PFB EXHIBIT 1

Testimony Offered for
Pennsylvania Farm Bureau
Before the Pennsylvania Milk Marketing Board
Regarding the Level and Duration
of the Class I Over-Order Premium

December 7, 2022

Presented by Glenn Stoltzfus
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Chairman Barley and Members of the Board:

I'm Glenn Stoltzfus, and I offer this testimony on behalf of the Pennsylvania Farm Bureau (PFB)—the state's largest general farm organization. PFB represents farmers of every commodity and size, including dairy farmers, which make up PFB's largest producer segment. Farm Bureau thanks the Pennsylvania Milk Marketing Board (Board) for providing the opportunity to offer testimony regarding the level and duration of the over-order premium. To allow time for the introduction of meaningful legislative reform to the over-order premium, PFB supports extending the over-order premium at its current level of $1.00 per hundredweight for three months.

By way of background, I operate Pennwood Farms in partnership with my three brothers in Somerset County. We milk just shy of 700 cows and raise all our heifer calves. Our milk production per cow averages 80 pounds per day, and we ship our milk to Maryland & Virginia Milk Producers Cooperative Association.

Additionally, my brothers and I farm approximately 1,700 acres growing corn, soybeans, alfalfa, and grass hay. We grow all our forages and high-moisture corn, and often sell our excess corn and hay. Because we need to generate levels of income to financially support four families, our farm business operates differently from what many would consider to be a typical Pennsylvania dairy farm. To that end, we're engaged in other income-producing enterprises such as custom cropping, dairy breeding, and livestock sales, in addition to having a larger herd size for milk production.

In line with our prior testimony to this Board, PFB continues to view the present over-order premium structure as deeply flawed and therefore supports the concept of a premium pricing mechanism that meets three main elements: (1) uniform distribution among all Pennsylvania dairy farmers; (2) an amount charged to Pennsylvania consumers must not be substantially more than what is distributed back to Pennsylvania dairy farmers; and (3) the distribution system must not provide incentives by which payment of the premium can be avoided by moving milk across state lines.

Around this time last year, our members' long-stranding frustration with the premium structure boiled over and led to a call to abolish the premium. We outlined the reasons why in our March 2022 testimony, but briefly, our members generally felt that as constructed the premium only meaningfully helped a small segment of Pennsylvania dairy farmers and therefore invoked deep dissension within the dairy industry.

Now, I can genuinely say that the past year has finally brought much-needed dialogue and real efforts to work toward a goal of improving the premium. In light of these actions, PFB's delegates recently voted at our annual meeting to modify our official policy position to work toward a premium structure that addresses the three elements mentioned previously, with the caveat that the premium cannot continue indefinitely in its present form.

That said, we are cognizant of the fact that the premium is set to expire at the end of this year without a viable legislative reform in reach that addresses these three elements. And further, we are aware and agree with the testimony of the State Grange witnesses that dairy farmers have faced and continue to face increasing costs for feed, fuel, and supplies.

Consequently, PFB supports extending the premium at its current level to prevent undue financial harm to dairy farmers, as well as allowing more time for legislative reforms to materialize. However, in contrast to the State Grange, we believe that three months is enough time to allow industry stakeholders and interested parties time to begin working in good faith toward a legislative solution. To be clear, we understand that passage and implementation legislative reform is unlikely to occur in that timeframe but do believe that concrete steps can be taken to introduce a viable legislative solution during the first three months of 2023.

As mentioned, we do not think the premium should simply continue indefinitely. And, in our view, simply granting a six-month extension, which was the customary time period for "normal" over-order premium orders would indicate that the status quo was acceptable. But, as numerous parties have testified to this

Board over the past year, that is simply not the case, and therefore we support only a three-month extension.

Conclusion

As stated in our March 2022 testimony, PFB is ready and willing to work with all stakeholders to enact a fairer and more equitable premium structure. And we intend to work in good faith toward that goal over the next year. However, we think a deadline is needed to provide motivation for all parties to meaningfully work toward such a goal. If legitimate progress is made toward such efforts, industry stakeholders, including PFB, can petition this Board to continue the premium until final implementation of a fairer system is achieved. But absent the manifestation of such progress, we do not share the view that the premium should continue for its customary six-month period, and therefore recommend continuing the premium at its current level for three months.