



BEFORE THE UNITED STATES DEPARTMENT
OF AGRICULTURE
AGRICULTURE MARKETING SERVICE

In the Matter of Milk in California
Notice of Hearing on a Proposal to
Establish a Federal Milk Marketing
Order

7 CFR Part 1051
Docket No.: AO-15-0071
AMS-DA-14-0095

Clovis, California, November 2015

Testimony of Alan Zolin

Part 4

Introduction

My name is Alan Zolin. I have been retained by Hilmar Cheese Company to work with Dairy Institute of California (DIC) to develop an alternative proposal to Cooperative Proposal 1. I have worked with a task force made up of a number of representatives from DIC member companies in order to develop and submit Proposal 2.

Description of Proposal 2 Producer Milk

Section 1051.13 is commonly known as the Producer Milk section of all the FMMO's. This Section, in coordination with the Performance standards from paragraph 7(c), defines what milk may be associated with the Order. As I have stated in previous testimony the DIC working group used Order 30 language as a basis for Proposal 2. Proposal 2 has added a reference to a 9(d) provision. I will address the 9(d) provision at another time. I would like to thank the USDA representative Henry Schaefer for providing an overview of the Producer Milk provision. We agree with Mr. Schaefer's testimony and his characterization of the operational aspects.

In Proposal 2 we follow directly with the existing Order 30 language for paragraph 13. We maintain the same language for the following concepts:

- 1) Milk will be priced at the location of the plant where it is first physically received;
- 2) Producer touch base requirement is one day's production or 48,000 lbs of milk, whichever is the smallest;
- 3) To be eligible for diversion, touch base must be met anytime in the first month the dairy farmer is a producer;
- 4) Re-association with the market is necessary if a dairy farmer loses producer status;
- 5) Milk that is diverted shall be priced at the location of the plant to which diverted;
- 6) Producer under a State Pricing Program;
- 7) 125 Rule will be applied for re-pooling milk; and
- 8) Penalty for evading provisions – Section 1051.13(f)(4).

The diversion limitations that are part of Proposal 2 are a reciprocal of the base shipping percentage (10%) described in 7(c) (100% minus shipping percentage). This relationship would also apply for any of the bracketed adjustments that may occur in 7(c)(2). And finally, if the Market Administrator (MA) makes an adjustment to the shipping requirements, under §1051.7(c), that adjusted shipping requirement should be used in determining the diversion limits.

This concludes my testimony.