

## PENNSYLVANIA MILK MARKETING BOARD

### LIST OF WITNESSES

The following individual is expected to testify at the Over Price Premium Hearing on November 6, 2013 on behalf of the Milk Marketing Board Staff. Copies of his curriculum vitae will be available at the hearing.

David DeSantis, Chief of Enforcement and Accounting, will testify as an expert on milk industry cost accounting and regulation of the milk market in Pennsylvania, which includes determining wholesale and retail milk prices, and industry costs including processing, packaging, delivering, and selling milk. His testimony will address the subjects included in his presubmitted testimony, but it is not necessarily limited to the presubmitted testimony.

Date: October 31, 2013

Respectfully submitted,

***Andrew L. Saylor***

Andrew L. Saylor  
Staff Attorney  
Pennsylvania Milk Marketing Board

# STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD

## OVER-PRICE PREMIUM HEARING ALL PENNSYLVANIA MILK MARKETING AREAS

November 6, 2013

Good Morning. My name is Dave DeSantis. I am Chief of Enforcement and Accounting for the Pennsylvania Milk Marketing Board.

In response to GNEMMA's request to postpone this hearing, the Board identified two issues that could be addressed at this time. One issue is how and to what extent adjustments to the over-price premium that may be necessary from time-to-time are accounted for and recovered. The other issue is whether the mandatory twenty cent per hundredweight processor assessment under the Fluid Milk Promotion Act should be included in the over-price premium, and if not, where in the price build-up it should be accounted for.

### **Adjustments to the Over-Price Premium**

An Over-Price Premium (OPP) is an amount paid over the Board mandated minimum price to a Pennsylvania producer or cooperative for milk that is produced, processed and utilized as Class I within Pennsylvania. For each of the cross-section dealers, our auditors calculate, on a monthly basis, the allowable amount of OPP dollars for each PMMB Area into which the dealer has Class 1 sales. The auditors do their calculations using cooperative billings and other documentation submitted to them by the dealers. We then review the auditors' calculations for reasonableness by comparing each dealer's current month OPP rate with their prior month rate. If the comparative OPP rates for a dealer are essentially the same from month-to-month then we accept the calculation as correct. However, if the rate has changed significantly, then we alert the auditor and do a thorough review to determine what the correct OPP rate should be. After all of the OPP data has been reviewed (and corrected if necessary) the data is summarized into a spreadsheet to calculate the OPP rates for each of the Milk Marketing Areas. The OPP rates are then incorporated into the resale price structure for price-controlled packaged milk products.

To the extent that the Premium levels have remained relatively stable, we did not, for some time, perform extensive reviews of backup documentation to discover if the makeup of premiums being paid had changed from being allowable for OPP purposes to being unallowable. Some time ago, some of the dealers in the cross-section changed milk suppliers. Although the premium rates and amounts remained constant, the character of the premiums changed in some cases. Premiums that were formerly

billed as Pennsylvania premiums by the cooperatives were now, under their new supply arrangements, billed as out-of-state or other premiums that would not have been included in the OPP calculations. Upon detecting the difference we immediately removed these uncludable premiums from our OPP calculations. We then had to determine how long these errors had gone undetected and the amount of the non-Over-Price Premiums that were included in our resale price structure. Upon review, we determined this to have gone on for a total of 45 months and to have affected Milk Marketing Areas 1, 2, 3 and 4; Areas 5 and 6 were unaffected. Over that time period, over 2.2 million dollars were over-included in the resale prices across 3.6 billion pounds of milk. Staff Surrebuttal Exhibit 1 shows the pounds affected and dollar amount for each area.

The consequence was that wholesale and retail prices had been higher than they should have been during this 45-month period. Consumers paid a higher price for milk. It was less than one cent per gallon, but we believe that consumers in those areas should be able to recapture the overpayment. Obviously that cannot be done as refunds based on actual individual past purchases.

The Dealers' rebuttal testimony says that our recommendation that consumers should be able to "recapture the overpayment" is "virtually impossible." What we mean by recapturing the overpayment is this. For a time, consumers in these areas paid too much for milk. The overpayment can't be given back to them; we agree it cannot be "recaptured" in that sense. But the Board takes many factors into consideration in setting prices – and the fact that consumers cumulatively paid over 2.2 million dollars more for milk is a valid factor to consider. Therefore we are asking the Board to adjust future prices in a comparable amount as the past prices were inflated.

Staff Surrebuttal Exhibit 1 shows the cumulative average adjustment for each of the four Milk Marketing Areas in question. Since this adjustment is not part of the regular price buildup, Staff is proposing that we make this adjustment in the raw milk buildup portion of the area price sheets and be combined with the bulk milk profit and loss on a price per pound basis. Staff recommends that the Board adjust the OPP for a comparable duration of time that the overstatement took place. If the Board accepts this recommendation, we can incorporate the adjustment in the Area price sheets starting with January 2014 and continuing through September 2017.

Since our initial submission of exhibits and testimony, we have found that sales in Area 4 have increased by about 46%. We feel that this increase in sales should be recognized and incorporated into our calculations, and we have done so.

Staff Exhibits 2 through 5 show the raw product buildup for each of the Milk Marketing Areas. You can see that we've broken out the bulk profit and loss and OPP adjustments.

Staff Surrebuttal Exhibit 7 provides the equivalent reduced profit. With this adjustment, dealer margins are still within the range required by our Law. The OPP adjustment could be made not in the Profits and Losses in the Bulk Milk section of the area price sheets price buildup, but rather in the profit section, should the Board wish to express the adjustment in that way.

### **Fluid Price Promotion Assessment**

Another recurring cost that may be considered apart from the price adjustment process that we have on the price sheet is the \$0.20 assessment that milk dealers pay under the Fluid Milk Promotion Act. Currently, this \$.20 is added to the OPP for each Milk Marketing Area and is shown on the resale price sheet as a component of the amounts in the column titled "Over Price Premium". Similar to the reversal of the overstatement of the OPP, the \$0.20 assessment is not really part of the OPP and should be moved to the skim and butterfat columns of the summary price sheet. By moving the \$0.20 assessment from the OPP section of the price sheet to the skim and butterfat areas, users will be better able to compare surrounding market prices to the raw milk prices in their Pennsylvania Area. Staff Rebuttal Exhibit 6 shows the removal of the assessment from the OPP and its inclusion in the skim and butterfat columns through footnote 3.

**PENNSYLVANIA MILK MARKETING BOARD**  
**Over-Price Premium (OPP) Calculation Adjustments**  
**Adjustment Period: JANUARY 2014 through SEPTEMBER 2017 (45 months)**

PMMB Milk Marketing AREA			
1-0	2-0	3-0	4-0

A	Total OPP Adjustment Amount	\$ (1,483,528)	\$ (328,073)	\$ (167,358)	\$ (241,005)
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B	Total OPP Adjustment Pounds	1,293,116,569	502,598,630	795,414,387	1,010,275,982
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C	(A ÷ B)*100 OPP Adjustment (per CWT)	\$ (0.1147)	\$ (0.0653)	\$ (0.0210)	\$ (0.0239)
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D	Increase in Sales	46%
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E	C - (C X D) Net Adjustment per CWT	\$ (0.1147)	\$ (0.0653)	\$ (0.0210)	\$ (0.0129)
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F	E ÷ 100 Net Adjustment per Pound	\$ (0.0011)	\$ (0.0007)	\$ (0.0002)	\$ (0.0001)
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**PENNSYLVANIA MILK MARKETING BOARD**  
**COMPUTATION OF RAW PRODUCT COST**  
**AREA 1 RESALE PRICE BUILD-UP**  
**OCTOBER 2013**

	CLASS I
SKIM RATE	\$ 19.92
BUTTERFAT RATE	\$ 1.5264

	A	B	C	D	E	F	G	H	I	J	K
			(B ÷ A)	(A - B)	(B x BF RATE)	(D x SKIM RATE)	(E + F)	(G ÷ A)	(L)		(H + I + J)
PRODUCT	BUTTERFAT	SKIM	BUTTERFAT	SKIM	BUTTERFAT	SKIM	TOTAL	COST PER	TOTAL	INGREDIENT	COST PER
POUNDS	POUNDS	TEST (%)	POUNDS	POUNDS	VALUE	VALUE	VALUE	POUND	ADJUSTMENTS	COST	POUND
STANDARD (WHOLE) MILK	90,341,650	2,963,510	3.2803%	87,378,140	\$ 4,523,502	\$ 17,405,725	\$ 21,929,227	\$ 0.2427	\$ (0.0016)	\$ -	\$ 0.2411
REDUCED FAT (2%) MILK	80,806,672	1,564,518	1.9361%	79,242,154	\$ 2,388,080	\$ 15,785,037	\$ 18,173,117	\$ 0.2249	\$ (0.0016)	\$ 0.0001	\$ 0.2234
LOW FAT (1%) MILK	45,389,044	429,375	0.9460%	44,959,669	\$ 655,398	\$ 8,955,966	\$ 9,611,364	\$ 0.2118	\$ (0.0016)	\$ 0.0001	\$ 0.2103
NON FAT (SKIM) MILK	51,220,619	47,569	0.0929%	51,173,050	\$ 72,609	\$ 10,193,672	\$ 10,266,281	\$ 0.2004	\$ (0.0016)	\$ 0.0001	\$ 0.1989
FLAVORED MILK	882,915	29,000	3.2846%	853,915	\$ 44,266	\$ 170,100	\$ 214,366	\$ 0.2428	\$ (0.0016)	\$ 0.0652	\$ 0.3064
FLAVORED REDUCED FAT MILK	18,304,912	173,846	0.9497%	18,131,066	\$ 265,359	\$ 3,611,708	\$ 3,877,067	\$ 0.2118	\$ (0.0016)	\$ 0.0395	\$ 0.2497
FLAVORED NON FAT MILK	1,429,649	770	0.0539%	1,428,879	\$ 1,175	\$ 284,633	\$ 285,808	\$ 0.1999	\$ (0.0016)	\$ 0.0389	\$ 0.2372
BUTTERMILK	1,245,934	24,795	1.9901%	1,221,139	\$ 37,847	\$ 243,251	\$ 281,098	\$ 0.2256	\$ (0.0016)	\$ 0.0152	\$ 0.2392
EGG NOG	385,967	26,324	6.8203%	359,643	\$ 40,181	\$ 71,641	\$ 111,822	\$ 0.2897	\$ (0.0016)	\$ 0.1193	\$ 0.4074

## ADJUSTMENT (per LB)

BULK PROFIT & LOSS:	\$ (0.0005)
OPP ( <i>expires SEPT 2017</i> ):	\$ (0.0011)

TOTAL ADJUSTMENTS : \$ **(0.0016)** (L)

**PENNSYLVANIA MILK MARKETING BOARD**  
**COMPUTATION OF RAW PRODUCT COST**  
**AREA 2 RESALE PRICE BUILD-UP**  
**OCTOBER 2013**

	CLASS I
SKIM RATE	\$ 19.90
BUTTERFAT RATE	\$ 1.5262

	A	B	C	D	E	F	G	H	I	J	K
			(B ÷ A)	(A - B)	(B x BF RATE)	(D x SKIM RATE)	(E + F)	(G ÷ A)	(L)		(H + I + J)
PRODUCT	POUNDS	BUTTERFAT		SKIM POUNDS	BUTTERFAT VALUE	SKIM VALUE	TOTAL VALUE	COST PER POUND	TOTAL ADJUSTMENTS	INGREDIENT COST	COST PER POUND
		POUNDS	TEST (%)								
STANDARD (WHOLE) MILK	45,503,498	1,487,569	3.2691%	44,015,929	\$ 2,270,328	\$ 8,759,170	\$ 11,029,498	\$ 0.2424	\$ (0.0014)	\$ -	\$ 0.2410
REDUCED FAT (2%) MILK	37,346,910	731,777	1.9594%	36,615,133	\$ 1,116,838	\$ 7,286,411	\$ 8,403,249	\$ 0.2250	\$ (0.0014)	\$ 0.0006	\$ 0.2242
LOW FAT (1%) MILK	18,863,163	181,552	0.9625%	18,681,611	\$ 277,085	\$ 3,717,641	\$ 3,994,726	\$ 0.2118	\$ (0.0014)	\$ 0.0006	\$ 0.2110
NON FAT (SKIM) MILK	19,768,150	17,677	0.0894%	19,750,473	\$ 26,979	\$ 3,930,344	\$ 3,957,323	\$ 0.2002	\$ (0.0014)	\$ 0.0006	\$ 0.1994
FLAVORED MILK	1,973,537	65,414	3.3146%	1,908,123	\$ 99,835	\$ 379,716	\$ 479,551	\$ 0.2430	\$ (0.0014)	\$ 0.0500	\$ 0.2916
FLAVORED REDUCED FAT MILK	3,565,773	31,983	0.8969%	3,533,790	\$ 48,812	\$ 703,224	\$ 752,036	\$ 0.2109	\$ (0.0014)	\$ 0.0375	\$ 0.2470
FLAVORED NON FAT MILK	4,032,220	2,384	0.0591%	4,029,836	\$ 3,638	\$ 801,937	\$ 805,575	\$ 0.1998	\$ (0.0014)	\$ 0.0410	\$ 0.2394
BUTTERMILK	35,843	564	1.5735%	35,279	\$ 861	\$ 7,021	\$ 7,882	\$ 0.2199	\$ (0.0014)	\$ 0.0326	\$ 0.2511
EGG NOG	462,834	33,167	7.1661%	429,667	\$ 50,619	\$ 85,504	\$ 136,123	\$ 0.2941	\$ (0.0014)	\$ 0.1922	\$ 0.4849

## ADJUSTMENT (per LB)

BULK PROFIT & LOSS:	\$ (0.0007)
OPP ( <i>expires SEPT 2017</i> ):	\$ (0.0007)

TOTAL ADJUSTMENTS : \$ (0.0014) (L)

**PENNSYLVANIA MILK MARKETING BOARD**  
**COMPUTATION OF RAW PRODUCT COST**  
**AREA 3 RESALE PRICE BUILD-UP**  
**OCTOBER 2013**

	CLASS I
SKIM RATE	\$ 19.68
BUTTERFAT RATE	\$ 1.5240

	A	B	C	D	E	F	G	H	I	J	K
			(B ÷ A)	(A - B)	(B x BF RATE)	(D x SKIM RATE)	(E + F)	(G ÷ A)	(L)		(H + I + J)
PRODUCT	POUNDS	BUTTERFAT		SKIM POUNDS	BUTTERFAT VALUE	SKIM VALUE	TOTAL VALUE	COST PER POUND	TOTAL ADJUSTMENTS	INGREDIENT COST	COST PER POUND
		POUNDS	TEST (%)								
STANDARD (WHOLE) MILK	56,001,201	1,828,132	3.2645%	54,173,069	\$ 2,786,073	\$ 10,661,260	\$ 13,447,333	\$ 0.2401	\$ (0.0026)	\$ -	\$ 0.2375
REDUCED FAT (2%) MILK	59,915,026	1,175,685	1.9623%	58,739,341	\$ 1,791,744	\$ 11,559,902	\$ 13,351,646	\$ 0.2228	\$ (0.0026)	\$ 0.0007	\$ 0.2209
LOW FAT (1%) MILK	28,785,283	273,551	0.9503%	28,511,732	\$ 416,892	\$ 5,611,109	\$ 6,028,001	\$ 0.2094	\$ (0.0026)	\$ 0.0008	\$ 0.2076
NON FAT (SKIM) MILK	34,140,266	33,688	0.0987%	34,106,578	\$ 51,341	\$ 6,712,175	\$ 6,763,516	\$ 0.1981	\$ (0.0026)	\$ 0.0022	\$ 0.1977
FLAVORED MILK	3,212,500	107,168	3.3360%	3,105,332	\$ 163,324	\$ 611,129	\$ 774,453	\$ 0.2411	\$ (0.0026)	\$ 0.0397	\$ 0.2782
FLAVORED REDUCED FAT MILK	14,213,743	148,698	1.0462%	14,065,045	\$ 226,616	\$ 2,768,001	\$ 2,994,617	\$ 0.2107	\$ (0.0026)	\$ 0.0333	\$ 0.2414
FLAVORED NON FAT MILK	5,142,532	2,512	0.0488%	5,140,020	\$ 3,828	\$ 1,011,556	\$ 1,015,384	\$ 0.1974	\$ (0.0026)	\$ 0.0392	\$ 0.2340
BUTTERMILK	104,138	3,958	3.8007%	100,180	\$ 6,032	\$ 19,715	\$ 25,747	\$ 0.2472	\$ (0.0026)	\$ 0.0285	\$ 0.2731
EGG NOG	1,105,672	72,055	6.5169%	1,033,617	\$ 109,812	\$ 203,416	\$ 313,228	\$ 0.2833	\$ (0.0026)	\$ 0.1646	\$ 0.4453

## ADJUSTMENT (per LB)

BULK PROFIT & LOSS:	\$ (0.0024)
OPP (expires SEPT 2017):	\$ (0.0002)

TOTAL ADJUSTMENTS : \$ (0.0026) (L)

**PENNSYLVANIA MILK MARKETING BOARD**  
**COMPUTATION OF RAW PRODUCT COST**  
**AREA 4 RESALE PRICE BUILD-UP**  
**OCTOBER 2013**

	CLASS I
SKIM RATE	\$ 19.74
BUTTERFAT RATE	\$ 1.5246

	A	B	C	D	E	F	G	H	I	J	K
			(B ÷ A)	(A - B)	(B x BF RATE)	(D x SKIM RATE)	(E + F)	(G ÷ A)	(L)		(H + I + J)
PRODUCT	BUTTERFAT	SKIM		BUTTERFAT	SKIM	TOTAL	COST PER	TOTAL	INGREDIENT	COST PER	
POUNDS	POUNDS	TEST (%)	POUNDS	VALUE	VALUE	VALUE	POUND	ADJUSTMENTS	COST	POUND	
STANDARD (WHOLE) MILK	62,628,167	2,065,906	3.2987%	60,562,261	\$ 3,149,680	\$ 11,954,990	\$ 15,104,670	\$ 0.2412	\$ (0.0004)	\$ -	\$ 0.2408
REDUCED FAT (2%) MILK	77,492,375	1,552,480	2.0034%	75,939,895	\$ 2,366,911	\$ 14,990,535	\$ 17,357,446	\$ 0.2240	\$ (0.0004)	\$ 0.0018	\$ 0.2254
LOW FAT (1%) MILK	37,647,720	377,149	1.0018%	37,270,571	\$ 575,001	\$ 7,357,211	\$ 7,932,212	\$ 0.2107	\$ (0.0004)	\$ 0.0019	\$ 0.2122
NON FAT (SKIM) MILK	37,586,816	49,190	0.1309%	37,537,626	\$ 74,995	\$ 7,409,927	\$ 7,484,922	\$ 0.1991	\$ (0.0004)	\$ 0.0026	\$ 0.2013
FLAVORED MILK	3,519,313	119,737	3.4023%	3,399,576	\$ 182,551	\$ 671,076	\$ 853,627	\$ 0.2426	\$ (0.0004)	\$ 0.0446	\$ 0.2868
FLAVORED REDUCED FAT MILK	16,529,839	170,296	1.0302%	16,359,543	\$ 259,633	\$ 3,229,374	\$ 3,489,007	\$ 0.2111	\$ (0.0004)	\$ 0.0395	\$ 0.2502
FLAVORED NON FAT MILK	4,194,175	3,771	0.0899%	4,190,404	\$ 5,749	\$ 827,186	\$ 832,935	\$ 0.1986	\$ (0.0004)	\$ 0.0403	\$ 0.2385
BUTTERMILK	48,701	487	1.0000%	48,214	\$ 742	\$ 9,517	\$ 10,259	\$ 0.2107	\$ (0.0004)	\$ 0.0322	\$ 0.2425
EGG NOG	2,434,037	173,839	7.1420%	2,260,198	\$ 265,035	\$ 446,163	\$ 711,198	\$ 0.2922	\$ (0.0004)	\$ 0.1902	\$ 0.4820

## ADJUSTMENT (per LB)

BULK PROFIT & LOSS:	\$ (0.0003)
OPP (expires SEPT 2017):	\$ (0.0001)

TOTAL ADJUSTMENTS : \$ (0.0004) (L)



# Commonwealth of Pennsylvania Milk Marketing Board

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Harrisburg, PA 17110-9408

Luke F. Brubaker - *Chairman*  
Lynda J. Bowman - *Consumer Member*  
Richard Kriebel - *Member*

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## Minimum Resale Prices For October 2013

AREA-ZONE	OFFICIAL GENERAL ORDERS	CLASS I DIFF.	OVER-PRICE PREMIUM	OVER-ORDER PREMIUM /1/	BUTTERFAT VALUE /2/ /3/	SKIM VALUE /2/ /3/	CLASS I PRICE @ 3.5%	
1-0	<b>A-951 (CRO 4)</b>	893, 899, 925, 942, 972, 980,	\$3.05	\$0.27	\$1.85	<b>\$1.5264</b>	<b>\$19.92</b>	\$24.57
2-0	<b>A-953 (CRO 4)</b>	893, 925, 942, 972, 980, 982,	\$2.80	\$0.50	\$1.85	<b>\$1.5262</b>	<b>\$19.90</b>	\$24.55
3-0	<b>A-962 (CRO 3)</b>	893, 925, 942, 972, 980, 982,	\$2.80	\$0.28	\$1.85	<b>\$1.5240</b>	<b>\$19.68</b>	\$24.33
4-0	<b>A-963 (CRO 3)</b>	893, 925, 942, 972, 980, 982,	\$2.90	\$0.24	\$1.85	<b>\$1.5246</b>	<b>\$19.74</b>	\$24.39
5-0	<b>A-954 (CRO 3)</b>	893, 925, 942, 972, 980, 982,	\$2.30	\$0.31	\$1.85	<b>\$1.5193</b>	<b>\$19.21</b>	\$23.86
6-0	<b>A-956 (CRO 3)</b>	893, 925, 942, 960, 972, 980,	\$2.50	\$0.39	\$1.85	<b>\$1.5221</b>	<b>\$19.49</b>	\$24.14

Advanced Class II Butterfat Price /4/	<b>\$1.6339</b>	Class I Butterfat Differential	\$1.33
Advanced Class II Skim Price /2/	<b>\$15.25</b>	Advanced Class III Skim Price	\$13.22
Class II Price @ 3.5% Butterfat	\$20.44	Advanced Class IV Skim Price	\$14.55
School Stop Charge for Area 1 /2/	<b>\$14.15</b>	Advanced Class III & IV Butterfat Price	\$1.4727
Consumer Price Index /2/	<b>233.877</b>		

Container Cost /2/	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6
Gallon	<b>\$0.1970</b>	<b>\$0.1815</b>	<b>\$0.1945</b>	<b>\$0.1899</b>	<b>\$0.1772</b>	<b>\$0.2057</b>
Half Gallon	<b>\$0.1374</b>	<b>\$0.1421</b>	<b>\$0.1466</b>	<b>\$0.1524</b>	<b>\$0.1368</b>	<b>\$0.1379</b>
Quart	<b>\$0.1294</b>	<b>\$0.1130</b>	<b>\$0.1140</b>	<b>\$0.1487</b>	<b>\$0.1096</b>	<b>\$0.1810</b>
Pint	<b>\$0.0917</b>	<b>\$0.0811</b>	<b>\$0.0817</b>	<b>\$0.0997</b>	<b>\$0.1033</b>	<b>\$0.1430</b>
Half Pint Paper	<b>\$0.0240</b>	<b>\$0.0255</b>	<b>\$0.0281</b>	<b>\$0.0279</b>	<b>\$0.0295</b>	<b>\$0.0295</b>
Half Pint Plastic Add On	<b>\$0.0384</b>	<b>\$0.0454</b>	<b>\$0.0417</b>	<b>\$0.0433</b>	<b>\$0.0314</b>	<b>\$0.0476</b>

Ingredients - Flavored Milk /2/	<b>\$0.0652</b>	<b>\$0.0500</b>	<b>\$0.0397</b>	<b>\$0.0446</b>	<b>\$0.0440</b>	<b>\$0.0403</b>
Ingredients - Flavored Reduced Fat	<b>\$0.0395</b>	<b>\$0.0375</b>	<b>\$0.0333</b>	<b>\$0.0395</b>	<b>\$0.0318</b>	<b>\$0.0361</b>
Ingredients - Flavored Non-Fat Milk	<b>\$0.0389</b>	<b>\$0.0410</b>	<b>\$0.0392</b>	<b>\$0.0403</b>	<b>\$0.0432</b>	<b>\$0.0441</b>

Energy, Heating & Disc Eff. Add-On	<b>-\$0.0004</b>	<b>\$0.0001</b>	<b>-\$0.0001</b>	<b>\$0.0000</b>	<b>\$0.0000</b>	<b>\$0.0004</b>
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/1/ The Over-Order Premium includes a \$0.25 Fuel Adjuster pursuant to O.G.O. A-983.

/2/ For generating PMMB Excel prices.

/3/ Contains \$0.20 Fluid Milk Promotion processor assessment.

### WHOLESALE / RETAIL PRICES OF PROMINENT PRODUCTS AND SIZES

AREA-ZONE	CONTAINER SIZE	WHOLESALE				RETAIL (OUT-OF-STORE)			
		HOMO	REDUCED FAT	LOW-FAT	NONFAT	HOMO	REDUCED FAT	LOW-FAT	NONFAT
1-0	Gallon	\$3.8268	\$3.6739	\$3.5570	\$3.4573	\$3.93	\$3.80	\$3.70	\$3.61
	Half Gallon	\$1.9439	\$1.8674	\$1.8089	\$1.7591	\$1.99	\$1.93	\$1.88	\$1.83
	Quart	\$1.0844	\$1.0462	\$1.0170	\$0.9920	\$1.09	\$1.06	\$1.04	\$1.01
2-0	Gallon	\$3.5975	\$3.4524	\$3.3346	\$3.2330	\$3.81	\$3.68	\$3.58	\$3.49
	Half Gallon	\$1.8606	\$1.7880	\$1.7291	\$1.6783	\$1.96	\$1.90	\$1.84	\$1.80
	Quart	\$1.0083	\$0.9720	\$0.9425	\$0.9171	\$1.05	\$1.02	\$0.99	\$0.97
3-0	Gallon	\$3.6315	\$3.4884	\$3.3696	\$3.2834	\$3.77	\$3.64	\$3.53	\$3.46
	Half Gallon	\$1.8600	\$1.7884	\$1.7291	\$1.6859	\$1.92	\$1.86	\$1.81	\$1.77
	Quart	\$1.0194	\$0.9836	\$0.9539	\$0.9323	\$1.04	\$1.01	\$0.98	\$0.96
4-0	Gallon	\$3.6343	\$3.5019	\$3.3840	\$3.2889	\$4.00	\$3.86	\$3.74	\$3.64
	Half Gallon	\$1.8850	\$1.8188	\$1.7599	\$1.7123	\$2.07	\$2.00	\$1.94	\$1.89
	Quart	\$1.0546	\$1.0216	\$0.9921	\$0.9682	\$1.15	\$1.12	\$1.09	\$1.06
5-0	Gallon	\$3.6778	\$3.5281	\$3.4121	\$3.3185	\$3.90	\$3.77	\$3.66	\$3.58
	Half Gallon	\$1.9008	\$1.8259	\$1.7678	\$1.7211	\$2.01	\$1.94	\$1.89	\$1.85
	Quart	\$1.0489	\$1.0115	\$0.9825	\$0.9591	\$1.09	\$1.06	\$1.03	\$1.01
6-0	Gallon	\$3.7775	\$3.6280	\$3.5112	\$3.4284	\$3.96	\$3.82	\$3.72	\$3.64
	Half Gallon	\$1.9399	\$1.8652	\$1.8068	\$1.7654	\$2.02	\$1.96	\$1.90	\$1.87
	Quart	\$1.1300	\$1.0927	\$1.0635	\$1.0428	\$1.16	\$1.12	\$1.10	\$1.08

Board Staff Rebuttal Exhibit 6

**PENNSYLVANIA MILK MARKETING BOARD**  
**SUMMARY OF 2% GALLON PRICES WITH OPP ADJUSTMENT AND PROFIT EQUIVALENT**  
**November 2013 Prices**

	<b>Area 1</b>	<b>Area 2</b>	<b>Area 3</b>	<b>Area 4</b>
Current Price	\$ 3.7436	\$ 3.5144	\$ 3.5547	\$ 3.5601
Price With OPP Adjustment	\$ 3.7338	\$ 3.5081	\$ 3.5530	\$ 3.5592
Current Profit Rate	3.40%	3.50%	3.40%	3.40%
Equivalent Profit With Adjustment	3.11%	3.30%	3.35%	3.37%