(5/5-6/15) Board Meeting- Item 6 Emergency Conservation Regulation Deadline: 5/4/15 by 10:00 am

COMMENTS FOR SUBMITTAL TO
CALIFORNIA WATER RESOURCES CONTROL BOARD
RE: EMERGENCY WATER CONSERVATION REGULATIONS
MAY 4, 2015



April 28, 2015 amendment changing definition of commercial agriculture from Government Code Section 51201(b) to Section 51201(a), removes food processing plants from the commercial agriculture exemption.

Our company operates 7 dairy production facilities in the state of California. Four of those facilities convert milk into natural cheese. Two produce other dairy products such as cottage cheese, sour cream, whipped toppings, and extended shelf life products. The last facility cuts and packages cheese products. All of these plants are inextricably linked to the dairy farm/milk production supply chain. Milk is a very perishable product and must be rapidly consumed or converted to a storable product to preserve its value. If by regulation, farms are decoupled or treated differently than the plants they supply, an untenable situation would result. The vast majority of water utilized in dairy plants is used in the cleaning process which is vital in ensuring that food products are safe and free from potentially harmful bacteria. Water usage is virtually unaffected by a partial reduction in production. Plants still need to be thoroughly washed each production day. Eliminating full days of production, results in farm milk with no place to go. Cows give milk each and every day. Regarding water usage, dairy plants should be regulated as though they were extensions of dairy farms.

Our plants, on their own initiative, have made significant progress in reducing water usage since 2013. While our business has grown over 16% in terms of product volume, our water usage per unit of production has declined by 19%. In absolute terms, we used just under 6% less water, while increasing our milk intake and product output significantly.

Cheese making is the process of converting a liquid into a solid. During that process, we reclaim water from the milk and other sources which we then recycle for use in cleaning. That water is known as cow water. Our two cheese plants that have the ability to meter cow water, have increased the amount of they produce and recycle by 20% since 2013. Their total cow water production nearly halves their outside water needs.

Another impediment to further reductions in water usage are effluent limits. Limits are stated in terms of EC concentration without regard to flow volume. That means that efforts to reduce the flow volume through water conservation result in higher concentration of EC's and possible permit violations. There is no increase in the amount of pollutant being discharged, but the manner in which the limits are calculated makes it difficult if not impossible for plants and their municipalities to comply.

We all recognize the critical need for water conservation but believe it should start with non-essential uses. We believe the water being used in our plants is essential. If reductions must be made, then realistically, a balance must be maintained between the farms producing the milk and the processing plants that service them. They should not be considered in isolation. Dairy farms and dairy processing plants should be treated the same with regard to exemptions.

We believe that Dairy is critical to California's economy and employment situation. Please consider these comments when establishing a final rule.

R. Gregory Dryer

Senior Vice President Industry & Government Relations



Saputo Cheese USA Inc.
One Overlook Point
Suite 300
Lincolnshire Corporate Center
Lincolnshire, IL 60069-4331

Tel: 847.267.3380/ Fax: 847.267.0618 / Cell: 847.321.5103

gdryer@saputo.com www.saputo.com