

**REDACTED**  
**SUBJECT TO PROTECTIVE ORDER DATED AUGUST 10, 2018**

**COOPERATIVE MILK PROCUREMENT COSTS**  
**NOVEMBER 5, 2018 HEARING**  
**BOARD STAFF TESTIMONY OF CLIFFORD ACKMAN**

Good morning. My name is Clifford Ackman.

**Cooperative Cross Section.** I am the statistician for the Pennsylvania Milk Marketing Board. In preparation for this Hearing, I studied data on cooperative milk production and associated Class I dealer receipts for 2016 compiled from milk dealer monthly reports (PMMB-60).

From this data, I produced the chart below to demonstrate the comparability of sales by the cross section cooperatives and their representativeness to the total cooperative sales to Class I dealers in Pennsylvania. The cross section cooperatives are:

Dairy Farmers of America Cooperative (DFA), Division 46 (Medina, OH)  
DFA, Division 47 (Syracuse, NY)  
Maryland & Virginia Cooperative  
Lanco Dairy Farms Cooperative  
Dairy Marketing Services

The “population” to which I am comparing the cross section is all cooperatives selling to Class I plants in Pennsylvania. Because this hearing is to consider incorporating cooperative costs into minimum resale prices, and a premium mandated by the Board (if any) would be applied only to Class I milk, I’ve limited the study to Class I pounds.

The chart presents my findings that [REDACTED] of the cooperative milk purchased by Class I plants in PA was purchased from the cooperatives in the cross section. I also found that the cross section cooperatives supplied [REDACTED] of the PA cooperative produced Class I pounds on which the PA dealers paid the Over-Order Premium. The receiving dairies are scattered throughout the state, deliver to all areas and have sales ranging from smaller to larger in volume. It is my opinion that the cooperative cross section is accurate and representative of the population.

	<b>PA Class 1 Plant Receipts / All Lbs <u>Percentage</u></b>		<b>Over-Order Premium Lbs / <u>Percentage</u></b>	
Cross Section Cooperatives	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
All Cooperatives	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**PADC Exhibit 8.** It would be appropriate for me to provide some clarification of PADC Exhibit 8, which is derived from data I prepared. The utilization section presents data in a unique fashion. The methodology for this exhibit was the same as for the comparable exhibit from the prior coop cost hearing in 2014 - 2015 (which reported 2012 pounds). I did not prepare that Exhibit and do not know why this methodology was used.

Auditors require Pennsylvania pounds to be separated into Home Area and Other PA. Column A presents a dealer's home area pounds. However, this methodology includes the Home Area pounds for every area into which it sells. For example, if Dealer A is located in Area 2 with 100,000 pounds sold into its home area, and sells into Areas 1, 3, and 4 as well, 100,000 pounds will be included in each of those 4 areas in that column.

In Column B, the pounds sold into areas other than the dealer's home area are entered into each area into which the dealer sells. To take the example with Dealer A, if Dealer A is selling 50,000 pounds in Areas 1, 3, and 4, then 50,000 pounds will be included in Areas 1, 2, 3, and 4 in Column B.

The utilization columns are similar. If Dealer A has 95,000 pounds of Class II utilization, then 95,000 pounds will be entered in Areas 1, 2, 3, and 4 of Column F.

The cross section summation numbers are *not* calculated in this way. These pounds are not "double counted." As presented, the cross section total receipts and the utilization total (3,698,786,134) are the same and are accurate.

Submitted September 20, 2018