

STAFF TESTIMONY BEFORE THE PENNSYLVANIA MILK MARKETING BOARD  
COST REPLACEMENT HEARING – MILK MARKETING AREA 5  
November 6, 2019

**Staff Exhibit 1**

Good Morning. My name is Clifford Ackman. As the Statistical Analyst for the Pennsylvania Milk Marketing Board, I collected the information for and produced Staff Exhibit 1, dealing with the cross-section of milk dealers in Area 5. I have listed these six milk dealers in footnote 3 along with the percentage of sales by those dealers compared to the population of all 37 dealers selling into the Western Pennsylvania Milk Marketing Area. This judgmental sample was selected from available dealers with the largest sales in the area. They account for seventy-nine point two percent of Area 5's reported milk sales. The cross-section dealers are geographically diverse with locations ranging from Sharpsville (in Mercer County) to Martin's Ferry (Ohio), Uniontown and Johnstown.

The cross-section of dealers used to gather 2018 information has not changed from the previous Area 5 cost replacement hearing.

This exhibit offers the cross-section of dealers as presenting a significant portion of all sales into the marketplace. It demonstrates the ratios of controlled product sales by all dealers (the top section of the exhibit) and the cross-section dealers (in the lower half of the exhibit). This comparison of product sales ratios falls within statistically acceptable limits using the Chi-square goodness of fit test. This test evaluates the difference between the observed sample ratios and the expected ratios from the known population. The cross-section dealers are the observed sample, and all dealers with reported sales in Area 5 are the known population. In other words, the reported sales ratios of these cross-section dealers are very much like the reported sales ratios of all dealers in Area 5.

I also studied the size and types of deliveries of the cross-section dealers along with the types of customers served by them. As a group, the cross-section dealers serve a variety of customers from small deliveries at schools, restaurants and convenience stores to large deliveries at supermarkets and other dealers using smaller, straight body trucks and tractor-trailers. The containers range from four ounce to twenty-quart plastic dispensers. This reflects all dealer sales into Marketing Area 5.

Based on the volume, containers and products of milk sold by these cross-section dealers, the types of customers and the delivery techniques employed by these listed dealers, I find this cross-section to be representative of all dealers doing business in Milk Marketing Area 5. Their data is used for subsequent exhibits.

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Good morning. My name is Gary Gojsovich. I am employed by the Pennsylvania Milk Marketing Board as an Audit Supervisor. This morning I will be testifying to Staff Exhibits 2 through 12.

### **Staff Exhibit 2**

This Exhibit provides information about the average weighted cost for processing, packaging and delivering milk for the Area 5 cross-section milk dealers. For each of the major cost centers we have matched the expenses associated with the cost center with the volume of milk or other products that flowed through that cost center. The volumes are stated in points (where a point equals a quart or quart equivalent). All costs and points are weighted using the sales weighting method. For example, if a dealer has 25% of their sales in Area 5 then we include 25% of their costs and 25% of their points in the Area 5 cost centers.

Staff recommends that the Board replace the costs in the current Order with those costs in this Exhibit.

### **Staff Exhibit 3**

This Exhibit provides information on the cost of containers for the cross-section dealers. We initially use the costs of the cross-section dealers for plastic containers, paper containers and resin as of April 2019 to calculate weighted cost per units. As has been done in previous hearings, we are using controlled container sales volumes for the previous year. We are therefore pairing current costs with the weighted units sold in the previous year to arrive at the most current weighted cost per unit available. Where the market has both paper and plastic containers, like the pint container, we have provided a combined paper/plastic price. After we established a cost for each container type in Column E, we are updating those April 2019 costs to the costs observed in our most current container surveys in Column F (October 2019). In Column G we are applying factors for container shrinkage. Column H adds the shrinkage factor to the updated container cost in Column F.

Staff recommends that the Board replace the base container costs with those found in Column C and the base weighted units with those in Column D and continue to update these costs using the audited surveys submitted by the cross-section dealers. Staff also recommends that the Board continue the practice of providing separate plastic and paper half-pint prices through a plastic add-on.

Staff further recommends that the Board replace the current container costs with the costs found in column E.

#### **Staff Exhibit 4**

This Exhibit provides information on the cost of ingredients added to the various milk products like chocolate powder and sugar used in chocolate milk. This Exhibit pairs Year 2018 sales activity with April 2019 costs to get current weighted costs.

Staff recommends replacing the current ingredient costs with those in this Exhibit. Staff further recommends the continuance of updating chocolate and sweetener costs quarterly.

#### **Staff Exhibit 5**

Dealers typically sell off excess bulk milk and cream they are unable to use in their own plants and they will recognize either a profit or a loss on these sales. Dealers also lose small amounts of milk as it moves through the plant; this loss is called shrinkage.

Row 1 shows the calculation for shrinkage cost. Column G shows the weighted costs using the sales weighting method.

Rows 2, 3 and 5 show calculations for determining profits and/or losses on diverted or transferred sales of bulk milk and cream. Dealers incur additional costs to process and sell transferred milk and cream (Column E). We add these additional processing costs to the producer costs in Column D to determine if the dealers made a profit or loss on the transactions.

The costs in the top panel are summarized in Column H. We divide these costs by the number of pounds of product sold or manufactured by the dealers (net of purchased packaged products) in Column I. By dividing the costs in Column H by the pounds in Column I we arrive at a weighted cost per pound in Column J.

Staff recommends that the Board use the costs and profits in this Exhibit to replace those in the existing Order.

#### **Staff Exhibit 6**

This Exhibit summarizes the costs of the milk components. We are using the most current announced milk prices available prior to the submission date for the Exhibits. The current fat and skim prices for Class I products are in the top panel. In the lower panel we show the actual pounds of the Class I products (Columns A and B) sold by the cross-section dealers in this Area. We have labeled the columns A through K and show how we arrive at the cost per pound for each of the products in the table.

Staff recommends that the Board continue to use this method for establishing the before-bottling costs.

### **Staff Exhibit 7**

In this Exhibit we compare the costs and related plant volumes for three significant categories (labor, utilities, and insurance) for the 1<sup>st</sup> half of Year 2019 with the 1<sup>st</sup> half of 2018 to update the cost per point from Staff Exhibit 2. We use bottling points as the denominator as they are a good measure of the plants' overall volume or activity. In columns A and B, we list the first half-year costs for 2019 and 2018 for each of the cost categories. In the next two columns, we list the bottling points for 2019 and 2018 for the first half-year. By dividing the costs by the points in columns E and F, we can compare the cost increase or decrease per point in column G.

Staff recommends replacing the first half cost adjustment in the current Order with the adjustment in this Exhibit.

### **Staff Exhibit 8**

In this Exhibit we update diesel fuel costs from the previous year (Year 2018) by indexing to diesel prices for the most current month (August 2019). Line 1 shows the weighted cost for diesel fuel for the cross-section dealers for Year 2018. Line 2 is the Year 2018 average On-Highway diesel price per gallon as posted by the Energy Information Administration (EIA). Line 3 is the current EIA On-Highway diesel price. Line 4 shows the percentage of change in the diesel price from Year 2018 to the current price. Line 5 shows the current presumed diesel cost. By subtracting line 1 from line 5 we find the changed diesel cost on line 6. And by dividing the changed diesel cost on line 6 by the weighted delivery points of the cross-section dealers, we find the changed cost per point on line 8.

Staff recommends that the Board continue to include this adjustment in the cost replacement process. Staff also recommends that the Board replace the Year 2017 points and costs with the Year 2018 points and costs found in this Exhibit.

### **Staff Exhibit 9**

Staff has calculated the current heating fuel add-on using the same methodology as in Staff Exhibit 8 except here we are using Standardization and Pasteurization points and the Pennsylvania Natural Gas Industrial price as posted by the EIA. Staff recommends that the Board continue to include this adjustment in the cost replacement process. Staff also recommends that the Board replace the 2017 points and costs with the 2018 points and costs found in this Exhibit.

### **Staff Exhibit 10**

The container efficiency adjustments are made to account for the cost efficiencies of bottling and handling milk in larger size containers than in smaller size containers. Board Staff updated these adjustments by replacing Year 2017 container sales with Year 2018 container sales (Column B) and by also replacing the Year 2017 processing costs per points for the Bottling, Cold Room and Delivery cost centers with those for Year 2018.

Staff recommends that the Board replace the container efficiency adjustments per the existing Order with those found in column E of this exhibit.

### **Staff Exhibit 11**

This Exhibit summarizes the information from the previous Exhibits to arrive at proposed wholesale prices which are shown in Column K.

### **Staff Exhibit 12**

This Exhibit calculates our proposed retail prices which are shown in Column G.

The effect of this cost replacement analysis is that the retail price of a gallon of 2% milk will decrease by  $-\$0.01$  from the current retail price in Area 5. A decrease in this range is not unusual and reflects normal year to year changes in various cost categories.

Thank you. I'd be happy to answer any questions pertaining to my Exhibits.

**Pennsylvania Milk Marketing Board  
SALES IN PMMB AREA 5 BY TYPE OF MILK**

**PERCENTAGE OF CONTROLLED MILK SALES FOR  
ALL DEALERS SELLING IN PMMB AREA 5** <sup>(1) (2)</sup>

Standard Milk	21.00
Flavored Milk	5.79
Egg Nog	0.34
Reduced Fat Flavored Milk	6.18
Nonfat Flavored Milk	4.37
Reduced Fat Milk	32.95
Low Fat Milk	11.01
Buttermilk	2.17
Nonfat Milk	9.67
Mixed Milk	2.21
Sour Cream	2.65
Light Cream	0.49
Medium Cream	0.05
Heavy Cream	1.13
	<hr/>
	100.01%

**PERCENTAGE OF CONTROLLED MILK SALES FOR  
CROSS-SECTION DEALERS SELLING IN PMMB AREA 5** <sup>(1) (2) (3)</sup>

Standard Milk	21.85
Flavored Milk	5.80
Egg Nog	0.27
Reduced Fat Flavored Milk	6.58
Nonfat Flavored Milk	5.27
Reduced Fat Milk	35.39
Low Fat Milk	11.65
Buttermilk	0.92
Nonfat Milk	9.96
Mixed Milk	1.29
Sour Cream	0.31
Light Cream	0.03
Medium Cream	0.05
Heavy Cream	0.64
	<hr/>
	100.01%

(1) Source - Pennsylvania Milk Marketing Board's Milk Dealer's Monthly Report, calendar year 2018.

(2) Pounds of Milk used in deriving percentages.

(3) The cross-section dealers supply 79.2% of the reported milk sales to this area.

\* Dean Dairy Holdings, LLC (Sharpsville location)

\* Galliker Dairy Company.

\* Schneider's Dairy Inc.

\* Turner Dairy Farms Inc.

\* United Dairy Inc. (Martin's Ferry location)

\* United Dairy Inc. (Uniontown location)

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**COSTS AND POINTS FOR PROCESSING, PACKAGING & DELIVERY  
YEAR 2018 DATA**

<b>Cost Center</b>	<b>Weighted Costs</b>	<b>Weighted Points</b>	<b>Weighted Cost per Point</b>
<b>Receiving, Lab &amp; Field Work</b>	\$ 2,287,461	164,909,532	\$ 0.0139
<b>Standardization &amp; Pasteurization</b>	\$ 4,917,015	177,976,100	\$ 0.0276
<b>Bottling</b>	\$ 9,236,220	186,056,048	\$ 0.0496
<b>Cold Room</b>	\$ 9,762,883	208,100,123	\$ 0.0469
<b>Delivery</b>	\$ 33,396,835	205,070,165	\$ 0.1629
<b>Selling</b>	\$ 6,253,748	180,823,887	\$ 0.0346

**Total Cost per Point** **\$ 0.3355**

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**CONTAINER COSTS  
YEAR 2018 UNITS (@ APRIL 2019 COSTS)**

A	B	C	D	E	F	G	H
				(C÷D)			(F x (1+G))
Container Size	Blow Molded or Purchased	Weighted Costs	Weighted Units	Weighted Cost per Unit	Updated (to OCT-2019) Cost per Unit	Weighted Shrinkage Factor (%)	Adjusted for Shrinkage Cost per Unit
<b>GALLON - Plastic</b>	<b>Blow Molded</b>	\$ 2,561,410	13,472,130	\$ 0.1901			
<b>GALLON - Plastic</b>	<b>Purchased</b>	\$ 1,353,068	6,104,812	\$ 0.2216			
<b>GALLON - Combined</b>		\$ 3,914,478	19,576,942	\$ 0.2000	\$ 0.1979	1.82%	<b>\$ 0.2015</b>
<b>1/2 GALLON - Plastic</b>	<b>Blow Molded</b>	\$ 1,409,769	10,390,514	\$ 0.1357			
<b>1/2 GALLON - Plastic</b>	<b>Purchased</b>	\$ 1,247,185	7,855,406	\$ 0.1588			
<b>1/2 GALLON - Paper</b>	<b>Purchased</b>	\$ -	-	\$ -			
<b>1/2 GALLON - Combined</b>		\$ 2,656,954	18,245,920	\$ 0.1456	\$ 0.1420	1.75%	<b>\$ 0.1445</b>
<b>QUART - Plastic</b>	<b>Purchased</b>	\$ 467,845	3,381,965	\$ 0.1383			
<b>QUART - Paper</b>	<b>Purchased</b>	\$ 155,856	1,057,305	\$ 0.1474			
<b>QUART - Combined</b>		\$ 623,701	4,439,270	\$ 0.1405	\$ 0.1410	1.57%	<b>\$ 0.1432</b>
<b>PINT - Plastic</b>	<b>Purchased</b>	\$ 1,012,044	8,409,164	\$ 0.1204			
<b>PINT - Paper</b>	<b>Purchased</b>	\$ 3,486	56,730	\$ 0.0615			
<b>PINT - Combined</b>		\$ 1,015,530	8,465,894	\$ 0.1200	\$ 0.1186	1.62%	<b>\$ 0.1205</b>
<b>12 Ounce</b>	<b>Purchased</b>	\$ 4,090	33,916	\$ 0.1206	\$ 0.1206		\$ 0.1206
<b>10 Ounce <sup>(1)</sup></b>	<b>Purchased</b>			\$ 0.0544	\$ 0.0544		\$ 0.0544
<b>1/2 PINT - Plastic</b>	<b>Purchased</b>	\$ 220,356	2,996,554	\$ 0.0735	\$ 0.0730	0.92%	<b>\$ 0.0737</b>
<b>1/2 PINT - Paper</b>	<b>Purchased</b>	\$ 1,696,310	62,153,132	\$ 0.0273	\$ 0.0270	0.85%	<b>\$ 0.0272</b>
<b>4 Ounce</b>	<b>Purchased</b>	\$ 327,109	5,158,586	\$ 0.0634	\$ 0.0634	1.53%	<b>\$ 0.0644</b>
<b>Bulk Per Quart</b>	<b>Purchased</b>	\$ 96,579	1,060,110	\$ 0.0911	\$ 0.0911	1.30%	<b>\$ 0.0923</b>

1. None of the Area 5 cross-section Dealers bottled price-Controlled product in this size container during Year 2018. The cost per unit presented is per a prior year.



**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**COSTS AND POINTS FOR INGREDIENTS, CONDENSED & POWDER  
YEAR 2018 POUNDS (@ APRIL 2019 COSTS)**

<b>Product</b>	<b>Weighted Costs</b>	<b>Weighted Pounds</b>	<b>Weighted Cost per Pound</b>
<b>Standard (Whole) Milk</b>	\$ 1,421	66,903,480	\$ -
<b>Reduced Fat (2%) Milk</b>	\$ 6,974	105,187,373	\$ 0.0001
<b>Low Fat (1%) Milk</b>	\$ 2,414	36,684,948	\$ 0.0001
<b>Non Fat (Skim) Milk</b>	\$ 26,936	30,651,958	\$ 0.0009
<b>Flavored Milk</b>	\$ 678,758	17,701,756	\$ 0.0383
<b>Flavored Reduced Fat Milk</b>	\$ 663,303	20,547,540	\$ 0.0323
<b>Flavored NONFAT Milk</b>	\$ 653,179	16,506,813	\$ 0.0396
<b>Buttermilk</b>	\$ 30,198	1,571,448	\$ 0.0192
<b>Egg Nog</b>	\$ 131,483	769,990	\$ 0.1708

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**COSTS AND (REVENUES) FOR SHRINKAGE AND BULK SALES  
YEAR 2018 DATA**

	A	B	C	D	E	F	G
						- (C - D - E)	
Cost/(Revenue) Factor	Product Pounds	Butterfat Pounds	Revenue	Costs	Additional Processing Costs	Net Cost or (Profit)/Loss	Weighted Cost or (Profit)/Loss
1 Shrinkage	18,424,815	1,095,606	n/a	\$ 4,029,102	n/a	\$ 4,029,102	\$ 1,393,644
2 Bulk MILK - diverted	478,305,419	18,857,942	\$ 75,972,468	\$ 78,734,125	n/a	\$ 2,761,657	\$ 605,993
3 Bulk MILK - transferred	18,092,555	413,553	\$ 3,182,992	\$ 2,217,385	\$ 857,898	\$ (107,709)	\$ 225,914
4 Bulk MILK - TOTAL (Row 2 + Row 3)	496,397,974	19,271,495	\$ 79,155,460	\$ 80,951,510	\$ 857,898	\$ 2,653,948	\$ 831,907
5 Bulk CREAM - transferred	38,362,871	16,089,408	\$ 48,565,155	\$ 42,108,761	\$ 1,140,188	\$ (5,316,206)	\$ (1,723,684)

	H	I	J
			(H ÷ I)
Cost/(Revenue) Factor	Weighted Costs	Weighted Pounds	Weighted Cost per Pound
6 Shrinkage (Row 1)	\$ 1,393,644		
7 Bulk MILK (Profit)/Loss (Row 4)	\$ 831,907		
8 Bulk CREAM (Profit)/Loss (Row 5)	\$ (1,723,684)		
9 Total	\$ 501,867	310,451,971	\$ 0.0016

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**MILK COSTS BEFORE PACKAGING  
OCTOBER 2019 MILK PRICES**

	<b>Class I</b>
<b>Skim Rate</b>	\$ 13.06
<b>Butterfat Rate</b>	\$ 2.5747

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
		(B ÷ A)	(A - B)								
<b>Standard Milk</b>	66,903,480	2,176,631	3.2534%	64,726,849	\$ 5,604,172	\$ 8,453,326	\$ 14,057,498	\$ 0.2101	\$ -	\$ 0.0016	\$ <b>0.2117</b>
<b>Reduced Fat (2%) Milk</b>	105,187,373	2,020,618	1.9210%	103,166,755	\$ 5,202,485	\$ 13,473,578	\$ 18,676,063	\$ 0.1776	\$ 0.0001	\$ 0.0016	\$ <b>0.1793</b>
<b>Low Fat (1%) Milk</b>	36,684,948	348,716	0.9506%	36,336,232	\$ 897,839	\$ 4,745,512	\$ 5,643,351	\$ 0.1538	\$ 0.0001	\$ 0.0016	\$ <b>0.1555</b>
<b>Non Fat (Skim) Milk</b>	30,651,958	32,249	0.1052%	30,619,709	\$ 83,032	\$ 3,998,934	\$ 4,081,966	\$ 0.1332	\$ 0.0009	\$ 0.0016	\$ <b>0.1357</b>
<b>Flavored Milk</b>	17,701,756	597,435	3.3750%	17,104,321	\$ 1,538,216	\$ 2,233,824	\$ 3,772,040	\$ 0.2131	\$ 0.0383	\$ 0.0016	\$ <b>0.2530</b>
<b>Flavored Reduced Fat Milk</b>	20,547,540	207,311	1.0089%	20,340,229	\$ 533,764	\$ 2,656,434	\$ 3,190,198	\$ 0.1553	\$ 0.0323	\$ 0.0016	\$ <b>0.1892</b>
<b>Flavored NONFAT Milk</b>	16,506,813	33,863	0.2051%	16,472,950	\$ 87,187	\$ 2,151,367	\$ 2,238,554	\$ 0.1356	\$ 0.0396	\$ 0.0016	\$ <b>0.1768</b>
<b>Buttermilk</b>	1,571,448	28,398	1.8071%	1,543,050	\$ 73,116	\$ 201,522	\$ 274,638	\$ 0.1748	\$ 0.0192	\$ 0.0016	\$ <b>0.1956</b>
<b>Egg Nog</b>	769,990	50,785	6.5955%	719,205	\$ 130,756	\$ 93,928	\$ 224,684	\$ 0.2918	\$ 0.1708	\$ 0.0016	\$ <b>0.4642</b>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**COST UPDATE ADJUSTMENT  
1st HALF COMPARISON (Year 2019 vs. Year 2018)**

A	B	C	D	E	F	G
				(A ÷ C)	(B ÷ D)	(E - F)
1 <sup>st</sup> HALF EXPENSES		1 <sup>st</sup> HALF POINTS		1 <sup>st</sup> HALF COST/POINTS		INCREASE (DECREASE)
2019	2018	2019	2018	2019	2018	

<b>WEIGHTED LABOR COSTS</b>	\$ 21,301,250	\$ 19,113,465	100,672,482	87,738,172	\$ 0.2116	\$ 0.2178	\$ (0.0062)
<b>WEIGHTED UTILITY COSTS</b>	\$ 1,268,281	\$ 1,243,825	100,672,482	87,738,172	\$ 0.0126	\$ 0.0142	\$ (0.0016)
<b>WEIGHTED INSURANCE COSTS</b>	\$ 715,682	\$ 614,171	100,672,482	87,738,172	\$ 0.0071	\$ 0.0070	\$ 0.0001

**COST UPDATE ADJUSTMENT per BOTTLING POINT     \$ (0.0077)**

**PENNSYLVANIA MILK MARKETING BOARD**  
**MILK MARKETING AREA 5**

**Diesel Fuel Costs Adjustment**  
**Update of Diesel Fuel Costs from YEAR 2018 to AUGUST 2019**

1. Weighted Diesel Fuel Costs - YEAR 2018	\$ 3,102,181
2. Average On-Highway Diesel Price per Gallon - YEAR 2018 (1)	\$ 3.361
3. On-Highway Diesel Price per Gallon - AUGUST 2019 (1)	\$ 3.208
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)	-4.55%
5. Presumed Diesel Fuel Costs - AUGUST 2019 ((Line 1 X Line 4) + Line 1)	<u>\$ 2,961,032</u>
6. Change in Diesel Fuel Costs from YEAR 2018 to AUGUST 2019 (Line 5 - Line 1)	\$ (141,149)
7. Weighted Delivery Points - YEAR 2018	<u>205,070,165</u>
<b>8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)</b>	<b><u>\$ (0.0007)</u></b>

## Footnote:

1. Source: 'Weekly Retail On-Highway Diesel Prices' per Energy Information Administration website.  
web address = [https://www.eia.gov/dnav/pet/pet\\_pri\\_gnd\\_dcus\\_r1y\\_w.htm](https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_r1y_w.htm)

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**Heating Fuel Costs Adjustment  
Update of Heating Fuel Costs from YEAR 2018 to JUNE 2019**

1. Weighted Heating Fuel Costs - YEAR 2018	\$ 273,481
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2018 (1)	\$ 8.68
3. Pennsylvania Average Natural Gas Price - Industrial - JUNE 2019 (1)	\$ 8.35
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)	-3.80%
5. Presumed Heating Fuel Costs - JUNE 2019 ((Line 1 X Line 4) + Line 1)	<u>\$ 263,089</u>
6. Change in Heating Fuel Costs from YEAR 2018 to JUNE 2019 (Line 5 - Line 1)	\$ (10,392)
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2018	<u>177,976,100</u>
<b>8. Change in Heating Fuel Costs per S&amp;P Point (Line 6 ÷ Line 7)</b>	<b><u>\$ (0.0001)</u></b>

## 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 5**  
**YEAR 2018 DATA**

**CONTAINER EFFICIENCY ADJUSTMENT**

(A)	(B)	(C)	(D)	(E)	(F)
				(C) + (D)	(B) x (E)
Container Size	Area 5-0 Container Sales (Units)	Adjustment per UNIT			Dollar Effect
		Bottling	Cold Room & Delivery	Total	
GALLON	19,576,942	\$ (0.06708)	\$ (0.01935)	\$ <b>(0.0864)</b>	\$ (1,691,448)
1/2 GALLON	18,245,920	\$ (0.00415)	\$ (0.05267)	\$ <b>(0.0568)</b>	\$ (1,036,368)
QUART	4,439,270	\$ 0.03085	\$ 0.05044	\$ <b>0.0813</b>	\$ 360,913
PINT	8,465,894	\$ 0.03547	\$ 0.05708	\$ <b>0.0926</b>	\$ 783,942
12 OUNCE	33,916	\$ 0.02472	\$ 0.03553	\$ <b>0.0603</b>	\$ 2,045
10 OUNCE	-	\$ -	\$ -	\$ -	\$ -
1/2 PINT	65,149,686	\$ 0.01024	\$ 0.00965	\$ <b>0.0199</b>	\$ 1,296,479
4 OUNCE	5,158,586	\$ 0.01603	\$ 0.01740	\$ <b>0.0334</b>	\$ 172,297
Bulk per Quart	1,060,095	\$ 0.18966	\$ (0.08231)	\$ <b>0.1074</b>	\$ 113,854
					\$ <u>1,714</u>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**WHOLESALE PRICE BUILDUP  
OCTOBER 2019 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	D EX. 10	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	Dealer Profit 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Increase (Decrease)	
STANDARD (WHOLE) MILK	GALLON	\$ 1.8206	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 3.2681	\$ 0.1185	\$ 3.3866	\$ (0.5220)	\$ 0.9748	\$ 3.8394	\$ 3.8475	\$ (0.0081)
	1/2 GALLON	\$ 0.9103	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.6642	\$ 0.0604	\$ 1.7246	\$ (0.2610)	\$ 0.4874	\$ 1.9510	\$ 1.9482	\$ 0.0028
	QUART	\$ 0.4552	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 1.0128	\$ 0.0367	\$ 1.0495	\$ (0.1305)	\$ 0.2437	\$ 1.1627	\$ 1.1595	\$ 0.0032
	PINT	\$ 0.2276	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.6073	\$ 0.0220	\$ 0.6293	\$ (0.0653)	\$ 0.1219	\$ 0.6859	\$ 0.6733	\$ 0.0126
	12 OUNCE	\$ 0.1707	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4765	\$ 0.0173	\$ 0.4938	\$ (0.0489)	\$ 0.0914	\$ 0.5363	\$ 0.5307	\$ 0.0056
	10 OUNCE	\$ 0.1422	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.3007	\$ 0.0109	\$ 0.3116	\$ (0.0435)	\$ 0.0812	\$ 0.3493	\$ 0.3499	\$ (0.0006)
	1/2 PINT	\$ 0.1138	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2442	\$ 0.0089	\$ 0.2531	\$ (0.0326)	\$ 0.0609	\$ 0.2814	\$ 0.2768	\$ 0.0046
	4 OUNCE	\$ 0.0569	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1963	\$ 0.0071	\$ 0.2034	\$ (0.0163)	\$ 0.0305	\$ 0.2176	\$ 0.1767	\$ 0.0409
	Bulk per Quart	\$ 0.4552	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.9880	\$ 0.0358	\$ 1.0238	\$ (0.1305)	\$ 0.2437	\$ 1.1370	\$ 1.1127	\$ 0.0243
REDUCED FAT (2%) MILK	GALLON	\$ 1.5456	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 2.9931	\$ 0.1086	\$ 3.1017	\$ (0.5220)	\$ 0.9748	\$ 3.5545	\$ 3.5643	\$ (0.0098)
	1/2 GALLON	\$ 0.7728	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.5267	\$ 0.0554	\$ 1.5821	\$ (0.2610)	\$ 0.4874	\$ 1.8085	\$ 1.8065	\$ 0.0020
	QUART	\$ 0.3864	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.9440	\$ 0.0342	\$ 0.9782	\$ (0.1305)	\$ 0.2437	\$ 1.0914	\$ 1.0887	\$ 0.0027
	PINT	\$ 0.1932	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5729	\$ 0.0208	\$ 0.5937	\$ (0.0653)	\$ 0.1219	\$ 0.6503	\$ 0.6378	\$ 0.0125
	12 OUNCE	\$ 0.1449	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4507	\$ 0.0163	\$ 0.4670	\$ (0.0489)	\$ 0.0914	\$ 0.5095	\$ 0.5041	\$ 0.0054
	10 OUNCE	\$ 0.1207	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2792	\$ 0.0101	\$ 0.2893	\$ (0.0435)	\$ 0.0812	\$ 0.3270	\$ 0.3279	\$ (0.0009)
	1/2 PINT	\$ 0.0966	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2270	\$ 0.0082	\$ 0.2352	\$ (0.0326)	\$ 0.0609	\$ 0.2635	\$ 0.2591	\$ 0.0044
	4 OUNCE	\$ 0.0483	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1877	\$ 0.0068	\$ 0.1945	\$ (0.0163)	\$ 0.0305	\$ 0.2087	\$ 0.1678	\$ 0.0409
	Bulk per Quart	\$ 0.3864	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.9192	\$ 0.0333	\$ 0.9525	\$ (0.1305)	\$ 0.2437	\$ 1.0657	\$ 1.0419	\$ 0.0238
LOW FAT (1%) MILK	GALLON	\$ 1.3404	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 2.7879	\$ 0.1011	\$ 2.8890	\$ (0.5220)	\$ 0.9748	\$ 3.3418	\$ 3.3517	\$ (0.0099)
	1/2 GALLON	\$ 0.6702	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.4241	\$ 0.0517	\$ 1.4758	\$ (0.2610)	\$ 0.4874	\$ 1.7022	\$ 1.7002	\$ 0.0020
	QUART	\$ 0.3351	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.8927	\$ 0.0324	\$ 0.9251	\$ (0.1305)	\$ 0.2437	\$ 1.0383	\$ 1.0356	\$ 0.0027
	PINT	\$ 0.1676	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5473	\$ 0.0199	\$ 0.5672	\$ (0.0653)	\$ 0.1219	\$ 0.6238	\$ 0.6113	\$ 0.0125
	12 OUNCE	\$ 0.1257	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4315	\$ 0.0156	\$ 0.4471	\$ (0.0489)	\$ 0.0914	\$ 0.4896	\$ 0.4842	\$ 0.0054
	10 OUNCE	\$ 0.1047	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2632	\$ 0.0095	\$ 0.2727	\$ (0.0435)	\$ 0.0812	\$ 0.3104	\$ 0.3112	\$ (0.0008)
	1/2 PINT	\$ 0.0838	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2142	\$ 0.0078	\$ 0.2220	\$ (0.0326)	\$ 0.0609	\$ 0.2503	\$ 0.2458	\$ 0.0045
	4 OUNCE	\$ 0.0419	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1813	\$ 0.0066	\$ 0.1879	\$ (0.0163)	\$ 0.0305	\$ 0.2021	\$ 0.1611	\$ 0.0410
	Bulk per Quart	\$ 0.3351	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.8679	\$ 0.0315	\$ 0.8994	\$ (0.1305)	\$ 0.2437	\$ 1.0126	\$ 0.9887	\$ 0.0239
NON FAT (SKIM) MILK	GALLON	\$ 1.1711	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 2.6186	\$ 0.0950	\$ 2.7136	\$ (0.5220)	\$ 0.9748	\$ 3.1664	\$ 3.1718	\$ (0.0054)
	1/2 GALLON	\$ 0.5855	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.3394	\$ 0.0486	\$ 1.3880	\$ (0.2610)	\$ 0.4874	\$ 1.6144	\$ 1.6102	\$ 0.0042
	QUART	\$ 0.2928	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.8504	\$ 0.0308	\$ 0.8812	\$ (0.1305)	\$ 0.2437	\$ 0.9944	\$ 0.9906	\$ 0.0038
	PINT	\$ 0.1464	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5261	\$ 0.0191	\$ 0.5452	\$ (0.0653)	\$ 0.1219	\$ 0.6018	\$ 0.5887	\$ 0.0131
	12 OUNCE	\$ 0.1098	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4156	\$ 0.0151	\$ 0.4307	\$ (0.0489)	\$ 0.0914	\$ 0.4732	\$ 0.4673	\$ 0.0059
	10 OUNCE	\$ 0.0915	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2500	\$ 0.0091	\$ 0.2591	\$ (0.0435)	\$ 0.0812	\$ 0.2968	\$ 0.2972	\$ (0.0004)
	1/2 PINT	\$ 0.0732	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2036	\$ 0.0074	\$ 0.2110	\$ (0.0326)	\$ 0.0609	\$ 0.2393	\$ 0.2345	\$ 0.0048
	4 OUNCE	\$ 0.0366	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1760	\$ 0.0064	\$ 0.1824	\$ (0.0163)	\$ 0.0305	\$ 0.1966	\$ 0.1555	\$ 0.0411
	Bulk per Quart	\$ 0.2928	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.8256	\$ 0.0299	\$ 0.8555	\$ (0.1305)	\$ 0.2437	\$ 0.9687	\$ 0.9438	\$ 0.0249

Footnote:  
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of +\$0.0061 per quart equivalent.



**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**WHOLESALE PRICE BUILDUP  
OCTOBER 2019 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	D EX. 10	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	Dealer Profit 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Increase (Decrease)	
<b>FLAVORED MILK</b>	<b>GALLON</b>	\$ 2.0240	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 3.4715	\$ 0.1259	\$ 3.5974	\$ (0.5220)	\$ 0.9748	\$ 4.0502	\$ 4.0526	\$ (0.0024)
	<b>1/2 GALLON</b>	\$ 1.0120	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.7659	\$ 0.0640	\$ 1.8299	\$ (0.2610)	\$ 0.4874	\$ 2.0563	\$ 2.0506	\$ 0.0057
	<b>QUART</b>	\$ 0.5060	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 1.0636	\$ 0.0386	\$ 1.1022	\$ (0.1305)	\$ 0.2437	\$ 1.2154	\$ 1.2108	\$ 0.0046
	<b>PINT</b>	\$ 0.2530	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.6327	\$ 0.0229	\$ 0.6556	\$ (0.0653)	\$ 0.1219	\$ 0.7122	\$ 0.6989	\$ 0.0133
	<b>12 OUNCE</b>	\$ 0.1898	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4956	\$ 0.0180	\$ 0.5136	\$ (0.0489)	\$ 0.0914	\$ 0.5561	\$ 0.5499	\$ 0.0062
	<b>10 OUNCE</b>	\$ 0.1581	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.3166	\$ 0.0115	\$ 0.3281	\$ (0.0435)	\$ 0.0812	\$ 0.3658	\$ 0.3660	\$ (0.0002)
	<b>1/2 PINT</b>	\$ 0.1265	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2569	\$ 0.0093	\$ 0.2662	\$ (0.0326)	\$ 0.0609	\$ 0.2945	\$ 0.2896	\$ 0.0049
	<b>4 OUNCE</b>	\$ 0.0633	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.2027	\$ 0.0074	\$ 0.2101	\$ (0.0163)	\$ 0.0305	\$ 0.2243	\$ 0.1831	\$ 0.0412
	<b>Bulk per Quart</b>	\$ 0.5060	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 1.0388	\$ 0.0377	\$ 1.0765	\$ (0.1305)	\$ 0.2437	\$ 1.1897	\$ 1.1640	\$ 0.0257
<b>FLAVORED REDUCED FAT MILK</b>	<b>GALLON</b>	\$ 1.5136	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 2.9611	\$ 0.1074	\$ 3.0685	\$ (0.5220)	\$ 0.9748	\$ 3.5213	\$ 3.5154	\$ 0.0059
	<b>1/2 GALLON</b>	\$ 0.7568	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.5107	\$ 0.0548	\$ 1.5655	\$ (0.2610)	\$ 0.4874	\$ 1.7919	\$ 1.7820	\$ 0.0099
	<b>QUART</b>	\$ 0.3784	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.9360	\$ 0.0339	\$ 0.9699	\$ (0.1305)	\$ 0.2437	\$ 1.0831	\$ 1.0765	\$ 0.0066
	<b>PINT</b>	\$ 0.1892	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5689	\$ 0.0206	\$ 0.5895	\$ (0.0653)	\$ 0.1219	\$ 0.6461	\$ 0.6317	\$ 0.0144
	<b>12 OUNCE</b>	\$ 0.1419	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4477	\$ 0.0162	\$ 0.4639	\$ (0.0489)	\$ 0.0914	\$ 0.5064	\$ 0.4995	\$ 0.0069
	<b>10 OUNCE</b>	\$ 0.1183	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2768	\$ 0.0100	\$ 0.2868	\$ (0.0435)	\$ 0.0812	\$ 0.3245	\$ 0.3240	\$ 0.0005
	<b>1/2 PINT</b>	\$ 0.0946	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2250	\$ 0.0082	\$ 0.2332	\$ (0.0326)	\$ 0.0609	\$ 0.2615	\$ 0.2561	\$ 0.0054
	<b>4 OUNCE</b>	\$ 0.0473	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1867	\$ 0.0068	\$ 0.1935	\$ (0.0163)	\$ 0.0305	\$ 0.2077	\$ 0.1663	\$ 0.0414
	<b>Bulk per Quart</b>	\$ 0.3784	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.9112	\$ 0.0330	\$ 0.9442	\$ (0.1305)	\$ 0.2437	\$ 1.0574	\$ 1.0297	\$ 0.0277
<b>FLAVORED NONFAT MILK</b>	<b>GALLON</b>	\$ 1.4144	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 2.8619	\$ 0.1038	\$ 2.9657	\$ (0.5220)	\$ 0.9748	\$ 3.4185	\$ 3.3761	\$ 0.0424
	<b>1/2 GALLON</b>	\$ 0.7072	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.4611	\$ 0.0530	\$ 1.5141	\$ (0.2610)	\$ 0.4874	\$ 1.7405	\$ 1.7124	\$ 0.0281
	<b>QUART</b>	\$ 0.3536	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.9112	\$ 0.0330	\$ 0.9442	\$ (0.1305)	\$ 0.2437	\$ 1.0574	\$ 1.0417	\$ 0.0157
	<b>PINT</b>	\$ 0.1768	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5565	\$ 0.0202	\$ 0.5767	\$ (0.0653)	\$ 0.1219	\$ 0.6333	\$ 0.6143	\$ 0.0190
	<b>12 OUNCE</b>	\$ 0.1326	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4384	\$ 0.0159	\$ 0.4543	\$ (0.0489)	\$ 0.0914	\$ 0.4968	\$ 0.4864	\$ 0.0104
	<b>10 OUNCE</b>	\$ 0.1105	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2690	\$ 0.0098	\$ 0.2788	\$ (0.0435)	\$ 0.0812	\$ 0.3165	\$ 0.3131	\$ 0.0034
	<b>1/2 PINT</b>	\$ 0.0884	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2188	\$ 0.0079	\$ 0.2267	\$ (0.0326)	\$ 0.0609	\$ 0.2550	\$ 0.2474	\$ 0.0076
	<b>4 OUNCE</b>	\$ 0.0442	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1836	\$ 0.0067	\$ 0.1903	\$ (0.0163)	\$ 0.0305	\$ 0.2045	\$ 0.1620	\$ 0.0425
	<b>Bulk per Quart</b>	\$ 0.3536	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.8864	\$ 0.0321	\$ 0.9185	\$ (0.1305)	\$ 0.2437	\$ 1.0317	\$ 0.9949	\$ 0.0368
<b>BUTTERMILK</b>	<b>GALLON</b>	\$ 1.6861	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 3.1336	\$ 0.1137	\$ 3.2473	\$ (0.5220)	\$ 0.9748	\$ 3.7001	\$ 3.7832	\$ (0.0831)
	<b>1/2 GALLON</b>	\$ 0.8430	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 1.5969	\$ 0.0579	\$ 1.6548	\$ (0.2610)	\$ 0.4874	\$ 1.8812	\$ 1.9159	\$ (0.0347)
	<b>QUART</b>	\$ 0.4215	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 0.9791	\$ 0.0355	\$ 1.0146	\$ (0.1305)	\$ 0.2437	\$ 1.1278	\$ 1.1435	\$ (0.0157)
	<b>PINT</b>	\$ 0.2108	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.5905	\$ 0.0214	\$ 0.6119	\$ (0.0653)	\$ 0.1219	\$ 0.6685	\$ 0.6652	\$ 0.0033
	<b>12 OUNCE</b>	\$ 0.1581	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.4639	\$ 0.0168	\$ 0.4807	\$ (0.0489)	\$ 0.0914	\$ 0.5232	\$ 0.5246	\$ (0.0014)
	<b>10 OUNCE</b>	\$ 0.1317	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.2902	\$ 0.0105	\$ 0.3007	\$ (0.0435)	\$ 0.0812	\$ 0.3384	\$ 0.3450	\$ (0.0066)
	<b>1/2 PINT</b>	\$ 0.1054	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.2358	\$ 0.0086	\$ 0.2444	\$ (0.0326)	\$ 0.0609	\$ 0.2727	\$ 0.2728	\$ (0.0001)
	<b>4 OUNCE</b>	\$ 0.0527	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.1921	\$ 0.0070	\$ 0.1991	\$ (0.0163)	\$ 0.0305	\$ 0.2133	\$ 0.1746	\$ 0.0387
	<b>Bulk per Quart</b>	\$ 0.4215	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 0.9543	\$ 0.0346	\$ 0.9889	\$ (0.1305)	\$ 0.2437	\$ 1.1021	\$ 1.0966	\$ 0.0055

Footnote:  
1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of +\$0.0061 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**WHOLESALE PRICE BUILDUP  
OCTOBER 2019 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	D EX. 10	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	Dealer Profit 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Increase (Decrease)	
<b>EGG MOC</b>	<b>GALLON</b>	\$ 3.7136	\$ 0.2015	\$ (0.0096)	\$ (0.0864)	\$ 1.3420	\$ 5.1611	\$ 0.1872	\$ 5.3483	\$ (0.5220)	\$ 0.9748	\$ 5.8011	\$ 5.5722	\$ 0.2289
	<b>1/2 GALLON</b>	\$ 1.8568	\$ 0.1445	\$ (0.0048)	\$ (0.0568)	\$ 0.6710	\$ 2.6107	\$ 0.0947	\$ 2.7054	\$ (0.2610)	\$ 0.4874	\$ 2.9318	\$ 2.8104	\$ 0.1214
	<b>QUART</b>	\$ 0.9284	\$ 0.1432	\$ (0.0024)	\$ 0.0813	\$ 0.3355	\$ 1.4860	\$ 0.0539	\$ 1.5399	\$ (0.1305)	\$ 0.2437	\$ 1.6531	\$ 1.5907	\$ 0.0624
	<b>PINT</b>	\$ 0.4642	\$ 0.1205	\$ (0.0012)	\$ 0.0926	\$ 0.1678	\$ 0.8439	\$ 0.0306	\$ 0.8745	\$ (0.0653)	\$ 0.1219	\$ 0.9311	\$ 0.8888	\$ 0.0423
	<b>12 OUNCE</b>	\$ 0.3482	\$ 0.1206	\$ (0.0009)	\$ 0.0603	\$ 0.1258	\$ 0.6540	\$ 0.0237	\$ 0.6777	\$ (0.0489)	\$ 0.0914	\$ 0.7202	\$ 0.6923	\$ 0.0279
	<b>10 OUNCE</b>	\$ 0.2901	\$ 0.0544	\$ (0.0008)	\$ -	\$ 0.1048	\$ 0.4486	\$ 0.0163	\$ 0.4649	\$ (0.0435)	\$ 0.0812	\$ 0.5026	\$ 0.4847	\$ 0.0179
	<b>1/2 PINT</b>	\$ 0.2321	\$ 0.0272	\$ (0.0006)	\$ 0.0199	\$ 0.0839	\$ 0.3625	\$ 0.0131	\$ 0.3756	\$ (0.0326)	\$ 0.0609	\$ 0.4039	\$ 0.3846	\$ 0.0193
	<b>4 OUNCE</b>	\$ 0.1161	\$ 0.0644	\$ (0.0003)	\$ 0.0334	\$ 0.0419	\$ 0.2555	\$ 0.0093	\$ 0.2648	\$ (0.0163)	\$ 0.0305	\$ 0.2790	\$ 0.2306	\$ 0.0484
	<b>Bulk per Quart</b>	\$ 0.9284	\$ 0.0923	\$ (0.0024)	\$ 0.1074	\$ 0.3355	\$ 1.4612	\$ 0.0530	\$ 1.5142	\$ (0.1305)	\$ 0.2437	\$ 1.6274	\$ 1.5439	\$ 0.0835

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of +\$0.0061 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**RETAIL PRICE BUILDUP  
OCTOBER 2019 PRICES**

	A EX. 11	B	C	D	E (A+B+C+D)	F	G (E - F)	
Container Size	Proposed Wholesale Price	12.0% Deepest Discount	In-Store Handling \$ 0.1542	2.7% Store Profit	Proposed Retail Price	Current Retail Price	Increase (Decrease)	
<b>STANDARD (WHOLE) MILK</b>	GALLON	\$ 3.8394	\$ (0.4607)	\$ 0.6168	\$ 0.1109	\$ 4.11	\$ 4.11	\$ -
	1/2 GALLON	\$ 1.9510	\$ (0.2341)	\$ 0.3084	\$ 0.0562	\$ 2.08	\$ 2.08	\$ -
	QUART	<b>\$ 1.1627</b>	<b>\$ (0.1395)</b>	<b>\$ 0.1542</b>	<b>\$ 0.0327</b>	<b>\$ 1.21</b>	<b>\$ 1.21</b>	<b>\$ -</b>
	PINT	\$ 0.6859	\$ (0.0823)	\$ 0.0771	\$ 0.0189	\$ 0.70	\$ 0.69	\$ 0.01
	12 OUNCE	\$ 0.5363	\$ (0.0644)	\$ 0.0578	\$ 0.0147	\$ 0.54	\$ 0.54	\$ -
	10 OUNCE	\$ 0.3493	\$ (0.0419)	\$ 0.0482	\$ 0.0099	\$ 0.37	\$ 0.37	\$ -
	1/2 PINT	\$ 0.2814	\$ (0.0338)	\$ 0.0386	\$ 0.0079	\$ 0.29	\$ 0.29	\$ -
	4 OUNCE	\$ 0.2176	\$ (0.0261)	\$ 0.0193	\$ 0.0058	\$ 0.22	\$ 0.18	\$ 0.04
	Bulk per Quart	\$ 1.1370	\$ (0.1364)	\$ 0.1542	\$ 0.0320	\$ 1.19	\$ 1.16	\$ 0.03
<b>REDUCED FAT (2%) MILK</b>	GALLON	\$ 3.5545	\$ (0.4265)	\$ 0.6168	\$ 0.1039	\$ 3.85	\$ 3.86	\$ (0.01)
	1/2 GALLON	\$ 1.8085	\$ (0.2170)	\$ 0.3084	\$ 0.0527	\$ 1.95	\$ 1.95	\$ -
	QUART	\$ 1.0914	\$ (0.1310)	\$ 0.1542	\$ 0.0309	\$ 1.15	\$ 1.14	\$ 0.01
	PINT	\$ 0.6503	\$ (0.0780)	\$ 0.0771	\$ 0.0180	\$ 0.67	\$ 0.66	\$ 0.01
	12 OUNCE	\$ 0.5095	\$ (0.0611)	\$ 0.0578	\$ 0.0140	\$ 0.52	\$ 0.52	\$ -
	10 OUNCE	\$ 0.3270	\$ (0.0392)	\$ 0.0482	\$ 0.0093	\$ 0.35	\$ 0.35	\$ -
	1/2 PINT	\$ 0.2635	\$ (0.0316)	\$ 0.0386	\$ 0.0075	\$ 0.28	\$ 0.27	\$ 0.01
	4 OUNCE	\$ 0.2087	\$ (0.0250)	\$ 0.0193	\$ 0.0056	\$ 0.21	\$ 0.17	\$ 0.04
	Bulk per Quart	\$ 1.0657	\$ (0.1279)	\$ 0.1542	\$ 0.0303	\$ 1.12	\$ 1.10	\$ 0.02
<b>LOWFAT (1%) MILK</b>	GALLON	\$ 3.3418	\$ (0.4010)	\$ 0.6168	\$ 0.0987	\$ 3.66	\$ 3.67	\$ (0.01)
	1/2 GALLON	\$ 1.7022	\$ (0.2043)	\$ 0.3084	\$ 0.0501	\$ 1.86	\$ 1.85	\$ 0.01
	QUART	\$ 1.0383	\$ (0.1246)	\$ 0.1542	\$ 0.0296	\$ 1.10	\$ 1.10	\$ -
	PINT	\$ 0.6238	\$ (0.0749)	\$ 0.0771	\$ 0.0174	\$ 0.64	\$ 0.63	\$ 0.01
	12 OUNCE	\$ 0.4896	\$ (0.0588)	\$ 0.0578	\$ 0.0136	\$ 0.50	\$ 0.50	\$ -
	10 OUNCE	\$ 0.3104	\$ (0.0372)	\$ 0.0482	\$ 0.0089	\$ 0.33	\$ 0.33	\$ -
	1/2 PINT	\$ 0.2503	\$ (0.0300)	\$ 0.0386	\$ 0.0072	\$ 0.27	\$ 0.26	\$ 0.01
	4 OUNCE	\$ 0.2021	\$ (0.0243)	\$ 0.0193	\$ 0.0055	\$ 0.21	\$ 0.17	\$ 0.04
	Bulk per Quart	\$ 1.0126	\$ (0.1215)	\$ 0.1542	\$ 0.0290	\$ 1.07	\$ 1.05	\$ 0.02
<b>NONFAT (SKIM) MILK</b>	GALLON	\$ 3.1664	\$ (0.3800)	\$ 0.6168	\$ 0.0944	\$ 3.50	\$ 3.50	\$ -
	1/2 GALLON	\$ 1.6144	\$ (0.1937)	\$ 0.3084	\$ 0.0480	\$ 1.78	\$ 1.77	\$ 0.01
	QUART	\$ 0.9944	\$ (0.1193)	\$ 0.1542	\$ 0.0286	\$ 1.06	\$ 1.05	\$ 0.01
	PINT	\$ 0.6018	\$ (0.0722)	\$ 0.0771	\$ 0.0168	\$ 0.62	\$ 0.61	\$ 0.01
	12 OUNCE	\$ 0.4732	\$ (0.0568)	\$ 0.0578	\$ 0.0132	\$ 0.49	\$ 0.48	\$ 0.01
	10 OUNCE	\$ 0.2968	\$ (0.0356)	\$ 0.0482	\$ 0.0086	\$ 0.32	\$ 0.32	\$ -
	1/2 PINT	\$ 0.2393	\$ (0.0287)	\$ 0.0386	\$ 0.0069	\$ 0.26	\$ 0.25	\$ 0.01
	4 OUNCE	\$ 0.1966	\$ (0.0236)	\$ 0.0193	\$ 0.0053	\$ 0.20	\$ 0.16	\$ 0.04
	Bulk per Quart	\$ 0.9687	\$ (0.1162)	\$ 0.1542	\$ 0.0279	\$ 1.03	\$ 1.01	\$ 0.02

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**RETAIL PRICE BUILDUP  
OCTOBER 2019 PRICES**

	A EX. 11	B	C	D	E (A+B+C+D)	F	G (E - F)	
Container Size	Proposed Wholesale Price	12.0% Deepest Discount	In-Store Handling \$ 0.1542	2.7% Store Profit	Proposed Retail Price	Current Retail Price	Increase (Decrease)	
<b>FLAVORED MILK</b>	GALLON	\$ 4.0502	\$ (0.4860)	\$ 0.6168	\$ 0.1160	\$ 4.30	\$ 4.30	\$ -
	1/2 GALLON	\$ 2.0563	\$ (0.2468)	\$ 0.3084	\$ 0.0588	\$ 2.18	\$ 2.17	\$ 0.01
	QUART	\$ 1.2154	\$ (0.1458)	\$ 0.1542	\$ 0.0340	\$ 1.26	\$ 1.25	\$ 0.01
	PINT	\$ 0.7122	\$ (0.0855)	\$ 0.0771	\$ 0.0195	\$ 0.72	\$ 0.71	\$ 0.01
	12 OUNCE	\$ 0.5561	\$ (0.0667)	\$ 0.0578	\$ 0.0152	\$ 0.56	\$ 0.56	\$ -
	10 OUNCE	\$ 0.3658	\$ (0.0439)	\$ 0.0482	\$ 0.0103	\$ 0.38	\$ 0.38	\$ -
	1/2 PINT	\$ 0.2945	\$ (0.0353)	\$ 0.0386	\$ 0.0083	\$ 0.31	\$ 0.30	\$ 0.01
	4 OUNCE	\$ 0.2243	\$ (0.0269)	\$ 0.0193	\$ 0.0060	\$ 0.23	\$ 0.19	\$ 0.04
	Bulk per Quart	\$ 1.1897	\$ (0.1428)	\$ 0.1542	\$ 0.0333	\$ 1.23	\$ 1.21	\$ 0.02
<b>FLAVORED REDUCED FAT MILK</b>	GALLON	\$ 3.5213	\$ (0.4226)	\$ 0.6168	\$ 0.1031	\$ 3.82	\$ 3.81	\$ 0.01
	1/2 GALLON	\$ 1.7919	\$ (0.2150)	\$ 0.3084	\$ 0.0523	\$ 1.94	\$ 1.93	\$ 0.01
	QUART	\$ 1.0831	\$ (0.1300)	\$ 0.1542	\$ 0.0307	\$ 1.14	\$ 1.13	\$ 0.01
	PINT	\$ 0.6461	\$ (0.0775)	\$ 0.0771	\$ 0.0179	\$ 0.66	\$ 0.65	\$ 0.01
	12 OUNCE	\$ 0.5064	\$ (0.0608)	\$ 0.0578	\$ 0.0140	\$ 0.52	\$ 0.51	\$ 0.01
	10 OUNCE	\$ 0.3245	\$ (0.0389)	\$ 0.0482	\$ 0.0093	\$ 0.34	\$ 0.34	\$ -
	1/2 PINT	\$ 0.2615	\$ (0.0314)	\$ 0.0386	\$ 0.0075	\$ 0.28	\$ 0.27	\$ 0.01
	4 OUNCE	\$ 0.2077	\$ (0.0249)	\$ 0.0193	\$ 0.0056	\$ 0.21	\$ 0.17	\$ 0.04
	Bulk per Quart	\$ 1.0574	\$ (0.1269)	\$ 0.1542	\$ 0.0301	\$ 1.11	\$ 1.09	\$ 0.02
<b>FLAVORED NONFAT MILK</b>	GALLON	\$ 3.4185	\$ (0.4102)	\$ 0.6168	\$ 0.1006	\$ 3.73	\$ 3.69	\$ 0.04
	1/2 GALLON	\$ 1.7405	\$ (0.2089)	\$ 0.3084	\$ 0.0511	\$ 1.89	\$ 1.87	\$ 0.02
	QUART	\$ 1.0574	\$ (0.1269)	\$ 0.1542	\$ 0.0301	\$ 1.11	\$ 1.10	\$ 0.01
	PINT	\$ 0.6333	\$ (0.0760)	\$ 0.0771	\$ 0.0176	\$ 0.65	\$ 0.63	\$ 0.02
	12 OUNCE	\$ 0.4968	\$ (0.0596)	\$ 0.0578	\$ 0.0137	\$ 0.51	\$ 0.50	\$ 0.01
	10 OUNCE	\$ 0.3165	\$ (0.0380)	\$ 0.0482	\$ 0.0091	\$ 0.34	\$ 0.33	\$ 0.01
	1/2 PINT	\$ 0.2550	\$ (0.0306)	\$ 0.0386	\$ 0.0073	\$ 0.27	\$ 0.26	\$ 0.01
	4 OUNCE	\$ 0.2045	\$ (0.0245)	\$ 0.0193	\$ 0.0055	\$ 0.21	\$ 0.17	\$ 0.04
	Bulk per Quart	\$ 1.0317	\$ (0.1238)	\$ 0.1542	\$ 0.0295	\$ 1.09	\$ 1.06	\$ 0.03
<b>BUTTERMILK</b>	GALLON	\$ 3.7001	\$ (0.4440)	\$ 0.6168	\$ 0.1075	\$ 3.98	\$ 4.06	\$ (0.08)
	1/2 GALLON	\$ 1.8812	\$ (0.2257)	\$ 0.3084	\$ 0.0545	\$ 2.02	\$ 2.05	\$ (0.03)
	QUART	\$ 1.1278	\$ (0.1353)	\$ 0.1542	\$ 0.0318	\$ 1.18	\$ 1.19	\$ (0.01)
	PINT	\$ 0.6685	\$ (0.0802)	\$ 0.0771	\$ 0.0185	\$ 0.68	\$ 0.68	\$ -
	12 OUNCE	\$ 0.5232	\$ (0.0628)	\$ 0.0578	\$ 0.0144	\$ 0.53	\$ 0.53	\$ -
	10 OUNCE	\$ 0.3384	\$ (0.0406)	\$ 0.0482	\$ 0.0096	\$ 0.36	\$ 0.36	\$ -
	1/2 PINT	\$ 0.2727	\$ (0.0327)	\$ 0.0386	\$ 0.0077	\$ 0.29	\$ 0.29	\$ -
	4 OUNCE	\$ 0.2133	\$ (0.0256)	\$ 0.0193	\$ 0.0057	\$ 0.22	\$ 0.18	\$ 0.04
	Bulk per Quart	\$ 1.1021	\$ (0.1323)	\$ 0.1542	\$ 0.0312	\$ 1.16	\$ 1.15	\$ 0.01

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 5**

**RETAIL PRICE BUILDUP  
OCTOBER 2019 PRICES**

		A	B	C	D	E	F	G
		EX. 11				(A+B+C+D)		(E - F)
Container Size		Proposed Wholesale Price	12.0% Deepest Discount	In-Store Handling \$ 0.1542	2.7% Store Profit	Proposed Retail Price	Current Retail Price	Increase (Decrease)
<b>EGG NOG</b>	<b>GALLON</b>	\$ 5.8011	\$ (0.6961)	\$ 0.6168	\$ 0.1588	\$ 5.88	\$ 5.67	\$ 0.21
	<b>1/2 GALLON</b>	\$ 2.9318	\$ (0.3518)	\$ 0.3084	\$ 0.0802	\$ 2.97	\$ 2.86	\$ 0.11
	<b>QUART</b>	\$ 1.6531	\$ (0.1984)	\$ 0.1542	\$ 0.0446	\$ 1.66	\$ 1.60	\$ 0.06
	<b>PINT</b>	\$ 0.9311	\$ (0.1117)	\$ 0.0771	\$ 0.0249	\$ 0.94	\$ 0.89	\$ 0.05
	<b>12 OUNCE</b>	\$ 0.7202	\$ (0.0864)	\$ 0.0578	\$ 0.0192	\$ 0.73	\$ 0.70	\$ 0.03
	<b>10 OUNCE</b>	\$ 0.5026	\$ (0.0603)	\$ 0.0482	\$ 0.0136	\$ 0.51	\$ 0.49	\$ 0.02
	<b>1/2 PINT</b>	\$ 0.4039	\$ (0.0485)	\$ 0.0386	\$ 0.0109	\$ 0.41	\$ 0.39	\$ 0.02
	<b>4 OUNCE</b>	\$ 0.2790	\$ (0.0335)	\$ 0.0193	\$ 0.0073	\$ 0.29	\$ 0.24	\$ 0.05
	<b>Bulk per Quart</b>	\$ 1.6274	\$ (0.1953)	\$ 0.1542	\$ 0.0440	\$ 1.63	\$ 1.55	\$ 0.08

**PENNSYLVANIA MILK MARKETING BOARD STAFF  
AREA 5 COST REPLACEMENT HEARING  
NOVEMBER 6, 2019  
LIST OF WITNESSES**

The following individuals will testify at the Milk Marketing Area 5 Cost Replacement Hearing on November 6, 2019 on behalf of the Milk Marketing Board Staff. Copies of their curriculum vitae will be available upon request at the hearing.

**Clifford Ackman**, Milk Marketing Board Statistical Analyst, will testify as an expert witness on milk statistics. His testimony will address the subjects included in his presubmitted testimony, but it is not necessarily limited to the presubmitted testimony.

**Gary Gojsovich**, Milk Marketing Board Audit Supervisor, will testify as an expert on milk industry cost accounting and regulation. His testimony will address the subjects included in his presubmitted testimony, but it is not necessarily limited to the presubmitted testimony.

**Steven Zalman**, Milk Marketing Board Director of Enforcement and Accounting, has no presubmitted testimony, and does not expect to testify, but will be available to testify as an expert on milk industry cost accounting and regulation if called.

Date: September 27, 2019

Respectfully submitted,

***Andrew L. Saylor***

Staff Attorney  
Pennsylvania Milk Marketing Board

**AREA 5 COST REPLACEMENT HEARING**  
**November 6, 2019**

**CERTIFICATE OF SERVICE**

I hereby certify that on September 27, 2019, I have served true and correct copies of the foregoing by email on behalf of the Milk Marketing Board Staff to the following (all of whom will accept service by email):

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