

**SUPPLEMENTAL SURREBUTTAL EXHIBIT D4  
FOURTH QUARTER COMPARISON**

**PMMB AREA 3**

**COST REPLACEMENT HEARING**

**COST INCREASES (DECREASES) FOR LABOR, INSURANCE AND UTILITY COSTS**

**Clover Farms Dairy Co., Guers Dairy, Pocono Mountain Dairies, Schneider – Valley Farms, Inc.,  
Swiss Premium Dairy, Inc., Turkey Hill L.P., Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven**

<b>Type of Expense</b>	<b>Weighted Expenses for 4th Quarter (1)</b>		<b>Weighted Points for 4th Quarter (1)</b>		<b>Cost Per Point</b>		<b>Increase (Decrease) Per Point</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	
Labor and fringe benefits	\$ 5,245,142	\$ 5,371,919	39,584,150	40,647,439	\$0.1325	\$0.1322	\$0.0003
Utilities	334,117	339,850	39,584,150	40,647,439	0.0084	0.0084	0.0000
Insurance	18,233	20,584	39,584,150	40,647,439	0.0005	0.0005	<u>0.0000</u>
							<u><u>\$0.0003</u></u>

(1) Weighted based on sales in PMMB Area 3

**SUPPLEMENTAL SURREBUTTAL EXHIBIT D4-A  
FOURTH QUARTER COMPARISON**

**PMMB AREA 3**

**COST REPLACEMENT HEARING**

**COMPARISON OF COST INCREASES (DECREASES) BETWEEN  
THE SECOND QUARTERS AND THE FOURTH QUARTERS**

**Clover Farms Dairy Co., Guers Dairy, Pocono Mountain Dairies, Schneider – Valley Farms, Inc.,  
Swiss Premium Dairy, Inc., Turkey Hill L.P., Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven**

	<u>4th Quarter - 2013</u>	<u>4th Quarter - 2012</u>	<u>Increase (Decrease)</u>		<u>2nd Quarter - 2013</u>	<u>2nd Quarter - 2012</u>	<u>Increase (Decrease)</u>	
<b><u>Weighted Expenses (1)</u></b>								
Labor and fringe benefits	\$ 5,245,142	\$ 5,371,919	\$ (126,777)	-2.4%	\$ 5,262,071	\$ 5,236,213	\$ 25,858	0.5%
Utilities	334,117	339,850	(5,733)	-1.7%	336,269	276,466	59,803	21.6%
Insurance	18,233	20,584	(2,351)	-11.4%	322,800	328,556	(5,756)	-1.8%
Total	<u>\$ 5,597,492</u>	<u>\$ 5,732,353</u>	<u>\$ (134,861)</u>	<u>-2.4%</u>	<u>\$ 5,921,140</u>	<u>\$ 5,841,235</u>	<u>\$ 79,905</u>	<u>1.4%</u>
<b><u>Weighted Points (1)</u></b>								
Bottling cost center	39,584,150	40,647,439	(1,063,289)	-2.6%	39,049,208	41,789,478	(2,740,270)	-6.6%
<b><u>Weighted Cost per Point (1)</u></b>								
Labor and fringe benefits	\$ 0.1325	\$ 0.1322	\$ 0.0003	0.2%	\$ 0.1348	\$ 0.1253	\$ 0.0095	7.6%
Utilities	0.0084	0.0084	-	0.0%	0.0086	0.0066	0.0020	30.3%
Insurance	0.0005	0.0005	-	0.0%	0.0083	0.0079	0.0004	5.1%
Total	<u>\$ 0.1414</u>	<u>\$ 0.1411</u>	<u>\$ 0.0003</u>	<u>0.2%</u>	<u>\$ 0.1517</u>	<u>\$ 0.1398</u>	<u>\$ 0.0119</u>	<u>8.5%</u>

(1) Weighted based on sales in Area 3

Submitted: March 4, 2014

**SUPPLEMENTAL SURREBUTTAL EXHIBIT D9-A  
FOURTH QUARTER COMPARISON**

**PMMB AREA 3**

**COST REPLACEMENT HEARING**

**CALCULATION OF WHOLESALE MINIMUM PRICE  
GALLON REDUCED FAT MILK (2%) FOR DECEMBER 2013**

**Clover Farms Dairy Co., Guers Dairy, Pocono Mountain Dairies, Schneider – Valley Farms, Inc.,  
Swiss Premium Dairy, Inc., Turkey Hill L.P., Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven**

Butterfat price as announced by PMMB	(1)	\$ 1.6491 per lb.	\$ 1.6491 per lb.	
Extended butterfat value		\$ 0.0323 per lb.	\$ 0.0324 per lb.	
Skim price as announced by PMMB	(1)	\$ 20.36 per Cwt	\$ 20.36 per Cwt	
Extended skim value		\$ 0.1996 per lb.	\$ 0.1996 per lb.	
Total milk value at announced prices		<u>\$ 0.2319 per lb.</u>	<u>\$ 0.2320 per lb.</u>	<u>\$(0.0001)</u>
Ingredient cost	D2	0.0008	0.0007	
Cost of shrinkage / bulk milk & cream	D7	<u>(0.0029)</u>	<u>(0.0024)</u>	
Total milk cost per pound		<u>\$ 0.2298 per lb.</u>	<u>\$ 0.2303 per lb.</u>	<u>\$(0.0005)</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.9809</u>	<u>\$ 1.9852</u>	<u>\$(0.0043)</u>
Container cost (adjusted for shrinkage)	D8	0.2155 each	0.2034 each	0.0121
Cost center costs	D3	0.9912	0.9640	0.0272
<b>4th quarter-to-4th quarter update</b>	<b>D4</b>	<b>0.0012</b>	<b>0.0280</b>	<b>(0.0268)</b>
Container efficiency adjustment	(2)	(0.0812)	(0.0812)	-
Percentage discount adjustment	(3)	0.0080	0.0080	-
Diesel fuel adjustment	D5	(0.0028)	(0.0004)	(0.0024)
Heating fuels adjustment	D6	<u>0.0008</u>	<u>(0.0004)</u>	<u>0.0012</u>
		<u>\$ 3.1136 each</u>	<u>\$ 3.1066 each</u>	<u>\$ 0.0070</u>
Dealer profit at 3.4%	(2)	<u>0.1096</u>	<u>0.1093</u>	
Subtotal		<u>\$ 3.2232 each</u>	<u>\$ 3.2159 each</u>	<u>\$ 0.0073</u>
Less: average delivery cost	(2)	(0.4284)	(0.4284)	
Add: high cost delivery	(2)	0.8000	0.8000	
<b>Wholesale price</b>		<u><b>\$ 3.5948</b> each</u>	<u><b>\$ 3.5875</b> each</u>	<u><b>\$ 0.0073</b></u>

(1) As announced for December 2013 by PMMB on November 21, 2013.

(2) Per OGO A-962 (CRO 3) as updated.

(3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."

**SUPPLEMENTAL SURREBUTTAL EXHIBIT D9-B  
FOURTH QUARTER COMPARISON**

**PMMB AREA 3**

**COST REPLACEMENT HEARING**

**CALCULATION OF WHOLESALE MINIMUM PRICE  
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR DECEMBER 2013**

**Clover Farms Dairy Co., Guers Dairy, Pocono Mountain Dairies, Schneider – Valley Farms, Inc.,  
Swiss Premium Dairy, Inc., Turkey Hill L.P., Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D2-B	0.0947%	0.0488%	0.0459%
Butterfat price as announced by PMMB	(1)	\$ 1.6491 per lb.	\$ 1.6491 per lb.	
Extended butterfat value		\$ 0.0016 per lb.	\$ 0.0008 per lb.	
Skim price as announced by PMMB	(1)	\$ 20.36 per Cwt	\$ 20.36 per Cwt	
Extended skim value		\$ 0.2034 per lb.	\$ 0.2035 per lb.	
Total milk value at announced prices		<u>\$ 0.2050</u> per lb.	<u>\$ 0.2043</u> per lb.	<u>\$ 0.0007</u>
Ingredient cost	D2	0.0320	0.0392	
Cost of shrinkage / bulk milk & cream	D7	(0.0029)	(0.0024)	
Total milk cost per pound		<u>\$ 0.2341</u> per lb.	<u>\$ 0.2411</u> per lb.	<u>\$ (0.0070)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per gallon		<u>\$ 0.1171</u>	<u>\$ 0.1206</u>	<u>\$ (0.0035)</u>
Container cost (adjusted for shrinkage)	D8	0.0286 each	0.0283 each	0.0003
Cost center costs	D3	0.0620	0.0603	0.0017
<b>4th quarter-to-4th quarter update</b>	<b>D4</b>	<b>0.0001</b>	<b>0.0018</b>	<b>(0.0017)</b>
Container efficiency adjustment	(2)	0.0202	0.0202	-
Percentage discount adjustment	(3)	0.0005	0.0005	-
Diesel fuel adjustment	D5	(0.0002)	-	(0.0002)
Heating fuels adjustment	D6	-	-	-
		<u>\$ 0.2283</u> each	<u>\$ 0.2317</u> each	<u>\$ (0.0034)</u>
Dealer profit at 3.4%	(2)	0.0080	0.0082	
Subtotal		<u>\$ 0.2363</u> each	<u>\$ 0.2399</u> each	<u>\$ (0.0036)</u>
Less: average delivery cost	(2)	(0.0268)	(0.0268)	
Add: high cost delivery	(2)	0.0500	0.0500	
<b>Wholesale price</b>		<u><b>\$ 0.2595</b></u> each	<u><b>\$ 0.2631</b></u> each	<u><b>\$ (0.0036)</b></u>

- (1) As announced for December 2013 by PMMB on November 21, 2013.
- (2) Per OGO A-962 (CRO 3) as updated.
- (3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."

COMPARATIVE INCOME STATEMENT  
 PMMB CROSS-SECTION DEALERS  
 SOURCE: PMMB-60s

<u>SUMMARY</u>	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>CHANGE-2012 to 2011</u>		<u>CHANGE-2011 to 2010</u>			
									<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>		
Net sales	\$	2,029,577,151	\$	2,068,609,849	\$	1,914,710,984	\$	1,707,884,295	\$	(39,032,698)	-1.9%	\$	153,898,865	8.0%
Cost of goods sold		<u>1,378,450,911</u>		<u>1,450,984,570</u>		<u>1,283,936,406</u>		<u>1,063,716,907</u>	\$	<u>(72,533,659)</u>	-5.0%		<u>167,048,164</u>	13.0%
Gross margin	\$	<u>651,126,240</u>	\$	<u>617,625,279</u>	\$	<u>630,774,578</u>	\$	<u>644,167,388</u>	\$	<u>33,500,961</u>	5.4%	\$	<u>(13,149,299)</u>	-2.1%
		32.1%		29.9%		32.9%		37.7%						
Cost center costs		<u>610,640,181</u>		<u>594,857,657</u>		<u>582,747,350</u>		<u>584,449,070</u>	\$	<u>15,782,524</u>	2.7%		<u>12,110,307</u>	2.1%
Operating income	\$	<u>40,486,059</u>	\$	<u>22,767,622</u>	\$	<u>48,027,228</u>	\$	<u>59,718,318</u>	\$	<u>17,718,437</u>	77.8%	\$	<u>(25,259,606)</u>	-52.6%
		2.0%		1.1%		2.5%		3.5%						
Other income/expense		<u>(324,002)</u>		<u>688,299</u>		<u>886,494</u>		<u>2,730,380</u>	\$	<u>(1,012,301)</u>			<u>(198,195)</u>	
Net income	\$	<u>40,810,061</u>	\$	<u>22,079,323</u>	\$	<u>47,140,734</u>	\$	<u>56,987,938</u>	\$	<u>18,730,738</u>		\$	<u>(25,061,411)</u>	
Cold room points		<u>2,298,967,683</u>		<u>2,324,095,739</u>		<u>2,387,645,475</u>		<u>2,307,313,004</u>		<u>(25,128,056)</u>	-1.1%		<u>(63,549,736)</u>	-2.7%
Cost center costs / cold room points	\$	0.2656	\$	0.2560	\$	0.2441	\$	0.2533	\$	0.0097	3.8%	\$	0.0119	4.9%