

STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD
COST REPLACEMENT HEARING – MILK MARKETING AREA 1
December 3, 2014

Staff Exhibit 1

Good Morning. My name is Clifford Ackman. As the Statistical Analyst for the Pennsylvania Milk Marketing Board, I collected the information for and produced Staff Exhibit 1, dealing with the cross-section of milk dealers into the Southeastern Milk Marketing Area (Area 1). I have listed these milk dealers in footnote 3 along with the percentage of sales by those dealers compared to all dealers selling into the Area 1. As a representative sample of the entire area, these dealers were used to compile the data for the remaining exhibits.

This cross-section of dealers' 2013 information contains the same companies as presented in last year's Area 1 cost replacement hearing information. This year, the cross-section data represents over seventy-four percent of the Area's market.

This Exhibit offers the cross-section of dealers as presenting a significant portion of all sales into the marketplace. It demonstrates the comparability of Class 1 controlled product sales by all dealers (the top section of the Exhibit) and the cross-section dealers (in the lower half of the Exhibit). The sales of cross-section dealer products compares favorably with the sales of all dealers in the marketplace falling within statistically acceptable limits.

I also studied the size and types of deliveries of the cross-section dealers along with the types of customers served by them. As a group, the cross-section dealers serve a variety of customers: schools, restaurants, convenience stores, supermarkets, etc. which is comparable to all dealer sales into Marketing Area 1. I also found that the cross-section dealers employ all types of delivery systems (tractor-trailers and smaller, straight body trucks) which are common to this Area as well.

Based on the amount and type of milk sold by these cross-section dealers, the types of customers and the delivery techniques employed by these listed dealers, I find this cross-section to be representative of all dealers doing business in Area 1.

Staff Surrebuttal Exhibit 2

Good morning. My name is David DeSantis. I am employed by the Pennsylvania Milk Marketing Board as the Chief of Enforcement & Accounting. This morning I will be discussing Staff Surrebuttal Exhibits 2 through 11.

Staff Surrebuttal Exhibit 2 provides information regarding the average weighted cost for processing, packaging and delivering milk for the cross-section of milk dealers referred to by Cliff Ackman in Staff Exhibit 1. We have segregated costs in this Exhibit into the major cost centers that identify the processes milk undergoes, as it arrives at

the plant from the farm, and is transformed into the consumer packages you see in the grocery store.

For each of the cost centers listed in Staff Surrebuttal Exhibit 2, we have matched the expenses associated with the cost center with the volume of milk or other products that flowed through that cost center. The volumetric term in these Exhibits is stated in points. A point equals one quart or quart equivalent. We weight all costs and points by the sales weighting method. That is, if a dairy were to have 25% of their sales in the area, then we would add 25% of their costs and 25% of their points in each of the cost centers to the weighted costs and weighted points of the other dairies in the cross-section.

Staff recommends that the Board replace the costs in the current Order with those costs enumerated in Staff Surrebuttal Exhibit 2.

Staff Surrebuttal Exhibit 3

Staff Surrebuttal Exhibit 3 provides information on the cost of containers for the cross-section dealers. For costs, we have an opportunity to be more current as compared to the costs in Staff Surrebuttal Exhibit 2. We have taken the invoiced costs paid by the cross-section dealers for plastic containers, paper containers and resin in April of 2014 to arrive at a weighted cost per unit. The costs for plastic containers are broken down into purchased containers and blow molded containers for the Gallon and Half Gallon. As was done in previous hearings, we are using controlled container sales volumes for the previous year. We are, therefore, pairing current costs with the weighted units sold in the previous year to arrive at the most current weighted cost per unit available. Where the market has both paper and plastic containers, like the half-gallon container, we have provided a combined paper/plastic price. After we established a cost for each container type in Column E, we are updating those April costs to the costs observed in our most current container surveys in Column F. In Column G we are applying factors for container shrinkage using the same methodology that was used for the last cost replacement hearings. The last column H simply adds the shrinkage factor to the updated container cost in Column F.

Staff recommends that the Board replace the base container costs with those found in Column C and the base weighted units with those found in Column D and continue to update these costs using the audited surveys submitted by the cross-section dealers. Staff also recommends that the Board continue the practice of providing separate plastic and paper half-pint prices through a plastic add-on.

Staff further recommends that the Board replace the current container costs with the container costs found in column E of this exhibit.

Staff Surrebuttal Exhibit 4

Staff Surrebuttal Exhibit 4 provides information on the cost of ingredients added to the various milk products like the chocolate powder and sugar in chocolate milk. This Exhibit pairs Year 2013 sales activity with April 2014 costs to get a very current weighted cost for the ingredients in each of the milk products.

Staff recommends replacing the current ingredient costs with those found in Staff Exhibit 4. Staff further recommends that we update chocolate and sweetener costs quarterly consistent with findings found in Cost Replacement Orders issued previously.

Staff Surrebuttal Exhibit 5

In the normal course of processing milk at a dairy, the dairy incurs costs and receives revenues from the act of processing the milk. For example, all dairies lose a small amount of milk as some milk is left in the lines and tanks as it moves through the plant. We call this normal loss shrinkage. Here we are accounting for the costs associated with shrinkage. In addition, dairies typically sell off excess bulk milk and cream they are unable to use in their own plants. In selling off the excess milk and cream, the dairy may have made a profit or a loss on the transaction. In conversation with the dealer representatives I became convinced that we could improve our methodology. We are now providing greater detail on how the cost for shrinkage and the profit or loss on bulk sales is calculated. These costs or profits are calculated by the unit cost system and remain unchanged from the last hearing. Row 1 shows the calculation for shrinkage cost showing the total product and butterfat pounds along with the cost or value of those lost pounds. Column G shows the weighted costs using the sales weighting methodology described earlier. Rows 2, 3 and 5 show calculations for determining a profit or loss on those diverted or transferred sales of bulk milk. Diverted milk is milk that is taken directly from the producer's farm to the purchasing dealer's plant and never enters the plant of the dealer selling the milk. Transferred milk is milk that is received at the cross-section dealer's plant and reloaded onto a truck for sale to another dealer. In the case of transferred milk the dealer incurred additional costs to process and sell the milk (Column E) which is in addition to the amount paid to the producer. We must add those additional processing costs to the producer costs in Column D to determine if the dealer made a profit or loss on the transaction.

The costs in the top panel are summarized in the bottom panel of Column H of the Exhibit. In previous years we divided the costs by total producer pounds. This was the same methodology that was part of the original Unit Cost System. On further reflection I concluded that this methodology was flawed. If we want to incorporate these costs into the resale price more accurately, we should simply divide these costs by the number of pounds of product sold or manufactured by the dealer net of purchased packaged products. These weighted pounds from the dealer's packaged sales, net of packaged purchases, along with any manufacturing activity are represented in Column I. By dividing the costs in Column H by the pounds in Column I we arrive at a weighted cost per pound in Column J.

Staff recommends that the Board use the costs and profits in Staff Surrebuttal Exhibit 5 to replace those that are in the existing Order.

Staff Surrebuttal Exhibit 6

Staff Surrebuttal Exhibit 6 summarizes the components of the milk cost prior to the milk going into the bottle. We are using the most current announced milk prices available prior to the submission date for the Exhibits. The current fat and skim prices for Class I products are in the top numeric panel of the Exhibit. In the lower numeric panel labeled Class I, we show the actual pounds of the Class I products (Columns A and B) sold by the cross-section dealers in this Milk Marketing Area. We have labeled the columns A through K and provided mathematical descriptors indicating how we arrive at the cost per pound for each of the products in the table.

This is the same methodology used in previous resale price hearings. Staff recommends that the Board continue to use this methodology for establishing the before bottling costs for the controlled milk products listed.

Staff Surrebuttal Exhibit 7

In Staff Surrebuttal Exhibit 7, we are obtaining the most current costs available for three significant cost categories; labor, utilities, and insurance costs. To bring these costs forward, we are comparing the costs and related plant volume in the first half-year of 2013, with the costs and plant volume in the first half-year of 2014. This is a departure from previous cost-replacement hearings where we compared only quarter-to-quarter costs. We believe this longer period will help to reduce the effects of seasonal variations in the business cycles of the dairy industry. Bottling points are a good measure of the plants' overall volume or activity. In columns A and B, we list the first half-year costs for 2014 and 2013 for each of the cost categories. In the next two columns, we list the bottling points for 2014 and 2013 for the first half-year. By dividing the costs by the points in columns E and F, we can compare the cost increase or decrease per point in column G.

Staff recommends replacing the quarter-to-quarter cost in the current Order with the first half cost adjustment in Staff Surrebuttal Exhibit 7.

Staff Surrebuttal Exhibit 8

To account for the volatility of fuel prices on an on-going basis, we have adopted the methodology found in Staff Surrebuttal Exhibit 8. Here we relate the cost of fuel for the previous year for all dealers and the points for the same period. Line 1 shows the weighted cost for diesel fuel for the cross-section dealers for Year 2013. Line 2 is the Year 2013 average On-Highway diesel price per gallon as posted by the Energy Information Administration (EIA). Line 3 is the current EIA On-Highway diesel price. Line 4 represents the percentage of change in the diesel price from Year 2013 to the

current price. Using the percentage of change on line 4, line 5 shows the current presumed diesel cost for the cross-section dealers. By subtracting line 1 from line 5 we find the changed diesel cost on line 6. By dividing the changed diesel cost on line 6 by the weighted delivery points of the cross-section dealers, we find the changed cost per point on line 8.

Staff recommends that the Board continue to include this adjustment in the cost replacement process. Staff also recommends that the Board replace the Year 2012 points and costs with the Year 2013 points and costs found in Staff Surrebuttal Exhibit 8.

Staff Surrebuttal Exhibit 9

Pursuant to the portion of Official General Order A-937 regarding heating fuel add-ons, staff has calculated the current heating fuel add-on using the same methodology used in Staff Surrebuttal Exhibit 8 except here we are using Standardization and Pasteurization points and the Pennsylvania Natural Gas Industrial price as posted by the Energy Information Administration. Staff recommends that the Board continue to include this adjustment in the cost replacement process. Staff also recommends that the Board replace the 2011 points and costs with the 2012 points and costs found in Staff Surrebuttal Exhibit 9.

Staff Surrebuttal Exhibit 10

Staff Surrebuttal Exhibit 10 summarizes the information from all previous Exhibits and relies on data from the base Order regarding Class I milk to arrive at a proposed wholesale price. In this Exhibit, we also compare the proposed wholesale price with the current wholesale price so the Board can see the effect of the changes in costs on the wholesale price of milk.

Column A provides the milk cost from Staff Surrebuttal Exhibit 6. Staff Surrebuttal Exhibit 6 provides a milk cost in terms of a cost per pound. We must multiply the milk cost per pound by the number of pounds per container. For example, there are 2.15 pounds of milk in every quart of standard milk. By multiplying the cost per pound for standard milk on Staff Exhibit 6 by 2.15, you have the quart price for standard milk found in Column A of this exhibit.

Column B lists the container costs from Staff Surrebuttal Exhibit 3.

Column C combines the first half cost adjustment from Staff Surrebuttal Exhibit 7 with the diesel and heating fuel adjustments from Staff Surrebuttal Exhibits 8 and 9. It also includes an adjustment per O.G.O. A-972 for the 'Discount Effect'.

Column D is the container efficiency adjustment from the price order. This adjustment accounts for the relative efficiency of filling large containers as opposed to

filling and handling smaller containers. You can put milk in a gallon container more quickly and handle gallon containers more efficiently than you can 16 half pints.

Column E lists the processing costs from Staff Surrebuttal Exhibit 2.

Column F is the sum of columns A through E.

Column G is profit. This percentage profit reflects the profit in the current Order.

Column H is the average price with profit. If all wholesale customers in the Milk Marketing Area received exactly the same amount of milk and the same level of service for every delivery, we could stop here.

Column I removes the average delivery. By removing the average delivery, we arrive at a cost for processing the milk and bringing it to the dock. All milk regardless of its ultimate destination will have the same cost at this point.

Column J adds back the cost of a relatively small high-cost delivery. By adding back the high-cost delivery, we have a price from which we may subtract discounts. In this way, we can match the cost of the delivery with price. For a large efficient delivery to a supermarket, we can subtract a large discount reflecting a low into store price. For smaller less efficient deliveries, we subtract a smaller discount reflecting the higher cost of the smaller delivery.

Column K is the sum of Columns H, I and J and is our proposed wholesale price.

Column L is the wholesale price under the current cost replacement order.

Column M is the difference between the proposed wholesale price and the current wholesale price.

Staff Surrebuttal Exhibit 11

Staff Surrebuttal Exhibit 11 provides a methodology for arriving at the retail or out-of-store price for milk.

Column A is the proposed wholesale price from Staff Surrebuttal Exhibit 10.

Column B is the deepest discount from the current general price order.

Column C is the average in-store handling cost from the current general order. This in-store handling cost has been updated monthly by the Consumer Price Index. Staff recommends that the Board continue to employ this form of cost update for the retail price.

Column D reflects the retail profit in the current Order.

Column E is the sum of columns A through D and is the proposed retail or out-of-store price.

Column F is the most recently announced retail price.

Column G is the difference between the proposed retail price and the current retail price.

Possibility of change to Exhibits

Staff's final review of some financial audit data for the Area 1 cross-section dealers could not be completed by the time of initial filing of exhibits. This data will be reviewed during the rebuttal filing period and may affect Staff's exhibits.

Pennsylvania Milk Marketing Board SALES IN PMMB AREA 1 BY TYPE OF MILK

PERCENTAGE OF CLASS I MILK SALES FOR ALL FLUID MILK DEALERS SELLING IN PMMB AREA 1 ^{(1) (2)}

Standard Milk	27.53
Flavored Milk	1.55
Egg Nog	0.32
Reduced Fat Flavored Milk	4.54
Nonfat Flavored Milk	3.00
Reduced Fat Milk	27.74
Low Fat Milk	17.03
Buttermilk	0.44
Nonfat Milk	<u>17.86</u>
	<u>100.0%</u>

PERCENTAGE OF CLASS I MILK SALES FOR CROSS SECTION DEALERS SELLING IN PMMB AREA 1 ^{(1) (2) (3)}

Standard Milk	27.35
Flavored Milk	0.94
Egg Nog	0.25
Reduced Fat Flavored Milk	4.20
Nonfat Flavored Milk	3.16
Reduced Fat Milk	28.01
Low Fat Milk	18.56
Buttermilk	0.47
Nonfat Milk	<u>17.06</u>
	<u>100.0%</u>

⁽¹⁾ Source - Pennsylvania Milk Marketing Board's Milk Dealer's Monthly Report, calendar year 2013

⁽²⁾ Pounds of milk used in deriving percentages.

⁽³⁾ H.P. Hood (Hatfield Location), Tuscan/Lehigh Dairies (Lansdale location), Wawa Dairy and Balford Farm Dairy. The cross-section dealers contribute 75.5% of the total milk to this area.

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**COSTS AND POINTS FOR PROCESSING, PACKAGING & DELIVERY
YEAR 2013 DATA**

Cost Center	Weighted Costs	Weighted Points	Cost per Point
Receiving, Lab & Field Work	\$ 2,135,889	158,526,551	\$ 0.0135
Standardization & Pasteurization	\$ 2,554,696	181,574,634	\$ 0.0141
Bottling	\$ 6,059,832	156,178,650	\$ 0.0388
Cold Room	\$ 10,378,456	189,220,586	\$ 0.0548
Delivery	\$ 27,979,911	191,419,014	\$ 0.1462
Selling	\$ 5,812,004	212,818,591	\$ 0.0273

Total Cost per Point **\$ 0.2947**

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**CONTAINER COSTS
YEAR 2013 UNITS (@ APRIL 2014 COSTS)**

A	B	C	D	E	F	G	H
				(C÷D)			(F x (1+G))
Container Size	Blow Molded or Purchased	Weighted Costs	Weighted Units	Weighted Cost per Unit	Updated (to NOV-2014) Cost per Unit	Weighted Shrinkage Factor (%)	Adjusted for Shrinkage Cost per Unit
GALLON - Plastic	Blow Molded	\$ 2,163,032	12,805,828	\$ 0.1689			
GALLON - Plastic	Purchased	\$ 1,413,958	6,409,575	\$ 0.2206			
GALLON - Combined		\$ 3,576,990	19,215,403	\$ 0.1862	\$ 0.1891	1.80%	\$ 0.1925
1/2 GALLON - Plastic	Blow Molded	\$ 891,973	7,671,565	\$ 0.1163			
1/2 GALLON - Plastic	Purchased	\$ 823,492	4,736,965	\$ 0.1738			
1/2 GALLON - Combined		\$ 1,715,465	12,408,530	\$ 0.1382	\$ 0.1403	1.79%	\$ 0.1428
QUART - Plastic	Purchased	\$ 1,529,634	12,190,353	\$ 0.1255	\$ 0.1278	1.57%	\$ 0.1298
PINT - Plastic	Purchased	\$ 467,803	5,132,490	\$ 0.0911	\$ 0.0925	1.62%	\$ 0.0940
12 Ounce	Purchased			\$ 0.0361	\$ 0.0361		\$ 0.0361
10 Ounce	Purchased			\$ 0.0301	\$ 0.0301		\$ 0.0301
1/2 PINT - Plastic	Purchased	\$ 338,186	5,296,793	\$ 0.0638	\$ 0.0646	0.92%	\$ 0.0652
1/2 PINT - Paper	Purchased	\$ 1,076,759	44,955,429	\$ 0.0240	\$ 0.0250	0.85%	\$ 0.0252
4 Ounce	Purchased	\$ 165,040	6,595,851	\$ 0.0250	\$ 0.0250	1.53%	\$ 0.0254
Bulk per Quart	Purchased	\$ 101,332	1,719,245	\$ 0.0589	\$ 0.0589	1.30%	\$ 0.0597

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**COSTS AND POINTS FOR INGREDIENTS, CONDENSED & POWDER
YEAR 2013 POUNDS (@ APRIL 2014 COSTS)**

Product	Weighted Costs	Weighted Pounds	Cost per Pound
Standard Milk	\$ 2,397	86,831,020	\$ -
Reduced Fat (2%) Milk	\$ 9,749	75,347,337	\$ 0.0001
Low Fat (1%) Milk	\$ 4,972	40,844,906	\$ 0.0001
Non Fat (Skim) Milk	\$ 5,237	39,565,135	\$ 0.0001
Flavored Milk	\$ 38,799	573,695	\$ 0.0676
Flavored Reduced Fat Milk	\$ 365,710	10,307,215	\$ 0.0355
Flavored NONFAT Milk	\$ 336,297	11,253,937	\$ 0.0299
Buttermilk	\$ 15,043	1,116,767	\$ 0.0135
Egg Nog	\$ 62,682	536,481	\$ 0.1168

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**COSTS AND (REVENUES) FOR SHRINKAGE AND BULK SALES
YEAR 2013 DATA**

	A	B	C	D	E	F	G
						- (C - D - E)	
	Product Pounds	Butterfat Pounds	Revenue	Costs	Additional Processing Costs	Net Cost or (Profit)/Loss	Weighted Cost or (Profit)/Loss
1	Shrinkage	25,000,068	556,485	n/a	\$ 4,360,073	n/a	\$ 4,360,073 \$ 1,332,424
2	Bulk MILK - diverted	-	-	\$ -	\$ -	n/a	\$ - \$ -
3	Bulk MILK - transferred	137,916,732	285,182	\$ 21,576,944	\$ 19,997,943	\$ 3,304,968	\$ 1,725,967 \$ 516,826
4	Bulk MILK - TOTAL (Rows 2 + 3)	137,916,732	285,182	\$ 21,576,944	\$ 19,997,943	\$ 3,304,968	\$ 1,725,967 \$ 516,826
5	Bulk CREAM - transferred	43,089,169	18,534,753	\$ 38,241,479	\$ 34,441,461	\$ 1,096,175	\$ (2,703,843) \$ (828,743)

	H	I	J
			(H ÷ I)
	Cost/(Revenue) Factor	Weighted Costs	Weighted Pounds
6	Shrinkage (Row 1)	\$ 1,332,424	
7	Bulk MILK (Profit)/Loss (Row 4)	\$ 516,826	
8	Bulk CREAM (Profit)/Loss (Row 5)	\$ (828,743)	
9	Total	\$ 1,020,507	279,955,720 \$ 0.0037

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**MILK COSTS BEFORE PACKAGING
NOVEMBER 2014 MILK PRICES**

	Class I
Skim Rate	\$ 18.59
Butterfat Rate	\$ 3.2750

Product Description	A	B	C	D	E	F	G	H	I	J	K
	Product Pounds	Pounds	(B ÷ A)	(A - B)	(B × BF Rate)	(D × Skim Rate)	(E + F)	(G ÷ A)	(EX. 4)	(EX. 5)	(H + I + J)
			Butterfat Percentage	Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound
Standard Milk	86,831,020	2,869,209	3.3044%	83,961,811	\$ 9,396,659	\$ 15,608,501	\$ 25,005,160	\$ 0.2880	\$ -	\$ 0.0037	\$ 0.2917
Reduced Fat (2%) Milk	75,347,337	1,460,035	1.9377%	73,887,302	\$ 4,781,615	\$ 13,735,649	\$ 18,517,264	\$ 0.2458	\$ 0.0001	\$ 0.0037	\$ 0.2496
Low Fat (1%) Milk	40,844,906	395,324	0.9679%	40,449,582	\$ 1,294,686	\$ 7,519,577	\$ 8,814,263	\$ 0.2158	\$ 0.0001	\$ 0.0037	\$ 0.2196
Non Fat (Skim) Milk	39,565,135	35,122	0.0888%	39,530,013	\$ 115,025	\$ 7,348,629	\$ 7,463,654	\$ 0.1886	\$ 0.0001	\$ 0.0037	\$ 0.1924
Flavored Milk	573,695	19,000	3.3119%	554,695	\$ 62,225	\$ 103,118	\$ 165,343	\$ 0.2882	\$ 0.0676	\$ 0.0037	\$ 0.3595
Flavored Reduced Fat Milk	10,307,215	106,873	1.0369%	10,200,342	\$ 350,009	\$ 1,896,244	\$ 2,246,253	\$ 0.2179	\$ 0.0355	\$ 0.0037	\$ 0.2571
Flavored NONFAT Milk	11,253,937	10,917	0.0970%	11,243,020	\$ 35,753	\$ 2,090,077	\$ 2,125,830	\$ 0.1889	\$ 0.0299	\$ 0.0037	\$ 0.2225
Buttermilk	1,116,767	21,957	1.9661%	1,094,810	\$ 71,909	\$ 203,525	\$ 275,434	\$ 0.2466	\$ 0.0135	\$ 0.0037	\$ 0.2638
Egg Nog	536,481	37,464	6.9833%	499,017	\$ 122,695	\$ 92,767	\$ 215,462	\$ 0.4016	\$ 0.1168	\$ 0.0037	\$ 0.5221

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**COST UPDATE ADJUSTMENT
1ST HALF COMPARISON (Year 2014 vs. Year 2013)**

A	B	C	D	E	F	G
				(A ÷ C)	(B ÷ D)	(E - F)
1 ST HALF COSTS		1 ST HALF POINTS		1 ST HALF COST per POINT		INCREASE
2014	2013	2014	2013	2014	2013	(DECREASE)

WEIGHTED LABOR COSTS	\$ 15,465,504	\$ 13,558,808	115,362,914	113,466,527	\$ 0.1341	\$ 0.1195	\$ 0.0146
WEIGHTED UTILITY COSTS	\$ 744,509	\$ 715,456	115,362,914	113,466,527	\$ 0.0065	\$ 0.0063	\$ 0.0002
WEIGHTED INSURANCE COSTS	\$ 254,416	\$ 256,676	115,362,914	113,466,527	\$ 0.0022	\$ 0.0023	\$ (0.0001)

COST UPDATE ADJUSTMENT per BOTTLING POINT \$ 0.0147

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

Diesel Fuel Costs Adjustment
Update of Diesel Fuel Costs from YEAR 2013 to SEPTEMBER 2014

1. Weighted Diesel Fuel Costs - YEAR 2013	\$	2,787,056
2. Average On-Highway Diesel Price per Gallon - YEAR 2013 ⁽¹⁾	\$	4.010
3. On-Highway Diesel Price per Gallon - SEPTEMBER 2014 ⁽¹⁾	\$	3.900
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		-2.74%
5. Presumed Diesel Fuel Costs - SEPTEMBER 2014 ((Line 1 X Line 4) + Line 1)	\$	<u>2,710,603</u>
6. Change in Diesel Fuel Costs from YEAR 2013 to SEPTEMBER 2014 (Line 5 - Line 1)	\$	(76,453)
7. Weighted Delivery Points - YEAR 2013		<u>191,419,014</u>
8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)	\$	<u>(0.0004)</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 1

Heating Fuel Costs Adjustment
Update of Heating Fuel Costs from YEAR 2013 to JULY 2014

1. Weighted Heating Fuel Costs - YEAR 2013	\$	210,803
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2013 ⁽¹⁾	\$	9.16
3. Pennsylvania Average Natural Gas Price - Industrial - JULY 2014 ⁽¹⁾	\$	9.83
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		7.31%
5. Presumed Heating Fuel Costs - JULY 2014 ((Line 1 X Line 4) + Line 1)	\$	<u>226,212</u>
6. Change in Heating Fuel Costs from YEAR 2013 to JULY 2014 (Line 5 - Line 1)	\$	15,409
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2013		<u>198,356,356</u>
8. Change in Heating Fuel Costs per S&P Point (Line 6 ÷ Line 7)	\$	<u>0.0001</u>

Footnote:

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

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

WHOLESALE PRICE BUILDUP
NOVEMBER 2014 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)	
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	Current Wholesale Price	Increase (Decrease)	
STANDARD (WHOLE) MILK	Gallon	\$ 2.5086	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.8723	\$ 0.1363	\$ 4.0086	\$ (0.5068)	\$ 1.0552	\$ 4.5570	\$ 4.3544	\$ 0.2026
	1/2 Gallon	\$ 1.2543	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.9732	\$ 0.0695	\$ 2.0427	\$ (0.2534)	\$ 0.5276	\$ 2.3169	\$ 2.2190	\$ 0.0979
	Quart	\$ 0.6272	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 1.0930	\$ 0.0385	\$ 1.1315	\$ (0.1267)	\$ 0.2638	\$ 1.2686	\$ 1.2195	\$ 0.0491
	Pint	\$ 0.3136	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.6394	\$ 0.0225	\$ 0.6619	\$ (0.0634)	\$ 0.1319	\$ 0.7304	\$ 0.7039	\$ 0.0265
	12 Ounce	\$ 0.2352	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.4365	\$ 0.0154	\$ 0.4519	\$ (0.0475)	\$ 0.0989	\$ 0.5033	\$ 0.4832	\$ 0.0201
	10 Ounce	\$ 0.1960	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3602	\$ 0.0127	\$ 0.3729	\$ (0.0396)	\$ 0.0824	\$ 0.4157	\$ 0.3989	\$ 0.0168
	1/2 Pint	\$ 0.1568	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2865	\$ 0.0101	\$ 0.2966	\$ (0.0317)	\$ 0.0660	\$ 0.3309	\$ 0.3173	\$ 0.0136
	4 Ounce	\$ 0.0784	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1702	\$ 0.0060	\$ 0.1762	\$ (0.0158)	\$ 0.0330	\$ 0.1934	\$ 0.1880	\$ 0.0054
	Bulk per Quart	\$ 0.6272	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 1.0632	\$ 0.0374	\$ 1.1006	\$ (0.1267)	\$ 0.2638	\$ 1.2377	\$ 1.1831	\$ 0.0546
REDUCED FAT (2%) MILK	Gallon	\$ 2.1516	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.5153	\$ 0.1237	\$ 3.6390	\$ (0.5068)	\$ 1.0552	\$ 4.1874	\$ 3.9873	\$ 0.2001
	1/2 Gallon	\$ 1.0758	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.7947	\$ 0.0632	\$ 1.8579	\$ (0.2534)	\$ 0.5276	\$ 2.1321	\$ 2.0355	\$ 0.0966
	Quart	\$ 0.5379	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 1.0037	\$ 0.0353	\$ 1.0390	\$ (0.1267)	\$ 0.2638	\$ 1.1761	\$ 1.1278	\$ 0.0483
	Pint	\$ 0.2689	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.5947	\$ 0.0209	\$ 0.6156	\$ (0.0634)	\$ 0.1319	\$ 0.6841	\$ 0.6580	\$ 0.0261
	12 Ounce	\$ 0.2017	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.4030	\$ 0.0142	\$ 0.4172	\$ (0.0475)	\$ 0.0989	\$ 0.4686	\$ 0.4488	\$ 0.0198
	10 Ounce	\$ 0.1681	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3323	\$ 0.0117	\$ 0.3440	\$ (0.0396)	\$ 0.0824	\$ 0.3868	\$ 0.3702	\$ 0.0166
	1/2 Pint	\$ 0.1345	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2642	\$ 0.0093	\$ 0.2735	\$ (0.0317)	\$ 0.0660	\$ 0.3078	\$ 0.2943	\$ 0.0135
	4 Ounce	\$ 0.0672	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1590	\$ 0.0056	\$ 0.1646	\$ (0.0158)	\$ 0.0330	\$ 0.1818	\$ 0.1765	\$ 0.0053
	Bulk per Quart	\$ 0.5379	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 0.9739	\$ 0.0343	\$ 1.0082	\$ (0.1267)	\$ 0.2638	\$ 1.1453	\$ 1.0913	\$ 0.0540
LOW FAT (1%) MILK	Gallon	\$ 1.8930	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.2567	\$ 0.1146	\$ 3.3713	\$ (0.5068)	\$ 1.0552	\$ 3.9197	\$ 3.7196	\$ 0.2001
	1/2 Gallon	\$ 0.9465	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.6654	\$ 0.0586	\$ 1.7240	\$ (0.2534)	\$ 0.5276	\$ 1.9982	\$ 1.9016	\$ 0.0966
	Quart	\$ 0.4732	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 0.9390	\$ 0.0330	\$ 0.9720	\$ (0.1267)	\$ 0.2638	\$ 1.1091	\$ 1.0608	\$ 0.0483
	Pint	\$ 0.2366	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.5624	\$ 0.0198	\$ 0.5822	\$ (0.0634)	\$ 0.1319	\$ 0.6507	\$ 0.6246	\$ 0.0261
	12 Ounce	\$ 0.1775	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.3788	\$ 0.0133	\$ 0.3921	\$ (0.0475)	\$ 0.0989	\$ 0.4435	\$ 0.4237	\$ 0.0198
	10 Ounce	\$ 0.1479	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3121	\$ 0.0110	\$ 0.3231	\$ (0.0396)	\$ 0.0824	\$ 0.3659	\$ 0.3493	\$ 0.0166
	1/2 Pint	\$ 0.1183	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2480	\$ 0.0087	\$ 0.2567	\$ (0.0317)	\$ 0.0660	\$ 0.2910	\$ 0.2777	\$ 0.0133
	4 Ounce	\$ 0.0592	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1510	\$ 0.0053	\$ 0.1563	\$ (0.0158)	\$ 0.0330	\$ 0.1735	\$ 0.1681	\$ 0.0054
	Bulk per Quart	\$ 0.4732	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 0.9092	\$ 0.0320	\$ 0.9412	\$ (0.1267)	\$ 0.2638	\$ 1.0783	\$ 1.0244	\$ 0.0539
NON FAT (SKIM) MILK	Gallon	\$ 1.6604	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.0241	\$ 0.1064	\$ 3.1305	\$ (0.5068)	\$ 1.0552	\$ 3.6789	\$ 3.4780	\$ 0.2009
	1/2 Gallon	\$ 0.8302	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.5491	\$ 0.0545	\$ 1.6036	\$ (0.2534)	\$ 0.5276	\$ 1.8778	\$ 1.7808	\$ 0.0970
	Quart	\$ 0.4151	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 0.8809	\$ 0.0310	\$ 0.9119	\$ (0.1267)	\$ 0.2638	\$ 1.0490	\$ 1.0005	\$ 0.0485
	Pint	\$ 0.2076	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.5334	\$ 0.0188	\$ 0.5522	\$ (0.0634)	\$ 0.1319	\$ 0.6207	\$ 0.5944	\$ 0.0263
	12 Ounce	\$ 0.1557	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.3570	\$ 0.0126	\$ 0.3696	\$ (0.0475)	\$ 0.0989	\$ 0.4210	\$ 0.4010	\$ 0.0200
	10 Ounce	\$ 0.1297	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.2939	\$ 0.0103	\$ 0.3042	\$ (0.0396)	\$ 0.0824	\$ 0.3470	\$ 0.3305	\$ 0.0165
	1/2 Pint	\$ 0.1038	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2335	\$ 0.0082	\$ 0.2417	\$ (0.0317)	\$ 0.0660	\$ 0.2760	\$ 0.2626	\$ 0.0134
	4 Ounce	\$ 0.0519	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1437	\$ 0.0051	\$ 0.1488	\$ (0.0158)	\$ 0.0330	\$ 0.1660	\$ 0.1606	\$ 0.0054
	Bulk per Quart	\$ 0.4151	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 0.8511	\$ 0.0300	\$ 0.8811	\$ (0.1267)	\$ 0.2638	\$ 1.0182	\$ 0.9640	\$ 0.0542

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0017 per quart equivalent.

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

WHOLESALE PRICE BUILDUP
NOVEMBER 2014 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)	
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	Current Wholesale Price	Increase (Decrease)	
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$ 2.8760	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 4.2397	\$ 0.1492	\$ 4.3889	\$ (0.5068)	\$ 1.0552	\$ 4.9373	\$ 4.6840	\$ 0.2533
	1/2 Gallon	\$ 1.4380	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 2.1569	\$ 0.0759	\$ 2.2328	\$ (0.2534)	\$ 0.5276	\$ 2.5070	\$ 2.3838	\$ 0.1232
	Quart	\$ 0.7190	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 1.1848	\$ 0.0417	\$ 1.2265	\$ (0.1267)	\$ 0.2638	\$ 1.3636	\$ 1.3019	\$ 0.0617
	Pint	\$ 0.3595	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.6853	\$ 0.0241	\$ 0.7094	\$ (0.0634)	\$ 0.1319	\$ 0.7779	\$ 0.7451	\$ 0.0328
	12 Ounce	\$ 0.2696	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.4709	\$ 0.0166	\$ 0.4875	\$ (0.0475)	\$ 0.0989	\$ 0.5389	\$ 0.5141	\$ 0.0248
	10 Ounce	\$ 0.2247	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3889	\$ 0.0137	\$ 0.4026	\$ (0.0396)	\$ 0.0824	\$ 0.4454	\$ 0.4247	\$ 0.0207
	1/2 Pint	\$ 0.1798	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.3095	\$ 0.0109	\$ 0.3204	\$ (0.0317)	\$ 0.0660	\$ 0.3547	\$ 0.3379	\$ 0.0168
	4 Ounce	\$ 0.0899	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1817	\$ 0.0064	\$ 0.1881	\$ (0.0158)	\$ 0.0330	\$ 0.2053	\$ 0.1984	\$ 0.0069
	Bulk per Quart	\$ 0.7190	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 1.1550	\$ 0.0407	\$ 1.1957	\$ (0.1267)	\$ 0.2638	\$ 1.3328	\$ 1.2655	\$ 0.0673
REDUCED FAT FLAVORED MILK	Gallon	\$ 2.0568	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.4205	\$ 0.1204	\$ 3.5409	\$ (0.5068)	\$ 1.0552	\$ 4.0893	\$ 3.8029	\$ 0.2864
	1/2 Gallon	\$ 1.0284	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.7473	\$ 0.0615	\$ 1.8088	\$ (0.2534)	\$ 0.5276	\$ 2.0830	\$ 1.9432	\$ 0.1398
	Quart	\$ 0.5142	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 0.9800	\$ 0.0345	\$ 1.0145	\$ (0.1267)	\$ 0.2638	\$ 1.1516	\$ 1.0816	\$ 0.0700
	Pint	\$ 0.2571	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.5829	\$ 0.0205	\$ 0.6034	\$ (0.0634)	\$ 0.1319	\$ 0.6719	\$ 0.6350	\$ 0.0369
	12 Ounce	\$ 0.1928	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.3941	\$ 0.0139	\$ 0.4080	\$ (0.0475)	\$ 0.0989	\$ 0.4594	\$ 0.4315	\$ 0.0279
	10 Ounce	\$ 0.1607	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3249	\$ 0.0114	\$ 0.3363	\$ (0.0396)	\$ 0.0824	\$ 0.3791	\$ 0.3558	\$ 0.0233
	1/2 Pint	\$ 0.1286	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2583	\$ 0.0091	\$ 0.2674	\$ (0.0317)	\$ 0.0660	\$ 0.3017	\$ 0.2829	\$ 0.0188
	4 Ounce	\$ 0.0643	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1561	\$ 0.0055	\$ 0.1616	\$ (0.0158)	\$ 0.0330	\$ 0.1788	\$ 0.1708	\$ 0.0080
	Bulk per Quart	\$ 0.5142	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 0.9502	\$ 0.0334	\$ 0.9836	\$ (0.1267)	\$ 0.2638	\$ 1.1207	\$ 1.0452	\$ 0.0755
NONFAT FLAVORED MILK	Gallon	\$ 1.7800	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.1437	\$ 0.1106	\$ 3.2543	\$ (0.5068)	\$ 1.0552	\$ 3.8027	\$ 3.5834	\$ 0.2193
	1/2 Gallon	\$ 0.8900	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.6089	\$ 0.0566	\$ 1.6655	\$ (0.2534)	\$ 0.5276	\$ 1.9397	\$ 1.8335	\$ 0.1062
	Quart	\$ 0.4450	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 0.9108	\$ 0.0321	\$ 0.9429	\$ (0.1267)	\$ 0.2638	\$ 1.0800	\$ 1.0267	\$ 0.0533
	Pint	\$ 0.2225	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.5483	\$ 0.0193	\$ 0.5676	\$ (0.0634)	\$ 0.1319	\$ 0.6361	\$ 0.6075	\$ 0.0286
	12 Ounce	\$ 0.1669	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.3682	\$ 0.0130	\$ 0.3812	\$ (0.0475)	\$ 0.0989	\$ 0.4326	\$ 0.4109	\$ 0.0217
	10 Ounce	\$ 0.1391	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3033	\$ 0.0107	\$ 0.3140	\$ (0.0396)	\$ 0.0824	\$ 0.3568	\$ 0.3387	\$ 0.0181
	1/2 Pint	\$ 0.1113	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2410	\$ 0.0085	\$ 0.2495	\$ (0.0317)	\$ 0.0660	\$ 0.2838	\$ 0.2692	\$ 0.0146
	4 Ounce	\$ 0.0556	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1474	\$ 0.0052	\$ 0.1526	\$ (0.0158)	\$ 0.0330	\$ 0.1698	\$ 0.1639	\$ 0.0059
	Bulk per Quart	\$ 0.4450	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 0.8810	\$ 0.0310	\$ 0.9120	\$ (0.1267)	\$ 0.2638	\$ 1.0491	\$ 0.9903	\$ 0.0588
BUTTERMILK	Gallon	\$ 2.2740	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 3.6377	\$ 0.1280	\$ 3.7657	\$ (0.5068)	\$ 1.0552	\$ 4.3141	\$ 4.1070	\$ 0.2071
	1/2 Gallon	\$ 1.1370	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 1.8559	\$ 0.0653	\$ 1.9212	\$ (0.2534)	\$ 0.5276	\$ 2.1954	\$ 2.0953	\$ 0.1001
	Quart	\$ 0.5685	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 1.0343	\$ 0.0364	\$ 1.0707	\$ (0.1267)	\$ 0.2638	\$ 1.2078	\$ 1.1576	\$ 0.0502
	Pint	\$ 0.2842	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.6100	\$ 0.0215	\$ 0.6315	\$ (0.0634)	\$ 0.1319	\$ 0.7000	\$ 0.6730	\$ 0.0270
	12 Ounce	\$ 0.2132	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.4145	\$ 0.0146	\$ 0.4291	\$ (0.0475)	\$ 0.0989	\$ 0.4805	\$ 0.4600	\$ 0.0205
	10 Ounce	\$ 0.1777	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.3419	\$ 0.0120	\$ 0.3539	\$ (0.0396)	\$ 0.0824	\$ 0.3967	\$ 0.3795	\$ 0.0172
	1/2 Pint	\$ 0.1421	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.2718	\$ 0.0096	\$ 0.2814	\$ (0.0317)	\$ 0.0660	\$ 0.3157	\$ 0.3019	\$ 0.0138
	4 Ounce	\$ 0.0711	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.1629	\$ 0.0057	\$ 0.1686	\$ (0.0158)	\$ 0.0330	\$ 0.1858	\$ 0.1802	\$ 0.0056
	Bulk per Quart	\$ 0.5685	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 1.0045	\$ 0.0354	\$ 1.0399	\$ (0.1267)	\$ 0.2638	\$ 1.1770	\$ 1.1212	\$ 0.0558

Footnote:
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0017 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**WHOLESALE PRICE BUILDUP
NOVEMBER 2014 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)	
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	Current Wholesale Price	Increase (Decrease)	
EGG NOG	Gallon	\$ 4.1768	\$ 0.1925	\$ 0.0644	\$ (0.0720)	\$ 1.1788	\$ 5.5405	\$ 0.1950	\$ 5.7355	\$ (0.5068)	\$ 1.0552	\$ 6.2839	\$ 6.0770	\$ 0.2069
	1/2 Gallon	\$ 2.0884	\$ 0.1428	\$ 0.0322	\$ (0.0455)	\$ 0.5894	\$ 2.8073	\$ 0.0988	\$ 2.9061	\$ (0.2534)	\$ 0.5276	\$ 3.1803	\$ 3.0803	\$ 0.1000
	Quart	\$ 1.0442	\$ 0.1298	\$ 0.0161	\$ 0.0252	\$ 0.2947	\$ 1.5100	\$ 0.0531	\$ 1.5631	\$ (0.1267)	\$ 0.2638	\$ 1.7002	\$ 1.6501	\$ 0.0501
	Pint	\$ 0.5221	\$ 0.0940	\$ 0.0081	\$ 0.0763	\$ 0.1474	\$ 0.8479	\$ 0.0298	\$ 0.8777	\$ (0.0634)	\$ 0.1319	\$ 0.9462	\$ 0.9192	\$ 0.0270
	12 Ounce	\$ 0.3916	\$ 0.0361	\$ 0.0060	\$ 0.0487	\$ 0.1105	\$ 0.5929	\$ 0.0209	\$ 0.6138	\$ (0.0475)	\$ 0.0989	\$ 0.6652	\$ 0.6447	\$ 0.0205
	10 Ounce	\$ 0.3263	\$ 0.0301	\$ 0.0050	\$ 0.0370	\$ 0.0921	\$ 0.4905	\$ 0.0173	\$ 0.5078	\$ (0.0396)	\$ 0.0824	\$ 0.5506	\$ 0.5335	\$ 0.0171
	1/2 Pint	\$ 0.2611	\$ 0.0252	\$ 0.0040	\$ 0.0268	\$ 0.0737	\$ 0.3908	\$ 0.0138	\$ 0.4046	\$ (0.0317)	\$ 0.0660	\$ 0.4389	\$ 0.4250	\$ 0.0139
	4 Ounce	\$ 0.1305	\$ 0.0254	\$ 0.0020	\$ 0.0276	\$ 0.0368	\$ 0.2223	\$ 0.0078	\$ 0.2301	\$ (0.0158)	\$ 0.0330	\$ 0.2473	\$ 0.2418	\$ 0.0055
	Bulk per Quart	\$ 1.0442	\$ 0.0597	\$ 0.0161	\$ 0.0655	\$ 0.2947	\$ 1.4802	\$ 0.0521	\$ 1.5323	\$ (0.1267)	\$ 0.2638	\$ 1.6694	\$ 1.6137	\$ 0.0557

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0017 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**RETAIL PRICE BUILDUP
NOVEMBER 2014 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)	
Container Size	Proposed Wholesale Price	Deepest Discount 15.00%	In-Store Handling \$ 0.1478	Store Profit 2.50%	Proposed Retail Price	Current Retail Price	Increase (Decrease)	
STANDARD (WHOLE) MILK	Gallon	\$ 4.5570	\$ (0.6836)	\$ 0.5912	\$ 0.1145	\$ 4.58	\$ 4.40	\$ 0.18
	1/2 Gallon	\$ 2.3169	\$ (0.3475)	\$ 0.2956	\$ 0.0581	\$ 2.32	\$ 2.24	\$ 0.08
	Quart	\$ 1.2686	\$ (0.1903)	\$ 0.1478	\$ 0.0314	\$ 1.28	\$ 1.22	\$ 0.06
	Pint	\$ 0.7304	\$ (0.1096)	\$ 0.0739	\$ 0.0178	\$ 0.74	\$ 0.71	\$ 0.03
	12 Ounce	\$ 0.5033	\$ (0.0755)	\$ 0.0554	\$ 0.0124	\$ 0.51	\$ 0.49	\$ 0.02
	10 Ounce	\$ 0.4157	\$ (0.0624)	\$ 0.0462	\$ 0.0102	\$ 0.43	\$ 0.40	\$ 0.03
	1/2 Pint	\$ 0.3309	\$ (0.0496)	\$ 0.0370	\$ 0.0082	\$ 0.34	\$ 0.32	\$ 0.02
	4 Ounce	\$ 0.1934	\$ (0.0290)	\$ 0.0185	\$ 0.0047	\$ 0.20	\$ 0.19	\$ 0.01
	Bulk per Quart	\$ 1.2377	\$ (0.1857)	\$ 0.1478	\$ 0.0308	\$ 1.25	\$ 1.19	\$ 0.06
REDUCED FAT (2%) MILK	Gallon	\$ 4.1874	\$ (0.6281)	\$ 0.5912	\$ 0.1064	\$ 4.26	\$ 4.08	\$ 0.18
	Half Gallon	\$ 2.1321	\$ (0.3198)	\$ 0.2956	\$ 0.0540	\$ 2.16	\$ 2.08	\$ 0.08
	Quart	\$ 1.1761	\$ (0.1764)	\$ 0.1478	\$ 0.0294	\$ 1.18	\$ 1.13	\$ 0.05
	Pint	\$ 0.6841	\$ (0.1026)	\$ 0.0739	\$ 0.0168	\$ 0.69	\$ 0.66	\$ 0.03
	12 Ounce	\$ 0.4686	\$ (0.0703)	\$ 0.0554	\$ 0.0116	\$ 0.47	\$ 0.45	\$ 0.02
	10 Ounce	\$ 0.3868	\$ (0.0580)	\$ 0.0462	\$ 0.0096	\$ 0.40	\$ 0.38	\$ 0.02
	Half Pint	\$ 0.3078	\$ (0.0462)	\$ 0.0370	\$ 0.0077	\$ 0.31	\$ 0.30	\$ 0.01
	4 Ounce	\$ 0.1818	\$ (0.0273)	\$ 0.0185	\$ 0.0044	\$ 0.19	\$ 0.18	\$ 0.01
	Bulk per Quart	\$ 1.1453	\$ (0.1718)	\$ 0.1478	\$ 0.0288	\$ 1.15	\$ 1.10	\$ 0.05
LOWFAT (1%) MILK	Gallon	\$ 3.9197	\$ (0.5880)	\$ 0.5912	\$ 0.1006	\$ 4.02	\$ 3.85	\$ 0.17
	Half Gallon	\$ 1.9982	\$ (0.2997)	\$ 0.2956	\$ 0.0511	\$ 2.05	\$ 1.96	\$ 0.09
	Quart	\$ 1.1091	\$ (0.1664)	\$ 0.1478	\$ 0.0280	\$ 1.12	\$ 1.08	\$ 0.04
	Pint	\$ 0.6507	\$ (0.0976)	\$ 0.0739	\$ 0.0161	\$ 0.66	\$ 0.63	\$ 0.03
	12 Ounce	\$ 0.4435	\$ (0.0665)	\$ 0.0554	\$ 0.0111	\$ 0.45	\$ 0.43	\$ 0.02
	10 Ounce	\$ 0.3659	\$ (0.0549)	\$ 0.0462	\$ 0.0092	\$ 0.37	\$ 0.35	\$ 0.02
	Half Pint	\$ 0.2910	\$ (0.0437)	\$ 0.0370	\$ 0.0073	\$ 0.30	\$ 0.28	\$ 0.02
	4 Ounce	\$ 0.1735	\$ (0.0260)	\$ 0.0185	\$ 0.0043	\$ 0.18	\$ 0.17	\$ 0.01
	Bulk per Quart	\$ 1.0783	\$ (0.1617)	\$ 0.1478	\$ 0.0273	\$ 1.09	\$ 1.04	\$ 0.05
NONFAT (SKIM) MILK	Gallon	\$ 3.6789	\$ (0.5518)	\$ 0.5912	\$ 0.0953	\$ 3.81	\$ 3.64	\$ 0.17
	Half Gallon	\$ 1.8778	\$ (0.2817)	\$ 0.2956	\$ 0.0485	\$ 1.94	\$ 1.86	\$ 0.08
	Quart	\$ 1.0490	\$ (0.1574)	\$ 0.1478	\$ 0.0267	\$ 1.07	\$ 1.02	\$ 0.05
	Pint	\$ 0.6207	\$ (0.0931)	\$ 0.0739	\$ 0.0154	\$ 0.63	\$ 0.60	\$ 0.03
	12 Ounce	\$ 0.4210	\$ (0.0632)	\$ 0.0554	\$ 0.0106	\$ 0.43	\$ 0.41	\$ 0.02
	10 Ounce	\$ 0.3470	\$ (0.0521)	\$ 0.0462	\$ 0.0087	\$ 0.35	\$ 0.34	\$ 0.01
	Half Pint	\$ 0.2760	\$ (0.0414)	\$ 0.0370	\$ 0.0070	\$ 0.28	\$ 0.27	\$ 0.01
	4 Ounce	\$ 0.1660	\$ (0.0249)	\$ 0.0185	\$ 0.0041	\$ 0.18	\$ 0.17	\$ 0.01
	Bulk per Quart	\$ 1.0182	\$ (0.1527)	\$ 0.1478	\$ 0.0260	\$ 1.04	\$ 0.99	\$ 0.05

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

RETAIL PRICE BUILDUP
NOVEMBER 2014 MILK PRICES

		A	B	C	D	E	F	G
		EX. 10				(A+B+C+D)		(E - F)
Container Size		Proposed Wholesale Price	Deepest Discount 15.00%	In-Store Handling \$ 0.1478	Store Profit 2.50%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$ 4.9373	\$ (0.7406)	\$ 0.5912	\$ 0.1228	\$ 4.95	\$ 4.69	\$ 0.26
	Half Gallon	\$ 2.5070	\$ (0.3761)	\$ 0.2956	\$ 0.0622	\$ 2.52	\$ 2.39	\$ 0.13
	Quart	\$ 1.3636	\$ (0.2045)	\$ 0.1478	\$ 0.0335	\$ 1.37	\$ 1.31	\$ 0.06
	Pint	\$ 0.7779	\$ (0.1167)	\$ 0.0739	\$ 0.0188	\$ 0.79	\$ 0.75	\$ 0.04
	12 Ounce	\$ 0.5389	\$ (0.0808)	\$ 0.0554	\$ 0.0132	\$ 0.55	\$ 0.52	\$ 0.03
	10 Ounce	\$ 0.4454	\$ (0.0668)	\$ 0.0462	\$ 0.0109	\$ 0.46	\$ 0.43	\$ 0.03
	Half Pint	\$ 0.3547	\$ (0.0532)	\$ 0.0370	\$ 0.0087	\$ 0.36	\$ 0.34	\$ 0.02
	4 Ounce	\$ 0.2053	\$ (0.0308)	\$ 0.0185	\$ 0.0049	\$ 0.22	\$ 0.20	\$ 0.02
	Bulk per Quart	\$ 1.3328	\$ (0.1999)	\$ 0.1478	\$ 0.0328	\$ 1.34	\$ 1.27	\$ 0.07
REDUCED FAT FLAVORED MILK	Gallon	\$ 4.0893	\$ (0.6134)	\$ 0.5912	\$ 0.1043	\$ 4.17	\$ 3.92	\$ 0.25
	Half Gallon	\$ 2.0830	\$ (0.3125)	\$ 0.2956	\$ 0.0530	\$ 2.12	\$ 2.00	\$ 0.12
	Quart	\$ 1.1516	\$ (0.1727)	\$ 0.1478	\$ 0.0289	\$ 1.16	\$ 1.09	\$ 0.07
	Pint	\$ 0.6719	\$ (0.1008)	\$ 0.0739	\$ 0.0165	\$ 0.68	\$ 0.64	\$ 0.04
	12 Ounce	\$ 0.4594	\$ (0.0689)	\$ 0.0554	\$ 0.0114	\$ 0.46	\$ 0.44	\$ 0.02
	10 Ounce	\$ 0.3791	\$ (0.0569)	\$ 0.0462	\$ 0.0094	\$ 0.38	\$ 0.36	\$ 0.02
	Half Pint	\$ 0.3017	\$ (0.0453)	\$ 0.0370	\$ 0.0075	\$ 0.31	\$ 0.29	\$ 0.02
	4 Ounce	\$ 0.1788	\$ (0.0268)	\$ 0.0185	\$ 0.0044	\$ 0.19	\$ 0.18	\$ 0.01
	Bulk per Quart	\$ 1.1207	\$ (0.1681)	\$ 0.1478	\$ 0.0282	\$ 1.13	\$ 1.06	\$ 0.07
NONFAT FLAVORED MILK	Gallon	\$ 3.8027	\$ -0.5704	\$ 0.5912	\$ 0.0980	\$ 3.92	\$ 3.73	\$ 0.19
	Half Gallon	\$ 1.9397	\$ (0.2910)	\$ 0.2956	\$ 0.0499	\$ 1.99	\$ 1.90	\$ 0.09
	Quart	\$ 1.0800	\$ (0.1620)	\$ 0.1478	\$ 0.0273	\$ 1.09	\$ 1.05	\$ 0.04
	Pint	\$ 0.6361	\$ (0.0954)	\$ 0.0739	\$ 0.0158	\$ 0.65	\$ 0.61	\$ 0.04
	12 Ounce	\$ 0.4326	\$ (0.0649)	\$ 0.0554	\$ 0.0108	\$ 0.44	\$ 0.42	\$ 0.02
	10 Ounce	\$ 0.3568	\$ (0.0535)	\$ 0.0462	\$ 0.0090	\$ 0.36	\$ 0.34	\$ 0.02
	Half Pint	\$ 0.2838	\$ (0.0426)	\$ 0.0370	\$ 0.0071	\$ 0.29	\$ 0.27	\$ 0.02
	4 Ounce	\$ 0.1698	\$ (0.0255)	\$ 0.0185	\$ 0.0042	\$ 0.17	\$ 0.17	\$ -
	Bulk per Quart	\$ 1.0491	\$ (0.1574)	\$ 0.1478	\$ 0.0267	\$ 1.07	\$ 1.01	\$ 0.06
BUTTERMILK	Gallon	\$ 4.3141	\$ (0.6471)	\$ 0.5912	\$ 0.1092	\$ 4.37	\$ 4.19	\$ 0.18
	Half Gallon	\$ 2.1954	\$ (0.3293)	\$ 0.2956	\$ 0.0554	\$ 2.22	\$ 2.13	\$ 0.09
	Quart	\$ 1.2078	\$ (0.1812)	\$ 0.1478	\$ 0.0301	\$ 1.22	\$ 1.16	\$ 0.06
	Pint	\$ 0.7000	\$ (0.1050)	\$ 0.0739	\$ 0.0172	\$ 0.71	\$ 0.68	\$ 0.03
	12 Ounce	\$ 0.4805	\$ (0.0721)	\$ 0.0554	\$ 0.0119	\$ 0.49	\$ 0.47	\$ 0.02
	10 Ounce	\$ 0.3967	\$ (0.0595)	\$ 0.0462	\$ 0.0098	\$ 0.41	\$ 0.38	\$ 0.03
	Half Pint	\$ 0.3157	\$ (0.0474)	\$ 0.0370	\$ 0.0078	\$ 0.33	\$ 0.31	\$ 0.02
	4 Ounce	\$ 0.1858	\$ (0.0279)	\$ 0.0185	\$ 0.0045	\$ 0.20	\$ 0.19	\$ 0.01
	Bulk per Quart	\$ 1.1770	\$ (0.1766)	\$ 0.1478	\$ 0.0294	\$ 1.18	\$ 1.13	\$ 0.05

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

RETAIL PRICE BUILDUP
NOVEMBER 2014 MILK PRICES

	A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)
Container Size	Proposed Wholesale Price	Deepest Discount 15.00%	In-Store Handling \$ 0.1478	Store Profit 2.50%	Proposed Retail Price	Current Retail Price	Increase (Decrease)

EGG NOG	Gallon	\$ 6.2839	\$ (0.9426)	\$ 0.5912	\$ 0.1521	\$ 6.29	\$ 6.08	\$ 0.21
	Half Gallon	\$ 3.1803	\$ (0.4770)	\$ 0.2956	\$ 0.0769	\$ 3.19	\$ 3.09	\$ 0.10
	Quart	\$ 1.7002	\$ (0.2550)	\$ 0.1478	\$ 0.0408	\$ 1.71	\$ 1.66	\$ 0.05
	Pint	\$ 0.9462	\$ (0.1419)	\$ 0.0739	\$ 0.0225	\$ 0.96	\$ 0.92	\$ 0.04
	12 Ounce	\$ 0.6652	\$ (0.0998)	\$ 0.0554	\$ 0.0159	\$ 0.68	\$ 0.65	\$ 0.03
	10 Ounce	\$ 0.5506	\$ (0.0826)	\$ 0.0462	\$ 0.0132	\$ 0.56	\$ 0.54	\$ 0.02
	Half Pint	\$ 0.4389	\$ (0.0658)	\$ 0.0370	\$ 0.0105	\$ 0.45	\$ 0.43	\$ 0.02
	4 Ounce	\$ 0.2473	\$ (0.0371)	\$ 0.0185	\$ 0.0059	\$ 0.26	\$ 0.25	\$ 0.01
	Bulk per Quart	\$ 1.6694	\$ (0.2504)	\$ 0.1478	\$ 0.0402	\$ 1.68	\$ 1.62	\$ 0.06