

**OVER-ORDER PREMIUM**

**FEBRUARY 28, 2017 HEARING**

**PENNSYLVANIA MILK MARKETING BOARD STAFF**

**SURREBUTTAL TESTIMONY OF STEVEN ZALMAN**

Board Staff is not taking a position about the amount of the over-order premium. We are submitting information about Pennsylvania income over feed costs, as another source of information for the Board about producer costs and income.

Board Staff Surrebuttal Exhibit 1 compiles the Pennsylvania income over feed costs as reported by Jim Dunn, Professor of Agricultural Economics at Penn State, in the monthly *Dairy Outlook*, for 2015, 2016, and January 2017, which is the most recent month available.

As stated in the *Dairy Outlook*, “Income over feed cost reflects daily gross milk income less feed costs for an average cow producing 65 pounds of milk per day.”

We know this formula is not a comprehensive picture of producer profitability. Every farm has its own individual costs and income. We offer this as a source of information about the relative income and costs for Pennsylvania producers over this period of time. We ask the Board to take official notice of this information.

Thank you.

Board Staff Surrebuttal Exhibit 1

<u>Month</u>	<u>PA All Milk Price Cwt*</u>	<u>PA Feed Cost 65 Lbs milk*</u>	<u>PA Income Over Feed Cost*</u>
<b><u>2015</u></b>			
Jan	19.20	5.24	7.24
Feb	18.30	5.12	6.78
Mar	17.70	5.17	6.34
April	17.60	5.15	6.29
May	17.80	4.90	6.67
June	18.10	5.10	6.67
July	17.60	5.14	6.30
Aug	17.60	4.67	6.77
Sept	18.90	4.77	7.52
Oct	19.40	5.09	7.52
Nov	20.30	5.11	8.09
Dec	19.20	4.85	7.63
<b><u>2016</u></b>			
Jan	17.40	4.53	6.68
Feb	17.10	4.57	6.55
Mar	16.30	4.55	6.05
Apr	16.20	4.39	6.14
May	15.90	4.65	5.69
June	15.80	4.28	5.99
July	16.90	4.23	6.75
August	17.50	4.34	7.04
September	17.90	4.38	7.26
October	17.70	4.50	7.00
November	18.65	4.59	7.53
December	19.57	4.18	8.54
<b><u>2017</u></b>			
Jan	19.80	4.28	8.59

\* Source: *Dairy Outlook* by Jim Dunn, Professor of Agricultural Economics, Penn State University. The most recent month is subject to adjustment.

This information can be found in the February 2017 *Dairy Outlook* [www.personal.psu.edu/faculty/j/w/jwd6/DairyOutlook%20feb%202017.pdf](http://www.personal.psu.edu/faculty/j/w/jwd6/DairyOutlook%20feb%202017.pdf) and the December 2016 *Dairy Outlook* [www.personal.psu.edu/faculty/j/w/jwd6/DairyOutlook%20Dec%202016.pdf](http://www.personal.psu.edu/faculty/j/w/jwd6/DairyOutlook%20Dec%202016.pdf) retrieved on February 23, 2017.

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**LIST OF WITNESSES**

The following individual will testify at the Over-Order Premium Hearing on February 28, 2017 on behalf of the Milk Marketing Board Staff. Copies of his curriculum vitae will be available upon request at the hearing.

**Steven Zalman**, Milk Marketing Board Audit Supervisor / IT Generalist, will testify for the purpose of admitting into the record Pennsylvania income over feed costs reported by Jim Dunn, Professor of Agricultural Economics at Penn State, in the monthly *Dairy Outlook*.

Date: February 23, 2017

Respectfully submitted,

***Andrew L. Saylor***

Staff Attorney  
Pennsylvania Milk Marketing Board

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FEBRUARY 28, 2017 HEARING  
CERTIFICATE OF SERVICE**

I hereby certify that on February 23, 2017, I have served true and correct copies of the foregoing by email on behalf of the Milk Marketing Board Staff to the following (all of whom will accept service by email):

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