

# **AREA 3**

## **COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS**

**APRIL 19, 2023**

## PMMB AREA 3

### APRIL 19, 2023 COST REPLACEMENT HEARING

#### INDEX OF REBUTTAL EXHIBITS

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

Rebuttal Exhibit D1	Alexandra Deimler, CPA Curriculum Vitae
Rebuttal Exhibit D2	Processing, Packaging and Delivery Costs/Point
Rebuttal Exhibit D2-A	Cost Replacement Adjustments for Processing, Packaging and Delivery Costs
Rebuttal Exhibit D3	Summary of Current Container Costs with Adjustments for Shrinkage and Loss and Update to Current Month
Rebuttal Exhibit D3-A	Adjusted Container Costs Compared to Current Month Container Costs
Rebuttal Exhibit D4	Summary of Current Ingredient Costs
Rebuttal Exhibit D4-A	Cost Replacement Adjustments for Ingredients
Rebuttal Exhibit D5	Weighted Cost of Shrinkage and Weighted Costs and Revenues from Bulk Cream and Bulk Milk
Rebuttal Exhibit D6	Butterfat Content of Price Controlled Products
Rebuttal Exhibit D7	Cost Increases (Decreases) for Labor, Insurance and Utility Costs
Rebuttal Exhibit D8	Changes in Diesel Fuel Costs
Rebuttal Exhibit D9	Changes in Heating Fuel Costs (Natural Gas)
Rebuttal Exhibit D10	Adjustments for Container Efficiencies Due to Container Size
Rebuttal Exhibit D11A	Calculation of Minimum Wholesale Price Gallon Reduced Fat Milk (2%)
Rebuttal Exhibit D11B	Calculation of Minimum Wholesale Price Half Pint Flavored Nonfat Milk (Skim)

**Alexandra Albright, CPA**  
***Curriculum Vitae***

**EDUCATION**

Mercyhurst University – B.A. Degree in Accounting and Finance

**EMPLOYMENT**

**Herbein + Company, Inc., Reading, PA**

2020 to present

Manager – Dairy Consulting

- Cost benchmarking
- Milk shrinkage reduction projects
- Dairy accounting seminars
- Regulatory issues – PA Milk Marketing Board, Federal Milk Marketing Orders, other state regulatory agencies
- Specialized financial reporting for dairy businesses
- Dairy cost accounting for basic and complex products

**MicroStrategy, Inc., Tysons Corner, VA**

2019 – 2020

Internal Auditor

- Performed risk evaluations for audit areas
- Performed operational, financial, and IT compliance audits
- Drafted audit reports
- Help to implement Workiva (an audit tool)

**SEK, Inc., Chambersburg, PA**

2017 – 2019

Staff accountant – Audit

- Performed audits, compilations, reviews, and tax engagements
- Prepared 990s, 1065s, 1040s, 1120s, and Schedule Ks
- Summarized census data and investment activity for pension department

**PROFESSIONAL AND CIVIC ASSOCIATIONS AND DESIGNATIONS**

CPA – Commonwealth of Pennsylvania

Firm Member – Allinial Global

Member – American Institute of Certified Public Accountants (AICPA)

Member – Pennsylvania Institute of Certified Public Accountants (PICPA)

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

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

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

<u>Cost Center</u>	<u>Total 2021 Points in PMMB Area 3 (1)</u>	<u>Weighted Average 2021 Cost/Point (1)</u>
Receiving, lab and field work	91,118,645	\$ 0.0269
Standardization and pasteurization	134,739,782	0.0264
Bottling	130,700,606	0.0467
Cold room	145,433,832	0.0522
Delivery	95,937,087	0.1398
Selling	103,334,510	0.0232
		<u>\$ 0.3152</u>

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

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

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

	2021 Weighted Average Cost/Point	2020 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0269	\$0.0225	\$0.0044
Standardization and pasteurization	0.0264	0.0234	0.0030
Bottling	0.0467	0.0441	0.0026
Cold room	0.0522	0.0431	0.0091
Delivery	0.1398	0.1267	0.0131
Selling	<u>0.0232</u>	<u>0.0265</u>	<u>(0.0033)</u>
Sub total	\$0.3152	\$0.2863	\$0.0289
Add:			
2022 Cost increase (decrease) adjustment - Exhibit D7			0.0001
Less:			
2021 Cost (increase) decrease adjustment			<u>0.0042</u>
Net change			<u><u>\$0.0332</u></u>

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

**PMMB AREA 3  
APRIL 19, 2023 COST REPLACEMENT HEARING**

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

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

Container Size	Adjust from			Calculated Shrinkage and Loss (4)	Shrinkage Cost	Total Container Cost
	April 2022 Container Cost (1)	April 2022 to February 2023 - Current (2)	Subtotal			
Gallon (5)	\$ 0.2416	\$ (0.0178)	\$ 0.2238	1.62%	\$ 0.0036	\$ 0.2274
1/2 gallon - plastic	0.1806					
1/2 gallon - paper	(3)					
gallon - blended (5)	<u>0.1806</u>	(0.0079)	0.1727	1.22%	0.0021	0.1748
Quart - plastic	0.1840					
Quart - paper	0.0975					
Quart - blended (5)	<u>0.1828</u>	0.0045	0.1873	1.57%	0.0029	0.1902
Pint - plastic	0.1310					
Pint - paper	0.0588					
Pint - blended (5)	<u>0.1133</u>	0.0026	0.1159	1.62%	0.0019	0.1178
Twelve ounce	(3)					
Ten ounce	(3)					
1/2 pint - plastic (5)	0.0836	0.0071	0.0907	0.92%	0.0008	0.0915
1/2 pint - paper (5)	0.0255	0.0071	0.0326	0.85%	0.0003	0.0329
Four ounce - paper	0.0309		0.0309	1.53%	0.0005	0.0314
Dispenser	0.0773		0.0773	1.30%	0.0010	0.0783

- (1) For containers not purchased in April 2022 the most recent invoice was used.
- (2) December 2022 container costs were used by the PMMB to establish minimum resale prices for February 2023.
- (3) Container not packaged in this Area.
- (4) Calculated based on actual container loss from a state-wide cross section of processing dealers for controlled containers used during the period January – March 2009. This state-wide cross section is composed of every processing dealer that participates in a cost replacement hearing.
- (5) Current container costs would replace these costs monthly when the PMMB minimum resale prices are announced.

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH  
CONTAINER COSTS – FEBRUARY 2023

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

<u>Container Size</u>	<u>Adjusted Container Costs from Exhibit D3</u>	<u>Container Costs in Current Prices (1)</u>	<u>Difference</u>
Gallon (2)	\$ 0.2274	\$ 0.2425	\$(0.0151)
Half Gallon (2)	0.1748	0.1797	(0.0049)
Quart (2)	0.1902	0.2029	(0.0127)
Pint (2)	0.1178	0.1091	0.0087
1/2 pint - plastic (2)	0.0915	0.0658	0.0257
1/2 pint - paper (2)	0.0329	0.0335	(0.0006)
Four ounce - paper	0.0314	0.0292	0.0022
Dispenser (per quart)	0.0783	0.0496	0.0287

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

(2) These container costs to be updated monthly.

(3) Difference between plastic ½ pint and paper ½ pint is \$0.0586. PMMB resale price schedules show the ½ pint paper price. \$0.0586 is the plastic add-on.

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APRIL 19, 2023 COST REPLACEMENT HEARING

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

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

	April 2022 Ingredient Cost Per Pound (1)
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Standard	\$.0000
Reduced fat (2%) milk	.0001
Lowfat (1%) milk	.0001
Nonfat (skim) milk	.0004
Flavored milk	.0450
Flavored reduced fat milk	.0370
Flavored nonfat milk	.0315
Buttermilk	.0119
Eggnog	.3359

(1) For ingredients not purchased in April 2022 the most recent invoice was used.



PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

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

	2022 Weighted Average Cost/Pound	Cost/Pound included in Existing Order (1)	Increase (Decrease)
Standard milk	\$0.0000	\$0.0000	\$0.0000
Reduced fat milk (2%)	0.0001	0.0001	0.0000
Lowfat milk (1%)	0.0001	0.0001	0.0000
Nonfat milk (skim)	0.0004	0.0004	0.0000
Flavored milk (2)	0.0450	0.0437	0.0013
Flavored reduced fat milk (2)	0.0370	0.0387	(0.0017)
Flavored nonfat milk (2)	0.0315	0.0339	(0.0024)
Buttermilk	0.0119	0.0110	0.0009
Eggnog	0.3359	0.2217	0.1142

(1) Per General Order OGO A-962 (CRO 10) as updated for flavored milks on January 1, 2023.

(2) Ingredient costs to be updated on a quarterly basis for flavored milk, flavored reduced fat milk and flavored nonfat milk. Updates should be effective on January 1, April 1, July 1 and October 1.

**PMMB AREA 3**  
**APRIL 19, 2023 COST REPLACEMENT HEARING**  
**WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK**

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

<u>PMMB Area 3</u>	<u>Costs</u>	<u>Revenues</u>	<u>Weighted Net Cost (Revenue)</u>	<u>Weighted Pounds</u>	<u>Weighted Cost (Revenue) Per</u>
Shrinkage	\$ 403,946		\$ 403,946		
Bulk milk revenue minus milk costs		8,894			
Bulk milk cost center costs & freight	67,990				
Net bulk milk cost (revenue)			59,096		
Bulk cream revenue minus milk costs		398,962			
Bulk cream cost center costs	247,947				
Net bulk cream cost (revenue)			(151,015)		
Total	<u>\$ 719,883</u>	<u>\$ 407,856</u>			
Net cost (net revenue) - calendar year 2021			\$ 312,027	175,774,842	\$ 0.0018
Net cost (net revenue) in current order - calendar year 2020			<u>\$ 433,504</u>	180,006,672	<u>0.0024</u>
Net change - cost increase (cost reduction)			<u>\$ (121,477)</u>		<u>\$ (0.0006)</u>

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

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

	<b>2021 Weighted Average Butterfat Test</b>	<b>Butterfat Test included in Existing Order (1)</b>	<b>Increase (Decrease)</b>
Standard milk	3.2712%	3.2745%	-0.0033%
Reduced fat milk (2%)	1.9446%	1.9728%	-0.0282%
Lowfat milk (1%)	0.9329%	0.9893%	-0.0564%
Nonfat milk (skim)	0.0832%	0.0864%	-0.0032%
Flavored milk	3.2776%	3.2603%	0.0173%
Flavored reduced fat milk	1.2554%	1.2584%	-0.0030%
Flavored nonfat milk	0.1348%	0.0835%	0.0513%
Buttermilk	3.8020%	3.8020%	0.0000%
Eggnog	6.8833%	6.8847%	-0.0014%

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

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

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

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

Type of Expense	Weighted Expenses for the Six Months Ended June 30 (1)		Weighted Points for the Six Months Ended June 30 (1)		Cost Per Point		Increase (Decrease) Per Point
	2022	2021	2022	2021	2022	2021	
Labor and fringe benefits	\$ 11,100,899	\$ 11,006,252	74,559,624	72,797,655	\$ 0.1489	\$ 0.1512	(\$0.0023)
Utilities	724,568	504,943	74,559,624	72,797,655	0.0097	0.0069	0.0028
Insurance	622,041	636,328	74,559,624	72,797,655	0.0083	0.0087	(0.0004)
					<u>\$0.1669</u>	<u>\$0.1668</u>	<u>\$0.0001</u>

(1) Weighted based on sales in PMMB Area 3

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

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

Diesel fuel costs – calendar year 2021 (1)	\$1,351,810
Delivery points – calendar year 2021 (1)	<u>95,937,087</u>
Diesel fuel cost per point delivered	<u><u>\$0.0141</u></u>
Average diesel price – calendar year 2021 (2)	\$3.431
Average diesel price – December 2022 (2) (3)	<u>\$5.459</u>
Increase (decrease) from year 2021 to month December 2022	59.11%
Increase (decrease) in diesel fuel cost per point delivered	<u><u>\$0.0083</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 3.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) December 2022 diesel fuel costs were used by the PMMB in establishing minimum prices for February 2023.

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

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

Heating fuel costs – calendar year 2021 (1)	\$287,229
Standardization & pasteurization points – calendar year 2021 (1)	134,739,782
	<hr/>
Heating fuel cost per point pasteurized	<u>\$0.0021</u>
Average heating fuel costs – calendar year 2021 (2)	\$8.34
Average heating fuel costs – October 2022 (2) (3)	<u>12.67</u>
Increase (decrease) from year 2021 to month October 2022	51.92%
Increase (decrease) in heating fuel cost per point pasteurized	<u>\$0.0011</u>

- (1) Costs of cross-section dealers weighted by sales in Area 3.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) October 2022 natural gas costs were used by the PMMB in establishing minimum prices for February 2023.

PMMB AREA 3  
 APRIL 19, 2023 COST REPLACEMENT HEARING

ADJUSTMENTS FOR CONTAINER EFFICIENCIES  
 DUE TO CONTAINER SIZE

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

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2021 in Area 3</u>	<u>Proposed Container Efficiency Adjustments</u>	<u>Impact on Cross-Section Dealer Revenue</u>	<u>Container Efficiency Adjustments in Current Order (1)</u>	<u>Impact on Cross-Section Dealer Revenue</u>
Gallon	9,391,962	\$ (0.0844)	\$ (792,682)	\$ (0.0863)	\$ (810,526)
Half gallon	12,866,184	(0.0243)	(312,648)	(0.0292)	(375,693)
Quart	2,990,505	0.0590	176,440	0.0511	152,815
Pint	2,605,878	0.0599	156,092	0.0276	71,922
Half pint - plastic	5,400	0.0201	109	0.0163	88
Half pint - paper	34,479,703	0.0201	693,042	0.0163	562,019
4 oz.	317,966	0.0355	11,288	0.0218	6,932
Dispenser (per quart)	815,668	0.0842	<u>68,679</u>	0.0157	<u>12,806</u>
Net impact on cross-section dealer revenues			<u>\$ 320</u>		<u>\$ (379,637)</u>

**PMMB AREA 3**  
**APRIL 19, 2023 COST REPLACEMENT HEARING**  
**CALCULATION OF WHOLESALE MINIMUM PRICE**  
**GALLON REDUCED FAT MILK (2%) FOR FEBRUARY 2023**

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

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9446%	1.9728%	-0.0282%
Butterfat price as announced by PMMB	(1)	\$ 2.7638 per lb.	\$ 2.7638 per lb.	
Extended butterfat value		\$ 0.0537 per lb.	\$ 0.0545 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.26 per cwt.	\$ 16.26 per cwt.	
Extended skim value		\$ 0.1594 per lb.	\$ 0.1594 per lb.	
Total milk value at announced prices		<u>\$ 0.2132 per lb.</u>	<u>\$ 0.2139 per lb.</u>	<u>\$(0.0007)</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0018	0.0024	
Total milk cost per pound		<u>\$ 0.2151 per lb.</u>	<u>\$ 0.2164 per lb.</u>	<u>\$(0.0013)</u>
Pounds per gallon (conversion)		8.62	8.62	
Total milk cost per gallon		<u>\$ 1.8542</u>	<u>\$ 1.8654</u>	<u>\$(0.0112)</u>
Container cost (adjusted for shrinkage)	D3	0.2274 each	0.2425 each	(0.0151)
Cost center costs	D2	1.2608	1.1452	0.1156
1st half 2022 to 1st half 2021 adjustment	D7	0.0004	(0.0168)	0.0172
Container efficiency adjustment	D10	(0.0844)	(0.0723)	(0.0121)
Percentage discount adjustment	(3)	0.0144	0.0144	-
Diesel fuel adjustment	D8	0.0332	0.0388	(0.0056)
Heating fuels adjustment	D9	0.0044	0.0028	0.0016
		<u>\$ 3.3104 each</u>	<u>\$ 3.2200 each</u>	<u>\$ 0.0904</u>
Dealer profit at 3.4%	(2)	0.1165	0.1133	\$ 0.0032
Subtotal		<u>\$ 3.4269 each</u>	<u>\$ 3.3333 each</u>	<u>\$ 0.0936</u>
Less: average delivery cost	(2)	(0.4992)	(0.4992)	
Add: high cost delivery	(2)	0.9448	0.9448	
<b>Wholesale minimum price</b>		<u><b>\$ 3.8725 each</b></u>	<u><b>\$ 3.7789 each</b></u>	<u><b>\$ 0.0936</b></u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

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

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



REBUTTAL EXHIBIT D11-B

PMMB AREA 3

APRIL 19, 2023 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE  
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR FEBRUARY 2023

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

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.1348%	0.0835%	0.0513%
Butterfat price as announced by PMMB	(1)	\$ 2.7638 per lb.	\$ 2.7638 per lb.	
Extended butterfat value		\$ 0.0037 per lb.	\$ 0.0023 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.26 per cwt.	\$ 16.26 per cwt.	
Extended skim value		\$ 0.1624 per lb.	\$ 0.1625 per lb.	
Total milk value at announced prices		<u>\$ 0.1661 per lb.</u>	<u>\$ 0.1648 per lb.</u>	<u>\$ 0.0013</u>
Ingredient cost	D4	0.0315	0.0339	
Cost of shrinkage / bulk milk & cream	D5	0.0018	0.0024	
Total milk cost per pound		<u>\$ 0.1994 per lb.</u>	<u>\$ 0.2011 per lb.</u>	<u>\$(0.0017)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.0997</u>	<u>\$ 0.1006</u>	<u>\$(0.0009)</u>
Container cost (adjusted for shrinkage)	D3	0.0329 each	0.0335 each	(0.0006)
Cost center costs	D2	0.0788	0.0716	0.0072
1st half 2022 to 1st half 2021 adjustment	D7	-	(0.0011)	0.0011
Container efficiency adjustment	D10	0.0201	0.0196	0.0005
Percentage discount adjustment	(3)	0.0009	0.0009	-
Diesel fuel adjustment	D8	0.0021	0.0024	(0.0003)
Heating fuels adjustment	D9	0.0003	0.0002	0.0001
		<u>\$ 0.2348 each</u>	<u>\$ 0.2277 each</u>	<u>\$ 0.0071</u>
Dealer profit at 3.4%	(2)	0.0083	0.0080	\$ 0.0003
Subtotal		<u>\$ 0.2431 each</u>	<u>\$ 0.2357 each</u>	<u>\$ 0.0074</u>
Less: average delivery cost	(2)	(0.0312)	(0.0312)	
Add: high cost delivery	(2)	0.0591	0.0591	
<b>Wholesale minimum price</b>		<u><b>\$ 0.2710 each</b></u>	<u><b>\$ 0.2636 each</b></u>	<u><b>\$ 0.0074</b></u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

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

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

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