

AREA 3

COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS

APRIL 6, 2022

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

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Rebuttal Exhibit D2	Processing, Packaging and Delivery Costs/Point
Rebuttal Exhibit D2-A	Cost Replacement Adjustments for Processing, Packaging and Delivery Costs
Rebuttal Exhibit D3	Summary of Current Container Costs with Adjustments for Shrinkage and Loss and Update to Current Month
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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 3

APRIL 6, 2022 COST REPLACEMENT HEARING

PROCESSING, PACKAGING AND DELIVERY COSTS/POINT
(WEIGHTED AVERAGE BASED ON SALES IN AREA 3)

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

<u>Cost Center</u>	<u>Total 2020 Points in PMMB Area 3 (1)</u>	<u>Weighted Average 2020 Cost/Point (1)</u>
Receiving, lab and field work	93,687,964	\$ 0.0225
Standardization and pasteurization	141,459,596	0.0234
Bottling	135,783,888	0.0441
Cold room	148,494,267	0.0431
Delivery	100,847,779	0.1267
Selling	98,973,995	0.0265
		<u>\$ 0.2863</u>

(1) Reflects points (and related cost/point) for sales in PMMB Area 3 for the cross-section dealers.

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

	2020 Weighted Average Cost/Point	2019 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0225	\$0.0172	\$0.0053
Standardization and pasteurization	0.0234	0.0234	0.0000
Bottling	0.0441	0.0428	0.0013
Cold room	0.0431	0.0413	0.0018
Delivery	0.1267	0.1307	(0.0040)
Selling	<u>0.0265</u>	<u>0.0258</u>	<u>0.0007</u>
Sub total	\$0.2863	\$0.2812	\$0.0051
Add:			
2021 Cost increase (decrease) adjustment - Exhibit D7			(0.0042)
Less:			
2020 Cost (increase) decrease adjustment (1)			<u>(0.0068)</u>
Net change			<u><u>(\$0.0059)</u></u>

(1) Per General Order No. A-962 (CRO 10).

PMMB AREA 3
 APRIL 6, 2022 COST REPLACEMENT HEARING

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

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
 LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
 Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

Container Size	April 2021 Container Cost (1)	Adjust from April 2021 to December 2021 - Current (2)	Subtotal	Calculated Shrinkage and Loss (4)	Shrinkage Cost	Total Container Cost
Gallon (5)	\$ 0.2180	\$ 0.0503	\$ 0.2683	1.71%	\$ 0.0046	\$ 0.2729
1/2 gallon - plastic	0.1592					
1/2 gallon - paper	(3)					
2 gallon - blended (5)	<u>0.1592</u>	0.0331	0.1923	1.22%	0.0023	0.1946
Quart - plastic	0.1501					
Quart - paper	<u>0.0894</u>					
Quart - blended (5)	<u>0.1420</u>	0.0589	0.2009	1.57%	0.0032	0.2041
Pint - plastic	0.1163					
Pint - paper	<u>0.0572</u>					
Pint - blended (5)	<u>0.0955</u>	0.0111	0.1066	1.62%	0.0017	0.1083
Twelve ounce	(3)					
Ten ounce	(3)					
1/2 pint - plastic (5)	(3)	-	-	0.92%	-	-
1/2 pint - paper (5)	0.0319	(0.0039)	0.0280	0.85%	0.0002	0.0282
Four ounce - paper	0.0288		0.0288	1.53%	0.0004	0.0292
Dispenser	0.0490		0.0490	1.30%	0.0006	0.0496

- (1) For containers not purchased in April 2021 the most recent invoice was used.
- (2) November 2021 container costs were used by the PMMB to establish minimum resale prices for December 2021.
- (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 3

APRIL 6, 2022 COST REPLACEMENT HEARING

ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH
CONTAINER COSTS – DECEMBER 2020

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

<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)	\$ 0.2729	\$ 0.2703	\$ 0.0026
Half Gallon (2)	0.1946	0.1993	(0.0047)
Quart (2)	0.2041	0.2011	0.0030
Pint (2)	0.1083	0.1063	0.0020
1/2 pint - plastic (2)	-	-	-
1/2 pint - paper (2)	0.0282	0.0250	0.0032
Four ounce - paper	0.0292	0.0185	0.0107
Dispenser (per quart)	0.0496	0.0344	0.0152

(1) Per General Order No. A-962 (CRO 10) as updated.

(2) These container costs to be updated monthly.

REBUTTAL EXHIBIT D4

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

**SUMMARY OF INGREDIENT COSTS
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 3)**

**Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC**

	April 2021 Ingredient Cost Per Pound (1)
Standard	\$.0000
Reduced fat (2%) milk	.0001
Lowfat (1%) milk	.0001
Nonfat (skim) milk	.0004
Flavored milk	.0389
Flavored reduced fat milk	.0361
Flavored nonfat milk	.0294
Buttermilk	.0110
Eggnog	.2217

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

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

	<u>2020 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%)	0.0001	0.0001	0.0000
Nonfat milk (skim)	0.0004	0.0006	(0.0002)
Flavored milk (2)	0.0389	0.0376	0.0013
Flavored reduced fat milk (2)	0.0361	0.0316	0.0045
Flavored nonfat milk (2)	0.0294	0.0283	0.0011
Buttermilk	0.0110	0.0048	0.0062
Eggnog	0.2217	0.1991	0.0226

(1) Per General Order OGO A-962 (CRO 10) as updated for flavored milks on October 1, 2020.

(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 3
 APRIL 6, 2022 COST REPLACEMENT HEARING
 WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK**

**Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
 LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
 Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC**

PMMB Area 3	Costs	Revenues	Weighted Net Cost (Revenue)	Weighted Pounds	Weighted Cost (Revenue) Per Pound
Shrinkage	\$ 697,403		\$ 697,403		
Bulk milk revenue minus milk costs		54,592			
Bulk milk cost center costs & freight	24,987				
Net bulk milk cost (revenue)			(29,605)		
Bulk cream revenue minus milk costs		465,380			
Bulk cream cost center costs	231,086				
Net bulk cream cost (revenue)			(234,294)		
Total	\$ 953,476	\$ 519,972			
Net cost (net revenue) - calendar year 2020			\$ 433,504	180,006,672	\$ 0.0024
Net cost (net revenue) in current order - calendar year 2019			\$ 656,839	194,826,151	0.0034
Net change - cost increase (cost reduction)			\$ (223,335)		\$ (0.0010)

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

	2020 Weighted Average Butterfat Test	Butterfat Test included in Existing Order (1)	Increase (Decrease)
Standard milk	3.2745%	3.2791%	-0.0046%
Reduced fat milk (2%)	1.9728%	1.9868%	-0.0140%
Lowfat milk (1%)	0.9893%	0.9837%	0.0056%
Nonfat milk (skim)	0.0864%	0.0864%	0.0000%
Flavored milk	3.2603%	3.2658%	-0.0055%
Flavored reduced fat milk	1.2584%	1.2347%	0.0237%
Flavored nonfat milk	0.0835%	0.0989%	-0.0154%
Buttermilk	3.8020%	2.1047%	1.6973%
Eggnog	6.8847%	6.9028%	-0.0181%

(1) Per General Order No. A-962 (CRO 10)

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

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

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

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
	2021	2020	2021	2020	2021	2020	
Labor and fringe benefits	\$ 10,198,307	\$ 11,053,165	67,790,313	70,332,542	\$ 0.1504	\$ 0.1572	(\$0.0068)
Utilities	478,276	514,046	67,790,313	70,332,542	0.0071	0.0073	(0.0002)
Insurance	592,590	411,567	67,790,313	70,332,542	0.0087	0.0059	0.0028
					<u>\$0.1662</u>	<u>\$0.1704</u>	<u>(\$0.0042)</u>

(1) Weighted based on sales in PMMB Area 3

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

Diesel fuel costs – calendar year 2020 (1)	\$1,029,439
Delivery points – calendar year 2020 (1)	<u>100,847,779</u>
Diesel fuel cost per point delivered	<u><u>\$0.0102</u></u>
Average diesel price – calendar year 2020 (2)	\$2.806
Average diesel price – October 2021 (2) (3)	<u>\$3.730</u>
Increase (decrease) from year 2020 to month October 2021	32.93%
Increase (decrease) in diesel fuel cost per point delivered	<u><u>\$0.0034</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 3.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) October 2021 diesel fuel costs were used by the PMMB in establishing minimum prices for December 2021.

PMMB AREA 3

APRIL 6, 2022 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid, LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

Heating fuel costs – calendar year 2020 (1)	\$176,706
Standardization & pasteurization points – calendar year 2020 (1)	141,459,596
	<hr/>
Heating fuel cost per point pasteurized	<u>\$0.0012</u>
Average heating fuel costs – calendar year 2020 (2)	\$7.99
Average heating fuel costs – August 2021 (2) (3)	<u>7.58</u>
Increase (decrease) from year 2020 to month August 2021	-5.13%
Increase (decrease) in heating fuel cost per point pasteurized	<u>(\$0.0001)</u>

- (1) Costs of cross-section dealers weighted by sales in Area 3.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) August 2021 natural gas costs were used by the PMMB in establishing minimum prices for December 2021.

PMMB AREA 3
 APRIL 6, 2022 COST REPLACEMENT HEARING

ADJUSTMENTS FOR CONTAINER EFFICIENCIES
 DUE TO CONTAINER SIZE

Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
 LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
 Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2020 in Area 3</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</u>
Gallon	10,283,613	\$ (0.0723)	\$ (743,505)	\$ (0.0863)	\$ (887,476)
Half gallon	12,432,105	(0.0168)	(208,859)	(0.0292)	(363,017)
Quart	3,479,297	0.0603	209,802	0.0511	177,792
Pint	2,235,168	0.0478	106,841	0.0276	61,691
Half pint - plastic	-		-	0.0163	-
Half pint - paper	30,208,363	0.0196	592,084	0.0163	492,396
4 oz.	209,310	0.0308	6,447	0.0218	4,563
Dispenser (per quart)	695,044	0.0531	<u>36,907</u>	0.0157	<u>10,912</u>
Net impact on cross-section dealer revenues			<u>\$ (283)</u>		<u>\$ (503,139)</u>

PMMB AREA 3
APRIL 6, 2022 COST REPLACEMENT HEARING
CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR DECEMBER 2020

**Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
 LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
 Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9728%	1.9868%	-0.0140%
Butterfat price as announced by PMMB	(1)	\$ 2.1595 per lb.	\$ 2.1595 per lb.	
Extended butterfat value		\$ 0.0426 per lb.	\$ 0.0429 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.76 per cwt.	\$ 16.76 per cwt.	
Extended skim value		\$ 0.1643 per lb.	\$ 0.1643 per lb.	
Total milk value at announced prices		<u>\$ 0.2069 per lb.</u>	<u>\$ 0.2072 per lb.</u>	<u>\$(0.0003)</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0024	0.0034	
Total milk cost per pound		<u>\$ 0.2094 per lb.</u>	<u>\$ 0.2107 per lb.</u>	<u>\$(0.0013)</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.8050</u>	<u>\$ 1.8162</u>	<u>\$(0.0112)</u>
Container cost (adjusted for shrinkage)	D3	0.2729 each	0.2703 each	0.0026
Cost center costs	D2	1.1452	1.1248	0.0204
1st half 2021 to 1st half 2020 adjustment	D7	(0.0168)	0.0272	(0.0440)
Container efficiency adjustment	D10	(0.0723)	(0.0863)	0.0140
Percentage discount adjustment	(3)	0.0196	0.0196	-
Diesel fuel adjustment	D8	0.0136	0.0072	0.0064
Heating fuels adjustment	D9	(0.0004)	(0.0004)	-
		<u>\$ 3.1668 each</u>	<u>\$ 3.1786 each</u>	<u>\$(0.0118)</u>
Dealer profit at 3.4%	(2)	0.1115	0.1119	\$(0.0004)
Subtotal		<u>\$ 3.2783 each</u>	<u>\$ 3.2905 each</u>	<u>\$(0.0122)</u>
Less: average delivery cost	(2)	(0.4992)	(0.4992)	
Add: high cost delivery	(2)	0.9448	0.9448	
Wholesale minimum price		<u>\$ 3.7239 each</u>	<u>\$ 3.7361 each</u>	<u>\$(0.0122)</u>

(1) As announced for December 2021 by PMMB on November 18, 2021.

(2) Per OGO A-962 (CRO 10) as updated.

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

PMMB AREA 3
APRIL 6, 2022 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR DECEMBER 2020

**Clover Farms Dairy Co., Dan Ed Corp. T/A Guers Dairy, DFA Dairy Brands Fluid,
 LLC – Schuylkill Haven, Monroe County Milk Producers Coop Assoc. dba Pocono Mountain
 Dairies, Turkey Hill LP dba Turkey Hill Dairy, Valley Farms Dairy LLC**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.0835%	0.0989%	-0.0154%
Butterfat price as announced by PMMB	(1)	\$ 2.1595 per lb.	\$ 2.1595 per lb.	
Extended butterfat value		\$ 0.0018 per lb.	\$ 0.0021 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.76 per cwt.	\$ 16.76 per cwt.	
Extended skim value		\$ 0.1675 per lb.	\$ 0.1674 per lb.	
Total milk value at announced prices		<u>\$ 0.1693 per lb.</u>	<u>\$ 0.1696 per lb.</u>	<u>\$(0.0003)</u>
Ingredient cost	D4	0.0294	0.0283	
Cost of shrinkage / bulk milk & cream	D5	0.0024	0.0034	
Total milk cost per pound		<u>\$ 0.2011 per lb.</u>	<u>\$ 0.2013 per lb.</u>	<u>\$(0.0002)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.1006</u>	<u>\$ 0.1007</u>	<u>\$(0.0001)</u>
Container cost (adjusted for shrinkage)	D3	0.0282 each	0.0250 each	0.0032
Cost center costs	D2	0.0716	0.0703	0.0013
1st half 2021 to 1st half 2020 adjustment	D7	(0.0011)	0.0017	(0.0028)
Container efficiency adjustment	D10	0.0196	0.0163	0.0033
Percentage discount adjustment	(3)	0.0012	0.0012	-
Diesel fuel adjustment	D8	0.0009	0.0005	0.0004
Heating fuels adjustment	D9		-	#VALUE!
		<u>\$ 0.2210 each</u>	<u>\$ 0.2157 each</u>	<u>\$ 0.0053</u>
Dealer profit at 3.4%	(2)	0.0078	0.0076	\$ 0.0002
Subtotal		<u>\$ 0.2288 each</u>	<u>\$ 0.2233 each</u>	<u>\$ 0.0055</u>
Less: average delivery cost	(2)	(0.0312)	(0.0312)	
Add: high cost delivery	(2)	0.0591	0.0591	
Wholesale minimum price		<u><u>\$ 0.2567 each</u></u>	<u><u>\$ 0.2512 each</u></u>	<u><u>\$ 0.0055</u></u>

(1) As announced for December 2021 by PMMB on November 18, 2021.

(2) Per OGO A-962 (CRO 10) as updated.

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