



Commonwealth of Pennsylvania
Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110-9408

717/787-4194
717/783-6492

WEB SITE: <http://www.mmb.pa.gov>

E-mail: RA-PMMB@pa.gov

Official General
Order No. A-1014

Posted: September 21, 2022
Effective October 1, 2022

OVER-ORDER PREMIUM

NOW, this 21st day of September 2022, the Commonwealth of Pennsylvania, Milk Marketing Board (Board), adopts and issues this official general order pursuant to the authority conferred by the Milk Marketing Law, 31 P.S. §§ 700j-101 – 700j-1204. This order will become effective at 12:01 a.m. on October 1, 2022, and will expire at 12:00 midnight on December 31, 2022.

SECTION I

The attached findings of fact and conclusions of law are incorporated herein by this reference as though fully set forth in this order.

SECTION II

(a) In all milk marketing areas, the calculation of the Class 1 price for milk produced, processed, and sold in Pennsylvania shall include an over-order premium of \$1.00 per hundredweight effective 12:01 a.m. on October 1, 2022, through midnight on December 31, 2022.

(b) Milk dealers shall show by line item on their monthly statements to independent producers and cooperatives the specific amount of the Pennsylvania Milk Marketing Board over-order premium being paid.

(c) Cooperatives shall show by line item on their monthly statements to members the specific amount of the Pennsylvania Milk Marketing Board over-order premium being paid.

SECTION III

All parts of Official General Order A-893 not inconsistent with this order shall continue in effect.

PENNSYLVANIA MILK MARKETING BOARD

Robert N. Barley, Chairman

James A. Van Blarcom, Member

Kristi R. Kassimer, Consumer Member

Date: September 21, 2022

FINDINGS OF FACT AND CONCLUSIONS OF LAW
OVER-ORDER PREMIUM HEARING
August 30, 2022

FINDINGS OF FACT

1. On August 30, 2022, the Pennsylvania Milk Marketing Board (“Board”) held a hearing for all milk marketing areas to receive testimony and evidence concerning the level, duration, and existence of the over-order premium.
2. Notice of the hearing was published at 52 Pennsylvania Bulletin 4210 on July 23, 2022, and 52 Pennsylvania Bulletin 4381, on July 30, 2022. Notice of the hearing was also mailed to those who have requested mailed notice of Board hearings by means of Bulletin No. 1613, dated July 11, 2022, and Bulletin No. 1615, dated July 18, 2022.
3. Matt Espenshade testified on behalf of Pennsylvania State Grange. Mr. Espenshade is a seventh-generation dairy farmer, with his family owning and operating the farm since 1867. Mr. Espenshade and his father milk approximately 75 cows, with a 21,200 pound rolling herd average. They farm 260 acres, raising their own forages. The farm raises its own replacement heifers. Mr. Espenshade and his father work the farm with no hired help. Mr. Espenshade testified in support of fixing the over order premium at \$1.00 per hundredweight for the next six months.
4. Mr. Espenshade is a member of Mount Joy Farmers Co-op, which is affiliated with Dairy Farmers of America (DFA). The cooperative spreads the over-order premium it receives across all its members, regardless of the milk's class, processor location, and final destination. Approximately 30% - 35% of Mount Joy's milk goes to Class I facilities and is sold within Pennsylvania. Mr. Espenshade testified that his most recent monthly statement indicated he received four and a half cents of over-order premium. Mr. Espenshade also testified that an additional portion of the over-order premium is used to subsidized quality bonuses.
5. Mr. Espenshade testified that, according to the Center for Dairy Excellence, there are 5,430 dairy farms in Pennsylvania, representing 15.9% of the nation's total dairy farms. He testified that Pennsylvania continues to see farms exit the dairy industry at an alarming pace, with Mount Joy seeing a net decrease in member farms for six consecutive years.
6. Mr. Espenshade testified that DFA's base excess program continues and resulted in his farm receiving \$7,000.00 less in 2021 than what it would have received absent the base excess program. He further testified that in the first six months of 2022 the base excess program had resulted in \$7,700.00 in deductions.
7. Mr. Espenshade testified that the over-order premium provides money to help dairy farmers in the face of market adjustment fees, over base deductions, and rising cost of production. He cautioned that any decision regarding the future of the over-order premium should be taken with utmost caution.

8. Doug Sattazahn testified on behalf of Pennsylvania State Grange. Mr. Sattazahn milks 250 cows and farms around 350 acres in Berks County in partnership with his brother. Mr. Sattazahn markets his milk to Clover Farms Dairy, the largest independently-owned milk processor in Pennsylvania. Mr. Sattazahn testified in support of fixing the over-order premium at \$1.00 per hundredweight for the next six months.
9. Mr. Sattazahn testified that the 2017 U.S. Census of Agriculture reported the average age of agricultural producers to be over 59 years, and characterized himself, then, as a relatively young producer at 37 years old. He testified that the dairy industry presents many challenges to young farmers, including prohibitive land prices, access to capital, and the inherent risk that all producers face. The over-order premium factored into a feasibility study for a new barn and milking parlor he constructed in 2017 and was emphasized when he sought financing for the project.
10. Mr. Sattazahn testified that the COVID-19 pandemic brought to light the precarious position of independent dairy farms, with his farm having to dump 40,000 pounds of milk in April 2020 when Clover's storage capacity was reached as store demand came to a halt.
11. Mr. Sattazahn testified that eliminating the over-order premium would negatively impact hundreds of Pennsylvania dairy farms with no subsequent and corresponding benefit to other Pennsylvania farms.
12. Pennsylvania Department of Agriculture ("Department") Secretary Russell Redding testified. Secretary Redding testified that the Department supports the concept of a premium payment to Pennsylvania dairy farmers as long as it meets three criteria:
 - a. Premium dollars must be uniformly distributed among all Pennsylvania dairy producers;
 - b. The amount charged to Pennsylvania consumers must not be substantially more than what is distributed back to Pennsylvania dairy farmers; and
 - c. The distribution system must not provide incentives for "shell games" by which payment of the premium to Pennsylvania dairy farmers can be avoided by purchasing or selling milk across state lines.
13. Secretary Redding testified that the over-order premium as collected and distributed under the Board's current formula fails to meet the three criteria and cannot continue this way indefinitely. Secretary Redding testified to the following reasons:
 - a. There is an inequity in the distribution of the over-order premium. He testified that while this takes many forms, the most frequently cited example is the neighbor-to-neighbor disparity between producers who are both in the dairy business, producing the same quality milk, experiencing the same pressures on operating margins due to inflation, drought, etc., but who benefit differently under the current system.

b. We have an integrated milk marketing system, and to maintain a Class I market, there must be viable processing options for the other classes of milk. Secretary Redding testified that many producers feel the benefits of the current premium accrue to the few who supply the Class I market, when the reality is that all producers must work together to maintain the system.

c. The Department-initiated dairy study done in 2016-2017, the Dairy Development Plan, the Dairy Investment Plan, and the Dairy Futures Commission all noted there is a critical need for more investment and reinvestment in Pennsylvania milk processing infrastructure, particularly fluid milk. Secretary Redding testified that the Department believed a premium structure could be developed that would provide a mechanism to facilitate such investments.

d. The minimum pricing system creates a direct relationship between Pennsylvania dairy farmers and Pennsylvania consumers that can help strengthen the relationship between our food producers and food consumers. Consumers need to be assured that all premiums they are paying are going to Pennsylvania dairy farmers and processors.

e. The non-Pennsylvania milk being sold at retail in Pennsylvania to Pennsylvania consumers includes the over-order premium, but the premiums from these transactions are not being captured and therefore not benefitting Pennsylvania dairy farmers or Pennsylvania processors. Secretary Redding testified that this structure is benefitting Pennsylvania's competitor states.

f. Since the over-order premium's inception in 1988 total dairy consumption has increased but Class I utilization has declined significantly while consumption of other classes has increased. These changes have resulted in a lower percentage of Pennsylvania produced milk being used for the Class I market, and thus a gradual dilution of the premium being paid Pennsylvania producers.

14. Secretary Redding testified that the over-order premium concept is good. He testified, however, that the collection and distribution are flawed because of the way the over-order premium flows through minimum price build ups and is then paid back through the chain of commerce from retailer to producer. Secretary Redding explained that the over-order premium is part of the minimum producer price that the Board uses to establish the minimum wholesale price, with the minimum wholesale price then being used by the Board to establish the minimum retail price. Therefore, the over-order premium is included in the price consumers pay when they buy fluid milk at a store. However, under the current system, the over-order premium only flows back to Pennsylvania dairy farmers if the retailer purchased the milk from a processor in Pennsylvania, that purchased the milk from a Pennsylvania producer. Secretary Redding testified that if every Pennsylvania consumer pays, every Pennsylvania dairy farmer should benefit. He further testified that for this to be realized the Board must devise a new system.

15. Secretary Redding testified that the Department's initial inclination was to oppose any extension of the current premium. He further testified, though, that redesigning a system that has existed for 34 years will take considerable leadership and deliberations. Secretary Redding also testified that data on total fluid milk sales in Pennsylvania and premiums generated, the amount of premium currently collected and distributed, and the difference between the two are essential to designing a new system. Secretary Redding testified that the Department would not be opposed to a 60-day extension of the current over-order premium to allow time for the Board and interested parties to develop a fair and equitable premium distribution system. He also noted that the additional time would allow all stakeholders an opportunity to engage with the Pennsylvania General Assembly regarding passage of HB 224. Secretary Redding acknowledged that it could take longer than 60 days to make the changes he recommended and also clarified that the Department was not advocating for eliminating the over-order premium with nothing in its place.
16. Jim Harbach testified on behalf of the Department. Mr. Harbach and members of his family own and operate Schrack Farms in Loganton. Mr. Harbach is the ninth generation to operate Schrack Farms which currently consists of 2400 acres and 1500 dairy cows producing 40 million pounds of milk annually. Schrack Farms' milk is marketed through DFA and goes primarily to DFA's Class I plant in Lansdale or DFA's manufacturing plant in Middlebury Center. Mr. Harbach opposed the current over-order premium at any level because it is a broken system that has outlived its usefulness. He also opposed the continued existence of the over-order premium because he believed it would be extremely difficult to have a productive discussion of possible alternatives with an over-order premium in place, as too many parties would have a vested interest in maintaining the system.
17. Mr. Harbach testified that over-order premium dollars are not uniformly distributed among all Pennsylvania dairy producers, as evidenced in a Lancaster Farming column authored by the Board's Secretary, Carol Hardbarger. Mr. Harbach testified that the column indicated that for the first six months of 2021, 641 independent dairy farms received an average over-order premium payment of \$4,553.00. Based on information in the column that for the first six months of 2021 cooperatives received \$3,619,636.00, Mr. Harbach calculated, based on a conservative estimate of 4,000 cooperative dairy farms sharing that \$3,619,636.00, that cooperative members received \$905.00 per farm.
18. Mr. Harbach testified that there is no accounting of total retail milk sales in Pennsylvania. Mr. Harbach testified that stores such as Costco sell milk under their store brands. He also testified that many Pennsylvania fluid processors source at least a portion of their raw milk from outside Pennsylvania and that an out-of-state cooperative owns a Pennsylvania Class I plant. Based on these factors Mr. Harbach concluded that a significant amount of milk is sold at the minimum retail price, which includes the over-order premium, that does not result in a Pennsylvania dairy farmer receiving an over-order premium payment.
19. Mr. Harbach further testified that the current over-order premium system provides an incentive to purchase or sell milk across state lines. He testified that Valley Farms

Dairy in Williamsport was sold to an out-of-state cooperative in recent years, at which point DFA lost that market. Since the over-order premium is used in determining minimum resale prices, there was an incentive created for the out-of-state cooperative to find a Pennsylvania plant to handle its New York milk for its Pennsylvania customers.

20. Joel Krall testified on behalf of the Department. Mr. Krall, his wife, and children operate Furnace Hill Holsteins, milking 250 mostly registered Holsteins in South Lebanon and also lease a 200-cow satellite dairy in Elizabethtown. He also recently entered into a partnership on a dairy in Union County with the sole purpose of helping that young family have access to Land O' Lakes' market and provide them with a functional and efficient operation. Mr. Krall testified that a new system should take the place of the over-order premium now or in the near future, with that system treating all dairy farmers equally and also providing financial incentives to processors to expand or streamline their facilities.
21. Mr. Krall testified that in 1988, when the over-order premium was implemented, fluid milk consumption was higher per capita and a higher percentage of milk produced in Pennsylvania was used for Class I sales. At that time, it may have been fair to distribute the over-order premium based on each farm's Class I milk sales. He testified, however, that what was fair and equitable decades ago has changed considerably. First, fluid milk consumption per capita in Pennsylvania continues to decline, lowering the total potential premium dollars collected. Second, there is less Class I processing in Pennsylvania, limiting the amount of Pennsylvania milk that can be processed in Pennsylvania. Third, more milk now enters Pennsylvania from other states, both processed and raw. Mr. Krall testified that he has received 5.5 cents per hundredweight the past six months as over-order premium.
22. Mr. Krall testified that eliminating the over-order premium would be painful in the short term, but that something should take the place of the over-order premium now or in the near future.
23. Arden Tewksbury testified on behalf of the Progressive Agriculture Organization, Elk Lake School District, the Susquehanna Career and Technology Center, Farm Women United, and the Northeast Intermediate Unit. Mr. Tewksbury recommended that the over-order premium be \$1.00.
24. Mr. Tewksbury testified that the over-order premium is necessary because neither the United States Congress nor the United States Department of Agriculture have done anything to establish a price formula for milk that considers dairy farmers' cost of production.
25. David Graybill testified on behalf of the Pennsylvania Farm Bureau (PFB). Mr. Graybill currently serves on PFB's Executive Committee and Board of Directors. He is also Chair of PFB's State Dairy and Farm Policy Committee. PFB offered testimony to support a fundamentally fairer premium mechanism. Mr. Graybill testified that PFB supports the concept of a premium pricing mechanism that meets the three elements outlined by PDA: a. premium dollars must be uniformly distributed among all

Pennsylvania dairy producers, b. the amount charged to Pennsylvania consumers must not be substantially more than what is distributed back to Pennsylvania dairy farmers, and c. the distribution system must not provide incentives for "shell games" by which payment of the premium to Pennsylvania dairy farmers can be avoided by purchasing or selling milk across state lines. PFB believes the current over-order premium structure meets none of those elements.

26. Mr. Graybill testified that PFB's official policy supports eliminating the over-order premium and replacing it with a surcharge per gallon of milk sold at retail with even distribution among all Pennsylvania dairy farmers. Mr. Graybill testified that the current over-order premium meaningfully helps only a small segment of Pennsylvania dairy farmers, creates the potential for consumer confusion, and encourages logistical practices that undermine support for the premium among dairy farmers. Mr. Graybill testified that PFB believed that a premium structure as outlined by PDA would address these issues and would get to the root of what led to PFB's policy position.
27. PFB did not recommend a timeframe to implement a replacement for the current over-order premium. Mr. Graybill testified that time will be needed to implement any changes and that the current system should not continue indefinitely.
28. Tim Wood is a dairy farmer in Tioga County. He testified in favor of eliminating the over-order premium. He testified that distribution of the over-order premium was inequitable and the inequity should not be allowed to continue. Mr. Wood also testified that stranded premiums that are paid by consumers and not paid to Pennsylvania dairy farmers should be addressed in any new system. Mr. Wood further testified that while legal, the issue of milk moving across state lines to avoid having over-order premium attach to it would also have to be addressed. Mr. Wood testified that no over-order premium should be collected and distributed until these three issues were resolved.
29. Chuck Turner testified as an expert in plant operations, milk quality, milk procurement, milk marketing, and dairy cost accounting on behalf of Turner Dairy (Turner) and the Pennsylvania Association of Milk Dealers (PAMD). Mr. Turner recommended that the over-order premium be set at \$1.00 for six months.
30. Mr. Turner testified that consumer surveys rank taste as the number one reason people buy the products they do and that great tasting milk starts on the farm as there is nothing a processing plant can do to make milk any better than it is received. Therefore, Mr. Turner testified, much of Turner's business is devoted to ensuring that Turner receives the highest quality raw milk. Mr. Turner testified that farmers shipping to Turner are required to go beyond Pasteurized Milk Ordinance, Pennsylvania Department of Agriculture, and Federal Milk Marketing standards.
31. Mr. Turner testified that Turner's business model depends on its ability to procure milk from the best dairy farmers who will commit to the strict protocols required by Turner. He testified that there needs to be and should be a financial incentive for the farmer to meet those strict protocols.

32. Mr. Turner testified that the over-order premium was created and is intended to sit on top of the Federal Milk Market Order pricing system. He testified that the over-order premium functions to restore some of the incentive for a producer to ship to a Class I plant that is lost in the federal system. Mr. Turner further testified that the over-order premium is important because it enables Turner to recruit and reward high quality dairy farmers and that the over-order premium is important to Turner producers so that they can cover the extra costs associated with shipping to Turner in addition to just making ends meet. Mr. Turner testified that the over-order premium still functions as intended for Turner and the producers who ship to it, as well as for several other Pennsylvania Class I processors and hundreds of Pennsylvania producers who ship to those Class I processors.
33. Mr. Turner testified that Turner could, and would, pay premiums in the absence of the mandated over-order premium. However, he did not think that Turner would be able to recover the full amount of that premium in wholesale prices. Mr. Turner testified that would put downward pressure on the amount of premium Turner could pay to its producers and hurt profitability.
34. Mr. Turner testified that rather than eliminate and replace the over-order premium, a complementary or supplementary system be developed. He testified that the over-order premium is working for a critical component of the Pennsylvania dairy industry and should not be dismantled.
35. Troye Cooper testified on behalf of the Pennsylvania Association of Dairy Cooperatives (PADC) as an expert in raw milk marketing and sales from producers to handlers. Members of PADC are Dairy Farmers of America, Inc.; Lanco Dairy Farms Co-op, Inc.; Land O'Lakes, Inc.; and Maryland & Virginia Milk Producers' Cooperative Association, Inc. Mr. Cooper testified in support of setting the over-order premium at \$1.00 per hundredweight for whatever period the Board finds appropriate. Noting that Grange had recommended a six month duration for the over-order premium while PDA recommended a 60 day duration, Mr. Cooper testified that in the past when we have seen robust milk prices paid to dairy farmers like we have seen for the most recent six months, it was likely we would soon be approaching a cliff. He testified that when we reach the edge of that cliff, farmers will need a safety net, perhaps in the form of an increased over-order premium, to help soften the landing.
36. Mr. Cooper testified that the PADC cooperatives agreed with PDA's position that over-order premium dollars must be uniformly distributed among all Pennsylvania dairy producers. He testified that the current distribution method does not accomplish that objective, pointing to the testimony of Grange witnesses Mr. Espenshade and Mr. Sattazahn.
37. Mr. Cooper testified that the over-order premium should not be continued indefinitely without scrutiny as to whether the current system is reflective of today's marketplace and treats all Pennsylvania producers equitably. He also testified, however, that PADC supports the continuation of the over-order premium at status quo until sufficient data

are collected and legislation enacted which will allow industry stakeholders to formulate meaningful alternatives.

38. Mr. Cooper testified that the milk produced for proprietary dealers by independent farmers is not of superior quality when compared to that produced by cooperative farmers. He testified, for instance, that some cooperative customers require standard plate count limits similar to those outlined by Mr. Turner. Mr. Cooper further testified that other customers may require stricter preliminary incubation testing results or lab pasteurization testing and results. All customers require somatic cell counts to be compliant with European Union standards which are substantially more strict than the current FDA Grade A regulatory limit.
39. State Representative John Lawrence testified. Representative Lawrence is the Vice Chair of the House Agriculture and Rural Affairs Committee. Representative Lawrence offered testimony that was his own and that reflected the sentiments of dairy farmers across Pennsylvania who have written, called, emailed, or spoken directly with him during the past 12 years in support of his efforts to move legislation to help Pennsylvania dairy farmers.
40. Representative Lawrence introduced House Bill 224 during the current legislative session. HB 224 passed the House unanimously earlier this year and is awaiting action by the Senate. One impact of HB 224 would be to increase accountability and transparency on how the over-order premium is collected and paid, as well as ensure that the funds are paid to Pennsylvania dairy farmers. Representative Lawrence testified that many Pennsylvania dairy farmers feel there is tremendous inequity and unfairness with the current over-order premium structure.
41. Representative Lawrence noted that Secretary Redding called for the absolute transparency and accountability of all over-order premium dollars contemplated by HB 224. He testified that we know how much cigarette tax was collected in Pennsylvania last year and where it went. He testified we know how much was collected through the Marcellus Shale Impact Fee and where it went. Representative Lawrence testified that other than the over-order premium, no government fee, tax, or similar program exists without complete and total transparency and accountability.
42. The Board finds that the over-order premium should be set at \$1.00 per hundredweight from October 1, 2022, through December 31, 2022.

Regarding the existence of the over-order premium, while we find the testimony of Mr. Harbach, Mr. Krall, and Mr. Wood credible, we are more persuaded by the testimony of PDA, PFB, PADC, Grange, PAMD, and Progressive Agriculture. These organizations represent a large number of dairy farmers, both independent and cooperative member, as well as milk dealers. None of them testified that the over-order premium should be eliminated immediately.

Regarding the duration of the over-order premium, while PDA did recommend 60 days, Secretary Redding testified that it could take longer than 60 days to develop an

alternative. Similarly, PADC recommended continuation of the current over-order premium system for whatever period the Board finds appropriate. Grange and PAMD recommended a six month term for the over-order premium. Representative Lawrence testified regarding House Bill 224, which would provide some tools to the Board to develop an alternative or supplement to the over-order premium. To have those tools available to us, House Bill 224 must become law. This requires passage by the Senate followed by the Governor's signature. We find the over-order premium should be set for 90 days to allow time for House Bill 224 to become law and for the industry to develop an alternative or a supplement.

Regarding the level of the over-order premium, Grange, Progressive Agriculture, PADC, and PAMD recommended \$1.00. We find this testimony regarding the level of the over-order premium to be credible and persuasive. PAMD and PADC represent buyers and sellers of producer milk. PAMD represents the interests of independent producers. PADC represents the interests of cooperative producers. Grange represents both independent and cooperative producers, with Grange offering testimony from both an independent producer and a cooperative producer. Based on the agreement among this large swath of interests, the Board finds the over-order premium should be set at \$1.00 per hundredweight.

43. The Board reminds the industry and interested parties that while many may think of the over-order premium as a premium disconnected from the Milk Marketing Law's minimum price setting requirements, the over-order premium is actually a component of the minimum producer price. Section 801 of the Law requires the Board to establish minimum producer prices that allow producers to recover their cost of production plus a reasonable profit. The over-order premium is the method the Board has chosen to attempt to meet Section 801's requirement. Section 801 of the Law also requires that the Board establish minimum wholesale and retail prices on fluid milk.

The over-order premium is applied only to Class I milk because the Board establishes minimum wholesale and retail prices for Class I milk, but not for milk used in other classes. The over-order premium, being part of the producer price, then is incorporated into the minimum wholesale and retail prices for Class I milk.

When the Board establishes the minimum wholesale price of packaged fluid milk, the first component of that wholesale minimum price is the producer price, which includes the entire over-order premium rate. When the Board establishes the minimum retail price, the first component of that minimum retail price is the minimum wholesale price, which includes the entire over-order premium rate. Therefore, consumers pay the entire over-order premium rate when they purchase packaged fluid milk.

As the above discussion of the purpose of the over-order premium and the reason it is applied to Class I milk should make relatively clear, the over-order premium is not intended to function in any way specific to producers supplying milk to Class I processors. In practice, the over-order premium may function in that manner. However, and to reiterate, the over-order premium is intended as a mechanism to provide all producers a minimum producer price that attempts to meet Section 801's

requirements. The Board is aware that section 801 also provides that if we find the market for Pennsylvania produced milk is threatened that we may establish producer prices designed to market the milk. This provision may impact the level of the over-order premium, but it does not change the fact that the over-order premium is a component of minimum producer prices and nothing more nor less.

Despite consumers paying the entire over-order premium rate through minimum retail prices, because Class I utilization is not 100% produced, processed, and sold in Pennsylvania, Pennsylvania producers do not receive the entire over-order premium through the minimum producer price established by the Board. This despite the over-order premium being a component of the Board-mandated minimum producer price. Different producers receive different rates and some producers receive no over-order premium.

44. When the over-order premium was first established in 1988, it may have functioned better as a mechanism to provide all producers additional income. However, the dairy industry and the legal environment have changed since the over-order premium was first added to producer prices in 1988. Class I utilization has declined. Milk imports and exports have increased. Commerce Clause jurisprudence has evolved.

We believe that the current over-order premium system should be examined and modified, as and if necessary, to ensure all Pennsylvania producers receive a minimum producer price that approaches section 801's requirements. The Board believes that House Bill 224 would provide additional tools and a framework to begin developing a method to implement Section 801's minimum producer price requirement in a way that would better align minimum retail prices with the amount received by producers and better ensure that all Pennsylvania producers receive a minimum producer price that complies with Section 801's requirements. The specific method or methods developed may take any number of forms, but we first need the tools and framework House Bill 224 would provide to begin to develop those specifics.

CONCLUSIONS OF LAW

1. The August 30, 2022, over-order premium hearing was held pursuant to the authority granted to the Board in sections 801 and 803 of the Milk Marketing Law (Law), 31 P.S. §§ 700j-801 and 700j-803.
2. The hearing was held following adequate notice and all interested parties were given a reasonable opportunity to be heard.
3. All parts of Official General Order No. A-893 not inconsistent with the attached order will continue in effect.
4. In accordance with Official General Order No. A-894, milk dealers shall continue to show by line item on their monthly statements to independent producers and cooperatives the specific amount of the Pennsylvania Milk Marketing Board's over-order premium being paid.
5. In accordance with Official General Order No. A-894 (Supplemental), the over-order premium will continue to apply only to Class 1 milk produced, processed, and sold in Pennsylvania.
6. In adopting this order, the Board considered the entire record and concludes that the order is supported by a preponderance of credible evidence and is reasonable and appropriate under sections 801 and 803 of the Law.
7. The attached order may be amended pursuant to the procedures set out in section 801 of the Law.

PENNSYLVANIA MILK MARKETING BOARD

Robert N. Barley, Chairman

James A. Van Blarcom, Member

Kristi R. Kassimer, Consumer Member

Date: September 21, 2022

IF YOU WISH TO RECEIVE THIS INFORMATION IN AN ALTERNATE FORMAT,
CALL 717-787-4194 OR 1-800-654-5984 (PA RELAY SERVICE FOR TDD USERS.)