STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD Small Delivery Cost Hearing

July 2, 2014

Good morning. My name is Dave DeSantis and I am the Chief of Enforcement & Accounting for the Pennsylvania Milk Marketing Board.

The purpose of this hearing is to present evidence that the Board may wish to use to adjust the small delivery amount that we use to calculate resale prices each month.

In general, resale prices are the sum of the prices paid to the dairy farmers including the Over-Order Premium and the amounts paid above the Board-mandated minimum price termed the Over-Price Premium. To this farm price, we add the dealer's average costs for processing, packaging and delivering the milk, along with ingredient and container costs. To these major cost components, we add several miscellaneous adjustments along with profit to arrive at the average delivered cost for each type of milk in each size and type of container regulated by the Board.

If all dealers delivered all their milk to exactly average customers, we could stop here. As we know not all customers receive the same amount of milk or the same level of service. It is far less expensive, on a per unit basis, to deliver milk to a large customer receiving thousands of quarts of milk, than to deliver milk to a small customer receiving less than a hundred quarts of milk per delivery.

One of the goals of our pricing system is to match the delivered cost with the resale price. It is for this reason that, after we calculate the average delivered cost, we subtract out the average delivery cost. This gives us a dock cost or an average cost without any delivery component. To this dock cost we add the cost of a small delivery. By adding the cost of a small delivery, we now have a price from which we can provide progressively deeper discounts to account for the greater efficiency and reduced costs of larger deliveries. A more detailed description of the price buildup process is included in each of the base pricing Orders.

We normally only do the detailed studies of small deliveries when we have general price hearings, which is when we address all aspects of an area resale pricing Order. The dealers have indicated that there is urgency to updating the small delivery cost in all Milk Marketing Areas. Board Staff were initially consulted about route selections but subsequently routes were chosen by PAMD. Board Staff do not concur about all of the route selections, and would require more time to review them thoroughly and where necessary to select and study other routes. Board Staff provided preliminary feedback to PAMD, but while that dialogue was still in process, we decided to propose an alternative method. We are suggesting that existing small delivery costs can be updated using publications from the U.S. Bureau of Labor Statistics and the Board's own audited data. If the Board would like us to provide a thorough response to the PAMD route studies, we would respectfully ask for more time in which to do that.

Staff Exhibit 1

Staff Exhibit 1 is a summary of costs for all cross-section dealers throughout the state for delivery. We observe that there is considerable variability in the ratio of wages to total delivery costs among the cross-section dealers. By using a state-wide average *ratio* for wages as a percentage of all delivery costs, this variability is normalized. The average delivery *costs* in each area are the actual costs in that area. Our proposal is to normalize the *ratio* of wage-related costs to total delivery costs, not the costs themselves. Wage-related costs represent 47.44% of all delivery costs statewide.

Staff Exhibit 2

Staff Exhibit 2 allows us to identify when the current small delivery cost was first used and the period the small delivery studies were based on. The study year for small delivery costs will permit us to adjust labor costs based on statistics published by the US Bureau of Labor Statistics. We see that Areas 1, 2, 5 and 6 were based on small delivery studies conducted using 2007 data and Areas 3 and 4 were based on 2008 information. This exhibit also shows the change in average delivery from the base period to the most current average delivery from our latest cost replacement hearings. We believe that the change in average delivery costs is an acceptable metric to adjust non-wage related costs in small delivery.

Staff Exhibit 3

Now that we have identified the years that the small delivery studies were based on in Staff Exhibit 2, we can use the information supplied by the U.S. Bureau of Labor Statistics, Occupational Employment Statistics Division to update labor costs. We have selected the Truck Drivers, Grocery Hourly Mean Wage as the most representative index of wages for drivers transporting milk from processing dairies to retailers. To make sure this was the proper index, I contacted the Bureau of Labor Statistics and the Occupational Employment Statistics Division to learn exactly how their data is gathered and what information is included. This statistic uses the wages of all truck drivers for vendors that transport goods from food vendors to retailers. I was assured that milk truck drivers were a significant part of this data. Based on the BLS publications which are **Staff Exhibits 5, 6 and 7**, wages have increased 6.45% since 2008 and 10.27% since 2007. This is the national index because this job category is not available on the state or regional level.

Staff Exhibit 4

Using the base order small delivery cost, Staff Exhibit 4 shows the calculation to adjust the small delivery cost.

Column A is the small delivery cost that is now part of the resale price calculation and was established at the last general pricing hearing.

Column B is the percentage of costs attributable to wages on a state-wide basis from Staff Exhibit 1.

Column C shows the wage-related delivery costs by simply multiplying Column A times Column B.

Column D provides the non-wage-related costs by subtracting the wage-related expenses in Column C from the total small delivery costs in Column A.

Column E shows the percentage of wage-related costs from Staff Exhibit 3.

Column F shows the percentage of non-wage-related costs from Staff Exhibit 2.

Column G calculates the wage-related cost increases by multiplying the wage-related costs in Column C by the percentage of wage-related cost increases in Column E.

Column H calculates the non-wage-related cost increases by multiplying the non-wagerelated costs in Column D by the percentage of non-wage-related cost increases in Column F.

Column I simply adds Columns G and H to provide a total recommended adjustment to the small delivery cost in each milk marketing area on a per quart basis.

We also recommend as an integral part of this methodology that the average delivery cost in the wholesale price build up be updated by using the amounts stated in Column D of Staff Exhibit 2. Both should be updated simultaneously. If the small delivery cost is updated without updating the average delivery cost, the difference between them will be greater than it should be. These two costs can remain the same for several years, or they can be updated in tandem annually during the cost replacement process.

I also have a few general comments about the efficacy of updating the small delivery cost. As I stated earlier, one of the goals of our pricing system is to match the delivered cost with the resale price. By adjusting only the small delivery cost we only address sales that are not discounted. The discount structure has not been significantly adjusted for decades, other than the changes in Area 4. I began summarizing the discount structure on the monthly price announcements in 1990. Comparing that summary (**Staff Exhibit 8**) with the most recent summary (**Staff Exhibit 9**) shows that

most of the discount percentages and minimum quantities have not changed or have changed very little.

As prices rise, percentage discounts provide ever-larger discounts without regard to the actual cost of making the delivery. Official General Order A-972 was adopted by the Board to address the effects of percentage discounts on resale prices, but it has become increasingly ineffectual. If the Board adopts the recommended adjustment to small delivery costs, it will not resolve the percentage discount problem. In my view, the most comprehensive solution to this problem is to have general price hearings in each milk marketing area and do not only small delivery studies but also large delivery studies that will provide the Board with enough information to once again match the delivered cost for each discount category with the resale price.

I would add that the most effective discount methodology is the use of cents per quart. Unlike percentages that fluctuate with not only the overall cost of milk but also with the product delivered (a gallon of standard milk yields a higher discount using percentages than a gallon of skim milk even though they cost exactly the same to deliver), cents per quart discounts can be directly adjusted based on cost. At present, using the discount effect order (OGO A-972), undiscounted sales subsidize discounted sales.

In conclusion, we recommend the Board accept the adjustments to the small delivery cost provided in Staff Exhibit 4, and we encourage the Board to consider general price hearings to adjust the discount methodology.

PENNSYLVANIA MILK MARKETING BOARD Summary of Delivery Cost Centers Cross-Section Dealers 2013 Data

Wages	84,820,499		
Wage Related Expenses Total Wage Related Expenses	34,671,700	119,492,200	
		113, 132,200	
Repair & Maintenance	7,379,053		
Supplies	825,550		
Depreciation	6,607,673		
Utilities & Heating Fuel	630,839		
Insurance	1,432,471		
Taxes, Licenses & Permits	2,319,638		
Gasoline, Oil & Grease	24,744,124		
Tires & Tubes	1,071,506		
Rent	7,603,860		
Advertising	603,578		
All Other Delivery Expenses	21,227,572		
Direct Delivery Expenses		74,445,863	
Total Direct Dalivery Evenences			
Total Direct Delivery Expenses			193,938,063
Administrative & Other Service Expenses			57,919,394
Total Delivery Expenses			251,857,457
Percentage of Wage Polated Exponent to Total			47.44%
Percentage of Wage-Related Expenses to Total			4/.44/0

PENNSYLVANIA MILK MARKETING BOARD Calculation of Average Delivery Cost Increases Base Year to Present

	Α	В	С	D	E
					(D - C) / C
			Base		
		Study	Order	Current	
	Date Current	Year for	Average	Average	Percentage
	Small Delivery	Small	Delivery	Delivery	of Increase
Area	First Used	Delivery	Cost	Cost	Over Base*
1	June-08	2007	0.1161	0.1267	9.13%
2	July-08	2007	0.0772	0.0839	8.68%
3	March-07	2006	0.1071	0.1248	16.53%
4	February-08	2006	0.0927	0.1088	17.37%
5	October-08	2007	0.1166	0.1305	11.92%
6	December-07	2006	0.1219	0.1410	15.67%

* Used for Non-Wage-Related Costs

PENNSYLVANIA MILK MARKETING BOARD

Calculation of Hourly Rate Increases Bureau of Labor Statistics

Occupational Employment Statisics	Mean Hourly Wage	Percentage of Increase Over Base Year
Truck Drivers, Grocery Hourly Mean Wage May 2013	\$ 21.47	
Truck Drivers, Grocery Hourly Mean Wage May 2006	\$ 18.65	15.12%
Truck Drivers, Grocery Hourly Mean Wage May 2007	\$ 19.47	10.27%

Standard Occupational Classification #53-3032

PENNSLYLVANIA MILK MARKETING BOARD Calculation of Increase in Small Delivery Costs

	Α	В	С	D	E	F	G	н	I
		(Staff Ex. 1)	(A X B)	(A - C)	(Staff Ex. 3)	(Staff Ex. 2)	(C X E)	(D X F)	(G + H)
	Base Order Small Delivery	Percentage of Delivery Attributable	Wage Related Delivery	Delivery Costs Not Related	Percentage of Increase for Wage-Related	Percentage of Increase for Non-Wage-	Wage- Related Increase	Non-Wage- Related Increase in	Total Adjustment to Small
Area	Cost	to Wages	Costs	to Wages	Costs	Related Costs	in Costs	Costs	Delivery
1	0.2341	47.44%	0.1111	0.1230	10.27%	9.13%	0.0114	0.0112	0.0226
2	0.2081	47.44%	0.0987	0.1094	10.27%	8.68%	0.0101	0.0095	0.0196
3	0.2000	47.44%	0.0949	0.1051	15.12%	16.53%	0.0143	0.0174	0.0317
4	0.2038	47.44%	0.0967	0.1071	15.12%	17.37%	0.0146	0.0186	0.0332
5	0.2134	47.44%	0.1012	0.1122	10.27%	11.92%	0.0104	0.0134	0.0238
6	0.2096	47.44%	0.0994	0.1102	15.12%	15.67%	0.0150	0.0173	0.0323

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		1,585,300	0.6	%	\$19.68	\$40	0,940	0.3 %			
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Sub to th Up	oscribe he OES pdate	Annual Wage (2 Industry profile Industries with the employment in the Industries with the Generation of the Generation of the Cement and Contents Industries with the Generation of the Generatio	\$25,330 \$25,330 \$25,330 \$	\$31,270 occupa publishe ion, see levels of try nt Trucki ght Trucki ght Trucki ade Cont try try nt Trucki ght	s38,700 \$38,700 tion: <u>Top</u> d employment the <u>Create C</u> employment remployment mg <u>king</u> <u>Merchant</u> <u>anufacturing</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>ng</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u> <u>king</u>	\$48,330	\$59,620 ages for t ad Tables accupation ploymer (1) 577,090 227,590 65,860 50,710 36,540 in this oc ploymer (1) 577,090 227,590 33,920	function. n: nt Perc ind emple 6 5 9 2 2 6 cupation: nt Perc ind emple 6 5 3 2 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1	eent of ustry pyment 1.49 3.04 .00 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 .60 2.54 9.08	Hourly mean wage \$20.32 \$19.80 \$21.47 \$18.44 \$18.29 Hourly mean wage \$20.32 \$19.80 \$16.07	Annual mean wage (2) \$42,260 \$41,170 \$44,660 \$38,360 \$38,040 Annual mean wage (2) \$42,260 \$41,170 \$33,420
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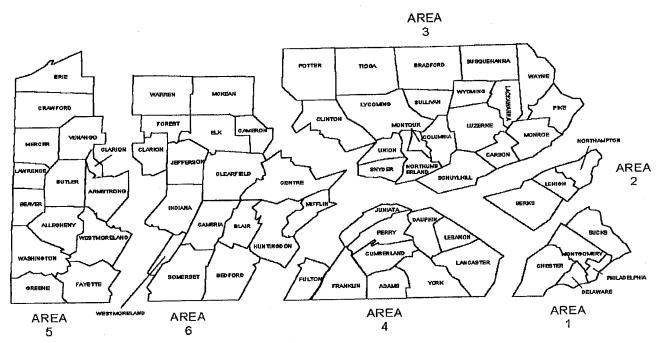
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BROWSE	OES	Occupatio	nal Fi	nolor	vment	and \	Wage	s. May 2	2007	,
OES HOME							0	o, mag -		
OES OVER	/IEW	53-3032 Truc	k Drive	rs, Hea	avy and T	ractor	-Trailer			
OES NEWS	RELEASES	Drive a tractor-tra	iler combi	nation o	r a truck witl	n a capad	city of at I	east 26,000 G	VW, to	transport and
OES DATA		deliver goods, live			-		-	-	-	
OES CHAR	ΓS	May require use of	f automat	ed routir	ng equipmen	t. Requir	es comme	ercial drivers' l	icense.	
OES MAPS		National estimates	for this o	occupatio	<u>on</u>					
OES PUBLI		Industry profile for								
OES DATA		State profile for th Metropolitan area			upation					
OES FAQS						_				
		National estin	nates fo	or this (occupatio	n: Top)			
CONTACT	JES	Employment estim	ate and r	nean wa	ge estimates	for this	occupatio	n:		
SEARCH O	ES		Emplo	vment	Mean hourl	v Moan	annual			
	Go	Employment (1	RSE		wage		ge <u>(2)</u>	Wage RSE 🤇	<u>3)</u>	
OES TOPI	cs	1,693,590	0.6	%	\$18.06	\$3	7,560	0.2 %		
RESPONDE	NTS	Percentile wage es	stimates f	or this o	ccupation:	•	•			
DOCUMEN	ΓΑΤΙΟΝ							1		
SPECIAL N	OTICES	Percentile	10%	25%	50% (Median)	75%	90%			
RELATED L	INKS	Hourly Wage	\$11.24	\$13.79	\$17.41	\$21.81	\$26.24			
		Annual Wage (2)	\$23,380	-			\$54,570			
			420,000	+20/070	<i>400/220</i>	+ 10/070	+0.1010]		
		Industry profil	e for th	is occi	upation: T	ор				
		Industries with the	e highest	nublicho		ببر امجرم احم	ages for t	his occupation	are pr	ovided. For a list
Su				publisher	d employmei	it and w				
	bscribe	all industries with	employm				e <u>Create C</u>	ustomized Tal	<u>oles</u> fur	iction.
	bscribe he OES			ent in thi	is occupation	, see the			<u>oles</u> fur	ICTION.
to t		all industries with Industries with the		ent in thi	is occupation	, see the			<u>oles</u> fur	iction.
to t	he OES			ent in thi levels of	is occupation	i, see the		h: Hourly r	nean	Γ
to t	he OES	Industries with the	e highest	levels of	employment	i, see the in this c	occupatior	t Hourly r	nean e	Annual mean
to t	he OES	Industries with the	e highest Indus	ent in thi levels of try	employment	i, see the	occupatior ploymen	it Hourly r wag	nean e 2	Annual mean wage
to t	he OES	Industries with the	e highest Indus eral Freigh lized Frei	try truckin	employment	n, see the	occupation ploymen 602,170	i: It Hourly r wag \$19.1	nean e 2 78	Annual mean wage \$39,760
to t	he OES	Industries with the Gene	highest Indus ral Freigh lized Frei poncrete Pr	try trucking trucking trucking trucking trucking	is occupation employment ng king anufacturing	i, see the in this c Em	occupation ploymen 602,170 220,450	1: Hourly r wag \$19.1 \$17.7	nean e 2 78	Annual mean wage \$39,760 \$36,980
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to t	he OES pdate	Industries with the Gene Specia Cement and Co Grocery and	e highest Indus eral Freigh lized Frei poncrete Pr Related P Related P	try try <u>ht Truckinght Truckinght Trucking</u> <u>roduct M</u>	is occupation employment ng king anufacturing /holesalers ractors	i, see the in this c Em	bccupation ploymen 602,170 220,450 77,850 63,730	n: Hourly r wag \$19.1 \$17.7 \$16.6 \$19.4	nean e 2 78 57	Annual mean wage \$39,760 \$36,980 \$34,670 \$40,500
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to t	he OES pdate	Industries with the Gene Specia Cement and Co Grocery and Other Spe	e highest Indus eral Freigh lized Frei poncrete Pr Related P ecialty Tra ries for th Indus	ent in thi levels of try <u>at Trucking</u> <u>ade Trucking</u> <u>roduct Made Cont</u> is occupa try	is occupation employment <u>ng</u> <u>king</u> <u>anufacturing</u> <u>/holesalers</u> <u>ractors</u> ation:	Em	aploymen 602,170 220,450 77,850 63,730 47,770	Hourly r Hourly r \$19.1 \$19.1 \$17.7 \$16.6 \$19.4 \$16.8 Hourly r	nean e 2 78 67 67 67 60 80 80 80 80 80 80 80 80 80 80 80 80 80	Annual mean wage \$39,760 \$36,980 \$34,670 \$40,500 \$34,940 Annual mean
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ome	Subjects	Data Tools	Publicat	ions	Economic	Releas	1	tudents Be	ta			
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ROWSE C	DES	Occupatio	nal E	mplo	yment	and \	Wage	s, May 20	08			
ES HOME					-		-	-				
ES OVERV	/IEW	53-3032 Tr		livers	, neavy	anu	Tacio	I-ITallel				
ES NEWS	RELEASES	Drive a tractor-trailer combination or a truck with a capacity of at least 26,000 GVW, to transport and										
S DATA		-			-		-		uired to unload truck			
S CHART	ſS	May require use o	of automa	ted routi	ng equipmer	it. Requir	es comme	ercial drivers' licei	nse.			
S MAPS		National estimates			<u>on</u>							
S PUBLIC	CATIONS	Industry profile for the State profile for t										
S DATAB	BASES	Metropolitan area			cupation							
s faqs												
NTACT C	DES	National estima	tes for t	his occı	upation: To	q						
RCH OE	ES	Employment estin			· —		occupatio	n:				
S TOPIC	Go CS	Employment (1		yment (<u>3)</u>	Mean hour wage	-	annual ge <u>(2)</u>	Wage RSE <u>(3)</u>				
SPONDE	NTS	1,672,580	0.6	5%	\$18.62	\$3	8,720	0.2 %				
CUMENT	ATION	Percentile wage e	stimates	for this o	ccupation:							
ECIAL NO	DTICES		1		F 00/			1				
LATED LI	INKS	Percentile	10%	25%	50% (Median)	75%	90%					
		Hourly Wage	\$11.63	\$14.21	\$17.92	\$22.56	\$27.07					
		Annual Wage (2)	\$24,190	\$29,560) \$37,270	\$46,920	\$56,300	1				
to t	bscribe he OES pdate	Industry profile Industries with th all industries with Industries with th	e highest employm	publishe lent in th levels of	d employme	n, see the	e <u>Create C</u>	Lustomized Tables	-			
		Gen	eral Freig	ht Trucki	na		598,320	\$19.55	\$40,660			
			alized Frei				217,440	\$18.28	\$38,030			
		Cement and C					72,580	\$17.20	\$35,770			
Email Address GO		Grocery and	d Related	Product		·	67,590	\$20.17	\$41,950			
nail Addre		wholesalers										
nail Addre		Other Sp	Other Specialty Trade Contractors 45,890 \$17.51 \$36,420 Top paying industries for this occupation:									
nail Addre			ecialty Tr	ade Cont			45,890	\$17.51	\$36,420			
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Staff Exhibit 7

									S						8
	PLAIN SKIM	1.73 0.90 0.46	1.86 0.95 0.49	1.97 1.00 0.53	1.97 0.98 0.50	1.92 0.99 0.51	1.97 1.02 0.52		ING AREAS			T	X		Staff Exhibit 8
OF STORE	.5% & UNDER 2%	1.94	2.00 1.02 0.53	2.11 1.07 0.56	2.14 1.06 0.55	2.05 1.06 0.54	2.09 1.08 0.55		MILK MARKETING				P	and the second s	DISCOUNT.
RETAIL OUT OF	2% & UNDER 3.25%	2.04 1.03 0.53	2.10 1.07 0.55	2.17 1.10 0.58	2.20 1.09 0.56	2.15 1.11 0.57	2.19 1.13 0.58	(2)	MILF	d a			5	ATTEN STORE	PER.
	HOMO 4% & UNDER	2.10 1.07 0.55	2.17 1.10 0.57	2.21 1.11 0.59	2.25 1.12 0.57	2.20 1.13 0.58	2.25 1.16 0.59	S AVAILABLE	receive:	eceive:	e dock:	e dock:	receive:	eceive:	ARTS ARE IN 45 FOR EACH
RESALE PRICES (1) DECEMBER 1990	PLAIN SKIM	1.6968 0.8813 0.4555	1.8267 0.9305 0.4814	1.8692 0.9291 0.4728	1.9349 0.9602 0.4929	1.8228 0.9434 0.4857	1.8667 0.9652 0.4986	E DISCOUNT	es may tts/wk qts/wk	ies may r qts/wk	ing up at the 18% 20%	ing up at the 20%	entities may r ⁱ 0,000 qts/wk.	entities may re ,000 qts/wk	GALLONS & QUARTS AR QUAL IF ICAT IONS FOR
RE	.5% & UNDER 2%	1.9111 0.9886 0.5090	1.9719 1.0032 0.5176	2.0344 1.0625 0.5415	2.1032 1.0444 0.5350	1.9480 1.0060 0.5170	1.9913 1.0276 0.5298	MAJOR WHOLES	JOR WHOU -store s of 1(ss of 1('del & over 16% multi-store entit veries of 100,000	stomers picking qts/pickup 18% ckup & over 20%	customers pick qts/pickup & over 23%	i-store e es of 100 i-store e es of 25,		PLAS C, HALF E DI ILS AND
WHOLESALE	2% & UNDER 3.25%	2.0108 1.0195 0.5247	2.0743 1.0543 0.5433	2.1348 1.0705 0.5435	2.1574 1.0715 0.5486	2.0492 1.0566 0.5423	2.0916 1.0777 0.5549		Qualified multi 1% on deliverie 2% on deliverie	2,500 qts/del & Qualified multi- 2% on deliveries	Wholesale customer 800 - 1,999 qts/pi 2,000 qts/pickup &	Wholesale cu 200 - 999 qt qts/pickup & o	Qualified mu 2% on delive	Qualified mult 2% on deliveri	ORDERS FOR COMPLETE
	HOMO 4% & UNDER	2.0724 1.0501 0.5401	2.1388 1.0866 0.5594	2.1900 1.0902 0.5540	2.2129 1.0992 0.5624	2.1007 1.0824 0.5551	2.1466 1.1052 0.5686	-	del 4%	ر del 13%	del 4%	1 15% 1 over 18% 1 1,000 q1	2017 tr	7.5% er 10.5%	RAL ORDERS F
	CONTAINER	GALLON HALF GAL QUART		- 699 qts/del - 1,199 qts/del 00 qts/del & over	- 499 qts/del - 999 qts/del 00 - 2,499 qts,	- 249 qts/ qts/del &	999 qts/de qts/dei &	qts/del & over - 1,399 qts/del 00 qts/del & over	200 - 499 qts/del 500 qts/del & OVER 1,000 qts/del & ov	GALLON PRICES ARE OFFICIAL GENERAL					
	EA SCH	<u>י ג</u>	IW F	MS 10	MM 10	0 0 F	MN 10		400 - 700 - 1,200	200 - 500 - 1,000	250	1,000	1,400 q1 700 - 1,400	2000 - 2000 -	ALL SEE
	AREA	-	0	m	±	l n	0			N	m		l n	0	ES S

COMMONWEALTH OF PENNSYLVANIA MILK MARKETING BOARD PENNSYLVANIA MILK MARKETING AREAS



MAJOR WHOLESALE DISCOUNTS AVAILABLE /1/

	Wholesal	9	Multi-Store	Dock Pickup by S	tores
1	min 400 qts/delivery min 700 qts/delivery	4% 7% 13%	Multi-store groups take an additional: min 10,000 qts/wk 1% min 100,000 qts/wk 2%	min 4,000 qts/pickup	21%
2	min 1,200 qts/delivery min 200 qts/delivery min 500 qts/delivery min 700 qts/delivery min 1,000 qts/delivery	3.5% 6.5% 9.5% 11.5%	Multi-store groups take an additional: min 100,000 qts/wk 2%	min 800 qts/pickup min 2,500 qts/pickup min 4,000 qts/pickup	18% 20% 21%
3	min 200 qts/delivery min 200 qts/delivery min 400 qts/delivery min 600 qts/delivery	4% 9% 13%	Multi-store groups take an additional: min 25,000 qts/wk 2%	min 2,000 qts/pickup	20.5%
4	min 200 qts/delivery min 500 qts/delivery min 1,000 qts/delivery	\$0.0223/qt \$0.0764/qt \$0.1010/qt	Multi-store groups take an additional: min 200,000 qts/wk 1%	min 1,000 qts/pickup min 2,000 qts/pickup	20% 23%
5	min 400 qts/delivery min 700 qts/delivery min 1,400 qts/delivery	4% 7% 10%	Multi-store groups take an additional: min 30,000 qts/wk 2%	min 1,700 qts/pickup min 4,000 qts/pickup	15% 18%
6	min 200 qts/delivery min 500 qts/delivery min 1,000 qts/delivery	4% 7.5% 10.5%	Multi-store groups take an additional: min 25,000 qts/wk 2%	min 1,000 qts/pickup min 2,000 qts/pickup	15% 18%

 /1/ See Official General Orders for complete details and qualifications for each Milk Marketing Area and discount catagory.
 www.mmb.state.pa.us
 (Use the "Legal" tab to access Official General Orders)

Staff Exhibit 9