

# The Alliance

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## of Western Milk Producers

February 27, 1998

Mr. Richard McKee, Director  
 Dairy Division, AMS  
 United States Dept. Of Agriculture  
 P.O. Box 96456  
 Washington, DC 20090-6456



SUBJECT: Cooperative Comment on California Federal Order Petition

Dear Mr. McKee,

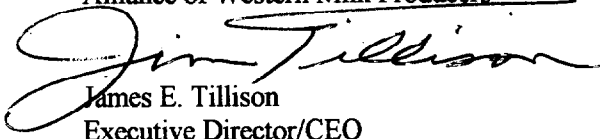
The Alliance of Western Milk Producers is a trade association that represents five major operating cooperatives in California -- California Milk Producers, Dairyman's Cooperative Creamery Association, Danish Creamery Association, Humboldt Creamery and San Joaquin Valley Dairymen. These organizations would qualify and be able to block vote in a federal order referendum. They market milk to processors and manufacture dairy products for more than 1200 producer-owners producing 60 percent of the state's milk. At this time, these organizations believe there are too many unanswered questions and unresolved issues for California producers properly evaluate whether a petition should be submitted to AMS for a California federal milk marketing order as part of the federal order reform process.

The potential impact on individual California producers is of major concern. For example, the vast majority of California producers have an investment in the quota system. While the 1996 Farm Bill allows the California quota system to be maintained, there are a number of issues that are unresolved. How will a non-California producer pooled in the California federal order be treated as regards quota? What price would this producer receive? Would quota have to be made available to this producer?

Over two-thirds of California's producers have invested in dairy cooperatives with manufacturing facilities. The prices generated by the proposed system would seriously jeopardize this investment. The Alliance will be submitting suggested adjustments to the proposal because what is done in the proposed federal system will impact California's producers.

Alliance members believe that the final rule should be issued and answers obtained to the numerous questions they have before a serious evaluation of a state order versus a federal order can begin. Therefore, Alliance members are not supportive of AMS proceeding with development of a California federal milk marketing order as part of the informal process at this time. If you have any questions please don't hesitate to call.

Respectfully submitted,  
 Alliance of Western Milk Producers

  
 James E. Tillison  
 Executive Director/CEO



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United States Dept. Of Agriculture  
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Washington, D.C. 20090-6456

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Dear Mr. McKee:

**RE: Cooperative Comment on California Federal Order Petition**

California Gold Dairy Products is a milk marketing cooperative representing 335 dairymen in Northern Nevada, and California. Our producer owners represent about nine percent of the State's milk.

Our Board of Directors, at its regularly scheduled meeting of February 26, 1998, instructed me to communicate to AMS that California Gold believes it is premature for AMS to proceed with the development of a California Federal Milk Marketing Order as part of the Federal Order Reform Process. We want to state emphatically that this should not be construed as formal opposition to California's entry into the system. Rather, we believe important questions need to be answered before any California producer can be asked to make an educated choice. We outline some of our concerns in the following text.

The potential impact on individual California producers is of major concern. The majority of our producers have some investment in the quota system. While the 1996 Farm Bill allows the California quota system to be maintained, there is a number of issues that must be resolved. How will a non-California producer pooled in the California Federal Order be treated as regards quota? What price would this producer receive? Would quota have to be made available to this producer? These are just three questions that must be answered before a Federal Order can be considered.

All of our producers have invested in dairy cooperatives with manufacturing facilities based on the California pricing system. The component prices generated by the proposal would seriously jeopardize this investment. A final rule should be issued before serious consideration would be given to a California Federal Order.

If you have any questions, please do not hesitate to call.

Respectfully submitted,

California Gold Dairy Products

  
Richard L. Sturgeon  
President and CEO

California Cooperative Creamery

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