



Commonwealth of Pennsylvania
Milk Marketing Board
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Official General
Order No. A-956 (CRO 1)

Posted: January 6, 2010
Effective: February 1, 2010

**COST REPLACEMENT ORDER FOR THE
WEST CENTRAL MILK MARKETING AREA, AREA NO. 6**

NOW, this 6th day of January 2010, the Commonwealth of Pennsylvania, Milk Marketing Board, 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 February 1, 2010.

**SECTION A
INCORPORATION**

The attached Findings of Fact, Conclusions of Law, and Attachments are incorporated herein by this reference as though fully set forth in this order.

**SECTION B
SCOPE**

- (a) The processing, packaging, and delivery costs, container costs, ingredient costs, shrinkage and net profit and loss on sales of bulk milk and bulk cream costs, and in-store handling costs adopted by the Board in this order will replace the costs for these cost centers embodied in Official General Order (OGO) A-956 and will be incorporated into the wholesale and retail prices of Class I price-controlled packaged products sold in Milk Marketing Area 6, as defined in Section B of OGO A-956. Wholesale and retail prices will be adjusted as well by the change in labor, utility, and insurance costs that the Board adopts in this order.
- (b) Wholesale and retail prices for Class II price-controlled packaged products sold in Milk Marketing Area No. 6 will reflect the costs adopted in this order.
- (c) The rate of return for dealers is 3.4%. The rate of return to retailers is 2.7%.

SECTION C
EFFECTIVENESS OF OFFICIAL GENERAL ORDER A-956

All parts of Official General Order A-956 not inconsistent with Section B of this order continue in effect.

PENNSYLVANIA MILK MARKETING BOARD

Richard Kriebel, Chairman

Luke F. Brubaker, Member

Barbara A. Grumbine, Consumer Member

Date: January 6, 2010

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FINDINGS OF FACT AND CONCLUSIONS OF LAW
COST REPLACEMENT HEARING FOR MILK MARKETING AREA NO. 6
OCTOBER 7, 2009

I. FINDINGS OF FACT

1. On October 7, 2009, the Pennsylvania Milk Marketing Board (“Board”) held a cost replacement hearing for Milk Marketing Area No. 6.

2. Notice of the hearing was published at 39 Pennsylvania Bulletin 5099 dated August 22, 2009. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1451, dated August 12, 2009. The hearing notice enumerated the scope of evidence that the Board would receive.

3. The dealer cross section used by both Board Staff and the Area 6 milk dealers (Dealers), the only parties to present dealer cost information, consisted of Dean Foods Company – Sharpsville, Dean Foods Company – Erie, Galliker Dairy, and Schneider – Valley Farms.

4. Clifford Ackman, appearing on behalf of Board Staff as an expert in milk statistics, testified that the dealer cross section was representative of the dealers doing business in Area 6. Mr. Ackman based his opinion on the amounts and types of milk sold by the cross section dealers, the types of customers served by the cross section dealers, and the delivery techniques employed by the cross section dealers. Carl Herbein, appearing on behalf of the Area 6 milk dealers as an expert in milk cost accounting, testified that the dealer cross section processed, packaged, and delivered a majority of the fluid milk products in Area 6 and delivered to a range of customers in Area 6 which included supermarkets, convenience stores, schools, institutions, and small retail outlets. Mr. Herbein opined that the cross-section was representative of the dealers selling in Area 6. Based on the factors outlined by Mr. Ackman and Mr. Herbein, the Board finds that the dealer cross section used by both Board Staff and Dealers is representative of dealers doing business in Area 6.

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk cost accounting. Both Mr. Gojsovich and Mr. Herbein testified that the cross-section dealers incurred a cost of \$0.2540 per point for processing, packaging, and delivering milk in 2008. Based on this uncontradicted testimony, the Board finds that the cross section dealers incurred a cost of \$0.2540 per point for processing, packaging, and delivery, and further finds that \$0.2540 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Herbein testified to the following ingredient costs as of April 2009, based on year 2008 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0002/lb; Low Fat Milk - \$0.0001/lb; Non-Fat Milk - \$0.0040/lb; Flavored Milk - \$0.0263/lb; Flavored Reduced Fat Milk - \$0.0265/lb; Buttermilk - \$0.0269/lb; Egg Nog - \$0.1703/lb. The Board finds that these ingredient costs should be used in this order.

7. Mr. Gojsovich and Mr. Herbein presented concurring evidence regarding the cost update for labor, insurance, and utility costs of \$0.0048 per point between the second quarters of 2008 and 2009. The Board finds that \$0.0048 per point should be used in this order.

8. Official General Order A-939 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in diesel fuel costs. Mr. Gojsovich and Mr. Herbein recommended that the adjustment continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 6 and attached to this order as Attachment 1.

9. Official General Order A-937 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in heating fuel costs. Mr. Gojsovich and Mr. Herbein recommended that the adjustment continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 7 and attached to this order as Attachment 2.

10. Mr. Gojsovich and Mr. Herbein presented concurring evidence regarding the cost of shrinkage and sales of bulk products of \$0.0041 per pound. Based on the uncontradicted and concurring testimony, the Board finds that the cost of shrinkage and sales of bulk products to be used in this order should be \$0.0041 per pound.

11. Mr. Gojsovich presented evidence of the following container costs: Gallon - \$0.1697; Half Gallon (combined)- \$0.1001; Quart (combined)- \$0.1489; Pint (combined)- \$0.1299; Half Pint (paper) - \$0.0225; Half Pint (plastic) - \$0.0676; 10 Ounce - \$0.0310; 4 Ounce - \$0.0232; Bulk Per Quart (Dispenser) - \$0.1334. Mr. Herbein testified that the Board should adopt the container costs calculated by Staff. Both Mr. Gojsovich and Mr. Herbein testified that container costs should continue to be updated monthly; the Board agrees and finds that container costs should continue to be updated monthly, based on the April 2009 base costs testified to by Mr. Gojsovich that are listed above.

Mr. Gojsovich and Mr. Herbein also presented evidence regarding a statewide container shrinkage factor. As containers move through a plant, are packaged, and then delivered, a certain number of the containers are lost, damaged, or become unusable. Board Staff and Dealers both recommended that this previously unrecognized cost should be captured in minimum resale prices. Mr. Gojsovich and Mr. Herbein agreed on the following container shrinkage factors: Gallon – 1.46%; Half Gallon – 1.22%; Quart – 1.57%; Pint – 1.62%; Half Pint (paper) – 0.85%; Half Pint (plastic) – 0.92%; 4 Ounce – 1.53%; Bulk Per Quart (Dispenser) – 1.30%. The Board finds that milk dealers incur a cost for container shrinkage and that cost should be captured in minimum resale prices. The Board further finds that the shrinkage factors testified to by Board Staff and Dealers listed above should be adopted for this order. Mr. Gojsovich also testified that the shrinkage factor should be applied to the monthly updated container costs, rather than the base costs, because the factor should be applied to the current cost of the container when it is bought to provide for proper matching of costs. The Board agrees and finds that the shrinkage factor should be applied to the monthly updated container costs.

Mr. Herbein testified that a blended (or combined) container cost be used for products sold in containers that are available in both paper and plastic, except for half pint containers. Mr. Herbein recommended that minimum resale prices for products sold in half pint containers should be calculated using the paper container cost for products sold in paper containers and by applying a plastic add-on for products sold in rigid plastic containers. The Board finds that the blended container concept should continue to be used, except for half pint containers. The Board finds that minimum resale prices for products sold in paper half pint containers should be calculated using the paper container cost and that minimum resale prices for products sold in rigid plastic containers should be calculated by applying a plastic add-on to the paper container cost. The Board further finds that the base plastic add-on is \$0.0451 and that the add-on should be adjusted monthly based on the monthly container cost surveys.

12. No party presented evidence regarding Class II products. Mr. Herbein recommended that the Board continue using the existing methodology to price Class II products. Since there was no proposal by any party to change Class II pricing, the Board finds that the current Class II pricing methodology shall continue until a Class II hearing is called and the results memorialized in an Official General Order.

13. Mr. Herbein recommended that the dealer rate of return remain at 3.4%. No evidence to the contrary was presented. The Board finds that the dealer rate of return should remain at 3.4%.

14. John Liptock, Jr., testified on behalf of the Pennsylvania Food Merchants Association as an expert in retail store accounting and dairy in-store handling costs. Mr. Liptock recommended that the retail rate of return remain unchanged and that the Board continue to utilize the monthly CPI adjustment to minimum retail prices. The Board finds that the retail rate of return should remain at 2.7% and that the monthly CPI adjustment should remain in place.

II. CONCLUSIONS OF LAW

1. The October 7, 2009, cost replacement hearing for Milk Marketing Area No. 6 was held pursuant to authority granted to the Board in section 801 of the Milk Marketing Law (Law), 31 P.S. § 700j-801.

2. The hearing was held following adequate notice, and all interested persons were given a reasonable opportunity to be heard.

3. The cross-section used to establish dealer costs met the requirement of representativeness of section 801 of the Law.

4. In establishing the attached order, the Board has considered the entire record and has concluded that the adoption of this order is supported by a preponderance of the evidence and is reasonable and appropriate under section 801 of the Law, subject to any revisions or amendments the Board may make in the manner set forth in the Law.

PENNSYLVANIA MILK MARKETING BOARD

Richard Kriebel, Chairman

Luke F. Brubaker, Member

Barbara A. Grumbine, Consumer Member

Date: January 6, 2010

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**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 6**

Diesel Fuel Costs Adjustment

Update of Diesel Fuel Costs from Year 2008 to August 2009

1. Weighted Diesel Fuel Costs - Year 2008	\$	2,480,392
2. Average On-Highway Diesel Price per Gallon - Year 2008 ⁽¹⁾	\$	3.9897
3. On-Highway Diesel Price per Gallon - August 2009 ⁽¹⁾	\$	2.7514
4. Percent Decrease In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		-31.04%
5. Presumed Diesel Fuel Costs - August 2009 ((Line 1 X Line 4) + Line 1)	\$	<u>1,710,542</u>
6. Decrease in Diesel Fuel Costs from Year 2008 to August 2009 (Line 5 - Line 1)	\$	(769,850)
7. Weighted Delivery Points - Year 2008		<u>103,131,555</u>
8. Diesel Fuel Costs Decrease per Delivery Point (Line 6 ÷ Line 7)	\$	<u>(0.0075)</u>

Footnote:

1. Source: 'Weekly Retail On-Highway Diesel Prices' per Energy Information Administration website.
web address = http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report_combined.asp

PENNSYLVANIA MILK MARKETING BOARD MILK MARKETING AREA 6

Heating Fuel Costs Adjustment

Update of Heating Fuel Costs from Year 2008 to June 2009

1. Weighted Heating Fuel Costs - Year 2008	\$	283,232
2. Pennsylvania Average Natural Gas Price - Industrial - Year 2008 ⁽¹⁾	\$	13.54
3. Pennsylvania Average Natural Gas Price - Industrial - June 2009 ⁽¹⁾	\$	7.08
4. Percent Decrease In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		-47.71%
5. Presumed Heating Fuel Costs - June 2009 ((Line 1 X Line 4) + Line 1)	\$	<u>148,102</u>
6. Decrease in Heating Fuel Costs from Year 2008 to June 2009 (Line 5 - Line 1)	\$	(135,130)
7. Weighted Standardization & Pasteurization (S&P) Points - Year 2008		<u>94,117,241</u>
8. Heating Fuel Costs Decrease per S&P Point (Line 6 ÷ Line 7)	\$	<u>(0.0014)</u>

Footnote:

1. Source: Pennsylvania Natural Gas Industrial Price per Energy Information Administration website.
web address = <http://tonto.eia.doe.gov/dnav/ng/hist/n3035pa3m.htm>

**MILK COSTS BEFORE PACKAGING
OCTOBER 2009 MILK COST**

	Class I
Skim Rate	\$ 13.97
Butterfat Rate	\$ 1.2595

Product Description	Product Pounds	Butterfat		D (A - B)	E (B x BF Rate)	F (D X Skim Rate)	G (D + F)	H (G / A)	I (EX. 3)	J	K (H + I + J)
		B	C								
		Pounds	Test (%)	Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound

Class I	Standard Milk	24,974,640	799,014	3.1993%	24,175,626	\$ 1,006,358	\$ 3,377,335	\$ 4,383,693	\$ 0.1755	\$ -	\$ 0.0041	\$ 0.1796
	Reduced Fat (2%) Milk	42,608,379	796,640	1.8697%	41,811,739	\$ 1,003,368	\$ 5,841,100	\$ 6,844,468	\$ 0.1606	\$ 0.0002	\$ 0.0041	\$ 0.1649
	Low Fat (1%) Milk	12,567,323	112,433	0.8946%	12,454,890	\$ 141,609	\$ 1,739,948	\$ 1,881,557	\$ 0.1497	\$ 0.0001	\$ 0.0041	\$ 0.1539
	Non Fat (Skim) Milk	21,150,614	30,124	0.1424%	21,120,490	\$ 37,941	\$ 2,950,532	\$ 2,988,473	\$ 0.1413	\$ 0.0040	\$ 0.0041	\$ 0.1494
	Flavored Milk	8,681,921	279,441	3.2187%	8,402,480	\$ 351,956	\$ 1,173,826	\$ 1,525,782	\$ 0.1757	\$ 0.0263	\$ 0.0041	\$ 0.2061
	Flavored Reduced Fat Milk	11,590,585	102,799	0.8869%	11,487,786	\$ 129,475	\$ 1,604,844	\$ 1,734,319	\$ 0.1496	\$ 0.0265	\$ 0.0041	\$ 0.1802
	Buttermilk	593,289	9,902	1.6690%	583,387	\$ 12,472	\$ 81,499	\$ 93,971	\$ 0.1584	\$ 0.0269	\$ 0.0041	\$ 0.1894
	Egg Nog	241,269	15,550	6.4451%	225,719	\$ 19,585	\$ 31,533	\$ 51,118	\$ 0.2119	\$ 0.1703	\$ 0.0041	\$ 0.3863

Class II	Mixed Milk (Half&Half)	244,443	25,735	10.5280%	218,708	\$ -	\$ -	\$ -	\$ -			\$ -
	Sour Cream	2,664	480	18.0180%	2,184	\$ -	\$ -	\$ -	\$ -			\$ -
	Light Cream	85,948	15,886	18.4833%	70,062	\$ -	\$ -	\$ -	\$ -			\$ -
	Medium Cream	100,000	30,000	30.0000%	70,000	\$ -	\$ -	\$ -	\$ -			\$ -
	Heavy Cream	54,632	22,413	41.0254%	32,219	\$ -	\$ -	\$ -	\$ -			\$ -

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 6**

**WHOLESALE PRICE BUILDUP
OCTOBER 2009 MILK PRICES**

	A EX. 4	B EX. 2	C EXS. 5, 6 & 7	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less Average Delivery	Plus High Cost Delivery	Proposed Wholesale Price	
STANDARD (WHOLE) MILK	Gallon	\$1.5446	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.6340	\$0.0927	\$2.7267	(\$0.4876)	\$0.8384	\$3.0775
	1/2 Gallon	0.7723	0.1086	(0.0081)	(0.0324)	0.5080	1.3484	0.0475	1.3959	(0.2438)	0.4192	1.5713
	Quart	0.3861	0.1561	(0.0041)	0.0264	0.2540	0.8185	0.0288	0.8473	(0.1219)	0.2096	0.9350
	Pint	0.1931	0.1365	(0.0020)	0.0249	0.1270	0.4795	0.0169	0.4964	(0.0610)	0.1048	0.5402
	12 Ounce	0.1448	0.0367	(0.0015)	0.0194	0.0953	0.2947	0.0104	0.3051	(0.0457)	0.0786	0.3380
	10 Ounce	0.1207	0.0310	(0.0013)	0.0139	0.0794	0.2437	0.0086	0.2523	(0.0381)	0.0655	0.2797
	1/2 Pint	0.0965	0.0244	(0.0010)	0.0139	0.0635	0.1973	0.0069	0.2042	(0.0305)	0.0524	0.2261
	4 Ounce	0.0483	0.0236	(0.0005)	0.0200	0.0318	0.1232	0.0043	0.1275	(0.0153)	0.0262	0.1384
	Bulk per Quar	0.3861	0.1351	(0.0041)	0.1078	0.2540	0.8790	0.0309	0.9099	(0.1219)	0.2096	0.9976
REDUCED FAT (2%) MILK	Gallon	\$1.4214	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.5108	\$0.0884	\$2.5992	(\$0.4876)	\$0.8384	\$2.9500
	1/2 Gallon	0.7107	0.1086	(0.0081)	(0.0324)	0.5080	1.2868	0.0453	1.3321	(0.2438)	0.4192	1.5075
	Quart	0.3554	0.1561	(0.0041)	0.0264	0.2540	0.7878	0.0277	0.8155	(0.1219)	0.2096	0.9032
	Pint	0.1777	0.1365	(0.0020)	0.0249	0.1270	0.4641	0.0163	0.4804	(0.0610)	0.1048	0.5242
	12 Ounce	0.1330	0.0367	(0.0015)	0.0194	0.0953	0.2829	0.0100	0.2929	(0.0457)	0.0786	0.3258
	10 Ounce	0.1110	0.0310	(0.0013)	0.0139	0.0794	0.2340	0.0082	0.2422	(0.0381)	0.0655	0.2696
	1/2 Pint	0.0888	0.0244	(0.0010)	0.0139	0.0635	0.1896	0.0067	0.1963	(0.0305)	0.0524	0.2182
	4 Ounce	0.0444	0.0236	(0.0005)	0.0200	0.0318	0.1193	0.0042	0.1235	(0.0153)	0.0262	0.1344
	Bulk per Quar	0.3554	0.1351	(0.0041)	0.1078	0.2540	0.8483	0.0299	0.8782	(0.1219)	0.2096	0.9659
LOWFAT (1%) MILK	Gallon	\$1.3266	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.4160	\$0.0850	\$2.5010	(\$0.4876)	\$0.8384	\$2.8518
	1/2 Gallon	0.6633	0.1086	(0.0081)	(0.0324)	0.5080	1.2394	0.0436	1.2830	(0.2438)	0.4192	1.4584
	Quart	0.3317	0.1561	(0.0041)	0.0264	0.2540	0.7641	0.0269	0.7910	(0.1219)	0.2096	0.8787
	Pint	0.1658	0.1365	(0.0020)	0.0249	0.1270	0.4522	0.0159	0.4681	(0.0610)	0.1048	0.5119
	12 Ounce	0.1244	0.0367	(0.0015)	0.0194	0.0953	0.2743	0.0097	0.2840	(0.0457)	0.0786	0.3169
	10 Ounce	0.1036	0.0310	(0.0013)	0.0139	0.0794	0.2266	0.0080	0.2346	(0.0381)	0.0655	0.2620
	1/2 Pint	0.0829	0.0244	(0.0010)	0.0139	0.0635	0.1837	0.0065	0.1902	(0.0305)	0.0524	0.2121
	4 Ounce	0.0415	0.0236	(0.0005)	0.0200	0.0318	0.1164	0.0041	0.1205	(0.0153)	0.0262	0.1314
	Bulk per Quar	0.3317	0.1351	(0.0041)	0.1078	0.2540	0.8246	0.0290	0.8536	(0.1219)	0.2096	0.9413
NONFAT (SKIM) MILK	Gallon	\$1.2893	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.3787	\$0.0837	\$2.4624	(\$0.4876)	\$0.8384	\$2.8132
	1/2 Gallon	0.6447	0.1086	(0.0081)	(0.0324)	0.5080	1.2208	0.0430	1.2638	(0.2438)	0.4192	1.4392
	Quart	0.3223	0.1561	(0.0041)	0.0264	0.2540	0.7547	0.0266	0.7813	(0.1219)	0.2096	0.8690
	Pint	0.1612	0.1365	(0.0020)	0.0249	0.1270	0.4476	0.0158	0.4634	(0.0610)	0.1048	0.5072
	12 Ounce	0.1209	0.0367	(0.0015)	0.0194	0.0953	0.2708	0.0095	0.2803	(0.0457)	0.0786	0.3132
	10 Ounce	0.1007	0.0310	(0.0013)	0.0139	0.0794	0.2237	0.0079	0.2316	(0.0381)	0.0655	0.2590
	1/2 Pint	0.0806	0.0244	(0.0010)	0.0139	0.0635	0.1814	0.0064	0.1878	(0.0305)	0.0524	0.2097
	4 Ounce	0.0403	0.0236	(0.0005)	0.0200	0.0318	0.1152	0.0041	0.1193	(0.0153)	0.0262	0.1302
	Bulk per Quar	0.3223	0.1351	(0.0041)	0.1078	0.2540	0.8152	0.0287	0.8439	(0.1219)	0.2096	0.9316

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 6**

**WHOLESALE PRICE BUILDUP
OCTOBER 2009 MILK PRICES**

	A EX. 4	B EX. 2	C EXS. 5, 6 & 7	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less Average Delivery	Plus High Cost Delivery	Proposed Wholesale Price	
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$1.6488	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.7382	\$0.0964	\$2.8346	(\$0.4876)	\$0.8384	\$3.1854
	1/2 Gallon	0.8244	0.1086	(0.0081)	(0.0324)	0.5080	1.4005	0.0493	1.4498	(0.2438)	0.4192	1.6252
	Quart	0.4122	0.1561	(0.0041)	0.0264	0.2540	0.8446	0.0297	0.8743	(0.1219)	0.2096	0.9620
	Pint	0.2061	0.1365	(0.0020)	0.0249	0.1270	0.4925	0.0173	0.5098	(0.0610)	0.1048	0.5536
	12 Ounce	0.1546	0.0367	(0.0015)	0.0194	0.0953	0.3045	0.0107	0.3152	(0.0457)	0.0786	0.3481
	10 Ounce	0.1288	0.0310	(0.0013)	0.0139	0.0794	0.2518	0.0089	0.2607	(0.0381)	0.0655	0.2881
	1/2 Pint	0.1031	0.0244	(0.0010)	0.0139	0.0635	0.2039	0.0072	0.2111	(0.0305)	0.0524	0.2330
	4 Ounce	0.0515	0.0236	(0.0005)	0.0200	0.0318	0.1264	0.0044	0.1308	(0.0153)	0.0262	0.1417
	Bulk per Quar	0.4122	0.1351	(0.0041)	0.1078	0.2540	0.9051	0.0319	0.9370	(0.1219)	0.2096	1.0247
REDUCED FAT FLAVORED MILK	Gallon	\$1.4416	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.5310	\$0.0891	\$2.6201	(\$0.4876)	\$0.8384	\$2.9709
	1/2 Gallon	0.7208	0.1086	(0.0081)	(0.0324)	0.5080	1.2969	0.0456	1.3425	(0.2438)	0.4192	1.5179
	Quart	0.3604	0.1561	(0.0041)	0.0264	0.2540	0.7928	0.0279	0.8207	(0.1219)	0.2096	0.9084
	Pint	0.1802	0.1365	(0.0020)	0.0249	0.1270	0.4666	0.0164	0.4830	(0.0610)	0.1048	0.5268
	12 Ounce	0.1352	0.0367	(0.0015)	0.0194	0.0953	0.2851	0.0100	0.2951	(0.0457)	0.0786	0.3280
	10 Ounce	0.1126	0.0310	(0.0013)	0.0139	0.0794	0.2356	0.0083	0.2439	(0.0381)	0.0655	0.2713
	1/2 Pint	0.0901	0.0244	(0.0010)	0.0139	0.0635	0.1909	0.0067	0.1976	(0.0305)	0.0524	0.2195
	4 Ounce	0.0451	0.0236	(0.0005)	0.0200	0.0318	0.1200	0.0042	0.1242	(0.0153)	0.0262	0.1351
	Bulk per Quar	0.3604	0.1351	(0.0041)	0.1078	0.2540	0.8533	0.0300	0.8833	(0.1219)	0.2096	0.9710
BUTTER MILK	Gallon	\$1.6326	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$2.7220	\$0.0958	\$2.8178	(\$0.4876)	\$0.8384	\$3.1686
	1/2 Gallon	0.8163	0.1086	(0.0081)	(0.0324)	0.5080	1.3924	0.0490	1.4414	(0.2438)	0.4192	1.6168
	Quart	0.4082	0.1561	(0.0041)	0.0264	0.2540	0.8406	0.0296	0.8702	(0.1219)	0.2096	0.9579
	Pint	0.2041	0.1365	(0.0020)	0.0249	0.1270	0.4905	0.0173	0.5078	(0.0610)	0.1048	0.5516
	12 Ounce	0.1531	0.0367	(0.0015)	0.0194	0.0953	0.3030	0.0107	0.3137	(0.0457)	0.0786	0.3466
	10 Ounce	0.1275	0.0310	(0.0013)	0.0139	0.0794	0.2505	0.0088	0.2593	(0.0381)	0.0655	0.2867
	1/2 Pint	0.1020	0.0244	(0.0010)	0.0139	0.0635	0.2028	0.0071	0.2099	(0.0305)	0.0524	0.2318
	4 Ounce	0.0510	0.0236	(0.0005)	0.0200	0.0318	0.1259	0.0044	0.1303	(0.0153)	0.0262	0.1412
	Bulk per Quar	0.4082	0.1351	(0.0041)	0.1078	0.2540	0.9011	0.0317	0.9328	(0.1219)	0.2096	1.0205
EGG NOG	Gallon	\$3.0904	\$0.1832	(\$0.0163)	(\$0.0936)	\$1.0160	\$4.1798	\$0.1471	\$4.3269	(\$0.4876)	\$0.8384	\$4.6777
	1/2 Gallon	1.5452	0.1086	(0.0081)	(0.0324)	0.5080	2.1213	0.0747	2.1960	(0.2438)	0.4192	2.3714
	Quart	0.7726	0.1561	(0.0041)	0.0264	0.2540	1.2050	0.0424	1.2474	(0.1219)	0.2096	1.3351
	Pint	0.3863	0.1365	(0.0020)	0.0249	0.1270	0.6727	0.0237	0.6964	(0.0610)	0.1048	0.7402
	12 Ounce	0.2897	0.0367	(0.0015)	0.0194	0.0953	0.4396	0.0155	0.4551	(0.0457)	0.0786	0.4880
	10 Ounce	0.2414	0.0310	(0.0013)	0.0139	0.0794	0.3644	0.0128	0.3772	(0.0381)	0.0655	0.4046
	1/2 Pint	0.1932	0.0244	(0.0010)	0.0139	0.0635	0.2940	0.0103	0.3043	(0.0305)	0.0524	0.3262
	4 Ounce	0.0966	0.0236	(0.0005)	0.0200	0.0318	0.1715	0.0060	0.1775	(0.0153)	0.0262	0.1884
	Bulk per Quar	0.7726	0.1351	(0.0041)	0.1078	0.2540	1.2655	0.0445	1.3100	(0.1219)	0.2096	1.3977

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 6**

**RETAIL PRICE BUILDUP
OCTOBER 2009 MILK PRICES**

		A	B	C	D	E
		EX. 8				(A+B+C+D)
Container Size		Proposed Wholesale Price	12.5% Deepest Discount	In-Store Handling \$ 0.1255	2.7% Store Profit	Proposed Retail Price
STANDARD (WHOLE) MILK	Gallon	\$3.0775	(\$0.3847)	\$0.5020	\$0.0887	\$3.28
	1/2 Gallon	1.5713	(0.1964)	0.2510	0.0451	1.67
	Quart	0.9350	(0.1169)	0.1255	0.0262	0.97
	Pint	0.5402	(0.0675)	0.0628	0.0149	0.55
	12 Ounce	0.3380	(0.0423)	0.0471	0.0095	0.35
	10 Ounce	0.2797	(0.0350)	0.0392	0.0079	0.29
	1/2 Pint	0.2261	(0.0283)	0.0314	0.0064	0.24
	4 Ounce	0.1384	(0.0173)	0.0157	0.0038	0.14
	Bulk per Quart	0.9976	(0.1247)	0.1255	0.0277	1.03
REDUCED FAT (2%) MILK	Gallon	\$2.9500	(\$0.3688)	\$0.5020	\$0.0856	\$3.17
	1/2 Gallon	1.5075	(0.1884)	0.2510	0.0436	1.61
	Quart	0.9032	(0.1129)	0.1255	0.0254	0.94
	Pint	0.5242	(0.0655)	0.0628	0.0145	0.54
	12 Ounce	0.3258	(0.0407)	0.0471	0.0092	0.34
	10 Ounce	0.2696	(0.0337)	0.0392	0.0076	0.28
	1/2 Pint	0.2182	(0.0273)	0.0314	0.0062	0.23
	4 Ounce	0.1344	(0.0168)	0.0157	0.0037	0.14
	Bulk per Quart	0.9659	(0.1207)	0.1255	0.0269	1.00
LOWFAT (1%) MILK	Gallon	\$2.8518	(\$0.3565)	\$0.5020	\$0.0832	\$3.08
	1/2 Gallon	1.4584	(0.1823)	0.2510	0.0424	1.57
	Quart	0.8787	(0.1098)	0.1255	0.0248	0.92
	Pint	0.5119	(0.0640)	0.0628	0.0142	0.52
	12 Ounce	0.3169	(0.0396)	0.0471	0.0090	0.33
	10 Ounce	0.2620	(0.0328)	0.0392	0.0074	0.28
	1/2 Pint	0.2121	(0.0265)	0.0314	0.0060	0.22
	4 Ounce	0.1314	(0.0164)	0.0157	0.0036	0.14
	Bulk per Quart	0.9413	(0.1177)	0.1255	0.0263	0.98
NONFAT (SKIM) MILK	Gallon	\$2.8132	(\$0.3517)	\$0.5020	\$0.0822	\$3.05
	1/2 Gallon	1.4392	(0.1799)	0.2510	0.0419	1.55
	Quart	0.8690	(0.1086)	0.1255	0.0246	0.91
	Pint	0.5072	(0.0634)	0.0628	0.0141	0.52
	12 Ounce	0.3132	(0.0392)	0.0471	0.0089	0.33
	10 Ounce	0.2590	(0.0324)	0.0392	0.0074	0.27
	1/2 Pint	0.2097	(0.0262)	0.0314	0.0060	0.22
	4 Ounce	0.1302	(0.0163)	0.0157	0.0036	0.14
	Bulk per Quart	0.9316	(0.1165)	0.1255	0.0261	0.97

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 6**

**RETAIL PRICE BUILDUP
OCTOBER 2009 MILK PRICES**

		A	B	C	D	E
		EX. 8				(A+B+C+D)
Container Size		Proposed Wholesale Price	12.5% Deepest Discount	In-Store Handling \$ 0.1255	2.7% Store Profit	Proposed Retail Price
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$3.1854	(\$0.3982)	\$0.5020	\$0.0913	\$3.38
	1/2 Gallon	1.6252	(0.2032)	0.2510	0.0464	1.72
	Quart	0.9620	(0.1203)	0.1255	0.0268	0.99
	Pint	0.5536	(0.0692)	0.0628	0.0152	0.56
	12 Ounce	0.3481	(0.0435)	0.0471	0.0098	0.36
	10 Ounce	0.2881	(0.0360)	0.0392	0.0081	0.30
	1/2 Pint	0.2330	(0.0291)	0.0314	0.0065	0.24
	4 Ounce	0.1417	(0.0177)	0.0157	0.0039	0.15
	Bulk per Quart	1.0247	(0.1281)	0.1255	0.0284	1.05
	REDUCED FAT FLAVORED MILK	Gallon	\$2.9709	(\$0.3714)	\$0.5020	\$0.0861
1/2 Gallon		1.5179	(0.1897)	0.2510	0.0438	1.62
Quart		0.9084	(0.1136)	0.1255	0.0255	0.95
Pint		0.5268	(0.0659)	0.0628	0.0145	0.54
12 Ounce		0.3280	(0.0410)	0.0471	0.0093	0.34
10 Ounce		0.2713	(0.0339)	0.0392	0.0077	0.28
1/2 Pint		0.2195	(0.0274)	0.0314	0.0062	0.23
4 Ounce		0.1351	(0.0169)	0.0157	0.0037	0.14
Bulk per Quart		0.9710	(0.1214)	0.1255	0.0271	1.00
BUTTERMILK		Gallon	\$3.1686	(\$0.3961)	\$0.5020	\$0.0909
	1/2 Gallon	1.6168	(0.2021)	0.2510	0.0462	1.71
	Quart	0.9579	(0.1197)	0.1255	0.0267	0.99
	Pint	0.5516	(0.0690)	0.0628	0.0151	0.56
	12 Ounce	0.3466	(0.0433)	0.0471	0.0097	0.36
	10 Ounce	0.2867	(0.0358)	0.0392	0.0081	0.30
	1/2 Pint	0.2318	(0.0290)	0.0314	0.0065	0.24
	4 Ounce	0.1412	(0.0177)	0.0157	0.0039	0.15
	Bulk per Quart	1.0205	(0.1276)	0.1255	0.0283	1.05
	EGG NOG	Gallon	\$4.6777	(\$0.5847)	\$0.5020	\$0.1275
1/2 Gallon		2.3714	(0.2964)	0.2510	0.0645	2.39
Quart		1.3351	(0.1669)	0.1255	0.0359	1.35
Pint		0.7402	(0.0925)	0.0628	0.0197	0.75
12 Ounce		0.4880	(0.0610)	0.0471	0.0132	0.49
10 Ounce		0.4046	(0.0506)	0.0392	0.0109	0.41
1/2 Pint		0.3262	(0.0408)	0.0314	0.0088	0.33
4 Ounce		0.1884	(0.0236)	0.0157	0.0050	0.19
Bulk per Quart		1.3977	(0.1747)	0.1255	0.0374	1.41