

STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD
COST REPLACEMENT HEARING – MILK MARKETING AREA 3
January 6, 2016

Staff Surrebuttal 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 Surrebuttal 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' 2014 information contains the same companies as presented in the previous Area 3 cost replacement hearing information. This year, the cross-section data represents over sixty-six 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 such as schools, restaurants, convenience stores, and supermarkets 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.

Good morning. My name is Gary Gojsovich. I am employed by the Pennsylvania Milk Marketing Board as an Audit Supervisor. This morning I will be testifying to Staff Surrebuttal Exhibits 2 through 11.

Staff Surrebuttal Exhibit 2

Staff Surrebuttal Exhibit 2 provides information about the average weighted cost for processing, packaging and delivering milk for the Area 3 cross-section milk dealers. For each of the major cost centers listed in this exhibit, 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 volumes in this exhibit are stated in points (where a point equals a quart or quart equivalent). All costs and points are weighted using the sales weighting method. For example, if a dealer has 25% of their sales in Area 3 then we include 25% of their costs and 25% of their points in the Area 3 cost centers.

Staff recommends that the Board replace the costs in the current Order with those costs 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. We initially use the costs of the cross-section dealers for plastic containers, paper containers and resin as of April 2015 to calculate weighted cost per units. 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 2015 costs to the costs observed in our most current container surveys in Column F (December 2015). In Column G we are applying factors for container shrinkage. Column H 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 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 2014 sales activity with April 2015 costs to get current weighted costs.

Staff recommends replacing the current ingredient costs with those found in Staff Surrebuttal Exhibit 4. Staff further recommends the continuance of updating chocolate and sweetener costs quarterly.

Staff Surrebuttal Exhibit 5

Dealers typically sell off excess bulk milk and cream they are unable to use in their own plants and they will recognize either a profit or a loss on these sales. Dealers also lose small amounts of milk as the milk moves through the plant; this loss is called shrinkage and it has a cost associated with it.

Row 1 shows the calculation for shrinkage cost. Column G shows the weighted costs using the sales weighting methodology.

Rows 2, 3 and 5 show calculations for determining profits and/or losses on diverted or transferred sales of bulk milk and cream. Dealers incur additional costs to process and sell transferred milk and cream (Column E). We add these additional processing costs to the producer costs in Column D to determine if the dealers made a profit or loss on the transactions.

The costs in the top panel are summarized in Column H. We divide these costs by the number of pounds of product sold or manufactured by the dealers (net of purchased packaged products) as 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 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 container. 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 we show the actual pounds of the Class I products (Columns A and B) sold by the cross-section dealers in this Area. We have labeled the columns A through K and show how we arrive at the cost per pound for each of the products in the table.

Staff recommends that the Board continue to use this methodology for establishing the before-bottling costs.

Staff Surrebuttal Exhibit 7

In Staff Surrebuttal Exhibit 7 we compare the costs and related plant volumes for three significant categories (labor, utilities, and insurance) for the 1st half of Year 2015 with the 1st half of 2014 to update the cost per point from Staff Surrebuttal Exhibit 2. We use bottling points as the denominator for this exhibit as they are a good measure of the plants' overall volume or activity. In columns A and B, we list the first half-year costs for 2015 and 2014 for each of the cost categories. In the next two columns, we list the bottling points for 2015 and 2014 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 first half cost adjustment in the current Order with the adjustment per Staff Surrebuttal Exhibit 7.

Staff Surrebuttal Exhibit 8

In Staff Surrebuttal Exhibit 8 we update diesel fuel costs from the previous year (Year 2014) by indexing to diesel prices for the most current month (October 2015). Line 1 shows the weighted cost for diesel fuel for the cross-section dealers for Year 2014. Line 2 is the Year 2014 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 2014 to the current price. Using the percentage of change on line 4, line 5 shows the current presumed diesel cost. 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 2013 points and costs with the Year 2014 points and costs found in Staff Surrebuttal Exhibit 8.

Staff Surrebuttal Exhibit 9

Staff has calculated the current heating fuel add-on using the same methodology as in Staff Surrebuttal Exhibit 8 except here we are using Standardization and Pasteurization points and the Pennsylvania Natural Gas Industrial price as posted by the EIA. Staff recommends that the Board continue to include this adjustment in the cost replacement process. Staff also recommends that the Board replace the 2013 points and costs with the 2014 points and costs found in this exhibit.

Staff Surrebuttal Exhibit 10

Staff Surrebuttal Exhibit 10 summarizes the information from all previous Exhibits and data from the base Order to arrive at proposed wholesale prices.

Column A is the milk cost from Staff Surrebuttal Exhibit 6 which provides the milk cost per pound. We multiply the milk cost per pound by the number of pounds per container.

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 OGO A-972 for the 'Discount Effect'.

Column D is the container efficiency adjustment from the base order.

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.

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 applicable discounts can be deducted.

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 the 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 from the current general price 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.

| THANK YOU.

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 ^{(1) (2)}

Standard Milk	27.90
Flavored Milk	2.26
Egg Nog	0.56
Reduced Fat Flavored Milk	6.63
Nonfat Flavored Milk	5.72
Reduced Fat Milk	30.38
Low Fat Milk	12.62
Buttermilk	1.16
Nonfat Milk	<u>12.77</u>
	<u>100.0%</u>

PERCENTAGE OF CLASS I MILK SALES FOR CROSS SECTION DEALERS SELLING IN PMMB AREA 3 ^{(1) (2) (3)}

Standard Milk	29.78
Flavored Milk	2.76
Egg Nog	0.36
Reduced Fat Flavored Milk	3.75
Nonfat Flavored Milk	7.65
Reduced Fat Milk	29.18
Low Fat Milk	13.05
Buttermilk	0.65
Nonfat Milk	<u>12.82</u>
	<u>100.0%</u>

⁽¹⁾ Source - Pennsylvania Milk Marketing Board's Milk Dealer's Monthly Report, calendar year 2014.

⁽²⁾ Pounds of milk used in deriving percentages.

⁽³⁾ The Area 3 cross section dealers contribute 66.4% of the total milk to this area.

* Clover Farms Dairy Company

* Dan Ed Corporation (trading as Guers Dairy)

* Dean Dairy Holdings Inc. (doing business as Swiss Premium Dairy)

* Monroe County Milk Producers Coop (doing business as Pocono Mountain Dairy)

* Schneider-Valley Farms

* Turkey Hill LP

* Tuscan/Lehigh Valley Dairies, Inc. (Schuylkill Haven Location)

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

**COSTS AND POINTS FOR PROCESSING, PACKAGING & DELIVERY
YEAR 2014 DATA**

Cost Center	Weighted Costs	Weighted Points	Cost per Point
Receiving, Lab & Field Work	\$ 1,447,500	101,740,967	\$ 0.0142
Standardization & Pasteurization	\$ 2,519,819	137,219,137	\$ 0.0184
Bottling	\$ 4,716,524	135,014,930	\$ 0.0349
Cold Room	\$ 5,863,035	145,076,862	\$ 0.0404
Delivery	\$ 14,820,897	112,019,226	\$ 0.1323
Selling	\$ 2,570,101	110,128,192	\$ 0.0233

Total Cost per Point \$ 0.2635

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

**CONTAINER COSTS
YEAR 2014 UNITS (@ APRIL 2015 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 DEC-2015) Cost per Unit	Weighted Shrinkage Factor (%)	Adjusted for Shrinkage Cost per Unit
Gallon - Plastic	Blow Molded	\$ 1,021,309	5,991,136	\$ 0.1705			
Gallon - Plastic	Purchased	\$ 1,208,432	5,172,996	\$ 0.2336			
Gallon Combined		\$ 2,229,741	11,164,132	\$ 0.1997	\$ 0.1936	1.66%	\$ 0.1968
Half Gallon - Plastic	Purchased	\$ 1,365,677	9,093,534	\$ 0.1502			
Half Gallon - Paper	Purchased	\$ 157,777	1,064,693	\$ 0.1482			
Half Gallon Combined		\$ 1,523,454	10,158,227	\$ 0.1500	\$ 0.1351	1.22%	\$ 0.1367
Quart - Plastic	Purchased	\$ 319,662	2,416,563	\$ 0.1323			
Quart - Paper	Purchased	\$ 160,942	1,802,209	\$ 0.0893			
Quart Combined		\$ 480,604	4,218,772	\$ 0.1139	\$ 0.1144	1.57%	\$ 0.1162
Pint - Plastic	Purchased	\$ 279,912	2,618,932	\$ 0.1069			
Pint - Paper	Purchased	\$ 147,805	2,522,625	\$ 0.0586			
Pint Combined		\$ 427,717	5,141,557	\$ 0.0832	\$ 0.0807	1.62%	\$ 0.0820
12 Ounce	Purchased			\$ 0.0630	\$ 0.0630		\$ 0.0630
10 Ounce	Purchased	\$ 7,140	121,548	\$ 0.0587	\$ 0.0587		\$ 0.0587
Half Pint - Plastic	Purchased	\$ 85,939	1,227,698	\$ 0.0700	\$ 0.0684	0.92%	\$ 0.0690
Half Pint - Paper	Purchased	\$ 1,453,254	49,031,420	\$ 0.0296	\$ 0.0290	0.85%	\$ 0.0292
4 Ounce	Purchased	\$ 79,590	2,981,561	\$ 0.0267	\$ 0.0267	1.53%	\$ 0.0271
Bulk Per Quart	Purchased	\$ 101,514	2,392,208	\$ 0.0424	\$ 0.0424	1.30%	\$ 0.0430

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 3

COSTS AND POINTS FOR INGREDIENTS, CONDENSED & POWDER
YEAR 2014 POUNDS (@ APRIL 2015 COSTS)

Product	Weighted Cost	Weighted Pounds	Cost per Pound
Standard (Whole) Milk	\$ 1,527	51,819,228	\$ -
Reduced Fat (2%) Milk	\$ 12,624	49,592,078	\$ 0.0003
Low Fat (1%) Milk	\$ 5,753	27,981,632	\$ 0.0002
Non Fat (Skim) Milk	\$ 39,753	23,856,631	\$ 0.0017
Flavored Milk	\$ 131,318	3,775,739	\$ 0.0348
Flavored Reduced Fat Milk	\$ 239,694	7,422,718	\$ 0.0323
Flavored NONFAT Milk	\$ 352,160	12,189,044	\$ 0.0289
Buttermilk	\$ 1,990	100,287	\$ 0.0198
Egg Nog	\$ 164,697	1,082,578	\$ 0.1521

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

**COSTS AND (REVENUES) FOR SHRINKAGE AND BULK SALES
YEAR 2014 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	Shrinkage	13,762,529	713,271	n/a	\$ 3,691,722	n/a	\$ 3,691,722	\$ 692,086
2	Bulk MILK - diverted	33,958,583	1,331,897	\$ 8,554,782	\$ 8,186,894	n/a	\$ (367,888)	\$ (63,979)
3	Bulk MILK - transferred	30,283,671	912,073	\$ 7,693,666	\$ 6,688,301	\$ 714,595	\$ (290,770)	\$ (11,958)
4	Bulk MILK - TOTAL (Rows 2 + 3)	64,242,254	2,243,970	\$ 16,248,448	\$ 14,875,195	\$ 714,595	\$ (658,658)	\$ (75,937)
5	Bulk CREAM - transferred	30,915,623	13,432,176	\$ 37,109,809	\$ 33,745,010	\$ 716,450	\$ (2,648,349)	\$ (649,869)

	H	I	J
			(H ÷ I)
Cost/(Revenue) Factor	Weighted Costs	Weighted Pounds	Weighted Cost per Pound
6 Shrinkage (Row 1)	\$ 692,086		
7 Bulk MILK (Profit)/Loss (Row 4)	\$ (75,937)		
8 Bulk CREAM (Profit)/Loss (Row 5)	\$ (649,869)		
9 Total	\$ (33,720)	198,320,141	\$ (0.0002)

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

**MILK COSTS BEFORE PACKAGING
DECEMBER 2015 MILK COSTS**

	Class 1
Skim Rate	\$ 11.04
Butterfat Rate	\$ 3.1547

Product Description	A	B	C	D	E	F	G	H	I	J	K
	Product Pounds	Butterfat Pounds	(B ÷ A)	(A - B)	(B × BF Rate)	(D × Skim Rate)	(E + F)	(G ÷ A)	(EX. 4)	(EX. 5)	(H + I + J)
			Percentage	Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound
Standard (Whole) Milk	51,819,228	1,688,798	3.2590%	50,130,430	\$ 5,327,651	\$ 5,534,399	\$ 10,862,051	\$ 0.2096	\$ -	\$ (0.0002)	\$ 0.2094
Reduced Fat (2%) Milk	49,592,078	959,086	1.9340%	48,632,992	\$ 3,025,629	\$ 5,369,082	\$ 8,394,711	\$ 0.1693	\$ 0.0003	\$ (0.0002)	\$ 0.1694
Low Fat (1%) Milk	27,981,632	269,195	0.9620%	27,712,437	\$ 849,229	\$ 3,059,453	\$ 3,908,683	\$ 0.1397	\$ 0.0002	\$ (0.0002)	\$ 0.1397
Non Fat (Skim) Milk	23,856,631	23,367	0.0979%	23,833,264	\$ 73,716	\$ 2,631,192	\$ 2,704,908	\$ 0.1134	\$ 0.0017	\$ (0.0002)	\$ 0.1149
Flavored Milk	3,775,739	118,724	3.1444%	3,657,015	\$ 374,539	\$ 403,734	\$ 778,273	\$ 0.2061	\$ 0.0348	\$ (0.0002)	\$ 0.2407
Flavored Reduced Fat Milk	7,422,718	93,608	1.2611%	7,329,110	\$ 295,305	\$ 809,134	\$ 1,104,439	\$ 0.1488	\$ 0.0323	\$ (0.0002)	\$ 0.1809
Flavored NONFAT Milk	12,189,044	9,534	0.0782%	12,179,510	\$ 30,077	\$ 1,344,618	\$ 1,374,695	\$ 0.1128	\$ 0.0289	\$ (0.0002)	\$ 0.1415
Buttermilk	100,287	3,811	3.8001%	96,476	\$ 12,023	\$ 10,651	\$ 22,674	\$ 0.2261	\$ 0.0198	\$ (0.0002)	\$ 0.2457
Egg Nog	1,082,578	77,030	7.1154%	1,005,548	\$ 243,007	\$ 111,012	\$ 354,019	\$ 0.3270	\$ 0.1521	\$ (0.0002)	\$ 0.4789

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

**COST UPDATE ADJUSTMENT
1ST HALF COMPARISON (Year 2015 vs. Year 2014)**

A	B	C	D	E	F	G
				(A ÷ C)	(B ÷ D)	(E - F)
1 ST HALF EXPENSES		1 ST HALF POINTS		1 ST HALF COST per POINT		INCREASE
2015	2014	2015	2014	2015	2014	(DECREASE)

WEIGHTED LABOR COSTS	\$ 10,106,637	\$ 9,878,999	71,320,715	71,328,875	\$ 0.1417	\$ 0.1385	\$ 0.0032
WEIGHTED UTILITY COSTS	\$ 587,189	\$ 682,313	71,320,715	71,328,875	\$ 0.0082	\$ 0.0096	\$ (0.0014)
WEIGHTED INSURANCE COSTS	\$ 316,481	\$ 328,089	71,320,715	71,328,875	\$ 0.0044	\$ 0.0046	\$ (0.0002)

COST UPDATE ADJUSTMENT per BOTTLING POINT **\$ 0.0016**

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 3

Diesel Fuel Costs Adjustment

Update of Diesel Fuel Costs from YEAR 2014 to OCTOBER 2015

1. Weighted Diesel Fuel Costs - YEAR 2014	\$	2,249,415
2. Average On-Highway Diesel Price per Gallon - YEAR 2014 (1)	\$	3.987
3. On-Highway Diesel Price per Gallon - OCTOBER 2015 (1)	\$	2.639
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		-33.81%
5. Presumed Diesel Fuel Costs - OCTOBER 2015 ((Line 1 X Line 4) + Line 1)	\$	<u>1,488,890</u>
6. Change in Diesel Fuel Costs from YEAR 2014 to OCTOBER 2015 (Line 5 - Line 1)	\$	(760,525)
7. Weighted Delivery Points - YEAR 2014		<u>112,019,226</u>
8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)	\$	<u><u>(0.0068)</u></u>

Footnote:

- 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

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 3

Heating Fuel Costs Adjustment

Update of Heating Fuel Costs from YEAR 2014 to AUGUST 2015

1. Weighted Heating Fuel Costs - YEAR 2014	\$	316,701
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2014 (1)	\$	10.19
3. Pennsylvania Average Natural Gas Price - Industrial - AUGUST 2015 (1)	\$	11.12
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		9.13%
5. Presumed Heating Fuel Costs - AUGUST 2015 ((Line 1 X Line 4) + Line 1)	\$	<u>345,616</u>
6. Change in Heating Fuel Costs from YEAR 2014 to AUGUST 2015 (Line 5 - Line 1)	\$	28,915
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2014		<u>137,219,137</u>
8. Change in Heating Fuel Costs per S&P Point (Line 6 ÷ Line 7)	\$	<u><u>0.0002</u></u>

Footnote:

- 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 2015 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	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	\$ 1.8008	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.9128	\$ 0.1025	\$ 3.0153	\$ (0.4992)	\$ 0.9448	\$ 3.4609	\$ 3.4263	\$ 0.0346
	Half Gallon	\$ 0.9004	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.4881	\$ 0.0524	\$ 1.5405	\$ (0.2496)	\$ 0.4724	\$ 1.7633	\$ 1.7562	\$ 0.0071
	Quart	\$ 0.4502	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.8375	\$ 0.0295	\$ 0.8670	\$ (0.1248)	\$ 0.2362	\$ 0.9784	\$ 0.9633	\$ 0.0151
	Pint	\$ 0.2251	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.4739	\$ 0.0167	\$ 0.4906	\$ (0.0624)	\$ 0.1181	\$ 0.5463	\$ 0.5433	\$ 0.0030
	12 Ounce	\$ 0.1688	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3687	\$ 0.0130	\$ 0.3817	\$ (0.0468)	\$ 0.0886	\$ 0.4235	\$ 0.4205	\$ 0.0030
	10 Ounce	\$ 0.1407	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.3234	\$ 0.0114	\$ 0.3348	\$ (0.0390)	\$ 0.0738	\$ 0.3696	\$ 0.3626	\$ 0.0070
	Half Pint	\$ 0.1126	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.2243	\$ 0.0079	\$ 0.2322	\$ (0.0312)	\$ 0.0591	\$ 0.2601	\$ 0.2590	\$ 0.0011
	4 ounce	\$ 0.0563	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1448	\$ 0.0051	\$ 0.1499	\$ (0.0156)	\$ 0.0295	\$ 0.1638	\$ 0.1634	\$ 0.0004
	Dispenser	\$ 0.4502	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.7450	\$ 0.0262	\$ 0.7712	\$ (0.1248)	\$ 0.2362	\$ 0.8826	\$ 0.8739	\$ 0.0087
REDUCED FAT (2%) MILK	Gallon	\$ 1.4602	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.5722	\$ 0.0905	\$ 2.6627	\$ (0.4992)	\$ 0.9448	\$ 3.1083	\$ 3.0852	\$ 0.0231
	Half Gallon	\$ 0.7301	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.3178	\$ 0.0464	\$ 1.3642	\$ (0.2496)	\$ 0.4724	\$ 1.5870	\$ 1.5857	\$ 0.0013
	Quart	\$ 0.3651	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.7524	\$ 0.0265	\$ 0.7789	\$ (0.1248)	\$ 0.2362	\$ 0.8903	\$ 0.8781	\$ 0.0122
	Pint	\$ 0.1825	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.4313	\$ 0.0152	\$ 0.4465	\$ (0.0624)	\$ 0.1181	\$ 0.5022	\$ 0.5006	\$ 0.0016
	12 Ounce	\$ 0.1369	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3368	\$ 0.0119	\$ 0.3487	\$ (0.0468)	\$ 0.0886	\$ 0.3905	\$ 0.3885	\$ 0.0020
	10 Ounce	\$ 0.1141	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.2968	\$ 0.0104	\$ 0.3072	\$ (0.0416)	\$ 0.0787	\$ 0.3443	\$ 0.3360	\$ 0.0083
	Half Pint	\$ 0.0913	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.2030	\$ 0.0071	\$ 0.2101	\$ (0.0312)	\$ 0.0591	\$ 0.2380	\$ 0.2376	\$ 0.0004
	4 ounce	\$ 0.0456	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1341	\$ 0.0047	\$ 0.1388	\$ (0.0156)	\$ 0.0295	\$ 0.1527	\$ 0.1527	\$ -
	Dispenser	\$ 0.3651	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.6599	\$ 0.0232	\$ 0.6831	\$ (0.1248)	\$ 0.2362	\$ 0.7945	\$ 0.7887	\$ 0.0058
LOWFAT (1%) MILK	Gallon	\$ 1.2042	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.3162	\$ 0.0815	\$ 2.3977	\$ (0.4992)	\$ 0.9448	\$ 2.8433	\$ 2.8113	\$ 0.0320
	Half Gallon	\$ 0.6021	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.1898	\$ 0.0419	\$ 1.2317	\$ (0.2496)	\$ 0.4724	\$ 1.4545	\$ 1.4488	\$ 0.0057
	Quart	\$ 0.3011	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.6884	\$ 0.0242	\$ 0.7126	\$ (0.1248)	\$ 0.2362	\$ 0.8240	\$ 0.8095	\$ 0.0145
	Pint	\$ 0.1505	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.3993	\$ 0.0141	\$ 0.4134	\$ (0.0624)	\$ 0.1181	\$ 0.4691	\$ 0.4664	\$ 0.0027
	12 Ounce	\$ 0.1129	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3128	\$ 0.0110	\$ 0.3238	\$ (0.0468)	\$ 0.0886	\$ 0.3656	\$ 0.3628	\$ 0.0028
	10 Ounce	\$ 0.0941	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.2768	\$ 0.0097	\$ 0.2865	\$ (0.0416)	\$ 0.0787	\$ 0.3236	\$ 0.3146	\$ 0.0090
	Half Pint	\$ 0.0753	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.1870	\$ 0.0066	\$ 0.1936	\$ (0.0312)	\$ 0.0591	\$ 0.2215	\$ 0.2204	\$ 0.0011
	4 ounce	\$ 0.0376	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1261	\$ 0.0044	\$ 0.1305	\$ (0.0156)	\$ 0.0295	\$ 0.1444	\$ 0.1441	\$ 0.0003
	Dispenser	\$ 0.3011	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.5959	\$ 0.0210	\$ 0.6169	\$ (0.1248)	\$ 0.2362	\$ 0.7283	\$ 0.7202	\$ 0.0081
NONFAT (SKIM) MILK	Gallon	\$ 0.9916	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.1036	\$ 0.0740	\$ 2.1776	\$ (0.4992)	\$ 0.9448	\$ 2.6232	\$ 2.5957	\$ 0.0275
	Half Gallon	\$ 0.4958	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.0835	\$ 0.0381	\$ 1.1216	\$ (0.2496)	\$ 0.4724	\$ 1.3444	\$ 1.3409	\$ 0.0035
	Quart	\$ 0.2479	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.6352	\$ 0.0224	\$ 0.6576	\$ (0.1248)	\$ 0.2362	\$ 0.7690	\$ 0.7556	\$ 0.0134
	Pint	\$ 0.1239	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.3727	\$ 0.0131	\$ 0.3858	\$ (0.0624)	\$ 0.1181	\$ 0.4415	\$ 0.4394	\$ 0.0021
	12 Ounce	\$ 0.0930	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.2929	\$ 0.0103	\$ 0.3032	\$ (0.0468)	\$ 0.0886	\$ 0.3450	\$ 0.3426	\$ 0.0024
	10 Ounce	\$ 0.0775	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.2602	\$ 0.0092	\$ 0.2694	\$ (0.0416)	\$ 0.0787	\$ 0.3065	\$ 0.2978	\$ 0.0087
	Half Pint	\$ 0.0620	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.1737	\$ 0.0061	\$ 0.1798	\$ (0.0312)	\$ 0.0591	\$ 0.2077	\$ 0.2070	\$ 0.0007
	4 ounce	\$ 0.0310	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1195	\$ 0.0042	\$ 0.1237	\$ (0.0156)	\$ 0.0295	\$ 0.1376	\$ 0.1374	\$ 0.0002
	Dispenser	\$ 0.2479	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.5427	\$ 0.0191	\$ 0.5618	\$ (0.1248)	\$ 0.2362	\$ 0.6732	\$ 0.6663	\$ 0.0069

Footnote:
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0094 per quart equivalent.

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

**WHOLESALE PRICE BUILDUP
DECEMBER 2015 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	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	\$ 1.9256	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 3.0376	\$ 0.1069	\$ 3.1445	\$ (0.4992)	\$ 0.9448	\$ 3.5901	\$ 3.6366	\$ (0.0465)
	Half Gallon	\$ 0.9628	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.5505	\$ 0.0546	\$ 1.6051	\$ (0.2496)	\$ 0.4724	\$ 1.8279	\$ 1.8614	\$ (0.0335)
	Quart	\$ 0.4814	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.8687	\$ 0.0306	\$ 0.8993	\$ (0.1248)	\$ 0.2362	\$ 1.0107	\$ 1.0159	\$ (0.0052)
	Pint	\$ 0.2407	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.4895	\$ 0.0172	\$ 0.5067	\$ (0.0624)	\$ 0.1181	\$ 0.5624	\$ 0.5696	\$ (0.0072)
	12 Ounce	\$ 0.1805	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3804	\$ 0.0134	\$ 0.3938	\$ (0.0468)	\$ 0.0886	\$ 0.4356	\$ 0.4402	\$ (0.0046)
	10 Ounce	\$ 0.1504	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.3331	\$ 0.0117	\$ 0.3448	\$ (0.0416)	\$ 0.0787	\$ 0.3819	\$ 0.3791	\$ 0.0028
	Half Pint	\$ 0.1204	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.2321	\$ 0.0082	\$ 0.2403	\$ (0.0312)	\$ 0.0591	\$ 0.2682	\$ 0.2721	\$ (0.0039)
	4 ounce	\$ 0.0602	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1487	\$ 0.0052	\$ 0.1539	\$ (0.0156)	\$ 0.0295	\$ 0.1678	\$ 0.1699	\$ (0.0021)
	Dispenser	\$ 0.4814	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.7762	\$ 0.0273	\$ 0.8035	\$ (0.1248)	\$ 0.2362	\$ 0.9149	\$ 0.9265	\$ (0.0116)
FLAVORED REDUCED FAT MILK	Gallon	\$ 1.4472	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.5592	\$ 0.0901	\$ 2.6493	\$ (0.4992)	\$ 0.9448	\$ 3.0949	\$ 3.0925	\$ 0.0024
	Half Gallon	\$ 0.7236	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.3113	\$ 0.0462	\$ 1.3575	\$ (0.2496)	\$ 0.4724	\$ 1.5803	\$ 1.5894	\$ (0.0091)
	Quart	\$ 0.3618	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.7491	\$ 0.0264	\$ 0.7755	\$ (0.1248)	\$ 0.2362	\$ 0.8869	\$ 0.8798	\$ 0.0071
	Pint	\$ 0.1809	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.4297	\$ 0.0151	\$ 0.4448	\$ (0.0624)	\$ 0.1181	\$ 0.5005	\$ 0.5016	\$ (0.0011)
	12 Ounce	\$ 0.1357	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3356	\$ 0.0118	\$ 0.3474	\$ (0.0468)	\$ 0.0886	\$ 0.3892	\$ 0.3892	\$ -
	10 Ounce	\$ 0.1131	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.2958	\$ 0.0104	\$ 0.3062	\$ (0.0416)	\$ 0.0787	\$ 0.3433	\$ 0.3367	\$ 0.0066
	Half Pint	\$ 0.0905	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.2022	\$ 0.0071	\$ 0.2093	\$ (0.0312)	\$ 0.0591	\$ 0.2372	\$ 0.2380	\$ (0.0008)
	4 ounce	\$ 0.0452	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1337	\$ 0.0047	\$ 0.1384	\$ (0.0156)	\$ 0.0295	\$ 0.1523	\$ 0.1529	\$ (0.0006)
	Dispenser	\$ 0.3618	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.6566	\$ 0.0231	\$ 0.6797	\$ (0.1248)	\$ 0.2362	\$ 0.7911	\$ 0.7905	\$ 0.0006
FLAVORED NONFAT MILK	Gallon	\$ 1.1320	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 2.2440	\$ 0.0790	\$ 2.3230	\$ (0.4992)	\$ 0.9448	\$ 2.7686	\$ 2.7231	\$ 0.0455
	Half Gallon	\$ 0.5660	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.1537	\$ 0.0406	\$ 1.1943	\$ (0.2496)	\$ 0.4724	\$ 1.4171	\$ 1.4047	\$ 0.0124
	Quart	\$ 0.2830	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.6703	\$ 0.0236	\$ 0.6939	\$ (0.1248)	\$ 0.2362	\$ 0.8053	\$ 0.7875	\$ 0.0178
	Pint	\$ 0.1415	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.3903	\$ 0.0137	\$ 0.4040	\$ (0.0624)	\$ 0.1181	\$ 0.4597	\$ 0.4554	\$ 0.0043
	12 Ounce	\$ 0.1061	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3060	\$ 0.0108	\$ 0.3168	\$ (0.0468)	\$ 0.0886	\$ 0.3586	\$ 0.3546	\$ 0.0040
	10 Ounce	\$ 0.0884	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.2711	\$ 0.0095	\$ 0.2806	\$ (0.0416)	\$ 0.0787	\$ 0.3177	\$ 0.3078	\$ 0.0099
	Half Pint	\$ 0.0708	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.1825	\$ 0.0064	\$ 0.1889	\$ (0.0312)	\$ 0.0591	\$ 0.2168	\$ 0.2150	\$ 0.0018
	4 ounce	\$ 0.0354	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1239	\$ 0.0044	\$ 0.1283	\$ (0.0156)	\$ 0.0295	\$ 0.1422	\$ 0.1414	\$ 0.0008
	Dispenser	\$ 0.2830	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.5778	\$ 0.0203	\$ 0.5981	\$ (0.1248)	\$ 0.2362	\$ 0.7095	\$ 0.6981	\$ 0.0114
BUTTERMILK	Gallon	\$ 2.1130	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 3.2250	\$ 0.1135	\$ 3.3385	\$ (0.4992)	\$ 0.9448	\$ 3.7841	\$ 3.8475	\$ (0.0634)
	Half Gallon	\$ 1.0565	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 1.6442	\$ 0.0579	\$ 1.7021	\$ (0.2496)	\$ 0.4724	\$ 1.9249	\$ 1.9668	\$ (0.0419)
	Quart	\$ 0.5283	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 0.9156	\$ 0.0322	\$ 0.9478	\$ (0.1248)	\$ 0.2362	\$ 1.0592	\$ 1.0685	\$ (0.0093)
	Pint	\$ 0.2641	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.5129	\$ 0.0181	\$ 0.5310	\$ (0.0624)	\$ 0.1181	\$ 0.5867	\$ 0.5960	\$ (0.0093)
	12 Ounce	\$ 0.1981	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.3980	\$ 0.0140	\$ 0.4120	\$ (0.0468)	\$ 0.0886	\$ 0.4538	\$ 0.4600	\$ (0.0062)
	10 Ounce	\$ 0.1651	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.3478	\$ 0.0122	\$ 0.3600	\$ (0.0416)	\$ 0.0787	\$ 0.3971	\$ 0.3956	\$ 0.0015
	Half Pint	\$ 0.1321	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.2438	\$ 0.0086	\$ 0.2524	\$ (0.0312)	\$ 0.0591	\$ 0.2803	\$ 0.2852	\$ (0.0049)
	4 ounce	\$ 0.0660	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.1545	\$ 0.0054	\$ 0.1599	\$ (0.0156)	\$ 0.0295	\$ 0.1738	\$ 0.1765	\$ (0.0027)
	Dispenser	\$ 0.5283	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 0.8231	\$ 0.0290	\$ 0.8521	\$ (0.1248)	\$ 0.2362	\$ 0.9635	\$ 0.9792	\$ (0.0157)

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0094 per quart equivalent.

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

**WHOLESALE PRICE BUILDUP
DECEMBER 2015 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	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)	
EGG NOG	Gallon	\$ 3.8312	\$ 0.1968	\$ (0.0576)	\$ (0.0812)	\$ 1.0540	\$ 4.9432	\$ 0.1740	\$ 5.1172	\$ (0.4992)	\$ 0.9448	\$ 5.5628	\$ 5.6523	\$ (0.0895)
	Half Gallon	\$ 1.9156	\$ 0.1367	\$ (0.0288)	\$ (0.0472)	\$ 0.5270	\$ 2.5033	\$ 0.0881	\$ 2.5914	\$ (0.2496)	\$ 0.4724	\$ 2.8142	\$ 2.8693	\$ (0.0551)
	Quart	\$ 0.9578	\$ 0.1162	\$ (0.0144)	\$ 0.0220	\$ 0.2635	\$ 1.3451	\$ 0.0473	\$ 1.3924	\$ (0.1248)	\$ 0.2362	\$ 1.5038	\$ 1.5198	\$ (0.0160)
	Pint	\$ 0.4789	\$ 0.0820	\$ (0.0072)	\$ 0.0422	\$ 0.1318	\$ 0.7277	\$ 0.0256	\$ 0.7533	\$ (0.0624)	\$ 0.1181	\$ 0.8090	\$ 0.8215	\$ (0.0125)
	12 Ounce	\$ 0.3592	\$ 0.0630	\$ (0.0054)	\$ 0.0435	\$ 0.0988	\$ 0.5591	\$ 0.0197	\$ 0.5788	\$ (0.0468)	\$ 0.0886	\$ 0.6206	\$ 0.6292	\$ (0.0086)
	10 Ounce	\$ 0.2993	\$ 0.0587	\$ (0.0045)	\$ 0.0462	\$ 0.0823	\$ 0.4820	\$ 0.0170	\$ 0.4990	\$ (0.0416)	\$ 0.0787	\$ 0.5361	\$ 0.5366	\$ (0.0005)
	Half Pint	\$ 0.2395	\$ 0.0292	\$ (0.0036)	\$ 0.0202	\$ 0.0659	\$ 0.3512	\$ 0.0124	\$ 0.3636	\$ (0.0312)	\$ 0.0591	\$ 0.3915	\$ 0.3981	\$ (0.0066)
	4 ounce	\$ 0.1197	\$ 0.0271	\$ (0.0018)	\$ 0.0303	\$ 0.0329	\$ 0.2082	\$ 0.0073	\$ 0.2155	\$ (0.0156)	\$ 0.0295	\$ 0.2294	\$ 0.2329	\$ (0.0035)
	Dispenser	\$ 0.9578	\$ 0.0430	\$ (0.0144)	\$ 0.0027	\$ 0.2635	\$ 1.2526	\$ 0.0441	\$ 1.2967	\$ (0.1248)	\$ 0.2362	\$ 1.4081	\$ 1.4304	\$ (0.0223)

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0094 per quart equivalent.

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

**RETAIL PRICE BUILDUP
DECEMBER 2015 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 \$ 0.1285	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
STANDARD (WHOLE) MILK	Gallon	\$ 3.4609	\$ (0.4499)	\$ 0.5140	\$ 0.0978	\$ 3.62	\$ 3.59 \$ 0.03
	Half Gallon	\$ 1.7633	\$ (0.2292)	\$ 0.2570	\$ 0.0497	\$ 1.84	\$ 1.83 \$ 0.01
	Quart	\$ 0.9784	\$ (0.1272)	\$ 0.1285	\$ 0.0272	\$ 1.01	\$ 0.99 \$ 0.02
	Pint	\$ 0.5463	\$ (0.0710)	\$ 0.0643	\$ 0.0150	\$ 0.55	\$ 0.55 \$ -
	12 Ounce	\$ 0.4235	\$ (0.0551)	\$ 0.0482	\$ 0.0116	\$ 0.43	\$ 0.43 \$ -
	10 Ounce	\$ 0.3696	\$ (0.0480)	\$ 0.0402	\$ 0.0100	\$ 0.37	\$ 0.37 \$ -
	Half Pint	\$ 0.2601	\$ (0.0338)	\$ 0.0321	\$ 0.0072	\$ 0.27	\$ 0.26 \$ 0.01
	4 ounce	\$ 0.1638	\$ (0.0213)	\$ 0.0161	\$ 0.0044	\$ 0.17	\$ 0.17 \$ -
	Dispenser	\$ 0.8826	\$ (0.1147)	\$ 0.1285	\$ 0.0249	\$ 0.92	\$ 0.91 \$ 0.01
REDUCED FAT (2%) MILK	Gallon	\$ 3.1083	\$ (0.4041)	\$ 0.5140	\$ 0.0893	\$ 3.31	\$ 3.29 \$ 0.02
	Half Gallon	\$ 1.5870	\$ (0.2063)	\$ 0.2570	\$ 0.0454	\$ 1.68	\$ 1.68 \$ -
	Quart	\$ 0.8903	\$ (0.1157)	\$ 0.1285	\$ 0.0251	\$ 0.93	\$ 0.92 \$ 0.01
	Pint	\$ 0.5022	\$ (0.0653)	\$ 0.0643	\$ 0.0139	\$ 0.52	\$ 0.51 \$ 0.01
	12 Ounce	\$ 0.3905	\$ (0.0508)	\$ 0.0482	\$ 0.0108	\$ 0.40	\$ 0.40 \$ -
	10 Ounce	\$ 0.3443	\$ (0.0448)	\$ 0.0402	\$ 0.0094	\$ 0.35	\$ 0.34 \$ 0.01
	Half Pint	\$ 0.2380	\$ (0.0309)	\$ 0.0321	\$ 0.0066	\$ 0.25	\$ 0.25 \$ -
	4 ounce	\$ 0.1527	\$ (0.0199)	\$ 0.0161	\$ 0.0041	\$ 0.16	\$ 0.16 \$ -
	Dispenser	\$ 0.7945	\$ (0.1033)	\$ 0.1285	\$ 0.0227	\$ 0.84	\$ 0.84 \$ -
LOWFAT (1%) MILK	Gallon	\$ 2.8433	\$ (0.3696)	\$ 0.5140	\$ 0.0829	\$ 3.07	\$ 3.04 \$ 0.03
	Half Gallon	\$ 1.4545	\$ (0.1891)	\$ 0.2570	\$ 0.0422	\$ 1.56	\$ 1.56 \$ -
	Quart	\$ 0.8240	\$ (0.1071)	\$ 0.1285	\$ 0.0235	\$ 0.87	\$ 0.86 \$ 0.01
	Pint	\$ 0.4691	\$ (0.0610)	\$ 0.0643	\$ 0.0131	\$ 0.49	\$ 0.48 \$ 0.01
	12 Ounce	\$ 0.3656	\$ (0.0475)	\$ 0.0482	\$ 0.0102	\$ 0.38	\$ 0.37 \$ 0.01
	10 Ounce	\$ 0.3236	\$ (0.0421)	\$ 0.0402	\$ 0.0089	\$ 0.33	\$ 0.32 \$ 0.01
	Half Pint	\$ 0.2215	\$ (0.0288)	\$ 0.0321	\$ 0.0062	\$ 0.23	\$ 0.23 \$ -
	4 ounce	\$ 0.1444	\$ (0.0188)	\$ 0.0161	\$ 0.0039	\$ 0.15	\$ 0.15 \$ -
	Dispenser	\$ 0.7283	\$ (0.0947)	\$ 0.1285	\$ 0.0211	\$ 0.78	\$ 0.78 \$ -
NONFAT (SKIM) MILK	Gallon	\$ 2.6232	\$ (0.3410)	\$ 0.5140	\$ 0.0776	\$ 2.87	\$ 2.85 \$ 0.02
	Half Gallon	\$ 1.3444	\$ (0.1748)	\$ 0.2570	\$ 0.0396	\$ 1.47	\$ 1.46 \$ 0.01
	Quart	\$ 0.7690	\$ (0.1000)	\$ 0.1285	\$ 0.0221	\$ 0.82	\$ 0.81 \$ 0.01
	Pint	\$ 0.4415	\$ (0.0574)	\$ 0.0643	\$ 0.0124	\$ 0.46	\$ 0.46 \$ -
	12 Ounce	\$ 0.3450	\$ (0.0449)	\$ 0.0482	\$ 0.0097	\$ 0.36	\$ 0.36 \$ -
	10 Ounce	\$ 0.3065	\$ (0.0398)	\$ 0.0402	\$ 0.0085	\$ 0.32	\$ 0.31 \$ 0.01
	Half Pint	\$ 0.2077	\$ (0.0270)	\$ 0.0321	\$ 0.0059	\$ 0.22	\$ 0.22 \$ -
	4 ounce	\$ 0.1376	\$ (0.0179)	\$ 0.0161	\$ 0.0038	\$ 0.14	\$ 0.14 \$ -
	Dispenser	\$ 0.6732	\$ (0.0875)	\$ 0.1285	\$ 0.0198	\$ 0.73	\$ 0.73 \$ -

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

**RETAIL PRICE BUILDUP
DECEMBER 2015 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 \$ 0.1285	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
FLAVORED MILK	Gallon	\$ 3.5901	\$ (0.4667)	\$ 0.5140	\$ 0.1009	\$ 3.74	\$ 3.78 \$ (0.04)
	Half Gallon	\$ 1.8279	\$ (0.2376)	\$ 0.2570	\$ 0.0513	\$ 1.90	\$ 1.93 \$ (0.03)
	Quart	\$ 1.0107	\$ (0.1314)	\$ 0.1285	\$ 0.0280	\$ 1.04	\$ 1.04 \$ -
	Pint	\$ 0.5624	\$ (0.0731)	\$ 0.0643	\$ 0.0154	\$ 0.57	\$ 0.58 \$ (0.01)
	12 Ounce	\$ 0.4356	\$ (0.0566)	\$ 0.0482	\$ 0.0119	\$ 0.44	\$ 0.45 \$ (0.01)
	10 Ounce	\$ 0.3819	\$ (0.0496)	\$ 0.0402	\$ 0.0103	\$ 0.39	\$ 0.38 \$ 0.01
	Half Pint	\$ 0.2682	\$ (0.0349)	\$ 0.0321	\$ 0.0074	\$ 0.27	\$ 0.28 \$ (0.01)
	4 ounce	\$ 0.1678	\$ (0.0218)	\$ 0.0161	\$ 0.0045	\$ 0.17	\$ 0.17 \$ -
	Dispenser	\$ 0.9149	\$ (0.1189)	\$ 0.1285	\$ 0.0257	\$ 0.95	\$ 0.96 \$ (0.01)
FLAVORED REDUCED FAT MILK	Gallon	\$ 3.0949	\$ (0.4023)	\$ 0.5140	\$ 0.0890	\$ 3.30	\$ 3.29 \$ 0.01
	Half Gallon	\$ 1.5803	\$ (0.2054)	\$ 0.2570	\$ 0.0453	\$ 1.68	\$ 1.69 \$ (0.01)
	Quart	\$ 0.8869	\$ (0.1153)	\$ 0.1285	\$ 0.0250	\$ 0.93	\$ 0.92 \$ 0.01
	Pint	\$ 0.5005	\$ (0.0651)	\$ 0.0643	\$ 0.0139	\$ 0.51	\$ 0.51 \$ -
	12 Ounce	\$ 0.3892	\$ (0.0506)	\$ 0.0482	\$ 0.0107	\$ 0.40	\$ 0.40 \$ -
	10 Ounce	\$ 0.3433	\$ (0.0446)	\$ 0.0402	\$ 0.0094	\$ 0.35	\$ 0.34 \$ 0.01
	Half Pint	\$ 0.2372	\$ (0.0308)	\$ 0.0321	\$ 0.0066	\$ 0.25	\$ 0.25 \$ -
	4 ounce	\$ 0.1523	\$ (0.0198)	\$ 0.0161	\$ 0.0041	\$ 0.16	\$ 0.16 \$ -
	Dispenser	\$ 0.7911	\$ (0.1028)	\$ 0.1285	\$ 0.0227	\$ 0.84	\$ 0.84 \$ -
FLAVORED NONFAT MILK	Gallon	\$ 2.7686	\$ (0.3599)	\$ 0.5140	\$ 0.0811	\$ 3.00	\$ 2.96 \$ 0.04
	Half Gallon	\$ 1.4171	\$ (0.1842)	\$ 0.2570	\$ 0.0413	\$ 1.53	\$ 1.52 \$ 0.01
	Quart	\$ 0.8053	\$ (0.1047)	\$ 0.1285	\$ 0.0230	\$ 0.85	\$ 0.84 \$ 0.01
	Pint	\$ 0.4597	\$ (0.0598)	\$ 0.0643	\$ 0.0129	\$ 0.48	\$ 0.47 \$ 0.01
	12 Ounce	\$ 0.3586	\$ (0.0466)	\$ 0.0482	\$ 0.0100	\$ 0.37	\$ 0.37 \$ -
	10 Ounce	\$ 0.3177	\$ (0.0413)	\$ 0.0402	\$ 0.0088	\$ 0.33	\$ 0.32 \$ 0.01
	Half Pint	\$ 0.2168	\$ (0.0282)	\$ 0.0321	\$ 0.0061	\$ 0.23	\$ 0.23 \$ -
	4 ounce	\$ 0.1422	\$ (0.0185)	\$ 0.0161	\$ 0.0039	\$ 0.15	\$ 0.15 \$ -
	Dispenser	\$ 0.7095	\$ (0.0922)	\$ 0.1285	\$ 0.0207	\$ 0.77	\$ 0.76 \$ 0.01
BUTTERMILK	Gallon	\$ 3.7841	\$ (0.4919)	\$ 0.5140	\$ 0.1056	\$ 3.91	\$ 3.97 \$ (0.06)
	Half Gallon	\$ 1.9249	\$ (0.2502)	\$ 0.2570	\$ 0.0536	\$ 1.99	\$ 2.02 \$ (0.03)
	Quart	\$ 1.0592	\$ (0.1377)	\$ 0.1285	\$ 0.0291	\$ 1.08	\$ 1.09 \$ (0.01)
	Pint	\$ 0.5867	\$ (0.0763)	\$ 0.0643	\$ 0.0159	\$ 0.59	\$ 0.60 \$ (0.01)
	12 Ounce	\$ 0.4538	\$ (0.0590)	\$ 0.0482	\$ 0.0123	\$ 0.46	\$ 0.47 \$ (0.01)
	10 Ounce	\$ 0.3971	\$ (0.0516)	\$ 0.0402	\$ 0.0107	\$ 0.40	\$ 0.40 \$ -
	Half Pint	\$ 0.2803	\$ (0.0364)	\$ 0.0321	\$ 0.0077	\$ 0.29	\$ 0.29 \$ -
	4 ounce	\$ 0.1738	\$ (0.0226)	\$ 0.0161	\$ 0.0046	\$ 0.18	\$ 0.19 \$ (0.01)
	Dispenser	\$ 0.9635	\$ (0.1253)	\$ 0.1285	\$ 0.0268	\$ 0.99	\$ 1.01 \$ (0.02)

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

**RETAIL PRICE BUILDUP
DECEMBER 2015 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 \$ 0.1285	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
EGG NOG	Gallon	\$ 5.5628	\$ (0.7232)	\$ 0.5140	\$ 0.1486	\$ 5.57	\$ 5.66 \$ (0.09)
	Half Gallon	\$ 2.8142	\$ (0.3658)	\$ 0.2570	\$ 0.0751	\$ 2.82	\$ 2.88 \$ (0.06)
	Quart	\$ 1.5038	\$ (0.1955)	\$ 0.1285	\$ 0.0399	\$ 1.51	\$ 1.53 \$ (0.02)
	Pint	\$ 0.8090	\$ (0.1052)	\$ 0.0643	\$ 0.0213	\$ 0.82	\$ 0.83 \$ (0.01)
	12 Ounce	\$ 0.6206	\$ (0.0807)	\$ 0.0482	\$ 0.0163	\$ 0.63	\$ 0.64 \$ (0.01)
	10 Ounce	\$ 0.5361	\$ (0.0697)	\$ 0.0402	\$ 0.0141	\$ 0.55	\$ 0.55 \$ -
	Half Pint	\$ 0.3915	\$ (0.0509)	\$ 0.0321	\$ 0.0103	\$ 0.40	\$ 0.41 \$ (0.01)
	4 ounce	\$ 0.2294	\$ (0.0298)	\$ 0.0161	\$ 0.0060	\$ 0.24	\$ 0.24 \$ -
	Dispenser	\$ 1.4081	\$ (0.1831)	\$ 0.1285	\$ 0.0376	\$ 1.42	\$ 1.44 \$ (0.02)

**PENNSYLVANIA MILK MARKETING BOARD STAFF
AREA 3 PRICE HEARING – JANUARY 6, 2016
LIST OF WITNESSES**

The following individuals will testify at the Milk Marketing Area 3 Price Hearing on January 6, 2016 on behalf of the Milk Marketing Board Staff. Copies of their curriculum vitae will be available upon request at the hearing.

Clifford Ackman, Milk Marketing Board Statistical Analyst, will testify as an expert witness on milk statistics, related to the selection and validity of the cross section of milk dealers for the Milk Marketing Area, including the prepared testimony which is being provided.

Gary Gojsovich, Milk Marketing Board Audit Supervisor, will testify as an expert on milk industry cost accounting and regulation of the milk industry, which includes determining wholesale and retail milk prices, and industry costs including processing, packaging, delivering, and selling milk. His testimony will address the subjects included in his presubmitted testimony, but it is not necessarily limited to the presubmitted testimony.

Date: December 30, 2015

Respectfully submitted,

Andrew L. Saylor

Staff Attorney
Pennsylvania Milk Marketing Board

**PRICE HEARING – AREA 3 – JANUARY 6, 2016
CERTIFICATE OF SERVICE**

I hereby certify that on December 30, 2015 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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