is multiplied by \$0.195 and the resulting figure is subtracted from the total SNF revenue pool. The remaining pool revenue is divided by the total pounds of SNF produced for the month to get the non-quota SNF price per pound:

$$\begin{aligned}
 &= \frac{(\$1,099,400 - [400,000 * \$0.195])}{1,000,000} \\
 &= \frac{(\$1,099,400 - \$78,000)}{1,000,000} \\
 &= \frac{\$1,021,000}{1,000,000} = \$1.0214 \text{ per pound of non - quota SNF}
 \end{aligned}$$

For this exercise, the quota SNF price would be \$1.0214 + \$0.195 = \$1.2164 per pound.

To convert per pound prices to prices per cwt., multiply the fat price by 3.5 and the SNF price by 8.7 and sum the revenues. In this example the quota and non-quota prices are:

$$\begin{aligned}\text{Quota price} &= [(3.5 * \$0.8075) + (8.7 * \$1.2164)] \\ &= [\$2.8263 + \$10.5827] \\ &= \$13.4090\end{aligned}$$

$$\begin{aligned}\text{Non - quota price} &= [(3.5 * \$0.8075) + (8.7 * \$1.0214)] \\ &= [\$2.8263 + \$8.8862] \\ &= \$11.7125\end{aligned}$$

The actual computations of the pool prices may be modified further by regional quota adjusters (RQAs), plant to plant transportation credits, ranch to plant transportation allowances, and other adjustments that, for the purposes of brevity, are not addressed here.

The topics covered in this briefing paper should help to understand the calculations of and the differences between class prices and pool prices for milk in California.



## HISTORY OF THE CALIFORNIA MILK POOLING PROGRAM

### Background and Justification

The milk marketing laws passed in the 1930s, especially the Young Act of 1935, helped to stabilize the economy of the California dairy industry. These laws established a means of regulating the minimum price paid for milk by processors to producers. Basically, producers received at least the minimum price announced by the California Department of Food and Agriculture (CDFA) according to how their milk was used. Class 1 utilization, which was used for beverage products, commanded the highest price. Progressively lower prices applied to milk devoted to the manufacturing classes of milk.<sup>1</sup>

However, establishing minimum prices did not address the concerns of equitable prices among producers for compositionally similar milk. Plants processed an array of products, and consequently, class utilization among plants varied. Some plants processed 100 percent of the milk received as Class 1 products, but other plants processed little or no milk as Class 1 products. These groups of plants represented the extremes, and it was more typical to find plants with moderate Class 1 utilizations. Nonetheless, a producer shipping to a plant with all Class 1 utilization fared well financially while a neighboring producer selling milk of like quality to a plant with low Class 1 utilization typically received a considerably lower price.

In the late 1950s and early 1960s, disparate prices among producers in the same region were a source of frustration and led to disorderly marketing practices. Clearly, a producer's financial welfare was impacted by his or her ability to secure a contract with a handler with high Class 1 utilization. This placed producers in a weak position to bargain with handlers, and many would agree to excessive haul charges or make other concessions to obtain or retain the coveted sales to Class 1 handlers. The lack of long-term commitments between producer and handler added to the instability in the milk market. Most contracts were subject to cancellation by either party upon thirty-days' notice.

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<sup>1</sup>For more details on milk pricing, classes of milk, and product categorization, refer to "Milk Pricing In California", DMB-SP-101.

It was difficult for producers to obtain new contracts, especially with plants that maintained high Class 1 utilization year round. Not surprisingly, the loss of a contract to an individual producer was a severe economic blow. Producers often accepted contracts with handlers that gave the handler the permission to divert milk shipments to manufacturing facilities.<sup>2</sup> Besides receiving a significantly lower milk price, producers were also expected to pay for the additional cost of hauling their milk to the designated plant. An alternative was to locate another fluid milk plant that was accepting milk but this did not eliminate the high cost of shipping the milk from the dairy to a distant plant. The uncertainty of obtaining or continuing favorable contracts restricted many producers' future planning horizon and financing capability.

During the early and mid 1960's, several events combined to place even more pressure on producers. Some dairy processors began to alter the traditional framework of the milk production sector by acquiring herds and supplying their own processing facilities with milk, thereby reducing the number and volume of Class 1 contracts available to existing producers. Furthermore, a federal court ruled that the federal government could not be required to pay minimum resale prices on milk purchased by military enclaves. This ruling gave handlers the freedom to bid on government contracts at prices that were often less than the Class 1 price. Producers bore the economic brunt of this competitive bidding as some producers received less than the manufacturing milk price for milk sold as Class 1 to the military.

Producers realized the necessity of developing a system that would bring relief to their problems and provide a more equitable allocation of the revenues generated from Class 1 milk sales. Producers and producer organizations concluded that such a system could be brought about only through legislation and introduced a number of milk pooling bills into the California Legislature. These early efforts to establish a revenue distribution program were not successful because the producer community could not agree on the basic concepts of the program.

In 1967, Assemblyman Joseph A. Gonsalves introduced AB 910. After a series of amendments, the Legislature passed the Gonsalves Milk Pooling Act, and it became law on November 8, 1967. This act required the California State Secretary of Agriculture to formulate a Pooling Plan and submit it in referendum to all eligible market milk producers for their approval or disapproval.

The Act was quite specific regarding certain permissive and restrictive provisions that the Plan must contain. For example, the Act required the Secretary to appoint market milk producers and representatives of producers to serve as members of a formulation committee. These members were to represent all geographical areas to be included in

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<sup>2</sup>Prior to pooling provisions, contracts were required for all milk sale transactions between producers and handlers. Some of the contracts were referred to as "one pound" contracts because any milk received in excess of one pound was designated as surplus milk and was not covered under the terms of the contract. As such, handlers engaged in these types of contracts were authorized to divert a producer's milk to another plant, and the hauling costs were charged to the producer.



the proposed Plan. The function of the committee was to advise and assist the Secretary in the development of a proposed Pooling Plan, which was to be presented for public hearing within 90 days of the effective date of the Act.

After considerable research, revisions, and testing, the committee and the Department prepared a draft of the proposed Pooling Plan that went to public hearings held in several locations throughout the State in February 1968. Testimony indicated the proposed Plan needed refinement, and the hearing was continued until May 1968. An amended proposal was submitted to producers for referendum on September 10, 1968. The referendum was officially closed and tallied on November 8, 1968. Producers gave overwhelming assent to the Plan.

### Production Base and Pool Quota

During the preliminary stages of formulating a plan, basic milk production data were gathered to establish two benchmarks for each eligible producer — a production base and pool quota. A producer's history was based on his or her production and Class 1 usage during July 1966 through December 1966 or the 1967 calendar year. The producer was permitted to select the more favorable period. Producers located South and East of San Geronio Pass, a region principally covering the Imperial Valley, had the special option of having their pooling history computed on the basis of four times the production and usage for December 1966, and January and February 1967. Another option given to all producers in establishing their production base was to choose between their prevailing contract amounts during the selected base period and actual production.

Production base and pool quota were established for each producer by milk fat and solids-not-fat on an average daily basis. The production base was computed by dividing the total production during the base period by the number of days market milk was produced. Pool quota was established as 110 percent of the Class 1 utilization accounted for during the base period divided by the number of days in that period the producer actually had Class 1 utilization. The amount by which the production base exceeded pool quota was designated as daily base. A pooling certificate was issued to each eligible producer which carried the producer's identifying number, the production base and pool quota amounts, and the effective date of allocation.

The Act and Plan provided that a producer who purchased or otherwise acquired all or a portion of another producer's business prior to the operative date of the Pooling Plan would gain that same proportion of the producer's production base and pool quota. There were many such transfers between the beginning of the first base period and the effective date of the Plan.

### Accounting Procedure

Because of the complexity of the accounting procedure of the pooling system and the interrelationships of handler activities, the Department determined that a data processing system was the most feasible and sensible approach to implementing the Pooling Plan. The historic production data, procedural calculations and systems procedures were developed with assistance from a consulting firm, and the Department contracted with the State Board of Equalization to perform monthly data processing services.<sup>3</sup> The Milk Pooling Plan became operational on July 1, 1969.

The pool area affected by the Plan initially consisted of all marketing areas of the state except Inyo-Mono, Northern Sierra, and Siskiyou. The producers of Northern Sierra and Siskiyou marketing areas later petitioned to be admitted to the pool. After public hearing, Northern Sierra was brought into the pool area effective December 1, 1970. Siskiyou market area was included in the pool area effective October 1, 1973.

With the institution of the Pooling Plan, producers are no longer paid directly in accordance with the class utilization of the contracting handler. Instead, producers are paid on the basis of his or her allocated quota, base, and overbase at prices which reflect the poolwide utilization of all classes. The monthly quota and base quantities are computed for each producer to the extent he or she produced these quantities. The maximum monthly quantity of quota is determined by the current quota allocation. The maximum monthly quantity of base is the difference between production base and quota. Any production in excess of the total of these two figures constitutes overbase production.

#### Pool Prices and Pool Obligations

Each handler submits to the Pooling Branch a monthly report detailing the amounts of milk purchased from producers and other handlers and the amounts used in the various classes. The total value of each class is determined by multiplying the class utilization by its appropriate class price for each handler in the pool. Summing these respective amounts across all pool handlers gives the value of the pool.

The Department prepares and mails a statement for each handler on or before the 28th of each month showing the gross amount the handler owes each producer. The statement itemizes the handler's class utilization and the gross amount the handler is directed to pay producers for their quota, base, and overbase milk. The statement does not include authorized deductions the handler may claim. One such deduction is the hauling charge.<sup>4</sup> If the total value of the milk used is greater than the amount the handler owes producers for their milk, the handler pays the difference into the pool

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<sup>3</sup> Since September 1974, the State Franchise Tax Board has performed the data processing service.

<sup>4</sup> The hauling charge reflects the distance from the producer's ranch to the plant first receiving the milk.

equalization fund. On the other hand, if the amount owed producers is more than the value of the milk used, the handler draws the difference from the pool equalization fund.

### Incentives to Supply Fluid Markets

The virtues of pooling milk receipts notwithstanding, the elimination of contractual arrangements between producers and handlers removed the incentive that existed for producers to ship their milk to a fluid plant. Instead, producers were inclined to ship to local plants, which, in general, tended to be manufacturing plants. As these changes in milk movement patterns evolved, fluid milk handlers were faced with the task of attracting adequate milk supplies, a responsibility that was exacerbated during the months of low milk production.

### *Location Differentials*

When pooling was instituted in 1969, location differentials were established to encourage the movement of quota milk to Class 1 plants. Location differentials were added to or deducted from quota payments to producers and were determined by the location of the plant that first received the milk. Location differentials applied only to the hundredweight milk equivalent of quota. In following the traditional movement of milk from supply areas to deficit areas, the higher hauling cost tended to be offset by a more favorable location differential. Conversely, if milk was needed locally for Class 1 usage, a lower location differential tended to be offset by a lower haul cost.

### *Transportation Allowances and Regional Quota Adjusters*

Over time, overbase milk became a larger and larger share of the milk produced by individual producers. Consequently, location differentials based solely on quota milk were no longer able to ensure that adequate milk supplies were made available to Class 1 plants. In June 1983, location differentials were replaced by transportation allowances and regional quota adjusters (RQAs). Transportation allowances partially compensate producers for the cost of hauling milk from a producer's ranch to qualified plants. These allowances apply to all market milk moving from dairy farms to processing plants which process more than 50 percent of their production into Class 1, Class 2, and/or Class 3 products. In addition, cooperative members receive transportation allowances on shipments to their plant if the plant is located in a deficit area and if the plant supplies 40 percent of its receipts for Class 1 usage.

The purpose of RQAs is less transparent because they do not provide any direct incentive to move milk to Class 1 plants. They were developed to address equity issues arising out of the elimination of the location differentials and are deducted from the quota payments to producers. RQAs are determined by the geographical location of the producer's dairy farm and apply to the hundredweight milk equivalent of quota produced. Presently, these rates range from  $-5\text{¢}$  per hundredweight for dairy farms located in North Bay counties to a minus  $-27\text{¢}$  per hundredweight for dairy farms

located in Fresno, Kings, and Tulare counties. There are no RQAs assigned to dairy farms located in the southernmost part of the State.

### Producer-Handler Options

The Gonsalves Milk Pooling Act provides that certain producer-handlers may be exempt from the Pooling Plan provided they meet the qualifying requirements. In order to maintain the exempt status, a producer-handler must continue to exercise complete ownership over both the production and processing entities, may not receive more than 25 percent of the total fluid milk sales from sources other than his or her own farm production on an annual average, and must have retail sales for his or her own account of not less than 50 percent of the total Class 1 sales.<sup>5</sup>

This group of exempt producer-handlers does not follow the usual procedures for a production base and pool quota. They may elect to enter the pool, be assigned their production base and pool quota, and operate under a special set of procedures during the 61-day period of August through September. Prior to January 1, 1978, exempt producer-handlers could have retail sales of no less than 66.7 percent of their total Class 1 sales and could receive from outside sources no more than an average of 5 percent of their Class 1 sales (or an annual average of 50 gallons per day, whichever was larger). They did not have the privilege of entering the pool, claiming their quota and operating under the special option procedure.

Producer-handlers who do not meet the qualifying requirements for full exemption operate under another option exempt classification because of the common ownership of the production and processing enterprises. This option does not impose any restrictions on retail sales or purchases from outside sources. Producer-handlers operating under this option have their original pool quota plus any quota purchased prior to March 1, 1995 deducted from their qualifying Class 1 sales. A further daily deduction of 150 pounds fat and 375 pounds solids-not-fat is made from such sales provided the producer-handler has not transferred production base and pool quota after February 9, 1977. The remainder of all production and usage is subject to pool accountability. Qualifying Class 1 product consists of processed retail and wholesale sales, including sales to sub-handlers, but excludes sales of packaged Class 1 purchased from other handlers and bulk and packaged Class 1 sales to other handlers. Any quota that cannot be deducted participates in the pool only as base or overbase.

Prior to January 1, 1978 the option exempt producer-handlers could deduct original quota from their Class 1 sales. Any purchased quota could not be deducted. These provisions were added by statute in 1978. In 1994, the producer-handlers were allowed to exempt the quota they had purchased after January 1, 1978. This window of opportunity was closed March 1, 1995.

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<sup>5</sup> Any amount in excess of 5 percent of such sales must be from a pool source.

## Allocating New Quota

One of the declared purposes of the Gonsalves Milk Pooling Act is to equalize gradually the distribution of Class 1 utilization among California producers. Allocation of new quota based on Class 1 growth was a necessary provision instrumental in attaining this goal. Class 1 sales for the most recent 12-month period, September through August, is compared to that of the previous highest identical 12-month period to determine the amount of increase necessary. The resulting amount is made available for allocation as new quota. New quota allocation to existing producers is made effective January 1, following the 12-month period during which the available new quota is determined.

Prior to January 1, 1985, the amount new quota to be allocated was determined by comparing Class 1 sales for the most recent September through August period to that of the preceding period. The increase was then adjusted for the estimated Class 1 requirements of the succeeding year, less such estimate made the prior year and further adjusted to add standby requirements.

When new quota is issued, forty percent of the new quota available is allocated to producers holding unequalized production base and pool quota. Unequalized means that the quota held by a producer is below 95 percent of the production base. The allocation is based on a formula that gives a higher percentage of new quota to those producers having low quota in relation to production base. No quota can be allocated to an unequalized producer that would be in excess of that needed to bring quota to the equalized level. Any such excess quota is reallocated to the qualifying producers still below the equalization point.

The unequalized quota are those allocated to new producer entrants after the start of the pooling program. All of the original issue of production base and pool quota was brought to equalization effective July 1, 1978 as directed by statute amendment. This one-time direct issue of quota was not conditioned on any increase in Class 1 sales.

Forty percent of available quota is allocated to equalized producers (those producers whose quota is 95 percent or more of production base) prorated according to the quota held by each.

Twenty percent of the new quota available is allocated to qualifying new producer applicants who do not have production base and pool quota. In order to apply for this allocation, a new producer must have been in continuous production for one year, and on the date of application must be shipping market grade milk to a pool handler. Available quota is allocated to these producers on a priority basis, first priority being determined on the basis of the date the application is received. Ties are broken by the longest period in continuous commercial production, and further ties are decided on the basis of the longest period in market grade production. In addition, any quota that has been forfeited after April 30, 1981, is allocated on a continuing basis to qualifying new producers.

## Allocations to New Producers

The amount of quota to be allocated to new producers is based on the daily average of fat and solids-not-fat produced during the most recent three-month period from September through November. A maximum of 150 pounds of fat and 375 pounds of solids-not-fat can be considered. Allocation is made at either 95 percent of the qualifying production of each component, or 60 pounds of fat and 150 pounds of solids-not-fat, whichever is less. If a producer enters at the equalized 95 percent level, he or she is given the qualifying production as production base, and only qualifies for further quota allocation as an existing equalized producer. If the producer enters at less than the 95 percent level, production base is granted at 111 percent of the quota allocated.

After holding this initial allocation for a minimum of one year, a new producer qualifies as an existing producer to participate in future allocation of new quota. In the subsequent allocations, the qualifying period production will be used in determining the amount of quota received. Additional production base will be allocated equal to 111 percent of the additional quota until the producer eventually has quota equal to 95 percent of the qualifying period production. At that point, the qualifying period production will be assigned as production base.

Prior to January 1, 1979, 80 percent of available quota was allocated to unequalized producers. Equalized producers were not allowed to participate in the allocation.

Prior to January 1, 1977 the maximum allocated to new producers as production base was the average daily production during the 12-month period preceding the application, or 90 percent of the average production base of all existing producers, whichever was less. The maximum quota that was allocated was 20 percent of the allocated production base, or the lowest percentage of pool quota to production base of all existing producers, whichever was less.

## Transferability of Production Base and Pool Quota

Subject to certain restrictions, production bases and pool quotas are transferable. These restrictions are imposed to prevent quota from becoming a commodity for speculation. A producer may sell to another producer in the pool area, or change locations within the pool area and carry the quota to the new location. All transfers must be approved by the Director before the transfer can be made effective. All transfers are made effective on the first day of the month.

In order to purchase production base and pool quota, a producer must be in active production of market grade milk and ship to a pool handler. The average price per pound of quota solids-not-fat (without cows) reflects the true value of the quota sold.

Although the price is expressed in terms of quota solids-not-fat, the transaction carries with it the related production base solids-not-fat, production base fat, and quota fat.

### Producer Review Board

The Gonsalves Milk Pooling Act required the Director to appoint a Producer Review Board consisting of 12 producer members. The function of this Board is to hear appeals of producers seeking hardship relief due to conditions beyond their control and make recommendations to the Director to either approve, disapprove, or modify the request.

The Board, now consisting of 12 producer members and 1 public member, also gives counsel, assistance, and recommendations on administrative matters and problem areas of the pooling program. Since its formation, it has made numerous recommendations on producer appeals and administrative issues.

### Producer Responsibility

Although producers have gained considerable independence they are still charged with responsible performance. A producer must produce milk of the required quality standards or lose quota entitlement as a consequence. For each day milk is rejected for not meeting the quality standards specified in the contract, the monthly quota eligibility is reduced by one day's quota amount. Rejected milk is still eligible to be accounted for in the base pool.

A producer may not have quota and simply hold it without producing milk. Failure to ship milk through a pool handler for a period of 60 days shall result in the forfeiture of all production base and pool quota. A proportionate amount of monthly quota entitlement will be lost for any milk shipped directly to a nonpool plant.

### Verification of Records

Personnel within the Milk Pooling Branch perform comprehensive audits of the records of handlers to determine their compliance with the reporting and payment procedures required by the Milk Stabilization and Pooling Plans. Monetary adjustments are made to a handler's account to correct discrepancies revealed by the audit with such adjustments being reflected in the quota price calculation. The payments to producers are also monitored to ensure that payments are made in the correct amount and at the proper intervals and that no unauthorized deductions are made.

### Assessments

The Milk Pooling system is the grade A producers' own program, and its administration is financed entirely by producer assessments. Producers provide financing in the form of a Pool Administrative Fee which is deducted each month from their milk payment.

Initially, this fee was 2¢ per hundredweight of market milk produced. The rate as of April 2001 is 1.1¢ per hundredweight of market milk produced.

Summary and Conclusions

The pooling program has passed beyond its developmental stage and should now be considered to be in the phase of refinement. During its existence, it has experienced problems and disappointments as expected in any new venture, but it should be recognized that progress has been made toward achieving its stated goals. Studies and analyses of pertinent issues are perpetually underway by capable individuals and organizations to seek steps toward further fulfillment of the purpose of the Milk Pooling Act — to bring about equity among the milk producers of California.





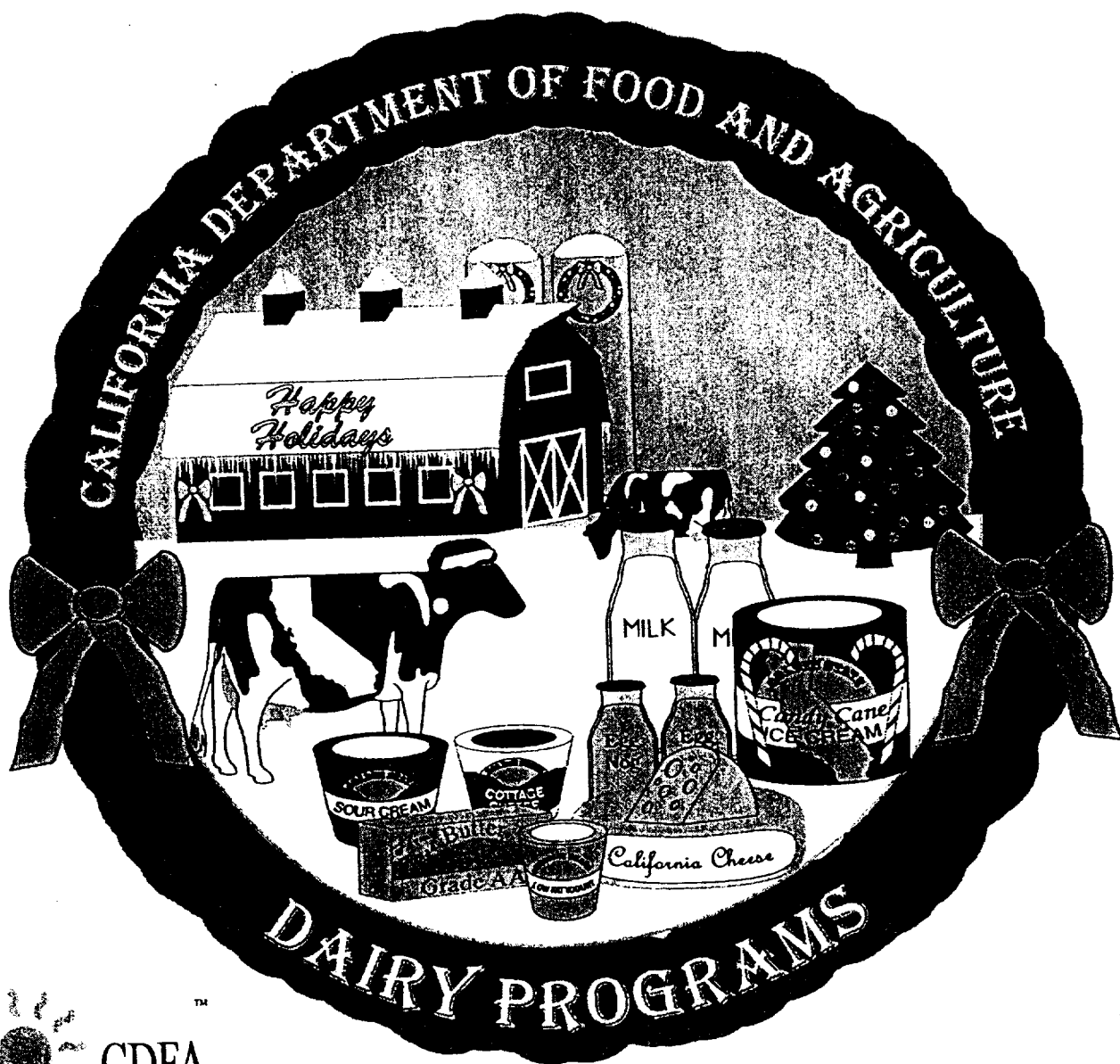
# CALIFORNIA DAIRY INFORMATION BULLETIN

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*Happy Holidays*  
from



California Department of Food and Agriculture

Pool Milk Production

Table 4A - Commercial Production of Grade A milk, Pooled and Non-Pooled, Total Grade B Milk, by Months, in Thousand Pounds, 1998 - 1999 1/

Month	Pool Milk		Grade A Milk Not Pooled 2/		Total Grade A Milk 3/		Total Grade B Milk	
	1998	1999	1998	1999	1998	1999	1998	1999
January	2,243,181	2,341,005	66,969	66,757	2,310,150	2,407,762	30,202	29,011
February	1,984,613	2,158,830	59,550	60,841	2,044,163	2,219,671	33,148	23,046
March	2,236,576	2,498,914	66,665	71,486	2,303,241	2,570,400	39,995	30,027
April	2,206,374	2,464,601	66,693	75,122	2,273,067	2,539,723	37,492	32,637
May	2,319,288	2,546,895	68,206	74,322	2,387,494	2,621,217	42,356	33,810
June	2,203,020	2,394,499	69,603	73,257	2,272,623	2,467,756	40,159	32,125
July	2,205,146	2,405,119	67,861	74,059	2,273,007	2,479,178	35,134	29,997
August	2,166,104	2,489,862	67,640	75,606	2,233,744	2,565,468	32,491	32,217
September	2,089,656	2,403,300	62,444	71,449	2,152,100	2,474,749	29,356	41,056
October	2,265,157	2,495,851	64,764	73,412	2,329,921	2,569,263	29,067	33,171
November	2,193,810		62,824		2,256,634		25,381	
December	2,282,180		66,467		2,348,647		25,967	
Jan-Oct Total	21,919,115	24,198,876	660,395	716,311	22,579,510	24,915,187	349,400	317,097
Change From 1998		10.4%		8.5%		10.3%		-9.2%
1998 Total	26,395,105		789,686		27,184,791		400,748	

1/ Data are subject to revision.

2/ Includes exempt and milk shipped out-of-state.

3/ Not all milk shipped out of state is reported. These numbers represent lower limits.

Net Milk Available in California 1/

Table 4B - California Commercial Milk Production, Production Entering, and Production Leaving, Net Milk Available, in Thousand Pounds, by Month, 1998 - 1999 2/

Month	California Milk Production		Production Entering California		Production Leaving California		Net Milk Available in California	
	1998	1999	1998	1999	1998	1999	1998	1999
January	2,340,352	2,436,773	40,353	45,452	23,566	20,859	2,357,139	2,461,366
February	2,077,311	2,242,718	38,179	52,072	20,742	19,550	2,094,748	2,275,240
March	2,343,236	2,600,427	48,963	56,848	21,959	23,563	2,370,240	2,633,712
April	2,310,560	2,572,360	44,359	53,074	21,472	25,461	2,333,447	2,599,973
May	2,429,850	2,655,027	46,083	55,314	22,169	23,940	2,453,764	2,686,401
June	2,312,782	2,499,881	43,837	52,391	23,662	21,947	2,332,957	2,530,325
July	2,308,141	2,509,175	41,335	55,782	20,730	21,193	2,328,746	2,543,764
August	2,266,234	2,597,685	56,950	41,828	20,988	21,916	2,302,196	2,617,597
September	2,181,456	2,515,805	52,257	42,941	20,163	20,673	2,213,550	2,538,073
October	2,358,988	2,602,434	43,569	50,234	19,146	21,969	2,383,411	2,630,699
November	2,282,015		40,971		18,534		2,304,452	
December	2,374,613		44,037		20,027		2,398,623	
Jan-Oct Total	22,928,910	25,232,285	455,885	505,936	214,597	221,071	23,170,198	25,517,150
Change From 1998		10.0%		11.0%		3.0%		10.1%
1998 Total	27,585,538		540,893		253,158		27,873,273	

1/ Data are subject to revision.

2/ Not all milk shipped into or out of the state is reported. These numbers represent lower limits.