

STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD  
COST REPLACEMENT HEARING – MILK MARKETING AREA 3  
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 in the Northeastern Milk Marketing Area (Area 3). I have listed these milk dealers in footnote 3 along with the percentage of sales by those dealers compared to all dealers selling into Area 3. 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 the previous Area 3 cost replacement hearing information. This year, the cross-section data represents over seventy-one 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 Area 3. 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 3.

**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 for Area 3.

Staff Surrebuttal Exhibit 2 provides information regarding the 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 cost per point in the current Order with the cost per point 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 Surrebuttal 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 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 that 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 Year 2012 points and costs with the Year 2013 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 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 per the base 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 per the base 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.

## Pennsylvania Milk Marketing Board SALES IN PMMB AREA 3 BY TYPE OF MILK

### PERCENTAGE OF CLASS I MILK SALES FOR ALL CLASS I DEALERS SELLING IN PMMB AREA 3 <sup>(1) (2)</sup>

Standard Milk	27.52
Flavored Milk	2.27
Egg Nog	0.45
Reduced Fat Flavored Milk	6.11
Nonfat Flavored Milk	6.24
Reduced Fat Milk	29.85
Low Fat Milk	12.56
Buttermilk	0.95
Nonfat Milk	<u>14.05</u>
	<u>100.0%</u>

### PERCENTAGE OF CLASS I MILK SALES FOR CROSS SECTION DEALERS SELLING IN PMMB AREA 3 <sup>(1) (2) (3)</sup>

Standard Milk	28.69
Flavored Milk	2.81
Egg Nog	0.36
Reduced Fat Flavored Milk	3.63
Nonfat Flavored Milk	8.70
Reduced Fat Milk	28.45
Low Fat Milk	12.91
Buttermilk	0.66
Nonfat Milk	<u>13.78</u>
	<u>100.0%</u>

<sup>(1)</sup> Source - Pennsylvania Milk Marketing Board's Milk Dealer's Monthly Report, calendar year 2013.

<sup>(2)</sup> Pounds of milk used in deriving percentages.

<sup>(3)</sup> Clover Farms Dairy, Guers Dairy, Pocono Mountain Dairy, Schneider's Dairy Inc. (Williamsport location), Tuscan/Lehigh Valley Dairies (Schuylkill Haven location), Turkey Hill Dairy, Dean Dairy (Lebanon Location). Tuscan/Lehigh Valley Dairies processes Pocono Mountain Dairy's milk. The cross section dealers contribute 68.2% of the total milk to this area.



**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

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

<b>Cost Center</b>	<b>Weighted Costs</b>	<b>Weighted Points</b>	<b>Cost per Point</b>
<b>Receiving, Lab &amp; Field Work</b>	\$ 1,479,135	99,443,710	\$ 0.0149
<b>Standardization &amp; Pasteurization</b>	\$ 2,447,088	136,818,701	\$ 0.0179
<b>Bottling</b>	\$ 4,929,859	135,839,527	\$ 0.0363
<b>Cold Room</b>	\$ 5,895,286	145,844,977	\$ 0.0404
<b>Delivery</b>	\$ 14,930,081	112,908,187	\$ 0.1322
<b>Selling</b>	\$ 2,679,871	110,951,470	\$ 0.0242

**Total Cost per Point** **\$ 0.2659**

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**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	\$ 745,707	4,443,761	\$ 0.1678			
Gallon - Plastic	Purchased	\$ 1,387,339	6,218,403	\$ 0.2231			
<b>Gallon Combined</b>		<b>\$ 2,133,046</b>	<b>10,662,164</b>	<b>\$ 0.2001</b>	<b>\$ 0.2032</b>	<b>1.54%</b>	<b>\$ 0.2063</b>
Half Gallon - Plastic	Purchased	\$ 1,273,392	8,417,039	\$ 0.1513			
Half Gallon - Paper	Purchased	\$ 172,075	1,186,153	\$ 0.1451			
<b>Half Gallon Combined</b>		<b>\$ 1,445,467</b>	<b>9,603,192</b>	<b>\$ 0.1505</b>	<b>\$ 0.1505</b>	<b>1.22%</b>	<b>\$ 0.1523</b>
Quart - Plastic	Purchased	\$ 266,478	2,174,127	\$ 0.1226			
Quart - Paper	Purchased	\$ 160,313	1,855,801	\$ 0.0864			
<b>Quart Combined</b>		<b>\$ 426,791</b>	<b>4,029,928</b>	<b>\$ 0.1059</b>	<b>\$ 0.1091</b>	<b>1.57%</b>	<b>\$ 0.1108</b>
Pint - Plastic	Purchased	\$ 277,510	2,665,798	\$ 0.1041			
Pint - Paper	Purchased	\$ 120,888	2,163,035	\$ 0.0559			
<b>Pint Combined</b>		<b>\$ 398,398</b>	<b>4,828,833</b>	<b>\$ 0.0825</b>	<b>\$ 0.0847</b>	<b>1.62%</b>	<b>\$ 0.0861</b>
12 Ounce	Purchased			\$ 0.0630	\$ 0.0630		\$ 0.0630
10 Ounce	Purchased	\$ 15,411	283,493	\$ 0.0544	\$ 0.0544		\$ 0.0544
Half Pint - Plastic	Purchased	\$ 120,692	1,730,957	\$ 0.0697	\$ 0.0709	0.92%	\$ 0.0716
Half Pint - Paper	Purchased	\$ 1,449,748	51,910,434	\$ 0.0279	\$ 0.0291	0.85%	\$ 0.0293
4 Ounce	Purchased	\$ 76,436	2,797,899	\$ 0.0273	\$ 0.0273	1.53%	\$ 0.0277
Bulk Per Quart	Purchased	\$ 97,062	2,324,468	\$ 0.0418	\$ 0.0418	1.30%	\$ 0.0423

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

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

<b>Product</b>	<b>Weighted Cost</b>	<b>Weighted Pounds</b>	<b>Cost per Pound</b>
<b>Standard (Whole) Milk</b>	\$ 1,209	48,318,297	\$ -
<b>Reduced Fat (2%) Milk</b>	\$ 41,063	48,061,108	\$ 0.0009
<b>Low Fat (1%) Milk</b>	\$ 19,378	27,936,540	\$ 0.0007
<b>Non Fat (Skim) Milk</b>	\$ 66,837	25,482,128	\$ 0.0026
<b>Flavored Milk</b>	\$ 101,857	3,121,628	\$ 0.0326
<b>Flavored Reduced Fat Milk</b>	\$ 179,735	5,794,366	\$ 0.0310
<b>Flavored NONFAT Milk</b>	\$ 326,985	12,804,088	\$ 0.0255
<b>Buttermilk</b>	\$ 3,173	102,769	\$ 0.0309
<b>Egg Nog</b>	\$ 197,571	1,093,523	\$ 0.1807

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**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	<b>Shrinkage</b>	15,236,506	727,890	n/a	\$ 3,160,184	n/a	\$ 3,160,184	\$ 549,334
2	<b>Bulk MILK - diverted</b>	30,664,058	1,175,850	\$ 4,994,268	\$ 6,140,747	n/a	\$ 1,146,479	\$ 67,236
3	<b>Bulk MILK - transferred</b>	37,776,369	1,169,807	\$ 8,098,183	\$ 6,404,242	\$ 788,624	\$ (905,317)	\$ (330,378)
4	<b>Bulk MILK - TOTAL (Rows 2 + 3)</b>	68,440,427	2,345,657	\$ 13,092,451	\$ 12,544,989	\$ 788,624	\$ 241,162	\$ (263,142)
5	<b>Bulk CREAM - transferred</b>	30,089,930	13,171,246	\$ 27,110,874	\$ 22,782,553	\$ 705,479	\$ (3,622,842)	\$ (833,988)

	H	I	J
			(H ÷ I)
Cost/(Revenue) Factor	Weighted Costs	Weighted Pounds	Weighted Cost per Pound
6 <b>Shrinkage (Row 1)</b>	\$ 549,334		
7 <b>Bulk MILK (Profit)/Loss (Row 4)</b>	\$ (263,142)		
8 <b>Bulk CREAM (Profit)/Loss (Row 5)</b>	\$ (833,988)		
9 <b>Total</b>	\$ (547,796)	192,390,200	\$ <b>(0.0028)</b>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

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

	<b>Class 1</b>
Skim Rate	\$ 18.34
Butterfat Rate	\$ 3.2725

Product Description	A	B	C	D	E	F	G	H	I	J	K
	Product Pounds	Butterfat		Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound
		Pounds	Percentage								

<b>Class 1</b>	<b>Standard (Whole) Milk</b>	48,318,297	1,574,715	3.2590%	46,743,582	\$ 5,153,255	\$ 8,572,773	\$ 13,726,028	\$ 0.2841	\$ -	\$ (0.0028)	\$ <b>0.2813</b>
	<b>Reduced Fat (2%) Milk</b>	48,061,108	940,872	1.9577%	47,120,236	\$ 3,079,004	\$ 8,641,851	\$ 11,720,855	\$ 0.2439	\$ 0.0009	\$ (0.0028)	\$ <b>0.2420</b>
	<b>Low Fat (1%) Milk</b>	27,936,540	267,144	0.9563%	27,669,396	\$ 874,229	\$ 5,074,567	\$ 5,948,796	\$ 0.2129	\$ 0.0007	\$ (0.0028)	\$ <b>0.2108</b>
	<b>Non Fat (Skim) Milk</b>	25,482,128	24,113	0.0946%	25,458,015	\$ 78,910	\$ 4,669,000	\$ 4,747,910	\$ 0.1863	\$ 0.0026	\$ (0.0028)	\$ <b>0.1861</b>
	<b>Flavored Milk</b>	3,121,628	104,457	3.3462%	3,017,171	\$ 341,836	\$ 553,349	\$ 895,185	\$ 0.2868	\$ 0.0326	\$ (0.0028)	\$ <b>0.3166</b>
	<b>Flavored Reduced Fat Milk</b>	5,794,366	77,629	1.3397%	5,716,737	\$ 254,041	\$ 1,048,450	\$ 1,302,490	\$ 0.2248	\$ 0.0310	\$ (0.0028)	\$ <b>0.2530</b>
	<b>Flavored NONFAT Milk</b>	12,804,088	11,891	0.0929%	12,792,197	\$ 38,913	\$ 2,346,089	\$ 2,385,002	\$ 0.1863	\$ 0.0255	\$ (0.0028)	\$ <b>0.2090</b>
	<b>Buttermilk</b>	102,769	3,903	3.7978%	98,866	\$ 12,773	\$ 18,132	\$ 30,905	\$ 0.3007	\$ 0.0309	\$ (0.0028)	\$ <b>0.3288</b>
	<b>Egg Nog</b>	1,093,523	72,852	6.6621%	1,020,671	\$ 238,408	\$ 187,191	\$ 425,599	\$ 0.3892	\$ 0.1807	\$ (0.0028)	\$ <b>0.5671</b>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**COST UPDATE ADJUSTMENT  
1<sup>ST</sup> HALF COMPARISON (Year 2014 vs. Year 2013)**

A	B	C	D	E	F	G
				(A ÷ C)	(B ÷ D)	(E - F)
1 <sup>ST</sup> HALF EXPENSES		1 <sup>ST</sup> HALF POINTS		1 <sup>ST</sup> HALF COST per POINT		INCREASE (DECREASE)
2014	2013	2014	2013	2014	2013	

<b>WEIGHTED LABOR COSTS</b>	\$ 9,501,704	\$ 9,645,743	73,336,140	72,075,287	\$ 0.1296	\$ 0.1338	\$ (0.0042)
<b>WEIGHTED UTILITY COSTS</b>	\$ 680,755	\$ 594,578	73,336,140	72,075,287	\$ 0.0093	\$ 0.0082	\$ 0.0011
<b>WEIGHTED INSURANCE COSTS</b>	\$ 328,561	\$ 328,864	73,336,140	72,075,287	\$ 0.0045	\$ 0.0046	\$ (0.0001)

**COST UPDATE ADJUSTMENT per BOTTLING POINT**      **\$ (0.0032)**

**PENNSYLVANIA MILK MARKETING BOARD**  
**MILK MARKETING AREA 3**

**Diesel Fuel Costs Adjustment**

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

1. Weighted Diesel Fuel Costs - YEAR 2013	\$ 2,259,317
2. Average On-Highway Diesel Price per Gallon - YEAR 2013 <sup>(1)</sup>	\$ 4.010
3. On-Highway Diesel Price per Gallon - SEPTEMBER 2014 <sup>(1)</sup>	\$ 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>\$ 2,197,341</u>
6. Change in Diesel Fuel Costs from YEAR 2013 to SEPTEMBER 2014 (Line 5 - Line 1)	\$ (61,976)
7. Weighted Delivery Points - YEAR 2013	<u>112,908,187</u>
<b>8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)</b>	<b><u>\$ (0.0005)</u></b>

## 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](http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report_combined.asp)

**PENNSYLVANIA MILK MARKETING BOARD**  
**MILK MARKETING AREA 3**

**Heating Fuel Costs Adjustment**

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

1. Weighted Heating Fuel Costs - YEAR 2013	\$ 319,898
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2013 <sup>(1)</sup>	\$ 9.16
3. Pennsylvania Average Natural Gas Price - Industrial - JULY 2014 <sup>(1)</sup>	\$ 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>\$ 343,282</u>
6. Change in Heating Fuel Costs from YEAR 2013 to JULY 2014 (Line 5 - Line 1)	\$ 23,384
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2013	<u>136,818,701</u>
<b>8. Change in Heating Fuel Costs per S&amp;P Point (Line 6 ÷ Line 7)</b>	<b><u><u>\$ 0.0002</u></u></b>

## 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>



**PENNSYLVANIA MILK MARKETING BOARD**  
**MILK MARKETING AREA 3**

**WHOLESALE PRICE BUILDUP**  
**DECEMBER 2013 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	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	\$ 2.4192	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 3.6183	\$ 0.1274	\$ 3.7457	\$ (0.4992)	\$ 0.9448	\$ 4.1913	\$ 4.1639	\$ 0.0274
	Half Gallon	\$ 1.2096	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.8517	\$ 0.0652	\$ 1.9169	\$ (0.2496)	\$ 0.4724	\$ 2.1397	\$ 2.1240	\$ 0.0157
	Quart	<b>\$ 0.6048</b>	<b>\$ 0.1108</b>	<b>\$ 0.0026</b>	<b>\$ 0.0220</b>	<b>\$ 0.2659</b>	<b>\$ 1.0061</b>	<b>\$ 0.0354</b>	<b>\$ 1.0415</b>	<b>\$ (0.1248)</b>	<b>\$ 0.2362</b>	<b>\$ 1.1529</b>	<b>\$ 1.1529</b>	<b>\$ -</b>
	Pint	\$ 0.3024	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.5650	\$ 0.0199	\$ 0.5849	\$ (0.0624)	\$ 0.1181	\$ 0.6406	\$ 0.6358	\$ 0.0048
	12 Ounce	\$ 0.2268	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.4340	\$ 0.0153	\$ 0.4493	\$ (0.0468)	\$ 0.0886	\$ 0.4911	\$ 0.4873	\$ 0.0038
	10 Ounce	\$ 0.1890	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3735	\$ 0.0131	\$ 0.3866	\$ (0.0390)	\$ 0.0738	\$ 0.4214	\$ 0.4188	\$ 0.0026
	Half Pint	\$ 0.1512	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2679	\$ 0.0094	\$ 0.2773	\$ (0.0312)	\$ 0.0591	\$ 0.3052	\$ 0.3028	\$ 0.0024
	4 ounce	\$ 0.0756	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1671	\$ 0.0059	\$ 0.1730	\$ (0.0156)	\$ 0.0295	\$ 0.1869	\$ 0.1857	\$ 0.0012
	Dispenser	\$ 0.6048	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.9183	\$ 0.0323	\$ 0.9506	\$ (0.1248)	\$ 0.2362	\$ 1.0620	\$ 1.0500	\$ 0.0120
REDUCED FAT (2%) MILK	Gallon	\$ 2.0860	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 3.2851	\$ 0.1156	\$ 3.4007	\$ (0.4992)	\$ 0.9448	\$ 3.8463	\$ 3.8182	\$ 0.0281
	Half Gallon	\$ 1.0430	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.6851	\$ 0.0593	\$ 1.7444	\$ (0.2496)	\$ 0.4724	\$ 1.9672	\$ 1.9512	\$ 0.0160
	Quart	\$ 0.5215	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 0.9228	\$ 0.0325	\$ 0.9553	\$ (0.1248)	\$ 0.2362	\$ 1.0667	\$ 1.0665	\$ 0.0002
	Pint	\$ 0.2608	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.5234	\$ 0.0184	\$ 0.5418	\$ (0.0624)	\$ 0.1181	\$ 0.5975	\$ 0.5926	\$ 0.0049
	12 Ounce	\$ 0.1956	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.4028	\$ 0.0142	\$ 0.4170	\$ (0.0468)	\$ 0.0886	\$ 0.4588	\$ 0.4549	\$ 0.0039
	10 Ounce	\$ 0.1630	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3475	\$ 0.0122	\$ 0.3597	\$ (0.0416)	\$ 0.0787	\$ 0.3968	\$ 0.3917	\$ 0.0051
	Half Pint	\$ 0.1304	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2471	\$ 0.0087	\$ 0.2558	\$ (0.0312)	\$ 0.0591	\$ 0.2837	\$ 0.2813	\$ 0.0024
	4 ounce	\$ 0.0652	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1567	\$ 0.0055	\$ 0.1622	\$ (0.0156)	\$ 0.0295	\$ 0.1761	\$ 0.1749	\$ 0.0012
	Dispenser	\$ 0.5215	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.8350	\$ 0.0294	\$ 0.8644	\$ (0.1248)	\$ 0.2362	\$ 0.9758	\$ 0.9636	\$ 0.0122
LOWFAT (1%) MILK	Gallon	\$ 1.8171	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 3.0162	\$ 0.1062	\$ 3.1224	\$ (0.4992)	\$ 0.9448	\$ 3.5680	\$ 3.5398	\$ 0.0282
	Half Gallon	\$ 0.9085	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.5506	\$ 0.0546	\$ 1.6052	\$ (0.2496)	\$ 0.4724	\$ 1.8280	\$ 1.8119	\$ 0.0161
	Quart	\$ 0.4543	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 0.8556	\$ 0.0301	\$ 0.8857	\$ (0.1248)	\$ 0.2362	\$ 0.9971	\$ 0.9968	\$ 0.0003
	Pint	\$ 0.2271	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.4897	\$ 0.0172	\$ 0.5069	\$ (0.0624)	\$ 0.1181	\$ 0.5626	\$ 0.5578	\$ 0.0048
	12 Ounce	\$ 0.1704	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.3776	\$ 0.0133	\$ 0.3909	\$ (0.0468)	\$ 0.0886	\$ 0.4327	\$ 0.4289	\$ 0.0038
	10 Ounce	\$ 0.1420	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3265	\$ 0.0115	\$ 0.3380	\$ (0.0416)	\$ 0.0787	\$ 0.3751	\$ 0.3700	\$ 0.0051
	Half Pint	\$ 0.1136	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2303	\$ 0.0081	\$ 0.2384	\$ (0.0312)	\$ 0.0591	\$ 0.2663	\$ 0.2639	\$ 0.0024
	4 ounce	\$ 0.0568	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1483	\$ 0.0052	\$ 0.1535	\$ (0.0156)	\$ 0.0295	\$ 0.1674	\$ 0.1662	\$ 0.0012
	Dispenser	\$ 0.4543	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.7678	\$ 0.0270	\$ 0.7948	\$ (0.1248)	\$ 0.2362	\$ 0.9062	\$ 0.8939	\$ 0.0123
NONFAT (SKIM) MILK	Gallon	\$ 1.6060	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 2.8051	\$ 0.0987	\$ 2.9038	\$ (0.4992)	\$ 0.9448	\$ 3.3494	\$ 3.3213	\$ 0.0281
	Half Gallon	\$ 0.8030	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.4451	\$ 0.0509	\$ 1.4960	\$ (0.2496)	\$ 0.4724	\$ 1.7188	\$ 1.7027	\$ 0.0161
	Quart	\$ 0.4015	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 0.8028	\$ 0.0283	\$ 0.8311	\$ (0.1248)	\$ 0.2362	\$ 0.9425	\$ 0.9422	\$ 0.0003
	Pint	\$ 0.2008	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.4634	\$ 0.0163	\$ 0.4797	\$ (0.0624)	\$ 0.1181	\$ 0.5354	\$ 0.5304	\$ 0.0050
	12 Ounce	\$ 0.1506	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.3578	\$ 0.0126	\$ 0.3704	\$ (0.0468)	\$ 0.0886	\$ 0.4122	\$ 0.4084	\$ 0.0038
	10 Ounce	\$ 0.1255	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3100	\$ 0.0109	\$ 0.3209	\$ (0.0416)	\$ 0.0787	\$ 0.3580	\$ 0.3529	\$ 0.0051
	Half Pint	\$ 0.1004	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2171	\$ 0.0076	\$ 0.2247	\$ (0.0312)	\$ 0.0591	\$ 0.2526	\$ 0.2503	\$ 0.0023
	4 ounce	\$ 0.0502	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1417	\$ 0.0050	\$ 0.1467	\$ (0.0156)	\$ 0.0295	\$ 0.1606	\$ 0.1593	\$ 0.0013
	Dispenser	\$ 0.4015	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.7150	\$ 0.0252	\$ 0.7402	\$ (0.1248)	\$ 0.2362	\$ 0.8516	\$ 0.8394	\$ 0.0122

Footnote:  
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0061 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD**  
**MILK MARKETING AREA 3**

**WHOLESALE PRICE BUILDUP**  
**DECEMBER 2013 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	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)	
FLAVORED MILK	Gallon	\$ 2.5328	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 3.7319	\$ 0.1314	\$ 3.8633	\$ (0.4992)	\$ 0.9448	\$ 4.3089	\$ 4.3388	\$ (0.0299)
	Half Gallon	\$ 1.2664	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.9085	\$ 0.0672	\$ 1.9757	\$ (0.2496)	\$ 0.4724	\$ 2.1985	\$ 2.2114	\$ (0.0129)
	Quart	\$ 0.6332	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 1.0345	\$ 0.0364	\$ 1.0709	\$ (0.1248)	\$ 0.2362	\$ 1.1823	\$ 1.1966	\$ (0.0143)
	Pint	\$ 0.3166	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.5792	\$ 0.0204	\$ 0.5996	\$ (0.0624)	\$ 0.1181	\$ 0.6553	\$ 0.6577	\$ (0.0024)
	12 Ounce	\$ 0.2375	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.4447	\$ 0.0157	\$ 0.4604	\$ (0.0468)	\$ 0.0886	\$ 0.5022	\$ 0.5038	\$ (0.0016)
	10 Ounce	\$ 0.1979	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3824	\$ 0.0135	\$ 0.3959	\$ (0.0416)	\$ 0.0787	\$ 0.4330	\$ 0.4324	\$ 0.0006
	Half Pint	\$ 0.1583	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2750	\$ 0.0097	\$ 0.2847	\$ (0.0312)	\$ 0.0591	\$ 0.3126	\$ 0.3138	\$ (0.0012)
	4 ounce	\$ 0.0792	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1707	\$ 0.0060	\$ 0.1767	\$ (0.0156)	\$ 0.0295	\$ 0.1906	\$ 0.1912	\$ (0.0006)
	Dispenser	\$ 0.6332	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.9467	\$ 0.0333	\$ 0.9800	\$ (0.1248)	\$ 0.2362	\$ 1.0914	\$ 1.0937	\$ (0.0023)
FLAVORED REDUCED FAT MILK	Gallon	\$ 2.0240	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 3.2231	\$ 0.1134	\$ 3.3365	\$ (0.4992)	\$ 0.9448	\$ 3.7821	\$ 3.7458	\$ 0.0363
	Half Gallon	\$ 1.0120	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.6541	\$ 0.0582	\$ 1.7123	\$ (0.2496)	\$ 0.4724	\$ 1.9351	\$ 1.9149	\$ 0.0202
	Quart	\$ 0.5060	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 0.9073	\$ 0.0319	\$ 0.9392	\$ (0.1248)	\$ 0.2362	\$ 1.0506	\$ 1.0484	\$ 0.0022
	Pint	\$ 0.2530	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.5156	\$ 0.0181	\$ 0.5337	\$ (0.0624)	\$ 0.1181	\$ 0.5894	\$ 0.5835	\$ 0.0059
	12 Ounce	\$ 0.1898	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.3970	\$ 0.0140	\$ 0.4110	\$ (0.0468)	\$ 0.0886	\$ 0.4528	\$ 0.4482	\$ 0.0046
	10 Ounce	\$ 0.1581	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3426	\$ 0.0121	\$ 0.3547	\$ (0.0416)	\$ 0.0787	\$ 0.3918	\$ 0.3861	\$ 0.0057
	Half Pint	\$ 0.1265	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2432	\$ 0.0086	\$ 0.2518	\$ (0.0312)	\$ 0.0591	\$ 0.2797	\$ 0.2768	\$ 0.0029
	4 ounce	\$ 0.0633	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1548	\$ 0.0054	\$ 0.1602	\$ (0.0156)	\$ 0.0295	\$ 0.1741	\$ 0.1727	\$ 0.0014
	Dispenser	\$ 0.5060	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.8195	\$ 0.0288	\$ 0.8483	\$ (0.1248)	\$ 0.2362	\$ 0.9597	\$ 0.9455	\$ 0.0142
FLAVORED NONFAT MILK	Gallon	\$ 1.6720	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 2.8711	\$ 0.1011	\$ 2.9722	\$ (0.4992)	\$ 0.9448	\$ 3.4178	\$ 3.3996	\$ 0.0182
	Half Gallon	\$ 0.8360	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 1.4781	\$ 0.0520	\$ 1.5301	\$ (0.2496)	\$ 0.4724	\$ 1.7529	\$ 1.7418	\$ 0.0111
	Quart	\$ 0.4180	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 0.8193	\$ 0.0288	\$ 0.8481	\$ (0.1248)	\$ 0.2362	\$ 0.9595	\$ 0.9618	\$ (0.0023)
	Pint	\$ 0.2090	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.4716	\$ 0.0166	\$ 0.4882	\$ (0.0624)	\$ 0.1181	\$ 0.5439	\$ 0.5403	\$ 0.0036
	12 Ounce	\$ 0.1568	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.3640	\$ 0.0128	\$ 0.3768	\$ (0.0468)	\$ 0.0886	\$ 0.4186	\$ 0.4157	\$ 0.0029
	10 Ounce	\$ 0.1306	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.3151	\$ 0.0111	\$ 0.3262	\$ (0.0416)	\$ 0.0787	\$ 0.3633	\$ 0.3591	\$ 0.0042
	Half Pint	\$ 0.1045	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2212	\$ 0.0078	\$ 0.2290	\$ (0.0312)	\$ 0.0591	\$ 0.2569	\$ 0.2551	\$ 0.0018
	4 ounce	\$ 0.0523	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1438	\$ 0.0051	\$ 0.1489	\$ (0.0156)	\$ 0.0295	\$ 0.1628	\$ 0.1618	\$ 0.0010
	Dispenser	\$ 0.4180	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 0.7315	\$ 0.0257	\$ 0.7572	\$ (0.1248)	\$ 0.2362	\$ 0.8686	\$ 0.8589	\$ 0.0097
BUTTERMILK	Gallon	\$ 2.8277	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 4.0268	\$ 0.1417	\$ 4.1685	\$ (0.4992)	\$ 0.9448	\$ 4.6141	\$ 4.6358	\$ (0.0217)
	Half Gallon	\$ 1.4138	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 2.0559	\$ 0.0724	\$ 2.1283	\$ (0.2496)	\$ 0.4724	\$ 2.3511	\$ 2.3600	\$ (0.0089)
	Quart	\$ 0.7069	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 1.1082	\$ 0.0390	\$ 1.1472	\$ (0.1248)	\$ 0.2362	\$ 1.2586	\$ 1.2708	\$ (0.0122)
	Pint	\$ 0.3535	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.6161	\$ 0.0217	\$ 0.6378	\$ (0.0624)	\$ 0.1181	\$ 0.6935	\$ 0.6948	\$ (0.0013)
	12 Ounce	\$ 0.2651	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.4723	\$ 0.0166	\$ 0.4889	\$ (0.0468)	\$ 0.0886	\$ 0.5307	\$ 0.5316	\$ (0.0009)
	10 Ounce	\$ 0.2209	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.4054	\$ 0.0143	\$ 0.4197	\$ (0.0416)	\$ 0.0787	\$ 0.4568	\$ 0.4556	\$ 0.0012
	Half Pint	\$ 0.1767	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.2934	\$ 0.0103	\$ 0.3037	\$ (0.0312)	\$ 0.0591	\$ 0.3316	\$ 0.3324	\$ (0.0008)
	4 ounce	\$ 0.0884	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.1799	\$ 0.0063	\$ 0.1862	\$ (0.0156)	\$ 0.0295	\$ 0.2001	\$ 0.2004	\$ (0.0003)
	Dispenser	\$ 0.7069	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 1.0204	\$ 0.0359	\$ 1.0563	\$ (0.1248)	\$ 0.2362	\$ 1.1677	\$ 1.1679	\$ (0.0002)

Footnote:  
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0061 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**WHOLESALE PRICE BUILDUP  
DECEMBER 2013 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	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)	
<b>EGG NOG</b>	<b>Gallon</b>	\$ 4.5368	\$ 0.2063	\$ 0.0104	\$ (0.0812)	\$ 1.0636	\$ 5.7359	\$ 0.2019	\$ 5.9378	\$ (0.4992)	\$ 0.9448	\$ 6.3834	\$ 6.1905	\$ 0.1929
	<b>Half Gallon</b>	\$ 2.2684	\$ 0.1523	\$ 0.0052	\$ (0.0472)	\$ 0.5318	\$ 2.9105	\$ 0.1024	\$ 3.0129	\$ (0.2496)	\$ 0.4724	\$ 3.2357	\$ 3.1373	\$ 0.0984
	<b>Quart</b>	\$ 1.1342	\$ 0.1108	\$ 0.0026	\$ 0.0220	\$ 0.2659	\$ 1.5355	\$ 0.0540	\$ 1.5895	\$ (0.1248)	\$ 0.2362	\$ 1.7009	\$ 1.6595	\$ 0.0414
	<b>Pint</b>	\$ 0.5671	\$ 0.0861	\$ 0.0013	\$ 0.0422	\$ 0.1330	\$ 0.8297	\$ 0.0292	\$ 0.8589	\$ (0.0624)	\$ 0.1181	\$ 0.9146	\$ 0.8891	\$ 0.0255
	<b>12 Ounce</b>	\$ 0.4253	\$ 0.0630	\$ 0.0010	\$ 0.0435	\$ 0.0997	\$ 0.6325	\$ 0.0223	\$ 0.6548	\$ (0.0468)	\$ 0.0886	\$ 0.6966	\$ 0.6774	\$ 0.0192
	<b>10 Ounce</b>	\$ 0.3544	\$ 0.0544	\$ 0.0008	\$ 0.0462	\$ 0.0831	\$ 0.5389	\$ 0.0190	\$ 0.5579	\$ (0.0416)	\$ 0.0787	\$ 0.5950	\$ 0.5771	\$ 0.0179
	<b>Half Pint</b>	\$ 0.2836	\$ 0.0293	\$ 0.0007	\$ 0.0202	\$ 0.0665	\$ 0.4003	\$ 0.0141	\$ 0.4144	\$ (0.0312)	\$ 0.0591	\$ 0.4423	\$ 0.4296	\$ 0.0127
	<b>4 ounce</b>	\$ 0.1418	\$ 0.0277	\$ 0.0003	\$ 0.0303	\$ 0.0332	\$ 0.2333	\$ 0.0082	\$ 0.2415	\$ (0.0156)	\$ 0.0295	\$ 0.2554	\$ 0.2491	\$ 0.0063
	<b>Dispenser</b>	\$ 1.1342	\$ 0.0423	\$ 0.0026	\$ 0.0027	\$ 0.2659	\$ 1.4477	\$ 0.0510	\$ 1.4987	\$ (0.1248)	\$ 0.2362	\$ 1.6101	\$ 1.5566	\$ 0.0535

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0061 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**RETAIL PRICE BUILDUP  
DECEMBER 2013 MILK PRICES**

		A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)
Container Size	Proposed Wholesale Price	Deepest Discount 13.00%	In-Store Handling \$ 0.1286	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)	
STANDARD (WHOLE) MILK	Gallon	\$ 4.1913	\$ (0.5449)	\$ 0.5144	\$ 0.1155	\$ 4.28	\$ 4.25	\$ 0.03
	Half Gallon	\$ 2.1397	\$ (0.2782)	\$ 0.2572	\$ 0.0588	\$ 2.18	\$ 2.16	\$ 0.02
	Quart	<b>\$ 1.1529</b>	<b>\$ (0.1499)</b>	<b>\$ 0.1286</b>	<b>\$ 0.0314</b>	<b>\$ 1.16</b>	<b>\$ 1.16</b>	\$ -
	Pint	\$ 0.6406	\$ (0.0833)	\$ 0.0643	\$ 0.0172	\$ 0.65	\$ 0.65	\$ -
	12 Ounce	\$ 0.4911	\$ (0.0638)	\$ 0.0482	\$ 0.0132	\$ 0.50	\$ 0.49	\$ 0.01
	10 Ounce	\$ 0.4214	\$ (0.0548)	\$ 0.0402	\$ 0.0113	\$ 0.43	\$ 0.42	\$ 0.01
	Half Pint	\$ 0.3052	\$ (0.0397)	\$ 0.0322	\$ 0.0083	\$ 0.31	\$ 0.31	\$ -
	4 ounce	\$ 0.1869	\$ (0.0243)	\$ 0.0161	\$ 0.0050	\$ 0.20	\$ 0.20	\$ -
	Dispenser	\$ 1.0620	\$ (0.1381)	\$ 0.1286	\$ 0.0292	\$ 1.08	\$ 1.07	\$ 0.01
REDUCED FAT (2%) MILK	Gallon	\$ 3.8463	\$ (0.5000)	\$ 0.5144	\$ 0.1071	\$ 3.97	\$ 3.94	\$ 0.03
	Half Gallon	\$ 1.9672	\$ (0.2557)	\$ 0.2572	\$ 0.0546	\$ 2.02	\$ 2.01	\$ 0.01
	Quart	\$ 1.0667	<b>\$ (0.1387)</b>	\$ 0.1286	<b>\$ 0.0293</b>	\$ 1.09	\$ 1.09	\$ -
	Pint	\$ 0.5975	\$ (0.0777)	\$ 0.0643	\$ 0.0162	\$ 0.60	\$ 0.60	\$ -
	12 Ounce	\$ 0.4588	\$ (0.0596)	\$ 0.0482	\$ 0.0124	\$ 0.46	\$ 0.46	\$ -
	10 Ounce	\$ 0.3968	\$ (0.0516)	\$ 0.0402	\$ 0.0107	\$ 0.40	\$ 0.40	\$ -
	Half Pint	\$ 0.2837	\$ (0.0369)	\$ 0.0322	\$ 0.0077	\$ 0.29	\$ 0.29	\$ -
	4 ounce	\$ 0.1761	\$ (0.0229)	\$ 0.0161	\$ 0.0047	\$ 0.19	\$ 0.18	\$ 0.01
	Dispenser	\$ 0.9758	\$ (0.1269)	\$ 0.1286	\$ 0.0271	\$ 1.00	\$ 0.99	\$ 0.01
LOWFAT (1%) MILK	Gallon	\$ 3.5680	\$ (0.4638)	\$ 0.5144	\$ 0.1004	\$ 3.72	\$ 3.69	\$ 0.03
	Half Gallon	\$ 1.8280	\$ (0.2376)	\$ 0.2572	\$ 0.0513	\$ 1.90	\$ 1.88	\$ 0.02
	Quart	\$ 0.9971	<b>\$ (0.1296)</b>	\$ 0.1286	<b>\$ 0.0276</b>	\$ 1.02	\$ 1.02	\$ -
	Pint	\$ 0.5626	\$ (0.0731)	\$ 0.0643	\$ 0.0154	\$ 0.57	\$ 0.56	\$ 0.01
	12 Ounce	\$ 0.4327	\$ (0.0563)	\$ 0.0482	\$ 0.0118	\$ 0.44	\$ 0.43	\$ 0.01
	10 Ounce	\$ 0.3751	\$ (0.0488)	\$ 0.0402	\$ 0.0102	\$ 0.38	\$ 0.38	\$ -
	Half Pint	\$ 0.2663	\$ (0.0346)	\$ 0.0322	\$ 0.0073	\$ 0.27	\$ 0.27	\$ -
	4 ounce	\$ 0.1674	\$ (0.0218)	\$ 0.0161	\$ 0.0045	\$ 0.17	\$ 0.17	\$ -
	Dispenser	\$ 0.9062	\$ (0.1178)	\$ 0.1286	\$ 0.0254	\$ 0.94	\$ 0.93	\$ 0.01
NONFAT (SKIM) MILK	Gallon	\$ 3.3494	\$ (0.4354)	\$ 0.5144	\$ 0.0951	\$ 3.52	\$ 3.50	\$ 0.02
	Half Gallon	\$ 1.7188	\$ (0.2234)	\$ 0.2572	\$ 0.0486	\$ 1.80	\$ 1.79	\$ 0.01
	Quart	\$ 0.9425	<b>\$ (0.1225)</b>	\$ 0.1286	<b>\$ 0.0263</b>	\$ 0.97	\$ 0.97	\$ -
	Pint	\$ 0.5354	\$ (0.0696)	\$ 0.0643	\$ 0.0147	\$ 0.54	\$ 0.54	\$ -
	12 Ounce	\$ 0.4122	\$ (0.0536)	\$ 0.0482	\$ 0.0113	\$ 0.42	\$ 0.41	\$ 0.01
	10 Ounce	\$ 0.3580	\$ (0.0465)	\$ 0.0402	\$ 0.0098	\$ 0.36	\$ 0.36	\$ -
	Half Pint	\$ 0.2526	\$ (0.0328)	\$ 0.0322	\$ 0.0070	\$ 0.26	\$ 0.26	\$ -
	4 ounce	\$ 0.1606	\$ (0.0209)	\$ 0.0161	\$ 0.0043	\$ 0.17	\$ 0.16	\$ 0.01
	Dispenser	\$ 0.8516	\$ (0.1107)	\$ 0.1286	\$ 0.0241	\$ 0.89	\$ 0.88	\$ 0.01

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**RETAIL PRICE BUILDUP  
DECEMBER 2013 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)
Container Size	Proposed Wholesale Price	Deepest Discount 13.00%	In-Store Handling \$ 0.1286	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
<b>FLAVORED MILK</b>	Gallon	\$ 4.3089	\$ (0.5602)	\$ 0.5144	\$ 0.1183	\$ 4.38	\$ 4.41 \$ (0.03)
	Half Gallon	\$ 2.1985	\$ (0.2858)	\$ 0.2572	\$ 0.0602	\$ 2.23	\$ 2.24 \$ (0.01)
	Quart	\$ 1.1823	<b>\$ (0.1537)</b>	\$ 0.1286	<b>\$ 0.0321</b>	\$ 1.19	\$ 1.20 \$ (0.01)
	Pint	\$ 0.6553	\$ (0.0852)	\$ 0.0643	\$ 0.0176	\$ 0.67	\$ 0.67 \$ -
	12 Ounce	\$ 0.5022	\$ (0.0653)	\$ 0.0482	\$ 0.0135	\$ 0.51	\$ 0.51 \$ -
	10 Ounce	\$ 0.4330	\$ (0.0563)	\$ 0.0402	\$ 0.0116	\$ 0.44	\$ 0.44 \$ -
	Half Pint	\$ 0.3126	\$ (0.0406)	\$ 0.0322	\$ 0.0084	\$ 0.32	\$ 0.32 \$ -
	4 ounce	\$ 0.1906	\$ (0.0248)	\$ 0.0161	\$ 0.0050	\$ 0.20	\$ 0.20 \$ -
	Dispenser	\$ 1.0914	\$ (0.1419)	\$ 0.1286	\$ 0.0299	\$ 1.11	\$ 1.11 \$ -
<b>FLAVORED REDUCED FAT MILK</b>	Gallon	\$ 3.7821	\$ (0.4917)	\$ 0.5144	\$ 0.1056	\$ 3.91	\$ 3.88 \$ 0.03
	Half Gallon	\$ 1.9351	\$ (0.2516)	\$ 0.2572	\$ 0.0539	\$ 1.99	\$ 1.98 \$ 0.01
	Quart	\$ 1.0506	<b>\$ (0.1366)</b>	\$ 0.1286	<b>\$ 0.0289</b>	\$ 1.07	\$ 1.07 \$ -
	Pint	\$ 0.5894	\$ (0.0766)	\$ 0.0643	\$ 0.0160	\$ 0.59	\$ 0.59 \$ -
	12 Ounce	\$ 0.4528	\$ (0.0589)	\$ 0.0482	\$ 0.0123	\$ 0.46	\$ 0.45 \$ 0.01
	10 Ounce	\$ 0.3918	\$ (0.0509)	\$ 0.0402	\$ 0.0106	\$ 0.40	\$ 0.39 \$ 0.01
	Half Pint	\$ 0.2797	\$ (0.0364)	\$ 0.0322	\$ 0.0076	\$ 0.28	\$ 0.28 \$ -
	4 ounce	\$ 0.1741	\$ (0.0226)	\$ 0.0161	\$ 0.0047	\$ 0.18	\$ 0.18 \$ -
	Dispenser	\$ 0.9597	\$ (0.1248)	\$ 0.1286	\$ 0.0267	\$ 0.99	\$ 0.98 \$ 0.01
<b>FLAVORED NONFAT MILK</b>	Gallon	\$ 3.4178	\$ (0.4443)	\$ 0.5144	\$ 0.0968	\$ 3.58	\$ 3.57 \$ 0.01
	Half Gallon	\$ 1.7529	\$ (0.2279)	\$ 0.2572	\$ 0.0495	\$ 1.83	\$ 1.82 \$ 0.01
	Quart	\$ 0.9595	<b>\$ (0.1247)</b>	\$ 0.1286	<b>\$ 0.0267</b>	\$ 0.99	\$ 0.99 \$ -
	Pint	\$ 0.5439	\$ (0.0707)	\$ 0.0643	\$ 0.0149	\$ 0.55	\$ 0.55 \$ -
	12 Ounce	\$ 0.4186	\$ (0.0544)	\$ 0.0482	\$ 0.0114	\$ 0.42	\$ 0.42 \$ -
	10 Ounce	\$ 0.3633	\$ (0.0472)	\$ 0.0402	\$ 0.0099	\$ 0.37	\$ 0.36 \$ 0.01
	Half Pint	\$ 0.2569	\$ (0.0334)	\$ 0.0322	\$ 0.0071	\$ 0.26	\$ 0.26 \$ -
	4 ounce	\$ 0.1628	\$ (0.0212)	\$ 0.0161	\$ 0.0044	\$ 0.17	\$ 0.17 \$ -
	Dispenser	\$ 0.8686	\$ (0.1129)	\$ 0.1286	\$ 0.0245	\$ 0.91	\$ 0.90 \$ 0.01
<b>BUTTERMILK</b>	Gallon	\$ 4.6141	\$ (0.5998)	\$ 0.5144	\$ 0.1257	\$ 4.65	\$ 4.67 \$ (0.02)
	Half Gallon	\$ 2.3511	\$ (0.3056)	\$ 0.2572	\$ 0.0639	\$ 2.37	\$ 2.37 \$ -
	Quart	\$ 1.2586	<b>\$ (0.1636)</b>	\$ 0.1286	<b>\$ 0.0340</b>	\$ 1.26	\$ 1.28 \$ (0.02)
	Pint	\$ 0.6935	\$ (0.0902)	\$ 0.0643	\$ 0.0185	\$ 0.70	\$ 0.70 \$ -
	12 Ounce	\$ 0.5307	\$ (0.0690)	\$ 0.0482	\$ 0.0141	\$ 0.54	\$ 0.54 \$ -
	10 Ounce	\$ 0.4568	\$ (0.0594)	\$ 0.0402	\$ 0.0121	\$ 0.47	\$ 0.47 \$ -
	Half Pint	\$ 0.3316	\$ (0.0431)	\$ 0.0322	\$ 0.0089	\$ 0.34	\$ 0.34 \$ -
	4 ounce	\$ 0.2001	\$ (0.0260)	\$ 0.0161	\$ 0.0053	\$ 0.21	\$ 0.21 \$ -
	Dispenser	\$ 1.1677	\$ (0.1518)	\$ 0.1286	\$ 0.0318	\$ 1.18	\$ 1.18 \$ -

**PENNSYLVANIA MILK MARKETING BOARD**  
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**DECEMBER 2013 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)	
Container Size	Proposed Wholesale Price	Deepest Discount 13.00%	In-Store Handling \$ 0.1286	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)	
<b>EGG NOG</b>	<b>Gallon</b>	\$ 6.3834	\$ (0.8298)	\$ 0.5144	\$ 0.1684	\$ 6.39	\$ 6.20	\$ 0.19
	<b>Half Gallon</b>	\$ 3.2357	\$ (0.4206)	\$ 0.2572	\$ 0.0853	\$ 3.25	\$ 3.15	\$ 0.10
	<b>Quart</b>	\$ 1.7009	<b>\$ (0.2211)</b>	\$ 0.1286	<b>\$ 0.0446</b>	\$ 1.71	\$ 1.67	\$ 0.04
	<b>Pint</b>	\$ 0.9146	\$ (0.1189)	\$ 0.0643	\$ 0.0239	\$ 0.92	\$ 0.90	\$ 0.02
	<b>12 Ounce</b>	\$ 0.6966	\$ (0.0906)	\$ 0.0482	\$ 0.0182	\$ 0.71	\$ 0.69	\$ 0.02
	<b>10 Ounce</b>	\$ 0.5950	\$ (0.0774)	\$ 0.0402	\$ 0.0155	\$ 0.61	\$ 0.59	\$ 0.02
	<b>Half Pint</b>	\$ 0.4423	\$ (0.0575)	\$ 0.0322	\$ 0.0116	\$ 0.45	\$ 0.44	\$ 0.01
	<b>4 ounce</b>	\$ 0.2554	\$ (0.0332)	\$ 0.0161	\$ 0.0066	\$ 0.27	\$ 0.26	\$ 0.01
	<b>Dispenser</b>	\$ 1.6101	\$ (0.2093)	\$ 0.1286	\$ 0.0424	\$ 1.62	\$ 1.57	\$ 0.05