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September 21, 2018

VIA EMAIL

Robert N. Barley, Chairman
c/o Douglas L. Eberly, Esq.
Pennsylvania Milk Marketing Board
Room 110, Agriculture Bldg.
2301 North Cameron Street
Harrisburg, PA 17110

Re: November 5, 2018 Cooperative Milk Procurement Costs Hearing
Witness and Exhibit List with Revised Index of Exhibits

Dear Chairman Barley and Members of the Board:

The Pennsylvania Association of Milk Dealers (PAMD) and Dean Foods Company will participate in this hearing by and through Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, and Davis Wright Tremaine, LLP, respectively, by examining witnesses and by sponsoring the following witnesses and exhibits:

Dave Stonesifer is expected to testify as an expert in Cost Accounting and Dairy Cost Accounting. He is expected to testify in accordance with the attached testimony and exhibits. (PAMD Exhibits 1 - 4).

Gino Tosi is expected to testify as an expert in Dairy Economics, Milk Marketing and Milk Price Regulation. He is expected to testify in accordance with the attached testimony and exhibits. (PAMD Exhibits 6-7).

Rob Blaufuss is expected to testify as an expert in agricultural economics, milk procurement and milk marketing. He is expected to testify in accordance with the attached expert witness testimony and exhibits. (PAMD Exhibits 8 - 9)

Cheryl Caruso, Milk Accounting Director at Clover Farms, is expected to testify as a lay witness in opposition to PADC's proposal for a Cooperative-only premium

labeled as a procurement charge. Ms. Caruso is expected to testify about the following topics: (1) Sourcing strategies for their raw milk supply, including the dynamics and balance between having independent farmers and cooperative milk and any changes that have taken place over the years to affect those strategies. (2) Balancing strategies, including any changes that have taken place over the years to affect the strategy. (3) Expected impact of a Cooperative-only premium on their sourcing strategies, plant competitiveness, and independent farmers. (4) Ms. Caruso is concerned that a specific proposal has not been offered with respect to implementation, but is expected to offer her feedback on the least damaging way forward if the Board decides to adopt a Cooperative-only premium, which will emphasize transparency and the ability of dealers to recover the cost in the wholesale prices without dilution.

Todd Rutter, President of Rutter's Dairy Company, is expected to testify as a lay witness in opposition to PADC's proposal for a Cooperative-only premium labeled as a procurement charge. Mr. Rutter is expected to testify about the following topics: (1) Sourcing strategies for their raw milk supply, including the dynamics and balance between having independent farmers and cooperative milk, including changes that have taken place over the years to affect those strategies. (2) Balancing strategies, including changes that have taken place over the years to affect the strategy. (3) Expected impact of a Cooperative-only premium on their sourcing strategies, plant competitiveness, and independent farmers. (4) Mr. Rutter is also concerned that a specific proposal, where the math is shown, has not been offered with respect to implementation, but is expected to offer his feedback on the least damaging way forward if the Board decides to adopt a Cooperative-only premium, which will emphasize the need for dealers to recover the cost in the wholesale prices without dilution and transparency.

Chuck Turner, Jr., President of Turner Dairies, is expected to testify as a lay witness in opposition to PADC's proposal for a Cooperative-only premium labeled as a procurement charge. Mr. Turner is expected to discuss the potential impact on independent farms and plants buying independent milk. He is expected to compare and contrast the circumstances facing independent farmers shipping to Turner and farmers shipping to cooperatives. He is expected to discuss the cost categories referenced in PADC Exhibit 16, p. 1 as they relate to a plant with independent milk supply. Mr. Turner is expected to discuss the challenges facing a plant with independent producers for balancing. Further, Mr. Turner is expected to testify about the implementation, the importance of transparency, and the mechanics of paying independent producers.

AJ Dewey, General Manager of Harrisburg Dairies, and/or Betsy Albright, Chief Financial Officer of Harrisburg Dairies, is expected to testify as a lay witness in opposition to PADC's proposal for a Cooperative-only premium labeled as a procurement charge. The Harrisburg witness is expected to testify about the following topics: (1) Sourcing strategies for their raw milk supply, including the dynamics and balance between having independent farmers and cooperative milk and any changes that have taken place over the years to affect those strategies. (2) Balancing strategies, including any changes that have taken

place over the years to affect the strategy. (3) Expected impact of a Cooperative-only premium on their sourcing strategies, plant competitiveness, and independent farmers. (4) The Harrisburg witness is also concerned that a specific proposal has not been offered with respect to implementation, but is expected to offer feedback on the least damaging way forward if the Board decides to adopt a Cooperative-only premium, which will emphasize the ability of dealers to recover the cost in the wholesale prices same and transparency.

The testimony of Martin Moyer, an independent producer shipping to Clover Farms, is offered pursuant to 1 Pa. Code §35.167. Mr. Moyer testified as part of the first Procurement Hearing on January 8, 2015, and those portions of the transcript containing his testimony on the topic of a cooperative only premium are contained on page 815, Line 25 – page 816, Line 12. His entire testimony is submitted for completeness.

A summary of PAMD’s submission is as follows along with an indication of which exhibits include confidential material for attorney eyes only pursuant to the Board’s protective order. This table is revised since our attorney eyes only submission to reflect that Exhibit D7 was partially unredacted and that Exhibit D10 was part of the public transcript.

<u>PAMD Exhibit No.</u>	<u>Description</u>	<u>Confidential/Public</u>
D1	Testimony of David W. Stonesifer, CPA	CONFIDENTIAL (partial)
D2	David W. Stonesifer Curriculum Vitae	Public
D3	PAMD Procurement Summary	Public
D4	GNEMMA Petition for Hearing, dated May 17, 2013	Public
D5	DMS Mideast Producer Term Announcement, dated Feb. 2, 2017	Public
D6	Testimony of Gino Tosi	CONFIDENTIAL (partial)
D7	2016 Receipts of Milk by Pennsylvania Class I Plants and Percentage of Pennsylvania Cooperative and Cross-Section Milk Utilized as Class I	CONFIDENTIAL (partial)
D8	Testimony of Robert Blaufuss	CONFIDENTIAL (partial)
D9	Testimony of Evan Kinser with exhibits, dated Dec. 6, 2017	CONFIDENTIAL (partial)
D10	Transcript pages of testimony of M. Moyer, from Jan. 8, 2015	Public

Respectfully submitted,

BAKER, DONELSON, BEARMAN,
 CALDWELL & BERKOWITZ, PC

/s/ Wendy M. Yoviene

Wendy M. Yoviene

CERTIFICATE OF SERVICE

On this 21st day of September, 2018, I, Samira Fredericks, a secretary at the law office of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, hereby certify that I have served on this day true and correct copies of the foregoing on behalf of the Pennsylvania Association of Milk Dealers by E-mail to the following:

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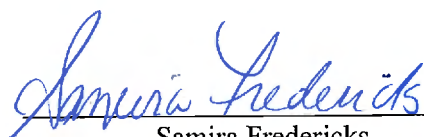
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