



Commonwealth of Pennsylvania  
Milk Marketing Board  
2301 North Cameron Street  
Harrisburg, PA 17110-9408

717/787-4194  
717/783-6492

Web Site: <http://www.mmb.state.pa.us>

E-mail: [ra-pmmb@state.pa.us](mailto:ra-pmmb@state.pa.us)

Official General  
Order No. A-952

Posted: May 7, 2008  
Effective: June 1, 2008

### **SHRINK AND SALES OF BULK PRODUCTS**

NOW, this 7<sup>th</sup> day of May 2008, the Commonwealth of Pennsylvania, Milk Marketing Board (Board) adopts and issues this official general order pursuant to the authority conferred by the Milk Marketing Law, 31 P.S. §§ 700j-101 – 700j-1204. This order will become effective at 12:01 a.m. on June 1, 2008.

#### **SECTION I**

The attached findings of fact and conclusions of law are incorporated herein by this reference as though fully set forth in this order.

#### **SECTION II**

- (a) Adjustments shall be made to resale prices in each area based on Finding of Fact 4;
- (b) The adjustments to resale prices shall continue until orders are issued pursuant to cost replacement or general price hearings for each milk marketing area based on year 2008 costs.

PENNSYLVANIA MILK MARKETING BOARD

\_\_\_\_\_  
Richard Kriebel, Chairman

\_\_\_\_\_  
Luke F. Brubaker, Member

\_\_\_\_\_  
Barbara A. Grumbine, Consumer Member

Date: May 7, 2008

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**  
**SHRINK AND SALES OF BULK PRODUCTS**  
**APRIL 2, 2008**

FINDINGS OF FACT

1. On April 2, 2008, the Pennsylvania Milk Marketing Board (Board) convened a hearing for all milk marketing areas to receive testimony and evidence concerning the cost of milk dealer shrink and the cost/revenue on sales of bulk milk and bulk cream.
2. Notice of the hearing was published at 38 Pennsylvania Bulletin 963 on February 16, 2008, and 38 Pennsylvania Bulletin 1026 on February 23, 2008, and was mailed to those who have requested mailed notice of Board hearings by means of Bulletin Nos. 1426 and 1427 dated February 11, 2008, and February 13, 2008, respectively.
3. Gary Gojsovich testified on behalf of Board Staff as an expert in milk marketing and milk cost accounting. Board Staff updated the cost of shrink and the cost/revenue for sales of bulk products using year 2007 data. The update provides more current costs for use in the wholesale and retail minimum price build-ups to account for uncharacteristic features of the bulk product market caused by the significant increase in milk prices during 2007.
4. Mr. Gojsovich testified that the following costs should be used in the minimum wholesale and retail price build-ups to account for the cost of milk dealer shrink and the cost/revenue on sales of bulk products:

Area 1	\$0.0015/lb.
Area 2	\$0.0008/lb.
Area 3	\$0.0019/lb.
Area 4	\$0.0022/lb.
Area 5	\$0.0023/lb.
Area 6	\$0.0080/lb.

5. No other interested party presented any testimony.
6. The Board finds that it is appropriate and desirable to update milk dealer costs to as current a basis as possible. Based on Mr. Gojsovich's credible and uncontradicted testimony, the Board further finds that the values for the cost of shrink and the cost/revenue on sales of bulk products shown in Finding of Fact 4 should replace the values currently in use.
7. The evidence presented at this hearing was based on year 2007 costs. Year 2007 costs will be the basis for cost replacement and general price hearings held in 2008. Therefore, the Board finds that the cost for shrink and the cost/revenue on sales of bulk products found in this order should continue until year 2008 data form the basis for cost replacement and general price hearings to be held in 2009.

CONCLUSIONS OF LAW

1. The April 2, 2008, hearing was held pursuant to the authority granted to the Board in sections 801 and 803 of the Milk Marketing Law (Law), 31 P.S. §§ 700j-801 and 700j-803.
2. The hearing was held following adequate notice and all interested parties were given a reasonable opportunity to be heard.
3. In adopting this order, the Board considered the entire record and concludes that the order is supported by a preponderance of credible evidence and is reasonable and appropriate under sections 801 and 803 of the Law.
4. The attached order may be amended pursuant to the procedures set out in section 801 of the Law.

PENNSYLVANIA MILK MARKETING BOARD

---

Richard Kriebel, Chairman

---

Luke F. Brubaker, Member

---

Barbara A. Grumbine, Consumer Member

Date: May 7, 2008

IF YOU WISH TO RECEIVE THIS INFORMATION IN AN ALTERNATE FORMAT,  
CALL 717-787-4194 OR 1-800-654-5984 (PA RELAY SERVICE FOR TDD USERS.)