



Commonwealth of Pennsylvania

Milk Marketing Board
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Official General
Order No. A-1016

Posted:
Effective

March 1, 2023
April 1, 2023

MINIMUM RETAIL PRICES

NOW, this 1st day of March 2023, 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 April 1, 2023.

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

1. Effective April 1, 2023, the retail price build ups in each Milk Marketing Area shall use the in-store handling costs found in Column D of Attachments 1 – 6 (Weighted In-Store Handling Costs per Unit (updated to NOV-2022)).
2. In-store handling costs shall continue to be adjusted monthly using the CPI-U as provided in each Milk Marketing Area Cost Replacement Order.
3. The retail rates of return established in each Milk Marketing Area Cost Replacement Order remain unchanged.

PENNSYLVANIA MILK MARKETING BOARD

Robert N. Barley, Chairman

James A. Van Blarcom, Member

Kristi Kassimer Harper, Consumer Member

Date: March 1, 2023

**FINDINGS OF FACT AND CONCLUSIONS OF LAW
OVER-PRICE PREMIUM HEARING
February 1, 2023**

FINDINGS OF FACT

1. On February 1, 2023, the Pennsylvania Milk Marketing Board (“Board”) held a hearing for all milk marketing areas to receive testimony and evidence concerning minimum retail prices.
2. Notice of the hearing was published at 49 Pennsylvania Bulletin 577 on February 2, 2019, and was mailed to those who have requested mailed notice of Board hearings by means of Bulletin No. 1551, dated January 15, 2019. The hearing was continued several times for various reasons.
3. Gary Gojsovich testified on behalf of Board Staff as an expert in milk industry accounting and regulation. Mr. Gojsovich was the only witness to appear.
4. Board Staff conducted a study of milk in-store handling costs using the Kirkland method modified to use sales units rather than sales dollars to allocate checkout costs. Mr. Gojsovich testified that the Kirkland method was developed to determine stores' costs to handle a quart of milk from receipt through cold storage, refrigerated display, and scanning for checkout.
5. Staff used a cross section of stores in each area to determine in-store handling costs. The cross sections of stores were judgmentally selected using the following criteria:
 - a. all stores selected were licensed by the Board (this provided a compliance mechanism for Staff to acquire necessary data);
 - b. three stores per Area, with one being a convenience store;
 - c. no two stores in an area owned by the same parent company;
 - d. stores at least 25 miles apart and located in different counties.The Area cross sections are listed in Attachment 7. The Board finds the cross section of stores used to be representative of stores doing business in the respective Areas.
6. Mr. Gojsovich testified that for each Area, for each container size, the in-store handling costs of each store were weighted based on each store's milk sales in relation to the total milk sales of the cross-section stores in that Area. Mr. Gojsovich also testified that the study was conducted for only those containers sold by the cross-section stores (gallons, half gallons, quarts, pints, and half pints). Mr. Gojsovich testified that in-store handling costs for other sizes of containers were arrived at by determining the in-store handling cost per ounce of the next greater volume container and multiplying that cost per ounce by the volume of the container multiplying the volume of the container at issue.
7. Mr. Gojsovich recommended that the in-store handling costs continue to be adjusted monthly using the CPI-U, consistent with current practice. Mr. Gojsovich did not testify about retail rate of return.

8. The Board finds that the in-store handling costs found on Attachments 1 – 6 should replace those currently being used in the retail price build-up. In so finding the Board relies on the persuasive and credible evidence presented by Mr. Gojsovich, which was the only evidence presented.
9. The Board finds that in-store handling costs should be adjusted monthly based on changes in the CPI-U, consistent with current practice. In so finding the Board relies on the persuasive and credible evidence presented by Mr. Gojsovich, which was the only evidence presented.

CONCLUSIONS OF LAW

1. The February 1, 2023, hearing regarding minimum retail prices was held pursuant to the authority granted to the Board in section 801 of the Milk Marketing Law (Law), 31 P.S. §§ 700j-801.
2. The hearing was held following adequate notice and all interested parties were given a reasonable opportunity to be heard.
3. 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 section 801 of the Law.
4. 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 Kassimer Harper, Consumer Member

Date: March 1, 2023

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**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 1**

	CPI-Index	(H) % increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total	Total	Total	(\$)	(%)
	(A + B)			(C) * (1+H)		(D - E)	(F / E)
GALLON	\$ 0.0866	\$ 0.6112	\$ 0.6978	\$ 0.7843	\$ 0.7396	\$ 0.0447	6.04%
HALF GALLON	\$ 0.0836	\$ 0.2706	\$ 0.3542	\$ 0.3981	\$ 0.3698	\$ 0.0283	7.65%
QUART	\$ 0.0841	\$ 0.1458	\$ 0.2299	\$ 0.2584	\$ 0.1849	\$ 0.0735	39.75%
PINT	\$ 0.0960	\$ 0.1049	\$ 0.2009	\$ 0.2258	\$ 0.0925	\$ 0.1333	144.11%
12 OZ. ⁽¹⁾	\$ 0.0720	\$ 0.0787	\$ 0.1507	\$ 0.1694	\$ 0.0693	\$ 0.1001	144.44%
10 OZ. ⁽¹⁾	\$ 0.0600	\$ 0.0656	\$ 0.1256	\$ 0.1411	\$ 0.0578	\$ 0.0833	144.12%
HALF PINT	\$ 0.0775	\$ 0.0283	\$ 0.1058	\$ 0.1189	\$ 0.0462	\$ 0.0727	157.36%
4 OZ. ⁽¹⁾	\$ 0.0388	\$ 0.0142	\$ 0.0529	\$ 0.0595	\$ 0.0231	\$ 0.0364	157.58%
Bulk per QT ⁽²⁾	\$ 0.0841	\$ 0.1458	\$ 0.2299	\$ 0.2584	\$ 0.1849	\$ 0.0735	39.75%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 2**

	CPI-Index	(H) % increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total	Total	Total	(\$)	(%)
	(A + B)			(C) * (1+H)		(D - E)	(F / E)
GALLON	\$ 0.0670	\$ 0.3798	\$ 0.4468	\$ 0.5022	\$ 0.7620	\$ (0.2598)	-34.09%
HALF GALLON	\$ 0.0723	\$ 0.1956	\$ 0.2679	\$ 0.3011	\$ 0.3810	\$ (0.0799)	-20.97%
QUART	\$ 0.0739	\$ 0.1050	\$ 0.1789	\$ 0.2011	\$ 0.1905	\$ 0.0106	5.56%
PINT	\$ 0.0875	\$ 0.0774	\$ 0.1649	\$ 0.1853	\$ 0.0953	\$ 0.0900	94.44%
12 OZ. ⁽¹⁾	\$ 0.0656	\$ 0.0581	\$ 0.1237	\$ 0.1390	\$ 0.0714	\$ 0.0676	94.68%
10 OZ. ⁽¹⁾	\$ 0.0547	\$ 0.0484	\$ 0.1031	\$ 0.1159	\$ 0.0595	\$ 0.0564	94.79%
HALF PINT	\$ 0.0720	\$ 0.0217	\$ 0.0937	\$ 0.1053	\$ 0.0476	\$ 0.0577	121.22%
4 OZ. ⁽¹⁾	\$ 0.0360	\$ 0.0109	\$ 0.0469	\$ 0.0527	\$ 0.0238	\$ 0.0289	121.43%
Bulk per QT ⁽²⁾	\$ 0.0739	\$ 0.1050	\$ 0.1789	\$ 0.2011	\$ 0.1905	\$ 0.0106	5.56%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 3**

	(H) CPI-Index	% increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total (A + B)	Total (C) * (1+H)	Total	(\$)	(%)
GALLON	\$ 0.0970	\$ 0.4030	\$ 0.5000	\$ 0.5620	\$ 0.6432	\$ (0.0812)	-12.62%
HALF GALLON	\$ 0.0977	\$ 0.2088	\$ 0.3065	\$ 0.3445	\$ 0.3216	\$ 0.0229	7.12%
QUART	\$ 0.1004	\$ 0.1195	\$ 0.2199	\$ 0.2472	\$ 0.1608	\$ 0.0864	53.73%
PINT	\$ 0.1126	\$ 0.1042	\$ 0.2168	\$ 0.2437	\$ 0.0804	\$ 0.1633	203.11%
12 OZ. ⁽¹⁾	\$ 0.0845	\$ 0.0782	\$ 0.1626	\$ 0.1828	\$ 0.0603	\$ 0.1225	203.15%
10 OZ. ⁽¹⁾	\$ 0.0704	\$ 0.0651	\$ 0.1355	\$ 0.1523	\$ 0.0503	\$ 0.1020	202.78%
HALF PINT	\$ 0.0948	\$ 0.0207	\$ 0.1155	\$ 0.1298	\$ 0.0402	\$ 0.0896	222.89%
4 OZ. ⁽¹⁾	\$ 0.0474	\$ 0.0104	\$ 0.0578	\$ 0.0649	\$ 0.0201	\$ 0.0448	222.89%
Bulk per QT ⁽²⁾	\$ 0.1004	\$ 0.1195	\$ 0.2199	\$ 0.2472	\$ 0.1608	\$ 0.0864	53.73%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 4**

		(H) CPI-Index % increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total (A + B)	Total (C) * (1+H)	Total	(\$)	(%)
GALLON	\$ 0.0967	\$ 0.4337	\$ 0.5304	\$ 0.5961	\$ 0.8504	\$ (0.2543)	-29.90%
HALF GALLON	\$ 0.1044	\$ 0.2393	\$ 0.3437	\$ 0.3863	\$ 0.4252	\$ (0.0389)	-9.15%
QUART	\$ 0.1216	\$ 0.1463	\$ 0.2679	\$ 0.3011	\$ 0.2126	\$ 0.0885	41.63%
PINT	\$ 0.1629	\$ 0.1045	\$ 0.2674	\$ 0.3005	\$ 0.1063	\$ 0.1942	182.69%
12 OZ. ⁽¹⁾	\$ 0.1222	\$ 0.0784	\$ 0.2006	\$ 0.2254	\$ 0.0797	\$ 0.1457	182.81%
10 OZ. ⁽¹⁾	\$ 0.1018	\$ 0.0653	\$ 0.1671	\$ 0.1878	\$ 0.0664	\$ 0.1214	182.83%
HALF PINT	\$ 0.0898	\$ 0.0244	\$ 0.1142	\$ 0.1284	\$ 0.0532	\$ 0.0752	141.35%
4 OZ. ⁽¹⁾	\$ 0.0449	\$ 0.0122	\$ 0.0571	\$ 0.0642	\$ 0.0266	\$ 0.0376	141.35%
Bulk per QT ⁽²⁾	\$ 0.1216	\$ 0.1463	\$ 0.2679	\$ 0.3011	\$ 0.2126	\$ 0.0885	41.63%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 5**

	CPI-Index	(H) % increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total (A + B)	Total (C) * (1+H)	Total	(\$)	(%)
GALLON	\$ 0.0822	\$ 0.5109	\$ 0.5931	\$ 0.6666	\$ 0.7160	\$ (0.0494)	-6.90%
HALF GALLON	\$ 0.0927	\$ 0.2973	\$ 0.3900	\$ 0.4383	\$ 0.3580	\$ 0.0803	22.43%
QUART	\$ 0.0967	\$ 0.1261	\$ 0.2228	\$ 0.2504	\$ 0.1790	\$ 0.0714	39.89%
PINT	\$ 0.0888	\$ 0.0922	\$ 0.1810	\$ 0.2034	\$ 0.0895	\$ 0.1139	127.26%
12 OZ. ⁽¹⁾	\$ 0.0666	\$ 0.0692	\$ 0.1358	\$ 0.1526	\$ 0.0671	\$ 0.0855	127.42%
10 OZ. ⁽¹⁾	\$ 0.0555	\$ 0.0576	\$ 0.1131	\$ 0.1271	\$ 0.0559	\$ 0.0712	127.37%
HALF PINT	\$ 0.1010	\$ 0.0324	\$ 0.1334	\$ 0.1499	\$ 0.0448	\$ 0.1051	234.60%
4 OZ. ⁽¹⁾	\$ 0.0505	\$ 0.0162	\$ 0.0667	\$ 0.0750	\$ 0.0224	\$ 0.0526	234.82%
Bulk per QT ⁽²⁾	\$ 0.0967	\$ 0.1261	\$ 0.2228	\$ 0.2504	\$ 0.1790	\$ 0.0714	39.89%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

**PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES HEARING
IN-STORE HANDLING COSTS PER UNIT
PMMB Area 6**

	CPI-Index	(H) % increase
Mar-21	264.877	
Nov-22	297.711	12.3959%

Container Size	(A) Weighted In-Store Handling Costs per Unit (@ MAR-2021)			(D) Weighted In-Store Handling Costs per Unit (updated to NOV-2022)	(E) In-Store Handling Costs per Unit (per JAN-2023 Resale)	(F) Variance Proposed vs. Existing	
	Checkout	Display	Total	Total	Total	(\$)	(%)
	(A + B)			(C) * (1+H)		(D - E)	(F / E)
GALLON	\$ 0.1037	\$ 0.6149	\$ 0.7186	\$ 0.8077	\$ 0.6924	\$ 0.1153	16.65%
HALF GALLON	\$ 0.1054	\$ 0.2870	\$ 0.3924	\$ 0.4410	\$ 0.3462	\$ 0.0948	27.38%
QUART	\$ 0.1234	\$ 0.1535	\$ 0.2769	\$ 0.3112	\$ 0.1731	\$ 0.1381	79.78%
PINT	\$ 0.1592	\$ 0.1356	\$ 0.2948	\$ 0.3313	\$ 0.0866	\$ 0.2447	282.56%
12 OZ. ⁽¹⁾	\$ 0.1194	\$ 0.1017	\$ 0.2211	\$ 0.2485	\$ 0.0649	\$ 0.1836	282.90%
10 OZ. ⁽¹⁾	\$ 0.0995	\$ 0.0848	\$ 0.1843	\$ 0.2071	\$ 0.0541	\$ 0.1530	282.81%
HALF PINT	\$ 0.1001	\$ 0.0281	\$ 0.1282	\$ 0.1441	\$ 0.0433	\$ 0.1008	232.79%
4 OZ. ⁽¹⁾	\$ 0.0501	\$ 0.0141	\$ 0.0641	\$ 0.0720	\$ 0.0216	\$ 0.0504	233.33%
Bulk per QT ⁽²⁾	\$ 0.1234	\$ 0.1535	\$ 0.2769	\$ 0.3112	\$ 0.1731	\$ 0.1381	79.78%

Footnotes:

1. Add-on for this container size calculated using add-on for next larger sized container.
2. Add-on for this container size is the same as that for the QUART size container.

PENNSYLVANIA MILK MARKETING BOARD
MINIMUM RETAIL PRICES (IN-STORE HANDLING) HEARING
Cross-Section Stores by PMMB Area

Area 1-0

GIANT - West Chester #6291
Wawa - Philadelphia #8110
WEIS - Pennsburg #196

Area 2-0

Walmart - Easton #2252
Wawa - Wyomissing #8010
WEIS-Emmaus #76

Area 3-0

GIANT - Scranton #6305
Wawa - E Stroudsburg #8026
WEIS - Sellinsgrove #226

Area 4-0

Rutters - Carlise #64
Walmart - York #2205
Weis - Lancaster #41

Area 5-0

GetGo - Pittsburgh #54
Martins - Connellsville #6290
Walmart - Erie #5445

Area 6-0

GIANT - State College #6072
Giant Eagle - Somerset #54
Rutters - Altoona #83