

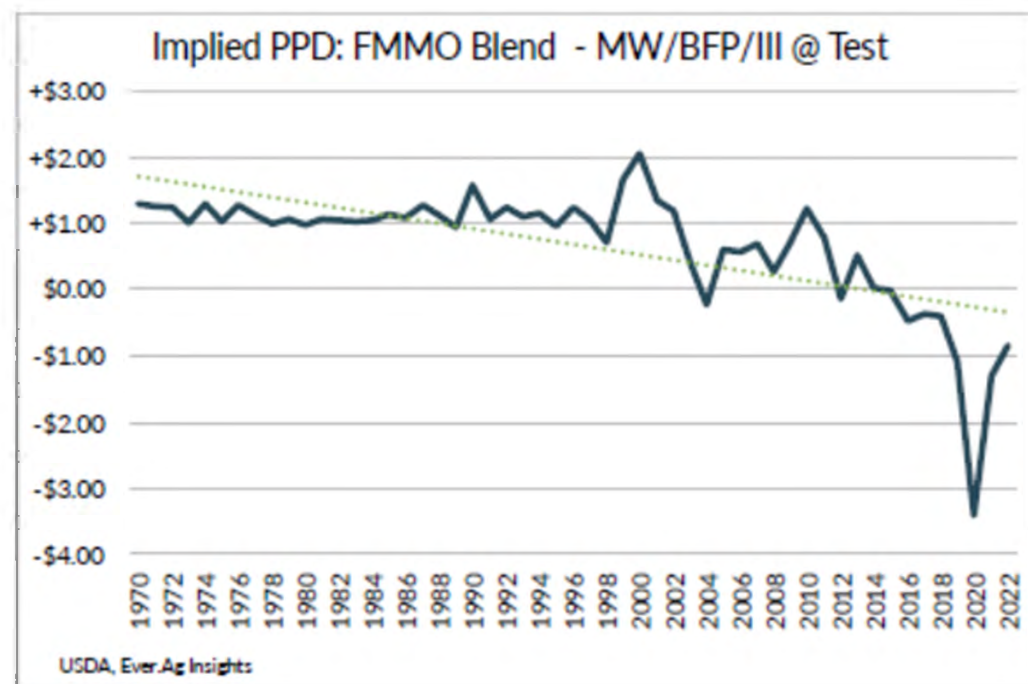
# Jacob Schuelke

## Crystal Creamery



# The FMMO System Fails Direct Ship Farmers

- FMMOs are failing farmers who supply proprietary Class I plants
- Low utilization means Class I differentials are too diluted to impact pooling
- But pool obligations matter significantly to Class I processors
- Policy must change with the times to restore the program's 50 year history of orderly marketing



# \$1.70 Differential Class I Plant Example

	Cheese Depool Month				Powder Depool Month			Average	
	Perception		Reality		Perception	Reality	Perception	Reality	
Class III	\$ 20.00		\$ 20.00	Class III	\$ 15.00		\$ 15.00	\$ 17.50	\$ 17.50
Class IV	\$ 15.00		\$ 15.00	Class IV	\$ 20.00		\$ 20.00	\$ 17.50	\$ 17.50
Class I	\$ 19.94		\$ 19.94	Class I	\$ 19.94		\$ 19.94	\$ 19.94	\$ 19.94
	Utilization				Utilization				
Class III	45%		0%	Class III	45%		90%	45%	45%
Class IV	45%		90%	Class IV	45%		0%	45%	45%
Class I	10%		10%	Class I	10%		10%	10%	10%
Blend	\$ 17.74		\$ 15.49	Blend	\$ 17.74		\$ 15.49	\$ 17.74	\$ 15.49
Pay Price				Pay Price					
Class III	\$ 17.74		\$ 20.00	Class III	\$ 17.74		\$ 15.49	\$ 17.74	\$ 17.75
Class IV	\$ 17.74		\$ 15.49	Class IV	\$ 17.74		\$ 20.00	\$ 17.74	\$ 17.75
Class I	\$ 17.74		\$ 15.49	Class I	\$ 17.74		\$ 15.49	\$ 17.74	\$ 15.49

# Crystal Creamery Supports Proposal 20

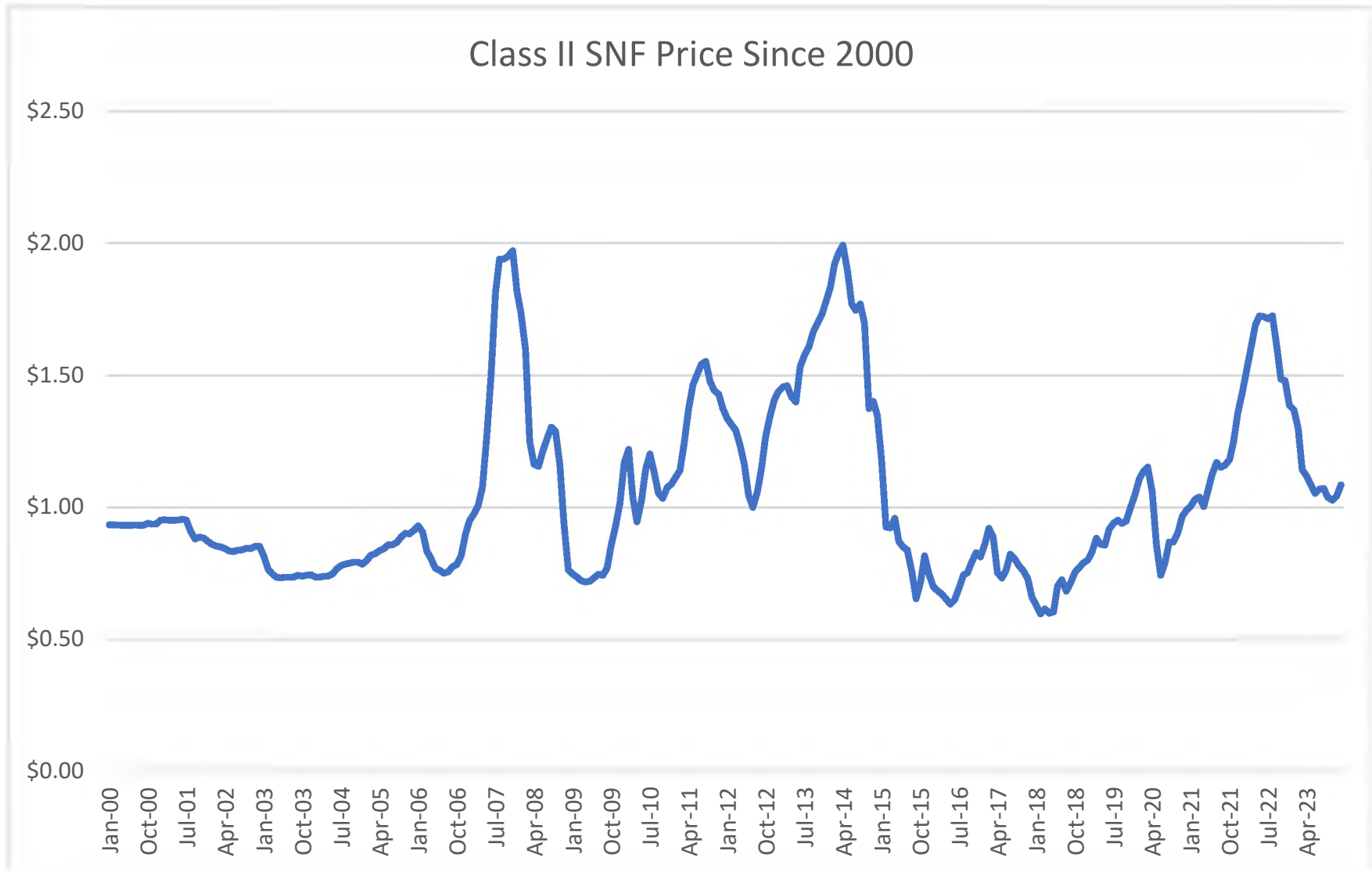
- **Grade A milk**
  - Despite a \$0.40 / cwt economic incentive from CA, few farmers and even fewer manufacturers in CA are Grade B
- **Balancing**
  - Crystal Creamery invested in powder manufacturing to balance its supplies
  - Direct ship programs
  - Steady milk volume contracts
  - Organic balancing unique - Humboldt

# Crystal Creamery Opposes Proposal 19

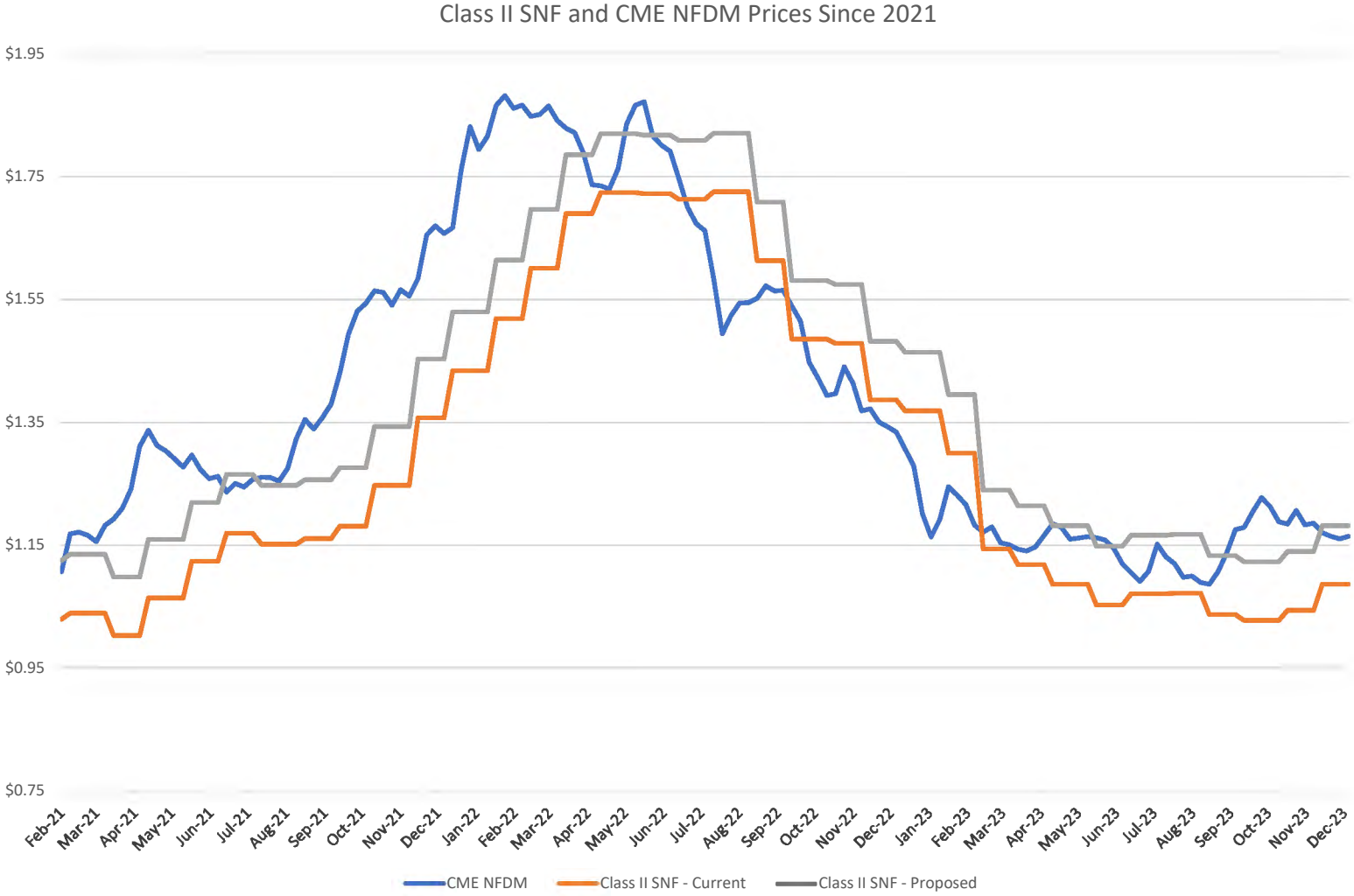
- CA has sufficient supplies of milk
- From 2000 to 2020, San Bernadino and Riverside Counties had a 79% decrease in milk production – yet the areas were still sufficiently served
- NMPF's Proposal 19 propose is logically flawed – compare Tulare and LA
- Milk is not milk – USDSS does not consider organic (Humboldt)
- What about the consumer? – NMPF's Proposal 19 represents a \$0.90 / cwt increase to the consumer for LA County

# Crystal Creamery Opposes Proposal 21

- Proposal 21 only serves to incentivize re-wetting and depooling
- Re-wetting means farmers are paid at lower Class IV prices
- Re-wetting means less fresh milk used in products
- Re-wetting just for regulatory purposes is wasteful and environmentally harmful
- Proposal 21 will unfairly impact Class I facilities with Class II products because of unequal opportunity to depool







# Crystal Creamery Opposes Proposals 1 & 2

- With fortification, CA already has problems with the imbalance between the finished product standards and the component levels of milk actually received for Class I bottling
- CA processors also already have to purchase additional solids for fortification
- Higher components means more costs for processors from desludging
- Base plans are driving component increases – not consumer demand

