

AREA 4

COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS

MARCH 15, 2023

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP**

Rebuttal Exhibit D1	Jed Davis Curriculum Vitae
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Rebuttal Exhibit D11A	Calculation of Minimum Wholesale Price Gallon Reduced Fat Milk (2%)
Rebuttal Exhibit D11B	Calculation of Minimum Wholesale Price Half Pint Flavored Nonfat Milk (Skim)

Jed Davis
Curriculum Vitae

EDUCATION

Youngstown State University – B.S. Degree in Accounting, (1988)

EMPLOYMENT

Herbein + Company, Inc., Reading, PA

2021 to present

Senior Consultant – Dairy Consulting

- Cost benchmarking
- Milk shrinkage reduction projects
- Dairy accounting seminars
- Regulatory issues – PA Milk Marketing Board, Federal Milk Marketing Orders, other state regulatory agencies
- Mergers and acquisitions
- Specialized financial reporting for dairy businesses
- Dairy cost accounting for basic and complex products

Dean Foods Company, Dallas, TX

2002 - 2021

Regional General Manager – West Atlantic Central

- Managed a multi facility region with full P & L responsibility
- Set business strategy through collaboration with corporate and regional resources
- Led and supervised a team of 7 professionals with focus on executing against our strategic goals
- Negotiated long term supply agreements with customers and suppliers
- Drove operational and commercial efficiencies to strengthen the bottom line

1997 - 2002

Group Controller – PA Dairies

- Directed the accounting and finance departments of four dairies within Dean Foods Company
- Provided business analysis, forecasting, strategic planning and budgeting support to General Managers
- Guided strategic initiatives to improve the accuracy of monthly forecasting.
- Consolidated the accounting and back office functions of four divisions into one shared service center.
- Led a team of accounting professionals focusing on timely and accurate financial reporting.

Jed Davis

1990 - 1997

Controller / Asst Controller / Accountant (Dean Dairy Products)

- Led the accounting and finance department with budgeting and financial reporting
- Assisted the General Manager with pricing strategies
- Provided business analysis
- Developed standard product costs for each manufactured item to support pricing decisions
- Effectively directed sales, purchasing, personnel, distribution, maintenance, and accounting functions

Universal Rundle Inc., New Castle, PA

1988 – 1990

Cost Accountant

- Maintained standard cost systems for 3 manufacturing facilities
- Prepared monthly production and inventory reports
- Prepare annual budget and operating plan
- Support department managers with variance analysis

PROFESSIONAL AND CIVIC ASSOCIATIONS AND DESIGNATIONS

Board of Directors – Pennsylvania Association of Milk Dealers

Board of Directors – Dairy Industry Association of Western PA

Shenango Valley Chamber of Congress – Board member

New York State Dairy Association – Board member

Shenango Valley Jaycees – Secretary Treasurer

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

PROCESSING, PACKAGING AND DELIVERY COSTS/POINT
(WEIGHTED AVERAGE BASED ON SALES IN AREA 4)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

<u>Cost Center</u>	<u>Total 2021 Points in PMMB Area 4 (1)</u>	<u>Weighted Average 2021 Cost/Point (1)</u>
Receiving, lab and field work	128,527,383	\$ 0.0309
Standardization and pasteurization	271,732,462	0.0192
Bottling	238,181,102	0.0483
Cold room	246,703,349	0.0450
Delivery	89,866,557	0.1171
Selling	101,265,169	0.0287
		<u>\$ 0.2892</u>

(1) Reflects points (and related cost/point) for sales in PMMB Area 4 for the cross-section dealers.

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
 DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

	2021 Weighted Average Cost/Point	2020 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0309	\$0.0228	\$0.0081
Standardization and pasteurization	0.0192	0.0161	0.0031
Bottling	0.0483	0.0421	0.0062
Cold room	0.0450	0.0428	0.0022
Delivery	0.1171	0.1049	0.0122
Selling	<u>0.0287</u>	<u>0.0294</u>	<u>(0.0007)</u>
Sub total	\$0.2892	\$0.2581	\$0.0311
Add:			
2022 Cost increase (decrease) adjustment - Exhibit D7			(0.0030)
Less:			
2021 Cost (increase) decrease adjustment (1)			<u>0.0050</u>
Net change			<u><u>\$0.0331</u></u>

**PMMB AREA 4
MARCH 15, 2023 COST REPLACEMENT HEARING**

**SUMMARY OF CURRENT CONTAINER COSTS WITH ADJUSTMENT FOR SHRINKAGE AND LOSS AND
UPDATE TO CURRENT MONTH**

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP**

Container Size	April 2022 Container Cost (1)	Adjust from April		Subtotal	Calculated Shrinkage and Loss (4)	Shrinkage Cost	Total Container Cost
		2022 to February 2023 - Current (2)					
Gallon (5)	\$ 0.2423	\$ (0.0102)		\$ 0.2321	1.18%	\$ 0.0027	\$ 0.2348
1/2 gallon - plastic	0.1877						
1/2 gallon - paper	(3)						
2 gallon - blended (5)	<u>0.1877</u>	(0.0063)		0.1814	1.26%	0.0023	0.1837
Quart - plastic	0.2056						
Quart - paper	(3)						
Quart - blended (5)	<u>0.2056</u>	0.0050		0.2106	1.57%	0.0033	0.2139
Pint - plastic	0.1592						
Pint - paper	<u>0.0448</u>						
Pint - blended (5)	<u>0.1581</u>	0.0046		0.1627	1.62%	0.0026	0.1653
Twelve ounce	(3)						
Ten ounce	(3)						
1/2 pint - plastic (5)	0.0837	0.0070		0.0907	0.92%	0.0008	0.0915
1/2 pint - paper (5)	0.0287	0.0047		0.0334	0.85%	0.0003	0.0337
Four ounce - paper	0.0293			0.0293	1.53%	0.0004	0.0297
Dispenser	0.0648			0.0648	1.30%	0.0008	0.0656

- (1) For containers not purchased in April 2022 the most recent invoice was used.
- (2) December 2022 container costs were used by the PMMB to establish minimum resale prices for February 2023.
- (3) Container not packaged in this Area.
- (4) Calculated based on actual container loss from a state-wide cross section of processing dealers for controlled containers used during the period January – March 2009. This state-wide cross section is composed of every processing dealer that participates in a cost replacement hearing.
- (5) Current container costs would replace these costs monthly when the PMMB minimum resale prices are announced.

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH
CONTAINER COSTS – FEBRUARY 2023

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

<u>Container Size</u>	<u>Adjusted Container Costs from Exhibit D3</u>	<u>Container Costs in Current Prices (1)</u>	<u>Difference</u>
Gallon (2)	\$ 0.2348	\$ 0.2186	\$ 0.0162
Half Gallon (2)	0.1837	0.1701	0.0136
Quart (2)	0.2139	0.2329	(0.0190)
Pint (2)	0.1653	0.1640	0.0013
1/2 pint - plastic (2)	0.0915	0.0897	0.0018
1/2 pint - paper (2)	0.0337	0.0340	(0.0003)
Four ounce - paper	0.0297	0.0297	-
Dispenser (per quart)	0.0656	0.0553	0.0103

(1) Per General Order No. A-963 (CRO 11) as updated.

(2) These container costs to be updated monthly.

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

SUMMARY OF INGREDIENT COSTS
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 4)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

	April 2022 Ingredient Cost Per Pound (1)
Standard	\$.0000
Reduced fat (2%) milk	.0001
Lowfat (1%) milk	.0002
Nonfat (skim) milk	.0033
Flavored milk	.0515
Flavored reduced fat milk	.0424
Flavored nonfat milk	.0287
Buttermilk	.0322
Eggnog	.3817

(1) For ingredients not purchased in April 2021 the most recent invoice was used.

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MARCH 15, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
 DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

	<u>April 2022 Weighted Average Cost/Pound</u>	<u>Cost/Pound included in Existing Order (1)</u>	<u>Increase (Decrease)</u>
Standard milk	\$0.0000	\$0.0000	\$0.0000
Reduced fat milk (2%)	0.0001	0.0001	0.0000
Lowfat milk (1%)	0.0002	0.0001	0.0001
Nonfat milk (skim)	0.0033	0.0031	0.0002
Flavored milk (2)	0.0515	0.0542	(0.0027)
Flavored reduced fat milk (2)	0.0424	0.0482	(0.0058)
Flavored nonfat milk (2)	0.0287	0.0324	(0.0037)
Buttermilk	0.0322	0.0284	0.0038
Eggnog	0.3817	0.2339	0.1478

(1) Per General Order OGO A-963 (CRO 11) as updated for flavored milks on January 1, 2023.

(2) Ingredient costs to be updated on a quarterly basis for flavored milk, flavored reduced fat milk and flavored nonfat milk. Updates should be effective on January 1, April 1, July 1 and October 1.

PMMB AREA 4
MARCH 15, 2023 COST REPLACEMENT HEARING
WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK
DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

<u>PMMB Area 4</u>	<u>Costs</u>	<u>Revenues</u>	<u>Weighted Net Cost (Revenue)</u>	<u>Weighted Pounds</u>	<u>Weighted Cost (Revenue) Per</u>
Shrinkage	\$590,250		\$ 590,250		
Bulk milk revenue minus milk costs		(105,660)			
Bulk milk cost center costs & freight	11,780				
Net bulk milk cost (revenue)			117,440		
Bulk cream revenue minus milk costs		691,930			
Bulk cream cost center costs	\$229,597				
Net bulk cream cost (revenue)			(462,333)		
Total	<u>\$ 831,627</u>	<u>\$ 586,270</u>			
Net cost (net revenue) - calendar year 2021			\$ 245,357	229,650,185	\$ 0.0011
Net cost (net revenue) in current order - calendar year 2020			<u>\$ 238,766</u>	319,856,348	<u>0.0007</u>
Net change - cost increase (cost reduction)			<u>\$ 6,591</u>		<u>\$ 0.0004</u>

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

	2021 Weighted Average Butterfat Test	Butterfat Test included in Existing Order (1)	Increase (Decrease)
Standard milk	3.3098%	3.2964%	0.0134%
Reduced fat milk (2%)	1.9783%	1.9727%	0.0056%
Lowfat milk (1%)	0.9318%	0.9917%	-0.0599%
Nonfat milk (skim)	0.0788%	0.0970%	-0.0182%
Flavored milk	3.3574%	3.3912%	-0.0338%
Flavored reduced fat milk	1.1300%	1.1754%	-0.0454%
Flavored nonfat milk	0.0645%	0.0257%	0.0388%
Buttermilk	1.0008%	1.0008%	0.0000%
Eggnog	7.0803%	7.1040%	-0.0237%

(1) Per General Order No. A-963 (CRO 11)

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

COST INCREASES (DECREASES) FOR LABOR, INSURANCE AND UTILITY COSTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

Type of Expense	Weighted Expenses for the Six Months Ended June 30 (1)		Weighted Points for the Six Months Ended June 30 (1)		Cost Per Point		Increase (Decrease) Per Point
	2022	2021	2022	2021	2022	2021	
Labor and fringe benefits	\$15,799,859	\$16,085,152	119,443,101	117,072,490	\$ 0.1323	\$ 0.1374	(\$0.0051)
Utilities	\$1,066,788	\$649,341	119,443,101	117,072,490	0.0089	0.0055	0.0034
Insurance	\$608,311	\$748,657	119,443,101	117,072,490	0.0051	0.0064	(0.0013)
					<u>\$0.1463</u>	<u>\$0.1493</u>	<u>(\$0.0030)</u>

(1) Weighted based on sales in PMMB Area 4

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
 DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

Diesel fuel costs – calendar year 2021 (1)	\$1,158,983
Delivery points – calendar year 2021 (1)	<u>89,866,558</u>
Diesel fuel cost per point delivered	<u><u>\$0.0129</u></u>
Average diesel price – calendar year 2021 (2)	\$3.431
Average diesel price – December 2022 (2) (3)	<u>\$5.459</u>
Increase (decrease) from year 2021 to month December 2022	59.11%
Increase (decrease) in diesel fuel cost per point delivered	<u><u>\$0.0076</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 4.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) December 2022 diesel fuel costs were used by the PMMB in establishing minimum prices for February 2023.

PMMB AREA 4

MARCH 15, 2023 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
 DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

Heating fuel costs – calendar year 2021 (1)	\$217,885
Standardization & pasteurization points – calendar year 2021 (1)	271,732,463
	<hr/>
Heating fuel cost per point pasteurized	<u>\$0.0008</u>
Average heating fuel costs – calendar year 2021 (2)	\$8.34
Average heating fuel costs – October 2022 (2) (3)	<u>\$12.67</u>
Increase (decrease) from year 2021 to month October 2022	51.92%
Increase (decrease) in heating fuel cost per point pasteurized	<u>\$0.0004</u>

- (1) Costs of cross-section dealers weighted by sales in Area 4.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) October 2022 natural gas costs were used by the PMMB in establishing minimum prices for February 2023.

**PMMB AREA 4
MARCH 15, 2023 COST REPLACEMENT HEARING**

**ADJUSTMENTS FOR CONTAINER EFFICIENCIES
DUE TO CONTAINER SIZE**

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP**

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2021 in Area 4</u>	<u>Proposed Container Efficiency Adjustments</u>	<u>Impact on Cross-Section Dealer Revenue</u>	<u>Container Efficiency Adjustments in Current Order (1)</u>	<u>Impact on Cross-Section Dealer Revenue Without Adjustment</u>
Gallon	11,259,386	\$ (0.1165)	\$ (1,311,718)	\$ (0.0655)	\$ (737,490)
Half gallon	11,124,717	(0.0588)	(654,133)	(0.0344)	(382,690)
Quart	2,589,717	0.0333	86,238	0.0453	117,314
Pint	8,762,154	0.1060	928,788	0.0996	872,711
Half pint - plastic	2,228,992	0.0234	52,158	0.0303	67,538
Half pint - paper	36,451,538	0.0234	852,966	0.0303	1,104,482
4 oz.	584,402	0.0378	22,090	0.0425	24,837
Dispenser (per quart)	494,602	0.0462	<u>22,851</u>	0.0567	<u>28,044</u>
Net impact on cross-section dealer revenues			<u>\$ (760)</u>		<u>\$ 1,094,746</u>

(1) Per OGO A-963 (CRO 11) as updated.

PMMB AREA 4
MARCH 15, 2023 COST REPLACEMENT HEARING
CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR FEBRUARY 2023

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9783%	1.9727%	0.0056%
Butterfat price as announced by PMMB	(1)	\$ 2.7650 per lb.	\$ 2.7650 per lb.	
Extended butterfat value		\$ 0.0547 per lb.	\$ 0.0545 per lb.	
Skim price as announced by PMMB	(1)	\$16.38 per cwt.	\$ 16.38 per cwt.	
Extended skim value		\$ 0.1606 per lb.	\$ 0.1606 per lb.	
Total milk value at announced prices		<u>\$ 0.2153 per lb.</u>	<u>\$ 0.2151 per lb.</u>	<u>\$ 0.0002</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0011	0.0007	
Total milk cost per pound		<u>\$ 0.2165 per lb.</u>	<u>\$ 0.2159 per lb.</u>	<u>\$ 0.0006</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.8662</u>	<u>\$ 1.8611</u>	<u>\$ 0.0051</u>
Container cost (adjusted for shrinkage)	D3	0.2348 each	0.2186 each	0.0162
Cost center costs	D2	1.1568	1.0324	0.1244
1st half 2021 to 1st half 2020 adjustment	D7	(0.0120)	(0.0200)	0.0080
Container efficiency adjustment	D10	(0.1165)	(0.0655)	(0.0510)
Percentage discount adjustment	(3)	0.0040	0.0040	-
Diesel fuel adjustment	D8	0.0304	0.0348	(0.0044)
Heating fuels adjustment	D9	0.0016	0.0012	0.0004
		<u>\$ 3.1653 each</u>	<u>\$ 3.0666 each</u>	<u>\$ 0.0987</u>
Dealer profit at 3.5%	(2)	<u>0.1148</u>	<u>0.1112</u>	<u>\$ 0.0036</u>
Subtotal		<u>\$ 3.2801 each</u>	<u>\$ 3.1778 each</u>	<u>\$ 0.1023</u>
Less: average delivery cost	(2)	(0.4352)	(0.4352)	
Add: high cost delivery	(2)	0.9664	0.9664	
Wholesale minimum price		<u><u>\$ 3.8113 each</u></u>	<u><u>\$ 3.7090 each</u></u>	<u><u>\$ 0.1023</u></u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

(2) Per OGO A-963 (CRO 11) as updated.

(3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."

REBUTTAL EXHIBIT D11-B

PMMB AREA 4
MARCH 15, 2023 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR FEBRUARY 2023
DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
DFA Dairy Brands, LLC - Schuylkill Haven, Rutter Brothers Dairy, Inc., Turkey Hill LP

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.0645%	0.0257%	0.0388%
Butterfat price as announced by PMMB	(1)	\$ 2.7650 per lb.	\$ 2.7650 per lb.	
Extended butterfat value		\$ 0.0018 per lb.	\$ 0.0007 per lb.	
Skim price as announced by PMMB	(1)	\$16.38 per cwt.	\$ 16.38 per cwt.	
Extended skim value		\$ 0.1637 per lb.	\$ 0.1638 per lb.	
Total milk value at announced prices		<u>\$ 0.1655 per lb.</u>	<u>\$ 0.1645 per lb.</u>	<u>\$ 0.0010</u>
Ingredient cost	D4	0.0287	0.0324	
Cost of shrinkage / bulk milk & cream	D5	0.0011	0.0007	
Total milk cost per pound		<u>\$ 0.1953 per lb.</u>	<u>\$ 0.1976 per lb.</u>	<u>\$(0.0023)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.0977</u>	<u>\$ 0.0988</u>	<u>\$(0.0011)</u>
Container cost (adjusted for shrinkage)	D3	0.0337 each	0.0340 each	(0.0003)
Cost center costs	D2	0.0723	0.0645	0.0078
1st half 2021 to 1st half 2020 adjustment	D7	(0.0007)	(0.0013)	0.0006
Container efficiency adjustment	D10	0.0234	0.0303	(0.0069)
Percentage discount adjustment	(3)	0.0003	0.0002	0.0001
Diesel fuel adjustment	D8	0.0019	0.0022	(0.0003)
Heating fuels adjustment	D9	-	0.0001	(0.0001)
		<u>\$ 0.2286 each</u>	<u>\$ 0.2288 each</u>	<u>\$(0.0002)</u>
Dealer profit at 3.5%	(2)	<u>0.0083</u>	<u>0.0083</u>	<u>\$ -</u>
Subtotal		<u>\$ 0.2369 each</u>	<u>\$ 0.2371 each</u>	<u>\$(0.0002)</u>
Less: average delivery cost	(2)	(0.0272)	(0.0272)	
Add: high cost delivery	(2)	0.0604	0.0604	
Wholesale minimum price		<u>\$ 0.2701 each</u>	<u>\$ 0.2703 each</u>	<u>\$(0.0002)</u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

(2) Per OGO A-963 (CRO 11) as updated.

(3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."