



Commonwealth of Pennsylvania
Milk Marketing Board
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Official General
Order No. A-962 (CRO 7)

Posted: August 30, 2017
Effective: October 1, 2017

COST REPLACEMENT ORDER FOR THE NORTHEASTERN MILK MARKETING AREA, AREA NO. 3

NOW, this 30th day of August 2017, the Commonwealth of Pennsylvania, Milk Marketing Board, 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, 2017.

SECTION A INCORPORATION

The attached Findings of Fact, Conclusions of Law, and Attachments are incorporated herein by this reference as though fully set forth in this order.

SECTION B SCOPE

(a) The processing, packaging, and delivery costs, container costs, ingredient costs, shrinkage and net profit and loss on sales of bulk milk and bulk cream costs, and in-store handling costs adopted by the Board in this order will replace the costs for these cost centers embodied in Official General Order (OGO) A-962 (CRO 6) and will be incorporated into the wholesale and retail prices of Class I price-controlled packaged products sold in Milk Marketing Area 3, as defined in Section B of OGO A-962. Wholesale and retail prices will be adjusted as well by the change in labor, utility, and insurance costs that the Board adopts in this order.

(b) The rate of return for dealers is 3.4%.

(c) The rate of return to retailers is 2.7%.

SECTION C
EFFECTIVENESS OF OFFICIAL GENERAL ORDER A-962

All parts of Official General Order A-962 (CRO 6) not inconsistent with Section B of this order continue in effect.

PENNSYLVANIA MILK MARKETING BOARD

Luke F. Brubaker, Chairman

Lynda J. Bowman, Consumer Member

James A. Van Blarcom, Member

Date: August 30, 2017

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FINDINGS OF FACT AND CONCLUSIONS OF LAW
COST REPLACEMENT HEARING FOR MILK MARKETING AREA NO. 3
JULY 5, 2017

I. FINDINGS OF FACT

1. On July 5, 2017, the Pennsylvania Milk Marketing Board (“Board”) held a cost replacement hearing for Milk Marketing Area No. 3.

2. Notice of the hearing was published at 47 Pennsylvania Bulletin 2687 dated May 6, 2017. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1530, dated April 25, 2017. The hearing notice enumerated the scope of evidence that the Board would receive.

3. The dealer cross section used by both Board Staff and the Area 3 milk dealers (“Dealers”), the only parties to present dealer cost information, consisted of Clover Farms Dairy Company; Guers Dairy; Schneider – Valley Farms, Inc; Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven; Turkey Hill L.P.; Pocono Mountain Dairies; Swiss Premium Dairy, Inc.; and Valley Farms Dairy LLC.

4. Cliff Ackman, appearing on behalf of Board Staff as an expert in milk statistics, testified that the dealer cross section was representative of the dealers doing business in Area 3. Mr. Ackman based his opinion on the amounts and types of milk sold by the cross section dealers, the types of customers served by the cross section dealers, and the delivery techniques employed by the cross section dealers. Carl Herbein, appearing on behalf of the Area 3 milk dealers as an expert in cost accounting and milk cost accounting, testified that the dealer cross section processed, packaged, and delivered a majority of the fluid milk products in Area 3 and delivered to a range of customers in Area 3 which included supermarkets, convenience stores, schools, institutions, and small retail outlets. Mr. Herbein opined that the cross-section was representative of the dealers selling in Area 3. Based on the factors outlined by Mr. Ackman and Mr. Herbein, the Board finds that the dealer cross section used by both Board Staff and Dealers is representative of dealers doing business in Area 3.

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk industry cost accounting and regulation of the milk industry. Mr. Gojsovich and Mr. Herbein presented evidence of processing, packaging, and delivery costs that differed because of the royalty cost issue discussed in the Discussion section below. Based on our findings and conclusions regarding that issue, we find that milk dealers incurred a cost of \$0.2730 for processing, packaging, and delivery in 2015 and that \$0.2730 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Herbein testified to the following 2016 ingredient costs, based on year 2015 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0002/lb; Low Fat Milk - \$0.0002/lb; Non-Fat Milk - \$0.0021/lb; Flavored Milk - \$0.0364/lb; Flavored

Reduced Fat Milk - \$0.0323/lb; Flavored Non-Fat Milk - \$0.0269/lb; Buttermilk - \$0.0107/lb; Egg Nog - \$0.2170/lb. The Board finds that these ingredient costs should be used in this order.

7. Mr. Gojsovich and Mr. Herbein presented concurring evidence regarding the cost update for labor, insurance, and utility costs of \$0.0122 per point between the first halves of 2015 and 2016. We find that \$0.0122 should be used in this order.

8. Mr. Gojsovich and Mr. Herbein recommended that the area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in diesel fuel costs continue in Area 3. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 8 and attached to this order as Attachment 1.

9. Mr. Gojsovich and Mr. Herbein recommended that the area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in heating fuel costs continue in Area 3. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 9 and attached to this order as Attachment 2.

10. Mr. Gojsovich and Mr. Herbein arrived at different costs for shrinkage and sales of bulk products. Mr. Gojsovich testified that differences in the evidence were due to the issue discussed below. Therefore, the Board finds that the cost of shrinkage and sales of bulk products to be used in this order should be \$(0.0015) per pound, as presented by Mr. Herbein.

11. Mr. Gojsovich and Mr. Herbein presented container cost evidence that differed for some containers because of the issue discussed below. Based on our resolution of that issue, we find that the weighted costs and weighted units used by Mr. Herbein to arrive at the following container costs should be used in this order: Gallon - \$0.1891; Half Gallon (combined) - \$0.1362; Quart (combined) - \$0.1049; Pint (combined) - \$0.0659; Half Pint (paper) - \$0.0266; Half Pint (plastic) - \$0.0657; 4 Ounce - \$0.0275; Bulk Per Quart - \$0.0383. Mr. Herbein did not present evidence regarding 12 ounce and 10 ounce container costs; Mr. Gojsovich did. Based on Mr. Gojsovich's testimony we find that the 12 ounce base container cost is \$0.0630 and the 10 ounce base container cost is \$0.0587. Both Mr. Gojsovich and Mr. Herbein testified that container costs should continue to be updated monthly; the Board agrees and finds that container costs should continue to be updated monthly, based on the base weighted costs and weighted units testified to by Mr. Gojsovich and as listed above. The Board also finds that the weighted shrinkage factor should continue to be applied to container costs.

The Board further finds that minimum resale prices for products sold in half pint containers should be calculated using the paper container cost for products sold in paper containers and by applying a plastic add-on to the paper container cost for products sold in rigid plastic containers. Based on the testimony of Mr. Gojsovich and Mr. Herbein, we find the plastic add-on is \$0.0391 and that the add-on should be adjusted monthly based on the monthly container cost surveys.

12. No party presented evidence regarding Class II products. Mr. Herbein recommended that the Board continue using the existing methodology to price Class II products. Since there was no proposal by any party to change Class II pricing, the Board finds that the current Class II pricing methodology shall continue until a Class II hearing is called and the results memorialized in an Official General Order.

13. Thomas J. Price testified on behalf of the Pennsylvania Food Merchants Association as an expert in cost accounting. Mr. Price recommended that the retail rate of return remain unchanged and that the Board continue to utilize the monthly CPI adjustment to minimum retail prices. The Board finds that the retail rate of return should remain at 2.7% and that the monthly CPI adjustment should remain in place.

II. DISCUSSION

Staff and Dealers disagreed on whether and to what extent royalty charges incurred by several cross-section plants should be included in dealer costs when establishing minimum prices. Due to the proprietary nature of the information required for the parties to litigate the matter thoroughly to provide the Board the relevant information to reach a decision, much of the evidence was presented under seal and the testimony given *in camera*. Therefore, many details will be lacking in this order and discussion. However, the Board has carefully reviewed all of the evidence and testimony presented. The Board was present when testimony was given and had the opportunity to observe the demeanor of the witnesses. The findings and conclusions in this discussion section and the entire order are based on our thorough review of the evidence and our credibility determinations and decisions regarding the weight to give evidence based on our live observation of witnesses.

Mr. Gojsovich testified that Staff had determined that the charges at issue should not have been, and should no longer be, considered an allowable expense for minimum price setting purposes. Mr. Gojsovich framed the issue as whether an inter-company charge should be recognized as an allowable expense for price-setting calculations. He testified that the royalties should not be allowed because they are not an actual cost and they are excessive.

Mr. Gojsovich testified that the Board's regulations, at 7 Pa. Code sec. 149.2, define costs as "the amount of money actually incurred for property or services." He testified that the charges in question are related party transactions and not an actual cost or an allocation of cost. Staff practice has been to only allow the actual costs associated with related party transactions for cost replacement purposes; related party transactions involving rent, delivery charges, and containers have been adjusted to actual costs and been accepted by Staff and Dealers. Mr. Gojsovich testified that Staff is receptive to adjusting the royalty charges to actual costs were they to be identified.

Mr. Gojsovich also testified the 7 Pa. Code sec. 149.3 requires dealer costs to be "just and reasonable." It is Staff's opinion that the charges in question are neither just nor reasonable. Mr. Gojsovich testified that the charges should not be allowable on private brands.

Mr. Gojsovich testified that generally accepted accounting principles ("GAAP") do not require the royalty charges to be included in the price of milk. He testified that GAAP is a collection of rules and standards for financial reporting and does not dictate what costs reported to the Board should be included in minimum prices.

Dealers presented several witnesses opposed to Staff's position. Peter Lee and Rodrigo Lopatin testified as experts in transfer pricing. Scott Vopni and Eddie Tollison testified as experts in public and private company accounting. David Stonesifer testified as an expert in generally accepted accounting principles and generally accepted auditing standards. As noted above, Carl Herbein testified as an expert in milk cost accounting and cost accounting. John Pierce, Senior Manager of Dean Foods, testified as a fact witness.

Mr. Lee is a Principal in PricewaterhouseCoopers ("PwC") Transfer Pricing practice. He explained that transfer pricing is the setting of the price for goods and services between related legal entities. Mr. Lopatin is a Director in PwC's Dallas transfer pricing team. PwC analyzed the intercompany intangible property licensing transactions in question from a transfer pricing perspective. Transfer pricing analyzes actual expenses and evaluates whether those expenses equated to arm's length transactions. PwC's analysis relied on transfer pricing guidelines presented under Internal Revenue Code Section 482 and the United States Treasury Regulations thereunder.

PwC performed its analysis based on the arm's length standard ("ALS"). The ALS is the standard economic principle whereby the pricing of related party transactions is benchmarked to comparable transactions between unrelated parties (so called "arm's length transactions"). If pricing of related party transactions is within a range observed in arm's length transactions, then the related party transactions are considered to be priced in accordance with the ALS. Pricing in accordance with the ALS prevents related parties from distorting the economic effects of a transaction. A transfer pricing analysis under the ALS may be used for regulatory purposes. Mr. Lee testified that the issue in this matter was to test whether the royalty charge in question was within the arm's length interquartile range so that plants being charged the fee could claim the fee as a business expense on state income tax returns and for other regulatory purposes. PwC concluded that the royalties are supportable expenses to the processing plants.

Mr. Lee testified that it was appropriate for the royalty charge to apply to both branded and private label products because private label sales are dependent upon the value of the branded trade names and incorporate other licensed intellectual property. He explained that the customer of private label products is not the end consumer, but rather the retail distributor who purchases the private label product. That distributor is attracted to purchase the private label products due to the various intellectual property and goodwill associated with the branded products.

Mr. Lee and Mr. Lopatin testified that the royalties were reasonable and consistent with arm's length principles based on market transactions.

Mr. Vopni is the Chief Accounting Officer and Senior Vice President of Finance for Dean Foods Company. Mr. Tollison is Dean Foods Company's Vice President Segment Controller (Fresh Dairy Direct). Mr. Vopni testified that the royalty charges are an actual cost and are reasonable.

Mr. Vopni testified that the charges meet the 7 Pa. Code sec. 149.2 definition of costs. He testified that the charge is an actual expense incurred by plants in return for the benefit derived from using the licensed intellectual property.

Mr. Vopni also testified that the charges are "just and reasonable" under 7 Pa. Code sec. 149.3. He testified it was appropriate to apply the charge to private label products because the licensed intellectual property encompasses much more than the brand label. He agreed with Mr. Lee that the customers who purchase the private label products would not do so without the assurances and representations provided by the licensed intellectual property.

Mr. Vopni further testified that the revenues and expenses in question are properly accrued and recorded and are reflected in the appropriate legal entities' books and records in accordance with GAAP. He disagreed with Mr. Gojsovich's position that GAAP is a collection of rules and standards for financial reporting that does not dictate what costs reported to Staff should be included in milk prices. Mr. Vopni testified that GAAP is applicable to costs because it would be inconsistent to apply GAAP to net sales (as required when determining reasonable return) without also applying it to the underlying and related costs.

Mr. Herbein testified that the royalty charge is set at a level consistent with an arm's length transaction. He also testified that the expense is a cost that directly affect the financial bottom line of the plants in question. The expense is recorded on the individual plant profit and loss statements monthly and inter-company journal entries are made recording the expense accrual and recording the payment obligation. Mr. Herbein testified that the expense is contractually obligated and his detailed review shows that the obligation is satisfied on a monthly basis.

Mr. Herbein testified that GAAP requires a contractually obligated expense to be included as an expense. He testified that to comply with the Milk Marketing Law's requirement that the Board determine rate of return in accordance with GAAP, all accounting elements of income and expense must comply with GAAP. He testified that net income is determined by subtracting all expenses from revenue and that this process clearly includes the GAAP requirement that the contractually obligated royalty expense be included in operating expenses. Mr. Herbein testified that the exhibits submitted by Dealers were presented in compliance with GAAP.

Mr. Stonesifer is an audit partner in Herbein+Company, Inc. Mr. Stonesifer testified that all auditors of financial statements must conduct their audits in accordance with Generally Accepted Auditing Standards ("GAAS"). These standards are a set of ten principles with the goal of aiding the auditor in planning, conducting, and reporting the results of audits. He testified that reporting the results of operations, particularly determining and presenting net income, is one of the critical aspects of financial reporting and that GAAP is intended to ensure that when a potential lender, shareholder, or regulator reviews a financial statement, that the reader is assured the financial statement paints an accurate picture of the financial status of the particular company. Mr. Stonesifer testified that the annual financial statements prepared by the plants in question are prepared in accordance with GAAP.

Mr. Stonesifer testified that the PwC transfer pricing report would be sufficient for an auditor to agree with the position taken by Dealers relative to the appropriateness and reasonableness of the royalty expenses. He also testified that royalty expenses are without question an allowable expense under GAAP, explaining that when a company is charged for the right to use an asset, that is an allowable expense under GAAP. Mr. Stonesifer also testified that GAAP neither precludes nor allows for transactions solely based on the nature of the relationship between the companies conducting the transaction; the fact that the charge in question is between related parties has no bearing on whether the expense would be allowable under GAAP. As Mr. Stonesifer explained, if a Pennsylvania plant paid a royalty to a celebrity or local sports team for the right to use its logo or name on a price-controlled product, this expense would clearly be allowable under GAAP and would be an allowable expense for the cost replacement process (Mr. Gojsovich agreed with this point). Mr. Stonesifer testified that it is not the source of the expense that is relevant, it is the legitimacy and reasonableness of the expense based on objective testing and criteria.

Mr. Pierce testified that the royalty expense is a real expense on the Dean plants' books. Mr. Pierce also testified that, in his experience, the Dean brand, reputation, logistical capabilities, knowhow, and footprint afford Dean the opportunities it has with private label sales.

The Board finds that the royalty cost should be included in dealer costs in the manner and amount as presented by Dealers. In so finding, we find the testimony and the evidence presented by Mr. Lee, Mr. Lopatin, Mr. Vopni, Mr. Tollison, Mr. Herbein, Mr. Stonesifer, and Mr. Pierce credible and more persuasive than the credible testimony of Mr. Gojsovich.

Mr. Lee and Mr. Lopatin, experts in transfer pricing, testified that the amount of the royalty was reasonable and consistent with arm's length principles based on market transactions. PwC's analysis relied on transfer pricing guidelines presented under Internal Revenue Code Section 482 and the United States Treasury Regulations thereunder. This testimony is more persuasive than Mr. Gojsovich's to the contrary, as Mr. Gojsovich is not an expert in transfer pricing and has limited experience with transfer pricing.

Mr. Vopni, Mr. Tollison, and Mr. Herbein testified that the royalty is an actual expense incurred by the plants. This testimony is more persuasive than Mr. Gojsovich's testimony. In so finding, we also take note of Mr. Stonesifer's testimony that the fact that the charge in question is between related parties has no bearing on whether the expense would be allowable under GAAP. We agree with Mr. Stonesifer that it is not the source of the expense that is relevant, it is the legitimacy and reasonableness of the expense based on objective testing and criteria that is relevant.

As noted above, we rely on the testimony of Mr. Lee and Mr. Lopatin that the amount of the royalty is reasonable. We were provided no evidence that the transaction is a sham designed to artificially inflate milk prices or "game" the system. We did receive more than a significant amount of evidence, under seal and *in camera*, that the transaction is legitimate, reasonable, and proper. Therefore, we are compelled to find that the royalty cost should be included in resale prices.

These findings and conclusions are limited to the evidence and circumstances regarding this particular royalty cost at this time. The Board may reach a different conclusion in future matters based on the facts and circumstances at that time.

III. CONCLUSIONS OF LAW

1. The July 5, 2017, cost replacement hearing for Milk Marketing Area No. 3 was held pursuant to authority granted to the Board in section 801 of the Milk Marketing Law (Law), 31 P.S. § 700j-801.
2. The record of the Area 1 cost replacement hearing held on July 5, 2017, was incorporated by reference in the record of this hearing.
3. The hearing was held following adequate notice, and all interested persons were given a reasonable opportunity to be heard.
4. The cross-section used to establish dealer costs met the requirement of representativeness of section 801 of the Law.
5. In establishing the attached order, the Board has considered the entire record and has concluded that the adoption of this order is supported by a preponderance of the evidence and is reasonable and appropriate under section 801 of the Law, subject to any revisions or amendments the Board may make in the manner set forth in the Law.

PENNSYLVANIA MILK MARKETING BOARD

Luke F. Brubaker, Chairman

Lynda J. Bowman, Consumer Member

James A. Van Blarcom, Member

Date: August 30, 2016

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PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 3

Diesel Fuel Costs Adjustment

Update of Diesel Fuel Costs from YEAR 2015 to MARCH 2017

1. Weighted Diesel Fuel Costs - YEAR 2015	\$ 1,452,221
2. Average On-Highway Diesel Price per Gallon - YEAR 2015 (1)	\$ 2.927
3. On-Highway Diesel Price per Gallon - MARCH 2017 (1)	\$ 2.751
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)	-6.01%
5. Presumed Diesel Fuel Costs - MARCH 2017 ((Line 1 X Line 4) + Line 1)	<u>\$ 1,364,899</u>
6. Change in Diesel Fuel Costs from YEAR 2015 to MARCH 2017 (Line 5 - Line 1)	\$ (87,322)
7. Weighted Delivery Points - YEAR 2015	<u>107,332,853</u>
8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)	<u>\$ (0.0008)</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 2015 to JANUARY 2017**

1. Weighted Heating Fuel Costs - YEAR 2015	\$	230,316
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2015 (1)	\$	9.73
3. Pennsylvania Average Natural Gas Price - Industrial - JANUARY 2017 (1)	\$	7.88
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		-19.01%
5. Presumed Heating Fuel Costs - JANUARY 2017 ((Line 1 X Line 4) + Line 1)	\$	<u>186,533</u>
6. Change in Heating Fuel Costs from YEAR 2015 to JANUARY 2017 (Line 5 - Line 1)	\$	(43,783)
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2015		<u>134,105,197</u>
8. Change in Heating Fuel Costs per S&P Point (Line 6 ÷ Line 7)	\$	<u>(0.0003)</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**

**MILK COSTS BEFORE PACKAGING
MAY 2017 MILK COSTS**

	Class 1
Skim Rate	\$ 12.09
Butterfat Rate	\$ 2.4231

Product Description	A	B	C	D	E	F	G	H	I	J	K
	Product Pounds	Butterfat		Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound
		Pounds	Percentage								
			(B ÷ A)	(A - B)	(B × BF Rate)	(D × Skim Rate)	(E + F)	(G ÷ A)	(EX. 4)	(EX. 5)	(H + I + J)
Class 1											
Standard (Whole) Milk	53,067,499	1,732,523	3.2648%	51,334,976	\$ 4,198,076	\$ 6,206,399	\$ 10,404,475	\$ 0.1961	\$ -	\$ (0.0015)	\$ 0.1946
Reduced Fat (2%) Milk	48,549,038	941,242	1.9387%	47,607,796	\$ 2,280,723	\$ 5,755,783	\$ 8,036,506	\$ 0.1655	\$ 0.0002	\$ (0.0015)	\$ 0.1642
Low Fat (1%) Milk	25,459,791	245,541	0.9644%	25,214,250	\$ 594,970	\$ 3,048,403	\$ 3,643,373	\$ 0.1431	\$ 0.0002	\$ (0.0015)	\$ 0.1418
Non Fat (Skim) Milk	20,931,480	19,055	0.0910%	20,912,425	\$ 46,172	\$ 2,528,312	\$ 2,574,484	\$ 0.1230	\$ 0.0021	\$ (0.0015)	\$ 0.1236
Flavored Milk	3,779,201	124,863	3.3040%	3,654,338	\$ 302,556	\$ 441,809	\$ 744,365	\$ 0.1970	\$ 0.0364	\$ (0.0015)	\$ 0.2319
Flavored Reduced Fat Milk	6,010,514	79,911	1.3295%	5,930,603	\$ 193,632	\$ 717,010	\$ 910,642	\$ 0.1515	\$ 0.0323	\$ (0.0015)	\$ 0.1823
Flavored NONFAT Milk	11,308,149	9,823	0.0869%	11,298,326	\$ 23,802	\$ 1,365,968	\$ 1,389,770	\$ 0.1229	\$ 0.0269	\$ (0.0015)	\$ 0.1483
Buttermilk	50,909	1,935	3.8009%	48,974	\$ 4,689	\$ 5,921	\$ 10,610	\$ 0.2084	\$ 0.0107	\$ (0.0015)	\$ 0.2176
Egg Nog	530,413	38,059	7.1754%	492,354	\$ 92,221	\$ 59,526	\$ 151,746	\$ 0.2861	\$ 0.2170	\$ (0.0015)	\$ 0.5016

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

**WHOLESALE PRICE BUILDUP
MAY 2017 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	\$ 1.6736	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.9228	\$ 0.1029	\$ 3.0257	\$ (0.4992)	\$ 0.9448	\$ 3.4713	\$ 3.3804	\$ 0.0909
	Half Gallon	\$ 0.8368	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.4974	\$ 0.0527	\$ 1.5501	\$ (0.2496)	\$ 0.4724	\$ 1.7729	\$ 1.7226	\$ 0.0503
	Quart	\$ 0.4184	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.8386	\$ 0.0295	\$ 0.8681	\$ (0.1248)	\$ 0.2362	\$ 0.9795	\$ 0.9632	\$ 0.0163
	Pint	\$ 0.2092	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4639	\$ 0.0163	\$ 0.4802	\$ (0.0624)	\$ 0.1181	\$ 0.5359	\$ 0.5372	\$ (0.0013)
	12 Ounce	\$ 0.1569	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3700	\$ 0.0130	\$ 0.3830	\$ (0.0468)	\$ 0.0886	\$ 0.4248	\$ 0.4158	\$ 0.0090
	10 Ounce	\$ 0.1307	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.3244	\$ 0.0114	\$ 0.3358	\$ (0.0390)	\$ 0.0738	\$ 0.3706	\$ 0.3632	\$ 0.0074
	Half Pint	\$ 0.1046	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2284	\$ 0.0080	\$ 0.2364	\$ (0.0312)	\$ 0.0591	\$ 0.2643	\$ 0.2586	\$ 0.0057
	4 ounce	\$ 0.0523	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1460	\$ 0.0051	\$ 0.1511	\$ (0.0156)	\$ 0.0295	\$ 0.1650	\$ 0.1612	\$ 0.0038
	Dispenser	\$ 0.4184	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.7442	\$ 0.0262	\$ 0.7704	\$ (0.1248)	\$ 0.2362	\$ 0.8818	\$ 0.8620	\$ 0.0198
REDUCED FAT (2%) MILK	Gallon	\$ 1.4154	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.6646	\$ 0.0938	\$ 2.7584	\$ (0.4992)	\$ 0.9448	\$ 3.2040	\$ 3.1150	\$ 0.0890
	Half Gallon	\$ 0.7077	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.3683	\$ 0.0482	\$ 1.4165	\$ (0.2496)	\$ 0.4724	\$ 1.6393	\$ 1.5899	\$ 0.0494
	Quart	\$ 0.3539	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.7741	\$ 0.0272	\$ 0.8013	\$ (0.1248)	\$ 0.2362	\$ 0.9127	\$ 0.8968	\$ 0.0159
	Pint	\$ 0.1769	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4316	\$ 0.0152	\$ 0.4468	\$ (0.0624)	\$ 0.1181	\$ 0.5025	\$ 0.5039	\$ (0.0014)
	12 Ounce	\$ 0.1327	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3458	\$ 0.0122	\$ 0.3580	\$ (0.0468)	\$ 0.0886	\$ 0.3998	\$ 0.3909	\$ 0.0089
	10 Ounce	\$ 0.1106	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.3043	\$ 0.0107	\$ 0.3150	\$ (0.0416)	\$ 0.0787	\$ 0.3521	\$ 0.3425	\$ 0.0096
	Half Pint	\$ 0.0885	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2123	\$ 0.0075	\$ 0.2198	\$ (0.0312)	\$ 0.0591	\$ 0.2477	\$ 0.2421	\$ 0.0056
	4 ounce	\$ 0.0442	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1379	\$ 0.0049	\$ 0.1428	\$ (0.0156)	\$ 0.0295	\$ 0.1567	\$ 0.1529	\$ 0.0038
	Dispenser	\$ 0.3539	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.6797	\$ 0.0239	\$ 0.7036	\$ (0.1248)	\$ 0.2362	\$ 0.8150	\$ 0.7957	\$ 0.0193
LOWFAT (1%) MILK	Gallon	\$ 1.2223	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.4715	\$ 0.0870	\$ 2.5585	\$ (0.4992)	\$ 0.9448	\$ 3.0041	\$ 2.9142	\$ 0.0899
	Half Gallon	\$ 0.6112	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.2718	\$ 0.0448	\$ 1.3166	\$ (0.2496)	\$ 0.4724	\$ 1.5394	\$ 1.4895	\$ 0.0499
	Quart	\$ 0.3056	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.7258	\$ 0.0255	\$ 0.7513	\$ (0.1248)	\$ 0.2362	\$ 0.8627	\$ 0.8466	\$ 0.0161
	Pint	\$ 0.1528	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4075	\$ 0.0143	\$ 0.4218	\$ (0.0624)	\$ 0.1181	\$ 0.4775	\$ 0.4789	\$ (0.0014)
	12 Ounce	\$ 0.1146	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3277	\$ 0.0115	\$ 0.3392	\$ (0.0468)	\$ 0.0886	\$ 0.3810	\$ 0.3721	\$ 0.0089
	10 Ounce	\$ 0.0955	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.2892	\$ 0.0102	\$ 0.2994	\$ (0.0416)	\$ 0.0787	\$ 0.3365	\$ 0.3267	\$ 0.0098
	Half Pint	\$ 0.0764	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2002	\$ 0.0070	\$ 0.2072	\$ (0.0312)	\$ 0.0591	\$ 0.2351	\$ 0.2295	\$ 0.0056
	4 ounce	\$ 0.0382	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1319	\$ 0.0046	\$ 0.1365	\$ (0.0156)	\$ 0.0295	\$ 0.1504	\$ 0.1466	\$ 0.0038
	Dispenser	\$ 0.3056	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.6314	\$ 0.0222	\$ 0.6536	\$ (0.1248)	\$ 0.2362	\$ 0.7650	\$ 0.7455	\$ 0.0195
NONFAT (SKIM) MILK	Gallon	\$ 1.0667	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.3159	\$ 0.0815	\$ 2.3974	\$ (0.4992)	\$ 0.9448	\$ 2.8430	\$ 2.7522	\$ 0.0908
	Half Gallon	\$ 0.5333	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.1939	\$ 0.0420	\$ 1.2359	\$ (0.2496)	\$ 0.4724	\$ 1.4587	\$ 1.4085	\$ 0.0502
	Quart	\$ 0.2667	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.6869	\$ 0.0242	\$ 0.7111	\$ (0.1248)	\$ 0.2362	\$ 0.8225	\$ 0.8060	\$ 0.0165
	Pint	\$ 0.1333	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.3880	\$ 0.0137	\$ 0.4017	\$ (0.0624)	\$ 0.1181	\$ 0.4574	\$ 0.4586	\$ (0.0012)
	12 Ounce	\$ 0.1000	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3131	\$ 0.0110	\$ 0.3241	\$ (0.0468)	\$ 0.0886	\$ 0.3659	\$ 0.3569	\$ 0.0090
	10 Ounce	\$ 0.0833	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.2770	\$ 0.0097	\$ 0.2867	\$ (0.0416)	\$ 0.0787	\$ 0.3238	\$ 0.3141	\$ 0.0097
	Half Pint	\$ 0.0667	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.1905	\$ 0.0067	\$ 0.1972	\$ (0.0312)	\$ 0.0591	\$ 0.2251	\$ 0.2194	\$ 0.0057
	4 ounce	\$ 0.0333	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1270	\$ 0.0045	\$ 0.1315	\$ (0.0156)	\$ 0.0295	\$ 0.1454	\$ 0.1415	\$ 0.0039
	Dispenser	\$ 0.2667	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.5925	\$ 0.0209	\$ 0.6134	\$ (0.1248)	\$ 0.2362	\$ 0.7248	\$ 0.7049	\$ 0.0199

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0002 per quart equivalent.

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

**WHOLESALE PRICE BUILDUP
MAY 2017 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	\$ 1.8552	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 3.1044	\$ 0.1093	\$ 3.2137	\$ (0.4992)	\$ 0.9448	\$ 3.6593	\$ 3.6257	\$ 0.0336
	Half Gallon	\$ 0.9276	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.5882	\$ 0.0559	\$ 1.6441	\$ (0.2496)	\$ 0.4724	\$ 1.8669	\$ 1.8453	\$ 0.0216
	Quart	\$ 0.4638	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.8840	\$ 0.0311	\$ 0.9151	\$ (0.1248)	\$ 0.2362	\$ 1.0265	\$ 1.0244	\$ 0.0021
	Pint	\$ 0.2319	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4866	\$ 0.0171	\$ 0.5037	\$ (0.0624)	\$ 0.1181	\$ 0.5594	\$ 0.5678	\$ (0.0084)
	12 Ounce	\$ 0.1739	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3870	\$ 0.0136	\$ 0.4006	\$ (0.0468)	\$ 0.0886	\$ 0.4424	\$ 0.4388	\$ 0.0036
	10 Ounce	\$ 0.1449	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.3386	\$ 0.0119	\$ 0.3505	\$ (0.0416)	\$ 0.0787	\$ 0.3876	\$ 0.3823	\$ 0.0053
	Half Pint	\$ 0.1160	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2398	\$ 0.0084	\$ 0.2482	\$ (0.0312)	\$ 0.0591	\$ 0.2761	\$ 0.2740	\$ 0.0021
	4 ounce	\$ 0.0580	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1517	\$ 0.0053	\$ 0.1570	\$ (0.0156)	\$ 0.0295	\$ 0.1709	\$ 0.1689	\$ 0.0020
	Dispenser	\$ 0.4638	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.7896	\$ 0.0278	\$ 0.8174	\$ (0.1248)	\$ 0.2362	\$ 0.9288	\$ 0.9233	\$ 0.0055
FLAVORED REDUCED FAT MILK	Gallon	\$ 1.4584	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.7076	\$ 0.0953	\$ 2.8029	\$ (0.4992)	\$ 0.9448	\$ 3.2485	\$ 3.1926	\$ 0.0559
	Half Gallon	\$ 0.7292	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.3898	\$ 0.0489	\$ 1.4387	\$ (0.2496)	\$ 0.4724	\$ 1.6615	\$ 1.6287	\$ 0.0328
	Quart	\$ 0.3646	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.7848	\$ 0.0276	\$ 0.8124	\$ (0.1248)	\$ 0.2362	\$ 0.9238	\$ 0.9162	\$ 0.0076
	Pint	\$ 0.1823	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4370	\$ 0.0154	\$ 0.4524	\$ (0.0624)	\$ 0.1181	\$ 0.5081	\$ 0.5137	\$ (0.0056)
	12 Ounce	\$ 0.1367	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3498	\$ 0.0123	\$ 0.3621	\$ (0.0468)	\$ 0.0886	\$ 0.4039	\$ 0.3982	\$ 0.0057
	10 Ounce	\$ 0.1139	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.3076	\$ 0.0108	\$ 0.3184	\$ (0.0416)	\$ 0.0787	\$ 0.3555	\$ 0.3485	\$ 0.0070
	Half Pint	\$ 0.0912	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2150	\$ 0.0076	\$ 0.2226	\$ (0.0312)	\$ 0.0591	\$ 0.2505	\$ 0.2469	\$ 0.0036
	4 ounce	\$ 0.0456	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1393	\$ 0.0049	\$ 0.1442	\$ (0.0156)	\$ 0.0295	\$ 0.1581	\$ 0.1553	\$ 0.0028
	Dispenser	\$ 0.3646	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.6904	\$ 0.0243	\$ 0.7147	\$ (0.1248)	\$ 0.2362	\$ 0.8261	\$ 0.8150	\$ 0.0111
FLAVORED NONFAT MILK	Gallon	\$ 1.1864	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 2.4356	\$ 0.0857	\$ 2.5213	\$ (0.4992)	\$ 0.9448	\$ 2.9669	\$ 2.9450	\$ 0.0219
	Half Gallon	\$ 0.5932	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.2538	\$ 0.0441	\$ 1.2979	\$ (0.2496)	\$ 0.4724	\$ 1.5207	\$ 1.5049	\$ 0.0158
	Quart	\$ 0.2966	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.7168	\$ 0.0252	\$ 0.7420	\$ (0.1248)	\$ 0.2362	\$ 0.8534	\$ 0.8543	\$ (0.0009)
	Pint	\$ 0.1483	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4030	\$ 0.0142	\$ 0.4172	\$ (0.0624)	\$ 0.1181	\$ 0.4729	\$ 0.4827	\$ (0.0098)
	12 Ounce	\$ 0.1112	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3243	\$ 0.0114	\$ 0.3357	\$ (0.0468)	\$ 0.0886	\$ 0.3775	\$ 0.3750	\$ 0.0025
	10 Ounce	\$ 0.0927	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.2864	\$ 0.0101	\$ 0.2965	\$ (0.0416)	\$ 0.0787	\$ 0.3336	\$ 0.3291	\$ 0.0045
	Half Pint	\$ 0.0742	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.1980	\$ 0.0070	\$ 0.2050	\$ (0.0312)	\$ 0.0591	\$ 0.2329	\$ 0.2314	\$ 0.0015
	4 ounce	\$ 0.0371	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1308	\$ 0.0046	\$ 0.1354	\$ (0.0156)	\$ 0.0295	\$ 0.1493	\$ 0.1476	\$ 0.0017
	Dispenser	\$ 0.2966	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.6224	\$ 0.0219	\$ 0.6443	\$ (0.1248)	\$ 0.2362	\$ 0.7557	\$ 0.7531	\$ 0.0026
BUTTERMILK	Gallon	\$ 1.8714	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 3.1206	\$ 0.1098	\$ 3.2304	\$ (0.4992)	\$ 0.9448	\$ 3.6760	\$ 3.6680	\$ 0.0080
	Half Gallon	\$ 0.9357	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 1.5963	\$ 0.0562	\$ 1.6525	\$ (0.2496)	\$ 0.4724	\$ 1.8753	\$ 1.8664	\$ 0.0089
	Quart	\$ 0.4678	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 0.8880	\$ 0.0313	\$ 0.9193	\$ (0.1248)	\$ 0.2362	\$ 1.0307	\$ 1.0350	\$ (0.0043)
	Pint	\$ 0.2339	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.4886	\$ 0.0172	\$ 0.5058	\$ (0.0624)	\$ 0.1181	\$ 0.5615	\$ 0.5731	\$ (0.0116)
	12 Ounce	\$ 0.1754	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.3885	\$ 0.0137	\$ 0.4022	\$ (0.0468)	\$ 0.0886	\$ 0.4440	\$ 0.4427	\$ 0.0013
	10 Ounce	\$ 0.1462	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.3399	\$ 0.0120	\$ 0.3519	\$ (0.0416)	\$ 0.0787	\$ 0.3890	\$ 0.3856	\$ 0.0034
	Half Pint	\$ 0.1170	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.2408	\$ 0.0085	\$ 0.2493	\$ (0.0312)	\$ 0.0591	\$ 0.2772	\$ 0.2767	\$ 0.0005
	4 ounce	\$ 0.0585	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.1522	\$ 0.0054	\$ 0.1576	\$ (0.0156)	\$ 0.0295	\$ 0.1715	\$ 0.1702	\$ 0.0013
	Dispenser	\$ 0.4678	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 0.7936	\$ 0.0279	\$ 0.8215	\$ (0.1248)	\$ 0.2362	\$ 0.9329	\$ 0.9339	\$ (0.0010)

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0002 per quart equivalent.

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

**WHOLESALE PRICE BUILDUP
MAY 2017 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	\$ 4.0128	\$ 0.1932	\$ 0.0452	\$ (0.0812)	\$ 1.0920	\$ 5.2620	\$ 0.1852	\$ 5.4472	\$ (0.4992)	\$ 0.9448	\$ 5.8928	\$ 5.2539	\$ 0.6389
	Half Gallon	\$ 2.0064	\$ 0.1392	\$ 0.0226	\$ (0.0472)	\$ 0.5460	\$ 2.6670	\$ 0.0939	\$ 2.7609	\$ (0.2496)	\$ 0.4724	\$ 2.9837	\$ 2.6593	\$ 0.3244
	Quart	\$ 1.0032	\$ 0.1139	\$ 0.0113	\$ 0.0220	\$ 0.2730	\$ 1.4234	\$ 0.0501	\$ 1.4735	\$ (0.1248)	\$ 0.2362	\$ 1.5849	\$ 1.4315	\$ 0.1534
	Pint	\$ 0.5016	\$ 0.0703	\$ 0.0057	\$ 0.0422	\$ 0.1365	\$ 0.7563	\$ 0.0266	\$ 0.7829	\$ (0.0624)	\$ 0.1181	\$ 0.8386	\$ 0.7713	\$ 0.0673
	12 Ounce	\$ 0.3762	\$ 0.0630	\$ 0.0042	\$ 0.0435	\$ 0.1024	\$ 0.5893	\$ 0.0207	\$ 0.6100	\$ (0.0468)	\$ 0.0886	\$ 0.6518	\$ 0.5915	\$ 0.0603
	10 Ounce	\$ 0.3135	\$ 0.0587	\$ 0.0035	\$ 0.0462	\$ 0.0853	\$ 0.5072	\$ 0.0179	\$ 0.5251	\$ (0.0416)	\$ 0.0787	\$ 0.5622	\$ 0.5095	\$ 0.0527
	Half Pint	\$ 0.2508	\$ 0.0325	\$ 0.0028	\$ 0.0202	\$ 0.0683	\$ 0.3746	\$ 0.0132	\$ 0.3878	\$ (0.0312)	\$ 0.0591	\$ 0.4157	\$ 0.3757	\$ 0.0400
	4 ounce	\$ 0.1254	\$ 0.0279	\$ 0.0014	\$ 0.0303	\$ 0.0341	\$ 0.2191	\$ 0.0077	\$ 0.2268	\$ (0.0156)	\$ 0.0295	\$ 0.2407	\$ 0.2198	\$ 0.0209
	Dispenser	\$ 1.0032	\$ 0.0388	\$ 0.0113	\$ 0.0027	\$ 0.2730	\$ 1.3290	\$ 0.0468	\$ 1.3758	\$ (0.1248)	\$ 0.2362	\$ 1.4872	\$ 1.3303	\$ 0.1569

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0002 per quart equivalent.

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

**RETAIL PRICE BUILDUP
MAY 2017 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 \$ 0.1317	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
STANDARD (WHOLE) MILK	Gallon	\$ 3.4713	\$ (0.4513)	\$ 0.5268	\$ 0.0984	\$ 3.65	\$ 3.56 \$ 0.09
	Half Gallon	\$ 1.7729	\$ (0.2305)	\$ 0.2634	\$ 0.0501	\$ 1.86	\$ 1.81 \$ 0.05
	Quart	\$ 0.9795	\$ (0.1273)	\$ 0.1317	\$ 0.0273	\$ 1.01	\$ 1.00 \$ 0.01
	Pint	\$ 0.5359	\$ (0.0697)	\$ 0.0659	\$ 0.0148	\$ 0.55	\$ 0.55 \$ -
	12 Ounce	\$ 0.4248	\$ (0.0552)	\$ 0.0494	\$ 0.0116	\$ 0.43	\$ 0.42 \$ 0.01
	10 Ounce	\$ 0.3706	\$ (0.0482)	\$ 0.0412	\$ 0.0101	\$ 0.38	\$ 0.37 \$ 0.01
	Half Pint	\$ 0.2643	\$ (0.0344)	\$ 0.0329	\$ 0.0073	\$ 0.27	\$ 0.27 \$ -
	4 ounce	\$ 0.1650	\$ (0.0215)	\$ 0.0165	\$ 0.0044	\$ 0.18	\$ 0.17 \$ 0.01
	Dispenser	\$ 0.8818	\$ (0.1146)	\$ 0.1317	\$ 0.0249	\$ 0.92	\$ 0.91 \$ 0.01
REDUCED FAT (2%) MILK	Gallon	\$ 3.2040	\$ (0.4165)	\$ 0.5268	\$ 0.0920	\$ 3.41	\$ 3.33 \$ 0.08
	Half Gallon	\$ 1.6393	\$ (0.2131)	\$ 0.2634	\$ 0.0469	\$ 1.74	\$ 1.69 \$ 0.05
	Quart	\$ 0.9127	\$ (0.1187)	\$ 0.1317	\$ 0.0257	\$ 0.95	\$ 0.94 \$ 0.01
	Pint	\$ 0.5025	\$ (0.0653)	\$ 0.0659	\$ 0.0140	\$ 0.52	\$ 0.52 \$ -
	12 Ounce	\$ 0.3998	\$ (0.0520)	\$ 0.0494	\$ 0.0110	\$ 0.41	\$ 0.40 \$ 0.01
	10 Ounce	\$ 0.3521	\$ (0.0458)	\$ 0.0412	\$ 0.0096	\$ 0.36	\$ 0.35 \$ 0.01
	Half Pint	\$ 0.2477	\$ (0.0322)	\$ 0.0329	\$ 0.0069	\$ 0.26	\$ 0.25 \$ 0.01
	4 ounce	\$ 0.1567	\$ (0.0204)	\$ 0.0165	\$ 0.0042	\$ 0.16	\$ 0.16 \$ -
	Dispenser	\$ 0.8150	\$ (0.1060)	\$ 0.1317	\$ 0.0233	\$ 0.86	\$ 0.85 \$ 0.01
LOWFAT (1%) MILK	Gallon	\$ 3.0041	\$ (0.3905)	\$ 0.5268	\$ 0.0871	\$ 3.23	\$ 3.15 \$ 0.08
	Half Gallon	\$ 1.5394	\$ (0.2001)	\$ 0.2634	\$ 0.0445	\$ 1.65	\$ 1.60 \$ 0.05
	Quart	\$ 0.8627	\$ (0.1122)	\$ 0.1317	\$ 0.0245	\$ 0.91	\$ 0.89 \$ 0.02
	Pint	\$ 0.4775	\$ (0.0621)	\$ 0.0659	\$ 0.0134	\$ 0.49	\$ 0.50 \$ (0.01)
	12 Ounce	\$ 0.3810	\$ (0.0495)	\$ 0.0494	\$ 0.0106	\$ 0.39	\$ 0.38 \$ 0.01
	10 Ounce	\$ 0.3365	\$ (0.0437)	\$ 0.0412	\$ 0.0093	\$ 0.34	\$ 0.33 \$ 0.01
	Half Pint	\$ 0.2351	\$ (0.0306)	\$ 0.0329	\$ 0.0066	\$ 0.24	\$ 0.24 \$ -
	4 ounce	\$ 0.1504	\$ (0.0196)	\$ 0.0165	\$ 0.0041	\$ 0.16	\$ 0.15 \$ 0.01
	Dispenser	\$ 0.7650	\$ (0.0995)	\$ 0.1317	\$ 0.0221	\$ 0.82	\$ 0.80 \$ 0.02
NONFAT (SKIM) MILK	Gallon	\$ 2.8430	\$ (0.3696)	\$ 0.5268	\$ 0.0833	\$ 3.08	\$ 3.00 \$ 0.08
	Half Gallon	\$ 1.4587	\$ (0.1896)	\$ 0.2634	\$ 0.0425	\$ 1.58	\$ 1.53 \$ 0.05
	Quart	\$ 0.8225	\$ (0.1069)	\$ 0.1317	\$ 0.0235	\$ 0.87	\$ 0.86 \$ 0.01
	Pint	\$ 0.4574	\$ (0.0595)	\$ 0.0659	\$ 0.0129	\$ 0.48	\$ 0.48 \$ -
	12 Ounce	\$ 0.3659	\$ (0.0476)	\$ 0.0494	\$ 0.0102	\$ 0.38	\$ 0.37 \$ 0.01
	10 Ounce	\$ 0.3238	\$ (0.0421)	\$ 0.0412	\$ 0.0090	\$ 0.33	\$ 0.32 \$ 0.01
	Half Pint	\$ 0.2251	\$ (0.0293)	\$ 0.0329	\$ 0.0063	\$ 0.24	\$ 0.23 \$ 0.01
	4 ounce	\$ 0.1454	\$ (0.0189)	\$ 0.0165	\$ 0.0040	\$ 0.15	\$ 0.15 \$ -
	Dispenser	\$ 0.7248	\$ (0.0942)	\$ 0.1317	\$ 0.0212	\$ 0.78	\$ 0.77 \$ 0.01

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

**RETAIL PRICE BUILDUP
MAY 2017 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 \$ 0.1317	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
FLAVORED MILK	Gallon	\$ 3.6593	\$ (0.4757)	\$ 0.5268	\$ 0.1030	\$ 3.81	\$ 3.78 \$ 0.03
	Half Gallon	\$ 1.8669	\$ (0.2427)	\$ 0.2634	\$ 0.0524	\$ 1.94	\$ 1.92 \$ 0.02
	Quart	\$ 1.0265	\$ (0.1334)	\$ 0.1317	\$ 0.0284	\$ 1.05	\$ 1.05 \$ -
	Pint	\$ 0.5594	\$ (0.0727)	\$ 0.0659	\$ 0.0153	\$ 0.57	\$ 0.58 \$ (0.01)
	12 Ounce	\$ 0.4424	\$ (0.0575)	\$ 0.0494	\$ 0.0121	\$ 0.45	\$ 0.44 \$ 0.01
	10 Ounce	\$ 0.3876	\$ (0.0504)	\$ 0.0412	\$ 0.0105	\$ 0.39	\$ 0.39 \$ -
	Half Pint	\$ 0.2761	\$ (0.0359)	\$ 0.0329	\$ 0.0076	\$ 0.28	\$ 0.28 \$ -
	4 ounce	\$ 0.1709	\$ (0.0222)	\$ 0.0165	\$ 0.0046	\$ 0.18	\$ 0.17 \$ 0.01
	Dispenser	\$ 0.9288	\$ (0.1207)	\$ 0.1317	\$ 0.0261	\$ 0.97	\$ 0.96 \$ 0.01
FLAVORED REDUCED FAT MILK	Gallon	\$ 3.2485	\$ (0.4223)	\$ 0.5268	\$ 0.0930	\$ 3.45	\$ 3.40 \$ 0.05
	Half Gallon	\$ 1.6615	\$ (0.2160)	\$ 0.2634	\$ 0.0474	\$ 1.76	\$ 1.73 \$ 0.03
	Quart	\$ 0.9238	\$ (0.1201)	\$ 0.1317	\$ 0.0260	\$ 0.96	\$ 0.95 \$ 0.01
	Pint	\$ 0.5081	\$ (0.0661)	\$ 0.0659	\$ 0.0141	\$ 0.52	\$ 0.53 \$ (0.01)
	12 Ounce	\$ 0.4039	\$ (0.0525)	\$ 0.0494	\$ 0.0111	\$ 0.41	\$ 0.41 \$ -
	10 Ounce	\$ 0.3555	\$ (0.0462)	\$ 0.0412	\$ 0.0097	\$ 0.36	\$ 0.35 \$ 0.01
	Half Pint	\$ 0.2505	\$ (0.0326)	\$ 0.0329	\$ 0.0070	\$ 0.26	\$ 0.25 \$ 0.01
	4 ounce	\$ 0.1581	\$ (0.0206)	\$ 0.0165	\$ 0.0043	\$ 0.16	\$ 0.16 \$ -
	Dispenser	\$ 0.8261	\$ (0.1074)	\$ 0.1317	\$ 0.0236	\$ 0.87	\$ 0.86 \$ 0.01
FLAVORED NONFAT MILK	Gallon	\$ 2.9669	\$ (0.3857)	\$ 0.5268	\$ 0.0862	\$ 3.19	\$ 3.17 \$ 0.02
	Half Gallon	\$ 1.5207	\$ (0.1977)	\$ 0.2634	\$ 0.0440	\$ 1.63	\$ 1.62 \$ 0.01
	Quart	\$ 0.8534	\$ (0.1109)	\$ 0.1317	\$ 0.0243	\$ 0.90	\$ 0.90 \$ -
	Pint	\$ 0.4729	\$ (0.0615)	\$ 0.0659	\$ 0.0132	\$ 0.49	\$ 0.50 \$ (0.01)
	12 Ounce	\$ 0.3775	\$ (0.0491)	\$ 0.0494	\$ 0.0105	\$ 0.39	\$ 0.39 \$ -
	10 Ounce	\$ 0.3336	\$ (0.0434)	\$ 0.0412	\$ 0.0092	\$ 0.34	\$ 0.34 \$ -
	Half Pint	\$ 0.2329	\$ (0.0303)	\$ 0.0329	\$ 0.0065	\$ 0.24	\$ 0.24 \$ -
	4 ounce	\$ 0.1493	\$ (0.0194)	\$ 0.0165	\$ 0.0041	\$ 0.15	\$ 0.15 \$ -
	Dispenser	\$ 0.7557	\$ (0.0982)	\$ 0.1317	\$ 0.0219	\$ 0.81	\$ 0.81 \$ -
BUTTERMILK	Gallon	\$ 3.6760	\$ (0.4779)	\$ 0.5268	\$ 0.1034	\$ 3.83	\$ 3.82 \$ 0.01
	Half Gallon	\$ 1.8753	\$ (0.2438)	\$ 0.2634	\$ 0.0526	\$ 1.95	\$ 1.94 \$ 0.01
	Quart	\$ 1.0307	\$ (0.1340)	\$ 0.1317	\$ 0.0285	\$ 1.06	\$ 1.06 \$ -
	Pint	\$ 0.5615	\$ (0.0730)	\$ 0.0659	\$ 0.0154	\$ 0.57	\$ 0.58 \$ (0.01)
	12 Ounce	\$ 0.4440	\$ (0.0577)	\$ 0.0494	\$ 0.0121	\$ 0.45	\$ 0.45 \$ -
	10 Ounce	\$ 0.3890	\$ (0.0506)	\$ 0.0412	\$ 0.0105	\$ 0.39	\$ 0.39 \$ -
	Half Pint	\$ 0.2772	\$ (0.0360)	\$ 0.0329	\$ 0.0076	\$ 0.28	\$ 0.28 \$ -
	4 ounce	\$ 0.1715	\$ (0.0223)	\$ 0.0165	\$ 0.0046	\$ 0.18	\$ 0.18 \$ -
	Dispenser	\$ 0.9329	\$ (0.1213)	\$ 0.1317	\$ 0.0262	\$ 0.97	\$ 0.97 \$ -

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

**RETAIL PRICE BUILDUP
MAY 2017 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 \$ 0.1317	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
EGG NOG	Gallon	\$ 5.8928	\$ (0.7661)	\$ 0.5268	\$ 0.1569	\$ 5.90	\$ 5.26 \$ 0.64
	Half Gallon	\$ 2.9837	\$ (0.3879)	\$ 0.2634	\$ 0.0793	\$ 2.99	\$ 2.67 \$ 0.32
	Quart	\$ 1.5849	\$ (0.2060)	\$ 0.1317	\$ 0.0419	\$ 1.59	\$ 1.44 \$ 0.15
	Pint	\$ 0.8386	\$ (0.1090)	\$ 0.0659	\$ 0.0221	\$ 0.85	\$ 0.78 \$ 0.07
	12 Ounce	\$ 0.6518	\$ (0.0847)	\$ 0.0494	\$ 0.0171	\$ 0.66	\$ 0.60 \$ 0.06
	10 Ounce	\$ 0.5622	\$ (0.0731)	\$ 0.0412	\$ 0.0147	\$ 0.57	\$ 0.52 \$ 0.05
	Half Pint	\$ 0.4157	\$ (0.0540)	\$ 0.0329	\$ 0.0109	\$ 0.43	\$ 0.39 \$ 0.04
	4 ounce	\$ 0.2407	\$ (0.0313)	\$ 0.0165	\$ 0.0063	\$ 0.25	\$ 0.23 \$ 0.02
	Dispenser	\$ 1.4872	\$ (0.1933)	\$ 0.1317	\$ 0.0396	\$ 1.50	\$ 1.34 \$ 0.16