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Official General
Order No. A-953

Posted: June 4, 2008
Effective: July 1, 2008

**ORDER ESTABLISHING MINIMUM PRICES FOR MILK
AND MILK PRODUCTS IN THE EAST CENTRAL MILK
MARKETING AREA, AREA NO. 2, AND OTHERWISE
REGULATING THE MARKETING AND DISTRIBUTION OF
MILK AND MILK PRODUCTS IN AREA NO. 2**

The Commonwealth of Pennsylvania, Milk Marketing Board, under the authority conferred by the Milk Marketing Law, 31 P.S. §§ 700j-101 – 700j-1204, hereby orders that all parts of Milk Marketing Board official general orders inconsistent with this Official General Order No. A-953 are superseded with respect to the East Central Milk Marketing Area, known as Milk Marketing Area No. 2. This order will become effective at 12:01 a.m. on July 1, 2008.

**SECTION A
SCOPE; INCORPORATION**

(a) This official general order governs the sale and distribution of milk in Area No. 2, as defined in section B.

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

**SECTION B
DEFINITIONS**

The following words and terms have the meanings set forth in this section unless the context clearly indicates otherwise:

Area No. 2 - All municipalities, cities, boroughs and townships located within the counties of Berks, Lehigh, and Northampton.

Board – The Pennsylvania Milk Marketing Board.

Bulk Milk – Milk and cream sold in large containers to other milk dealers or manufacturers not subject to resale price control.

Bulk Packaged Milk – Milk and cream sold in dispenser type containers ultimately sold and dispensed to consumers exclusively for on-premise consumption and subject to resale price control under the terms of this Order as listed on Schedule I and Schedule II, which is sometimes referred to as dispenser milk.

Consumer – As defined in Section 103 of the Law (31 P. S. §700j-103).

Cooperative – As defined in Section 103 of the Law.

Dealer – As defined in Section 103 of the Law (definition of “milk dealer’ or ‘handler”).

Fluid Cream Product – As defined by applicable federal market orders.

Fluid Milk Product – As defined by applicable federal market orders.

Full Service Delivery – Delivery of Class I or II price-controlled packaged products to an individual stop, in connection with which the seller provides one or more of the following services: taking the delivered products from the dock to the dairy case or cooler, stocking cases with the delivered products, pricing the delivered products, rotating stock, removing leakers and defective products, taking inventory and ordering products to be delivered.

Law – The Pennsylvania Milk Marketing Law (31 P. S. §§700j-101 – 700j-1204).

Limited Service Delivery – Delivery of Class I or II price-controlled packaged products to one specified point used normally for the receiving of food products, with the purchaser being responsible for any further handling of the products and the seller providing none of the services associated with full service delivery.

Multi-Store Group - Three or more stores that satisfy the requirements in Section F, Provision 7.

Person – As defined in Section 103 of the Law.

Price-Controlled Packaged Products – All packaged Class I and Class II milk products listed on Pennsylvania Milk Marketing Area price sheets (Schedules I & II) issued by the Board, when these products are sold in Pennsylvania.

Primary Supplier – A milk dealer making a wholesale sale of Class I or II price-controlled packaged products to a multi-store group for a price that may be discounted under Section F, Provisions 7 and 9, based on the volume of sales by that milk dealer to the multi-store group.

Producer – As defined in Section 103 of the Law.

Retail Sale – The sale of Class I or II price-controlled packaged products to a consumer.

Rounding – A uniform method for expressing a price to the fourth decimal place. If the fifth decimal place is five or more, the fourth decimal place is increased by one. If the fifth decimal place is less than five, the fourth decimal place is unchanged. Example: \$1.05655 becomes \$1.0566 and \$1.0565499 becomes \$1.0565.

School – A public or private educational institution serving any grade levels between kindergarten and grade 12.

Secondary Supplier – A milk dealer making a wholesale sale of Class I or II price-controlled packaged products to one or more stores within a multi-store group for a price that may be discounted under Section F, Provisions 7 and 9, based on the volume of sales by the primary supplier to the multi-store group.

Subdealer – As defined in Section 103 of the Law.

Wholesale Sale – The sale of Class I or II price-controlled packaged products by a person other than a producer to a person other than a consumer.

SECTION C CLASSIFICATION OF MILK

Reserved. See Official General Order A-903 Amended and subsequent orders.

SECTION D MINIMUM CLASS PRICES

Reserved. See Official General Order A-903 Amended and subsequent orders.

SECTION E SALES IN OTHER PENNSYLVANIA MILK MARKETING AREAS

The minimum wholesale price of the price-controlled packaged milk will be determined according to the Official General Order governing the milk marketing area in which the milk is located when it leaves the selling dealer's control. Absent other evidence regarding control, the Board will presume that the milk has left the selling dealer's control upon:

(a) Arrival at the destination point designated by the purchaser if the seller incurs the costs associated with delivery;

(b) Placement on the seller's dock if the purchaser takes possession using:

- (1) Equipment owned or leased and personnel employed by the purchaser; or
- (2) A trucking company that is independent from the seller.

In determining whether a trucking company is independent from the seller, the Board will consider the totality of the relationship between the seller and the trucking company, including whether the seller:

- (A) Owns any interest in the trucking company and, if so, the extent of such interest;
- (B) Shares common directors, officers, management personnel or employees with the trucking company;
- (C) Uses equipment or facilities in common with the trucking company;
- (D) Shares common accounting, purchasing, accounts receivable or billing operations with the trucking company;
- (E) Has common financing or credit arrangements with the trucking company.

SECTION F RESALE PRICES

PROVISION 1 – MINIMUM RESALE PRICES

(a) The minimum wholesale prices described in Schedule I of this Order are the prices applicable to a wholesale sale of packaged, including bulk packaged, Class I or Class II fluid milk products and fluid cream products, or both. The selling dealer may reduce the minimum prices set forth in Schedule I by an applicable discount set forth in the succeeding provisions of this section, provided that, all such reductions shall be rounded in accordance with the definition of “rounding” in Section B. Return for credit or replacement of non-defective, including out of code or in code, Class I or II price-controlled packaged products is prohibited under any circumstances or pricing scheme.

(b) The minimum retail out-of-store prices prescribed in Schedule II of this Order are the minimum prices to be charged by and paid to a store by a consumer who purchases a Class I or Class II price-controlled packaged product, or both, for off-premises consumption or use. These prices are applicable irrespective of the off-premise use by the consumer.

(c) The minimum retail home-delivered prices prescribed in Schedule II, footnote 3 of this Order are the minimum prices to be charged and paid when the product purchased is delivered by a milk dealer or subdealer to a consumer. These prices are applicable irrespective of the ultimate use by the consumer and apply to all sales to a consumer except those as defined in Subsection (b).

(d) Generally the Board shall build up the wholesale and retail prices by performing the following operations:

1. Undiscounted Wholesale Price Buildup

A. Add together the announced skim and butterfat values ingredient costs, and the bulk costs, such as shrink, and gain or loss on bulk milk or cream, for each of the products priced by the Board to arrive at a total price per pound;

B. The Board will recognize any special fees, assessments, or other charges imposed on milk dealers by Pennsylvania or the federal government in the computation of resale prices for Area 2, PROVIDED that these fees, assessments, or other charges are based on the amount of Class I milk sold or handled in Pennsylvania by the milk dealers;

C. Multiply the total price per pound for each of the price-controlled products by the appropriate factor for each of the container sizes priced to arrive at a raw product cost per container;

D. Add together the raw product cost per container calculated in (d)1.C., the cost center costs (processing, packing and delivery costs), the updated energy adjustments (the diesel fuel adjustment and the heating fuel adjustment), the quarter-to-quarter cost update adjustment, and the container efficiency adjustment to arrive at the average delivered cost;

E. Add together the average delivered cost and the Board defined profit to arrive at a price with profit;

F. Subtract from the price with profit the average cost of delivery before adding the small stop-high cost delivery cost to arrive at the undiscounted minimum wholesale price.

2. Retail Price Buildup

A. Subtract from the undiscounted wholesale price the discount as determined by the Board before adding the in-store handling cost to arrive at a retail price before profit;

B. Add the retail price before profit and the Board defined profit to arrive at the minimum retail price.

PROVISION 2 – RESALE PRICE ADJUSTMENTS

(a) The minimum resale prices for all products prescribed in Schedules I and II of this Order will be adjusted upward or downward with movements in the Class I and

Class II skim and butterfat price along with other monthly adjustments as called for by Orders of the Board.

(b) In-store handling costs shall be adjusted monthly with changes in the Consumer Price Index.

PROVISION 3 – PREVAILING MILK COST

Reserved. See Official General Order A-903 Amended and subsequent orders.

PROVISION 4 – PRICING MULTIPLE UNIT PACKAGES

Reserved.

PROVISION 5 – BULK SALES EXEMPT FROM RESALE PRICING PROVISIONS

The following sales of bulk milk or bulk cream or both are exempt from the resale prices set forth in Schedule I of this Order:

(a) Any sale of bulk cream in excess of 320 quarts per sale;

(b) Any sale of bulk milk or bulk cream (sweet or sour) to a manufacturer of food products, provided the milk or cream is used exclusively for the manufacture of food products at the plant or plants of the manufacturer and no fluid milk or cream is moved from the manufacturing location;

(c) Any sale to a bakery, hotel, restaurant, hospital, or institution that operates a commissary separate and apart from its other accommodations. "Separate and apart" as used herein means separately housed and completely detached from other accommodations.

(d) This Provision is not applicable to any sales in which the buyer takes physical possession of bulk packaged milk containers, gallon, half gallon, quart, pint, one-third quart, half pint, bulk packaged milk, or other similar containers for which a resale price is established by this Order.

(e) Any sale made under this Provision shall not be used in computing the average daily delivery under the bulk pricing in Schedule I of this Order.

(f) A dealer making sales under this Provision, whether cash or credit, shall be required to have readily available for inspection by personnel of the Board, for a period of two (2) years, the following:

- (1) Exact location of the manufacturing plant(s) where products were utilized;
- (2) The selling price and quantity of any product sold under this Provision together with the price and quantity of any other products sold; and

(3) A record from which the Board can readily ascertain the method by which the sales price was determined.

PROVISION 6 – LIMITED SERVICE DISCOUNT

(a) A milk dealer making a wholesale sale of Class I or II price-controlled packaged products by means of limited service delivery as defined in Section B may reduce the prices set forth in Schedule I of this Order by:

- (1) 3.5% if the weekly average delivery to an individual stop is at least 200 quarts;
- (2) 6.5% if the weekly average delivery to an individual stop is at least 500 quarts;
- (3) 9.5% if the weekly average delivery to an individual stop is at least 700 quarts;
- (4) 11.5% if the weekly average delivery to an individual stop is at least 1,000 quarts;

(b) For purposes of this Provision, the weekly average delivery shall be the total number of quarts of Class I or II price-controlled packaged products, net of returns of defective products, delivered to or picked up by the purchaser at an individual stop for resale in the original package, divided by the number of actual deliveries of price-controlled packaged products made from 12:01 A.M. on Monday to 12:00 midnight on the following Sunday. Each seller making a wholesale sale may consider only that seller's own sales and not sales by other sellers in determining whether the purchaser qualifies for a price reduction under this Provision.

(c) The price reductions set forth in this Provision shall apply only when an order for Class I or II price-controlled packaged products is placed by the purchaser at least a day before each delivery.

(d) Empty cases or containers shall be assembled by the purchaser for convenient pickup by the seller.

(e) This provision shall also apply to schools.

PROVISION 7 – MULTI-STORE DISCOUNT: QUALIFICATIONS

(a) Three or more stores may form a multi-store group provided all of the following are satisfied:

- (1) The stores are owned by the same person or persons, are operated under franchises granted by the same franchiser, or purchase Class I or II price-controlled packaged products pursuant to a contract with the same contracting entity;

(2) All invoices for Class I or II price-controlled packaged products purchased by the stores are received and processed by the common owner, franchiser, or contracting entity and payment for all Class I or II price-controlled packaged products purchased under a multi-store discount is guaranteed by the common owner, franchiser, or contracting entity;

(3) The primary dealer files with the Board a sworn statement listing the name and address of each store in the multi-store group and the aggregate weekly volume of purchases of Class I or II price-controlled packaged products for all stores in the multi-store group. The multi-store group may file the information required by this paragraph if the primary dealer fails to do so.

(4) The primary dealer serving a qualified multi-store group must provide to each member store of the group a letter certifying that the multi-store group qualifies for the discount based upon its stated volume transactions with that same primary supplier.

(b) A milk dealer making a limited service wholesale sale of Class I or II price-controlled packaged products to a multi-store group may reduce the prices set forth in Schedule I by:

(1) 3.5% if the weekly average delivery to an individual stop is at least 200 quarts;

(2) 6.5% if the weekly average delivery to an individual stop is at least 500 quarts;

(3) 9.5% if the weekly average delivery to an individual stop is at least 700 quarts;

(4) 11.5% if the weekly average delivery to an individual stop is at least 1,000 quarts;

(c) The average number of quarts per delivery for each store in the multi-store group shall be determined by dividing the total number of quarts of Class I and Class II price-controlled packaged products (net of returns of defective products) delivered to each member store in the multi-store group by the number of actual deliveries of price-controlled packaged products to that same member store between 12:01 A.M. on Monday to 12:00 midnight on the following Sunday. Based on the average volume, each member store may qualify for the discounts noted in Subsection (b).

(d) The total volume for the multi-store group as a whole shall be determined by the total number of quarts of Class I and Class II price-controlled packaged products (net of returns of defective product) delivered to all qualified stores within the group between 12:01 A.M. on Monday to 12:00 midnight on the following Sunday. This total shall determine the level of discount provided for in Provision 9.

(e) Volumes by any other dealer qualifying as a secondary supplier shall not be used to compute either the total volume for the multi-store group or the individual volume for each store within the group.

PROVISION 8 – MULTI-STORE GROUP: SECONDARY SUPPLIER

(a) A secondary supplier making a wholesale sale of Class I or II price-controlled packaged products to a store that is a member of a multi-store group may reduce the prices set forth in Schedule I of this Order by the same percentage that the primary supplier is permitted to reduce its prices.

(b) A secondary supplier selling Class I or II price-controlled packaged products to a member of a multi-store group must comply with all the requirements set forth in this Order that apply to the primary supplier except for the volume of purchases.

(c) A secondary supplier may be the exclusive supplier for an individual store within a multi-store group as long as all other requirements specified in Provisions 7 through 9 are satisfied.

(d) A secondary supplier must obtain and keep available for inspection and copying by Board personnel a copy of the certification letter provided by the multi-store group's primary dealer as required in Provision 7, Subsection (a), Paragraph (4), to one or more members of the group that the secondary supplier is servicing.

PROVISION 9 – MULTI-STORE GROUP: ADDITIONAL DISCOUNT

(a) A primary supplier or a secondary supplier making a wholesale sale of Class I or II price-controlled packaged products to a multi-store group on a limited service basis may reduce the prices set forth in Schedule I of this Order by an additional two percent (2%) if the weekly total delivery of Class I or II price-controlled packaged products to the multi-store group is at least 100,000 quarts.

(b) The weekly total delivery of Class I or II price-controlled packaged products to the multi-store group shall be determined by adding the total number of quarts of Class I or II price-controlled packaged products delivered to each member of the multi-store group, net of returns of defective products, between 12:01 A.M. Monday and 12:00 midnight on the following Sunday.

(c) The additional discount permitted by this Provision may be given to the common owner, franchiser, or contracting entity only and not to the individual store members of the multi-store group. A common owner, franchiser, or contracting entity that accepts the additional discount permitted under this Provision guarantees payment to the primary supplier or the secondary supplier or both.

PROVISION 10 – DOCK PICK-UP DISCOUNT

(a) A person making a wholesale sale of Class I or II price-controlled packaged products may reduce the prices set forth in Schedule I of this Order by:

- (1) 18 percent when the customer purchases at least 800 quarts per transaction or:
- (2) 20 percent when the customer purchases at least 2,500 quarts per transaction

(b) The price reductions set forth in Subsection (a) may be made only if the customer takes possession of the product at the dealer's platform and the selling dealer does not pay consideration of any type to the purchaser for services rendered, and the selling dealer does not provide to the purchaser, directly or indirectly, any labor or other personal service in connection with the transportation for resale of the products purchased. In implementing this Provision, the Board will use the criteria in Section E of this order to determine whether a trucking company is independent from the seller.

PROVISION 11 – DEALER AND SUBDEALER DISCOUNTS

A licensed milk dealer or subdealer selling Class I or II price-controlled packaged products to a licensed milk dealer or subdealer may reduce the prices set forth in Schedule I of this Order by 23 percent. This price reduction may be made only if:

- (1) The selling dealer does not pay consideration of any type to the purchaser for services rendered; and
- (2) The buyer takes possession of all products purchased on a single drop basis; and
- (3) The selling dealer does not provide to the purchaser, directly or indirectly, any labor or other personal service in connection with the transportation for resale of the products purchased. In implementing this paragraph, the Board will use the criteria in Section E of this Order to determine whether a trucking company is independent from the seller.

PROVISION 12 – NEW TYPES OF MILK OR MILK CONTAINERS

No product or type of milk or cream or size of container for which a price is not specifically prescribed and listed on Schedules I and II shall be used or sold within the Commonwealth until authority is granted by the Board for its use or sale.

PROVISION 13 – RETURNABLE REUSABLE CONTAINER DEPOSIT

A deposit shall be charged and collected on each returnable reusable container as follows:

	<u>Gallon</u>	<u>Half Gallon</u>
Dealer to Wholesale Customer	\$0.50	\$0.40
Store to Consumer	0.50	0.40
Dealer to Consumer	0.50	0.40

**SECTION G
COST REPLACEMENT**

Annually, after submission of the Milk Dealer’s Financial Statement, the Board will schedule a cost replacement hearing to receive evidence of appropriate costs including but not limited to annualized and current costs for then deemed relevant cost components for processing, packaging, and delivery costs for Class I and II price-controlled packaged products, as well as in-store handling costs. The foregoing evidence shall be based on the audited costs of a cross-section of milk dealers doing business in Area No. 2. In addition, the Board will receive evidence bearing on a reasonable rate of return for milk dealers and retailers.

**SECTION H
SEVERABILITY**

If any section, provision, subsection, paragraph, or clause of this order is determined to be unconstitutional or otherwise contrary to law, the remainder of the order shall be given effect as though that section, provision, subsection, paragraph, or clause has not been included.

PENNSYLVANIA MILK MARKETING BOARD

Richard Kriebel, Chairman

Luke F. Brubaker, Member

Barbara A. Grumbine, Consumer Member

Date: June 4, 2008

IF YOU REQUIRE THIS INFORMATION IN AN ALTERNATE FORMAT, PLEASE CALL 717-787-4194 OR 1-800-654-5984 (PA RELAY SERVICE FOR TDD USERS).

FINDINGS OF FACT AND CONCLUSIONS OF LAW
GENERAL PRICE HEARING FOR MILK MARKETING AREA NO. 2
APRIL 2, 2008

I. FINDINGS OF FACT

A. Procedural History

1. On April 2, 2008, the Pennsylvania Milk Marketing Board ("Board") held a general price hearing for Milk Marketing Area No. 2.

2. Notice of the hearing was published at 38 Pennsylvania Bulletin 569 dated January 26, 2008. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1424, dated January 15, 2008. The hearing notice enumerated the scope of evidence that the Board would receive.

B. Validity of Dealer Cross-Section

3. The dealer cross-section used by both Board Staff and the Area 2 Milk Dealers (Dealers), the only parties to present dealer cost information, consisted of Clover Farms Dairy Co., Rosenberger's Dairies, LLC, Swiss Premium Dairy, Inc., Turkey Hill L.P., and Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven.

4. Clifford 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 2. 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 2 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 2 and delivered to a range of customers in Area 2 which included supermarkets, convenience stores, schools and institutions, and small retail outlets. Mr. Herbein opined that the cross-section was representative of the dealers selling in Area 2. 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 2.

C. Dealer Costs and Rate of Return

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk cost accounting and milk marketing. Both Mr. Gojsovich and Mr. Herbein testified that the cross-section dealers incurred a cost of \$0.1839 per point for processing, packaging, and delivering milk in 2006. Based on this uncontradicted testimony, the Board finds that the cross section dealers incurred a cost of \$0.1839 per point for processing,

packaging, and delivery, and further finds that \$0.1839 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Herbein testified to the following ingredient costs as of April 2007, based on year 2006 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0008/lb; Low Fat Milk - \$0.0007/lb; Non-Fat Milk - \$0.0007/lb; Flavored Milk - \$0.0267/lb; Flavored Reduced Fat Milk - \$0.0246/lb; Buttermilk - \$0.0326/lb; Egg Nog - \$0.1711/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 \$0.0011 per point between the second quarters of 2006 and 2007. The Board finds that \$0.0011 per point should be used in this order.

8. Official General Order A-939 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in diesel fuel costs. Mr. Gojsovich recommended that the adjustment continue, based on a somewhat simplified calculation that yielded the same results. Mr. Herbein agreed that the adjustment should continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Exhibit 6 and attached to this order as Attachment 1.

9. Official General Order A-937 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in heating fuel costs. Mr. Gojsovich recommended that the adjustment continue, based on a simplified calculation similar to the one recommended for diesel fuel costs. The new methodology recommended by Mr. Gojsovich would use only the most current announced price for heating fuels to update the 2006 average heating cost. Mr. Herbein agreed that the adjustment should continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Exhibit 7 and attached to this order as Attachment 2.

10. David DeSantis testified on behalf of Board Staff as an expert in milk cost accounting and milk marketing. Mr. DeSantis testified regarding a container efficiency adjustment. Mr. Herbein also testified regarding a container efficiency adjustment. The purpose of the adjustment is to account for different levels of efficiency filling and handling the various sizes of containers. Larger containers are more efficient to fill and handle in the plant, while smaller containers are less efficient. Mr. DeSantis and Mr. Herbein testified that the various efficiencies should be accounted for as follows: Gallon - \$(0.0794); Half Gallon - \$(0.0314); Quart - \$0.0176; Pint - \$0.0363; Half Pint - \$0.0233; Four Ounce - \$0.0398; Bulk Per Quart - \$0.0255. Based on the credible testimony of Mr. DeSantis and Mr. Herbein, the Board finds that there are efficiency differences in the plant among various containers and that those efficiency differences should be accounted for. The Board further finds that the container efficiency adjustments derived by Mr. DeSantis and Mr. Herbein are appropriate to use in this order.

11. Mr. DeSantis and Mr. Herbein testified regarding dealer delivery costs and discounts. The Board has provided for discounts from minimum wholesale prices in recognition of the efficiencies of various delivery sizes and amounts of service provided by milk dealers to their wholesale accounts. Mr. DeSantis testified that the Board should adopt a cents per quart discount structure. Mr. Herbein testified that the Board should continue the Area 2 policy of percentage discounts.

John Liptock, Jr., testified on behalf of the Pennsylvania Food Merchants Association as an expert in retail store accounting and dairy in-store handling costs. Mr. Liptock testified that the Board should continue using the percentage discount structure. He also showed that the minimum retail price would be higher if applying the cents per quart discount, rather than the percentage discount, to the April 2008 proposed resale prices.

Mr. Herbein also showed that applying the cents per quart discount would result in a higher minimum retail price and testified that percentage discounts should be used in Area 2 at the levels shown in the proposed order (Staff Exhibit 14).

Mr. Liptock and Mr. Herbein both testified that using a cents per quart discount in Area 2 should be given further study.

Based on the testimony of Mr. Herbein and Mr. Liptock, the Board finds that percentage discounts should be used in Area 2 at the levels found in Staff Exhibit 14. Board finds that the industry is accustomed to using percentage discounts. Given that the industry representatives who testified on behalf of milk dealers and retailers both recommended that the percentage discounts should continue, and that those discounts are cost justified, the Board finds that percentage discounts should be used.

12. Mr. Herbein testified that the “margin enhancement” provided for in Official General Order A-948 should continue in Area 2. The “margin enhancement” is meant to address potential margin erosion experienced by milk dealers due to the interaction of percentage discounts with high milk prices. Mr. Herbein explained that in the past, milk prices tended to fluctuate between highs and lows, essentially evening out potential margin problems, but that with milk prices remaining high it was essential to maintain the “margin enhancement” even when resetting discount levels and amounts. Given little evidence to the contrary, the Board finds that Official General Order A-948 shall remain in effect in Area 2 pursuant to its terms.

13. Mr. Herbein testified that the milk dealer rate of return should remain at 3.5%. There was no testimony to the contrary. Therefore, the Board finds that the milk dealer rate of return should remain at 3.5%.

14. Neither Board Staff nor Mr. Herbein presented evidence regarding Class II products. Mr. DeSantis and Mr. Herbein testified that the Dealers and Board Staff anticipated requesting a separate hearing to address the complexities of Class II

pricing. 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.

D. Retailer Costs and Rate of Return

15. Mr. DeSantis and Mr. Liptock testified regarding retailers' dairy in-store handling costs based on the cross-section of retailers outlined in Staff Exhibit 10 and Table 1 of Mr. Liptock's exhibit. Mr. Ackman testified that the cross-section of stores was statistically significant and representative of all stores doing business in Area 2. Mr. Liptock agreed that the statistical sampling method used by Board Staff to choose the cross-section of stores was appropriate and that the cross-section of stores was appropriate to use to develop an in-store handling cost for Area 2.

16. Mr. DeSantis and Mr. Liptock testified that the average in-store handling cost for the cross-section of stores was \$0.1334 per quart based on milk sold at the retail minimum for September 2007. Based on the testimony of Mr. DeSantis and Mr. Liptock, the Board finds that the appropriate in-store handling cost to be used to arrive at minimum retail prices is \$0.1334 per quart.

17. Mr. Liptock testified that the in-store handling cost should be adjusted monthly based on changes in the Consumer Price Index, as is Board practice in all other milk marketing areas. The Board agrees and finds that the in-store handling cost in Area 2 should be adjusted monthly based on changes in the Consumer Price Index, using a base period of September 2007, and using the same methodology used in all other milk marketing areas.

II. CONCLUSIONS OF LAW

1. The April 2, 2008, general price hearing for Milk Marketing Area No. 2 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 hearing was held following adequate notice, and all interested persons were given a reasonable opportunity to be heard.

3. The cross-section used to establish dealer costs met the requirement of representativeness of section 801 of the Law.

4. The cross-section used to establish retailer 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

Richard Kriebel, Chairman

Luke F. Brubaker, Member

Barbara A. Grumbine, Consumer Member

Date: June 4, 2008

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PENNSYLVANIA MILK MARKETING BOARD

COMPUTATION OF RAW PRODUCT COST

AREA 2 RESALE PRICE BUILD-UP

June 2008

	TOTAL POUNDS	BUTTERFAT POUNDS	SKIM POUNDS	BUTTERFAT COST	SKIM COST	TOTAL COST	Cost per Pound	Ingredient Cost	Bulk Costs	COST PER POUND
STANDARD	52,326,664	1,706,473	50,620,191	2,775,578	9,906,371	12,681,950	0.2424	-	0.0008	0.2432
REDUCED FAT MILK, 2% MILKFAT	34,040,550	680,327	33,360,223	1,106,552	6,528,596	7,635,148	0.2243	0.0008	0.0008	0.2259
LOW FAT MILK, 1% MILKFAT	17,402,511	173,008	17,229,503	281,398	3,371,814	3,653,211	0.2099	0.0007	0.0008	0.2114
NONFAT MILK	21,007,156	27,794	20,979,362	45,207	4,105,661	4,150,868	0.1976	0.0007	0.0008	0.1991
FLAVORED MILK	1,589,349	51,584	1,537,765	83,901	300,941	384,842	0.2421	0.0267	0.0008	0.2696
FLAVORED REDUCED FAT MILK	7,324,282	71,431	7,252,851	116,183	1,419,383	1,535,565	0.2097	0.0246	0.0008	0.2351
BUTTERMILK	2,177	54	2,123	88	415	503	0.2312	0.0326	0.0008	0.2646
EGG NOG	473,887	31,017	442,870	50,449	86,670	137,119	0.2893	0.1711	0.0008	0.4612
HALF & HALF (MIXED MILK)	920,376	93,214	827,162	147,595	90,078	237,673	0.2582			0.2582
LIGHT CREAM	264,746	49,601	215,145	78,538	23,429	101,968	0.3852			0.3852
MEDIUM CREAM	100,000	30,000	70,000	47,502	7,623	55,125	0.5513			0.5513
HEAVY CREAM	720,985	276,885	444,100	438,420	48,362	486,782	0.6752			0.6752
SOUR CREAM	100,000	18,000	82,000	28,501	8,930	37,431	0.3743			0.3743

	Class I	Class II
Skim Rate	\$ 19.5700	\$ 10.8900
Butterfat Rate	\$ 1.6265	\$ 1.5834

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 WHOLESALE PRICE BUILD-UP
June 2008**

		1	2	3	4		5	6	7	8	9	10
		AVERAGE DELIVERED COST	CREAM FIXED ADD-ON ADJUST.	SMALL CONTAINER ADJUST.	COST UPDATE ADJUSTMENT	ENERGY ADD-ON	WHOLESALE PRICE	3.50% PROFIT FACTOR	PRICE WITH PROFIT	AVERAGE DELIVERY ADJUST.	SMALL DELIVERY ADJUST.	WHOLESALE
STANDARD (WHOLE)	MILK											
	GALLON	\$ 2.9974	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 2.9752	\$ 0.1079	\$ 3.0831	\$ (0.3088)	\$ 0.8324	\$ 3.6067
	1/2 GALLON	\$ 1.5498	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.5470	\$ 0.0561	\$ 1.6031	\$ (0.1544)	\$ 0.4162	\$ 1.8649
	QUART	\$ 0.7818	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.8137	\$ 0.0295	\$ 0.8432	\$ (0.0772)	\$ 0.2081	\$ 0.9741
	PINT	\$ 0.4371	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4806	\$ 0.0174	\$ 0.4980	\$ (0.0386)	\$ 0.1041	\$ 0.5635
	12 OUNCE	\$ 0.3281	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3658	\$ 0.0133	\$ 0.3791	\$ (0.0290)	\$ 0.0780	\$ 0.4281
	10 OUNCE	\$ 0.3064	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3419	\$ 0.0124	\$ 0.3543	\$ (0.0241)	\$ 0.0650	\$ 0.3952
	1/2 PINT	\$ 0.1970	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2239	\$ 0.0081	\$ 0.2320	\$ (0.0193)	\$ 0.0520	\$ 0.2647
4 OUNCE	\$ 0.1094	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1510	\$ 0.0055	\$ 0.1565	\$ (0.0097)	\$ 0.0260	\$ 0.1728	
DISP./QT.	\$ 0.7435	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.7833	\$ 0.0284	\$ 0.8117	\$ (0.0772)	\$ 0.2081	\$ 0.9426	
REDUCED FAT (2%)	MILK											
	GALLON	\$ 2.8532	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 2.8310	\$ 0.1027	\$ 2.9337	\$ (0.3088)	\$ 0.8324	\$ 3.4573
	1/2 GALLON	\$ 1.4776	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.4748	\$ 0.0535	\$ 1.5283	\$ (0.1544)	\$ 0.4162	\$ 1.7901
	QUART	\$ 0.7457	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.7776	\$ 0.0282	\$ 0.8058	\$ (0.0772)	\$ 0.2081	\$ 0.9367
	PINT	\$ 0.4191	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4626	\$ 0.0168	\$ 0.4794	\$ (0.0386)	\$ 0.1041	\$ 0.5449
	12 OUNCE	\$ 0.3146	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3523	\$ 0.0128	\$ 0.3651	\$ (0.0290)	\$ 0.0780	\$ 0.4141
	10 OUNCE	\$ 0.2951	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3306	\$ 0.0120	\$ 0.3426	\$ (0.0241)	\$ 0.0650	\$ 0.3835
	1/2 PINT	\$ 0.1880	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2149	\$ 0.0078	\$ 0.2227	\$ (0.0193)	\$ 0.0520	\$ 0.2554
4 OUNCE	\$ 0.1049	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1465	\$ 0.0053	\$ 0.1518	\$ (0.0097)	\$ 0.0260	\$ 0.1681	
DISP./QT.	\$ 0.7074	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.7472	\$ 0.0271	\$ 0.7743	\$ (0.0772)	\$ 0.2081	\$ 0.9052	
LOWFAT (1%)	MILK											
	GALLON	\$ 2.7282	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 2.7060	\$ 0.0981	\$ 2.8041	\$ (0.3088)	\$ 0.8324	\$ 3.3277
	1/2 GALLON	\$ 1.4151	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.4123	\$ 0.0512	\$ 1.4635	\$ (0.1544)	\$ 0.4162	\$ 1.7253
	QUART	\$ 0.7145	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.7464	\$ 0.0271	\$ 0.7735	\$ (0.0772)	\$ 0.2081	\$ 0.9044
	PINT	\$ 0.4035	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4470	\$ 0.0162	\$ 0.4632	\$ (0.0386)	\$ 0.1041	\$ 0.5287
	12 OUNCE	\$ 0.3028	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3405	\$ 0.0123	\$ 0.3528	\$ (0.0290)	\$ 0.0780	\$ 0.4018
	10 OUNCE	\$ 0.2854	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3209	\$ 0.0116	\$ 0.3325	\$ (0.0241)	\$ 0.0650	\$ 0.3734
	1/2 PINT	\$ 0.1802	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2071	\$ 0.0075	\$ 0.2146	\$ (0.0193)	\$ 0.0520	\$ 0.2473
4 OUNCE	\$ 0.1009	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1425	\$ 0.0052	\$ 0.1477	\$ (0.0097)	\$ 0.0260	\$ 0.1640	
DISP./QT.	\$ 0.6762	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.7160	\$ 0.0260	\$ 0.7420	\$ (0.0772)	\$ 0.2081	\$ 0.8729	
NONFAT (SKIM)	MILK											
	GALLON	\$ 2.6241	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 2.6019	\$ 0.0944	\$ 2.6963	\$ (0.3088)	\$ 0.8324	\$ 3.2199
	1/2 GALLON	\$ 1.3631	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.3603	\$ 0.0493	\$ 1.4096	\$ (0.1544)	\$ 0.4162	\$ 1.6714
	QUART	\$ 0.6885	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.7204	\$ 0.0261	\$ 0.7465	\$ (0.0772)	\$ 0.2081	\$ 0.8774
	PINT	\$ 0.3905	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4340	\$ 0.0157	\$ 0.4497	\$ (0.0386)	\$ 0.1041	\$ 0.5152
	12 OUNCE	\$ 0.2931	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3308	\$ 0.0120	\$ 0.3428	\$ (0.0290)	\$ 0.0780	\$ 0.3918
	10 OUNCE	\$ 0.2772	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3127	\$ 0.0113	\$ 0.3240	\$ (0.0241)	\$ 0.0650	\$ 0.3649
	1/2 PINT	\$ 0.1737	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2006	\$ 0.0073	\$ 0.2079	\$ (0.0193)	\$ 0.0520	\$ 0.2406
4 OUNCE	\$ 0.0977	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1393	\$ 0.0051	\$ 0.1444	\$ (0.0097)	\$ 0.0260	\$ 0.1607	
DISP./QT.	\$ 0.6502	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.6900	\$ 0.0250	\$ 0.7150	\$ (0.0772)	\$ 0.2081	\$ 0.8459	

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 WHOLESALE PRICE BUILD-UP
June 2008**

		1	2	3	4		5	6	7	8	9	10
		AVERAGE DELIVERED COST	CREAM FIXED ADD-ON ADJUST.	SMALL CONTAINER ADJUST.	COST UPDATE ADJUSTMENT	ENERGY ADD-ON	WHOLESALE PRICE	3.50% PROFIT FACTOR	PRICE WITH PROFIT	AVERAGE DELIVERY ADJUST.	SMALL DELIVERY ADJUST.	WHOLESALE
STANDARD (WHOLE)	FLAVORED MILK											
	GALLON	\$ 3.0627	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 3.0405	\$ 0.1103	\$ 3.1508	\$ (0.3088)	\$ 0.8324	\$ 3.6744
	1/2 GALLON	\$ 1.5824	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.5796	\$ 0.0573	\$ 1.6369	\$ (0.1544)	\$ 0.4162	\$ 1.8987
	QUART	\$ 0.7981	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.8300	\$ 0.0301	\$ 0.8601	\$ (0.0772)	\$ 0.2081	\$ 0.9910
	PINT	\$ 0.4453	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4888	\$ 0.0177	\$ 0.5065	\$ (0.0386)	\$ 0.1041	\$ 0.5720
	12 OUNCE	\$ 0.3342	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3719	\$ 0.0135	\$ 0.3854	\$ (0.0290)	\$ 0.0780	\$ 0.4344
	10 OUNCE	\$ 0.3115	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3470	\$ 0.0126	\$ 0.3596	\$ (0.0241)	\$ 0.0650	\$ 0.4005
	1/2 PINT	\$ 0.2011	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2280	\$ 0.0083	\$ 0.2363	\$ (0.0193)	\$ 0.0520	\$ 0.2690
	4 OUNCE	\$ 0.1114	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1530	\$ 0.0055	\$ 0.1585	\$ (0.0097)	\$ 0.0260	\$ 0.1748
DISP./QT.	\$ 0.7598	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.7996	\$ 0.0290	\$ 0.8286	\$ (0.0772)	\$ 0.2081	\$ 0.9595	
REDUCED FAT	FLAVORED MILK											
	GALLON	\$ 2.7867	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 2.7645	\$ 0.1003	\$ 2.8648	\$ (0.3088)	\$ 0.8324	\$ 3.3884
	1/2 GALLON	\$ 1.4444	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.4416	\$ 0.0523	\$ 1.4939	\$ (0.1544)	\$ 0.4162	\$ 1.7557
	QUART	\$ 0.7291	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.7610	\$ 0.0276	\$ 0.7886	\$ (0.0772)	\$ 0.2081	\$ 0.9195
	PINT	\$ 0.4108	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.4543	\$ 0.0165	\$ 0.4708	\$ (0.0386)	\$ 0.1041	\$ 0.5363
	12 OUNCE	\$ 0.3083	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3460	\$ 0.0125	\$ 0.3585	\$ (0.0290)	\$ 0.0780	\$ 0.4075
	10 OUNCE	\$ 0.2899	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3254	\$ 0.0118	\$ 0.3372	\$ (0.0241)	\$ 0.0650	\$ 0.3781
	1/2 PINT	\$ 0.1839	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2108	\$ 0.0076	\$ 0.2184	\$ (0.0193)	\$ 0.0520	\$ 0.2511
	4 OUNCE	\$ 0.1028	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1444	\$ 0.0052	\$ 0.1496	\$ (0.0097)	\$ 0.0260	\$ 0.1659
DISP./QT.	\$ 0.6908	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.7306	\$ 0.0265	\$ 0.7571	\$ (0.0772)	\$ 0.2081	\$ 0.8880	
BUTTERMILK	GALLON	\$ 3.1868	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 3.1646	\$ 0.1148	\$ 3.2794	\$ (0.3088)	\$ 0.8324	\$ 3.8030
	1/2 GALLON	\$ 1.6444	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 1.6416	\$ 0.0595	\$ 1.7011	\$ (0.1544)	\$ 0.4162	\$ 1.9629
	QUART	\$ 0.8291	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 0.8610	\$ 0.0312	\$ 0.8922	\$ (0.0772)	\$ 0.2081	\$ 1.0231
	PINT	\$ 0.4608	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.5043	\$ 0.0183	\$ 0.5226	\$ (0.0386)	\$ 0.1041	\$ 0.5881
	12 OUNCE	\$ 0.3458	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.3835	\$ 0.0139	\$ 0.3974	\$ (0.0290)	\$ 0.0780	\$ 0.4464
	10 OUNCE	\$ 0.3212	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.3567	\$ 0.0129	\$ 0.3696	\$ (0.0241)	\$ 0.0650	\$ 0.4105
	1/2 PINT	\$ 0.2089	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2358	\$ 0.0086	\$ 0.2444	\$ (0.0193)	\$ 0.0520	\$ 0.2771
	4 OUNCE	\$ 0.1153	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1569	\$ 0.0057	\$ 0.1626	\$ (0.0097)	\$ 0.0260	\$ 0.1789
	DISP./QT.	\$ 0.7908	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 0.8306	\$ 0.0301	\$ 0.8607	\$ (0.0772)	\$ 0.2081	\$ 0.9916
EGG NOG	GALLON	\$ 4.5955	0	\$ (0.0794)	\$ 0.0044	\$ 0.0528	\$ 4.5733	\$ 0.1659	\$ 4.7392	\$ (0.3088)	\$ 0.8324	\$ 5.2628
	1/2 GALLON	\$ 2.3488	0	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 2.3460	\$ 0.0851	\$ 2.4311	\$ (0.1544)	\$ 0.4162	\$ 2.6929
	QUART	\$ 1.1813	0	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.2132	\$ 0.0440	\$ 1.2572	\$ (0.0772)	\$ 0.2081	\$ 1.3881
	PINT	\$ 0.6369	0	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.6804	\$ 0.0247	\$ 0.7051	\$ (0.0386)	\$ 0.1041	\$ 0.7706
	12 OUNCE	\$ 0.4779	0	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.5156	\$ 0.0187	\$ 0.5343	\$ (0.0290)	\$ 0.0780	\$ 0.5833
	10 OUNCE	\$ 0.4313	0	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.4668	\$ 0.0169	\$ 0.4837	\$ (0.0241)	\$ 0.0650	\$ 0.5246
	1/2 PINT	\$ 0.2969	0	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.3238	\$ 0.0117	\$ 0.3355	\$ (0.0193)	\$ 0.0520	\$ 0.3682
	4 OUNCE	\$ 0.1593	0	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.2009	\$ 0.0073	\$ 0.2082	\$ (0.0097)	\$ 0.0260	\$ 0.2245
	DISP./QT.	\$ 1.1430	0	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.1828	\$ 0.0429	\$ 1.2257	\$ (0.0772)	\$ 0.2081	\$ 1.3566

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 WHOLESALE PRICE BUILD-UP
June 2008**

		1	2	3	4		5	6	7	8	9	10
		AVERAGE DELIVERED COST	CREAM FIXED ADD-ON ADJUST.	SMALL CONTAINER ADJUST.	COST UPDATE ADJUSTMENT	ENERGY ADD-ON	WHOLESALE PRICE	3.50% PROFIT FACTOR	PRICE WITH PROFIT	AVERAGE DELIVERY ADJUST.	SMALL DELIVERY ADJUST.	WHOLESALE
HALF & HALF	1/2 GALLON	\$ 1.6078	\$ 0.3956	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 2.0006	\$ 0.0726	\$ 2.0732	\$ (0.1544)	\$ 0.4162	\$ 2.3350
	QUART	\$ 0.8108	\$ 0.1978	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.0405	\$ 0.0377	\$ 1.0782	\$ (0.0772)	\$ 0.2081	\$ 1.2091
	PINT	\$ 0.4517	\$ 0.0989	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.5941	\$ 0.0215	\$ 0.6156	\$ (0.0386)	\$ 0.1041	\$ 0.6811
	12 OUNCE	\$ 0.3390	\$ 0.0742	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.4509	\$ 0.0164	\$ 0.4673	\$ (0.0290)	\$ 0.0780	\$ 0.5163
	10 OUNCE	\$ 0.3155	\$ 0.0618	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.4128	\$ 0.0150	\$ 0.4278	\$ (0.0241)	\$ 0.0650	\$ 0.4687
	1/2 PINT	\$ 0.2043	\$ 0.0495	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.2807	\$ 0.0102	\$ 0.2909	\$ (0.0193)	\$ 0.0520	\$ 0.3236
	4 OUNCE	\$ 0.1130	\$ 0.0247	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.1793	\$ 0.0065	\$ 0.1858	\$ (0.0097)	\$ 0.0260	\$ 0.2021
	DISP./QT.	\$ 0.7725	\$ 0.1978	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.0101	\$ 0.0366	\$ 1.0467	\$ (0.0772)	\$ 0.2081	\$ 1.1776
	3/8 OZ	\$ 0.0087	\$ 0.0101		\$ -	\$ 0.0002	\$ 0.0190	\$ 0.0007	\$ 0.0197	\$ (0.0009)	\$ 0.0024	\$ 0.0212
	1/2 OZ	\$ 0.0115	\$ 0.0134		\$ -	\$ 0.0002	\$ 0.0251	\$ 0.0009	\$ 0.0260	\$ (0.0012)	\$ 0.0033	\$ 0.0281
3/4 OZ	\$ 0.0172	\$ 0.0201		\$ -	\$ 0.0003	\$ 0.0376	\$ 0.0014	\$ 0.0390	\$ (0.0018)	\$ 0.0049	\$ 0.0421	
LIGHT CREAM	1/2 GALLON	\$ 2.1430	\$ 0.4004	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 2.5406	\$ 0.0921	\$ 2.6327	\$ (0.1544)	\$ 0.4162	\$ 2.8945
	QUART	\$ 1.0784	\$ 0.2002	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.3105	\$ 0.0475	\$ 1.3580	\$ (0.0772)	\$ 0.2081	\$ 1.4889
	PINT	\$ 0.5855	\$ 0.1001	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.7291	\$ 0.0264	\$ 0.7555	\$ (0.0386)	\$ 0.1041	\$ 0.8210
	12 OUNCE	\$ 0.4393	\$ 0.0751	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.5521	\$ 0.0200	\$ 0.5721	\$ (0.0290)	\$ 0.0780	\$ 0.6211
	10 OUNCE	\$ 0.3991	\$ 0.0626	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.4972	\$ 0.0180	\$ 0.5152	\$ (0.0241)	\$ 0.0650	\$ 0.5561
	1/2 PINT	\$ 0.2712	\$ 0.0501	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.3482	\$ 0.0126	\$ 0.3608	\$ (0.0193)	\$ 0.0520	\$ 0.3935
	4 OUNCE	\$ 0.1464	\$ 0.0250	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.2130	\$ 0.0077	\$ 0.2207	\$ (0.0097)	\$ 0.0260	\$ 0.2370
	DISP./QT.	\$ 1.0401	\$ 0.2002	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.2801	\$ 0.0464	\$ 1.3265	\$ (0.0772)	\$ 0.2081	\$ 1.4574
MEDIUM CREAM	1/2 GALLON	\$ 2.8222	\$ 0.4004	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 3.2198	\$ 0.1168	\$ 3.3366	\$ (0.1544)	\$ 0.4162	\$ 3.5984
	QUART	\$ 1.4180	\$ 0.2002	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.6501	\$ 0.0598	\$ 1.7099	\$ (0.0772)	\$ 0.2081	\$ 1.8408
	PINT	\$ 0.7553	\$ 0.1001	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.8989	\$ 0.0326	\$ 0.9315	\$ (0.0386)	\$ 0.1041	\$ 0.9970
	12 OUNCE	\$ 0.5667	\$ 0.0751	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.6795	\$ 0.0246	\$ 0.7041	\$ (0.0290)	\$ 0.0780	\$ 0.7531
	10 OUNCE	\$ 0.5052	\$ 0.0626	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.6033	\$ 0.0219	\$ 0.6252	\$ (0.0241)	\$ 0.0650	\$ 0.6661
	1/2 PINT	\$ 0.3561	\$ 0.0501	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.4331	\$ 0.0157	\$ 0.4488	\$ (0.0193)	\$ 0.0520	\$ 0.4815
	4 OUNCE	\$ 0.1889	\$ 0.0250	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.2555	\$ 0.0093	\$ 0.2648	\$ (0.0097)	\$ 0.0260	\$ 0.2811
	DISP./QT.	\$ 1.3797	\$ 0.2002	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.6197	\$ 0.0587	\$ 1.6784	\$ (0.0772)	\$ 0.2081	\$ 1.8093
HEAVY CREAM	1/2 GALLON	\$ 3.3263	\$ 0.4004	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 3.7239	\$ 0.1351	\$ 3.8590	\$ (0.1544)	\$ 0.4162	\$ 4.1208
	QUART	\$ 1.6701	\$ 0.2002	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.9022	\$ 0.0690	\$ 1.9712	\$ (0.0772)	\$ 0.2081	\$ 2.1021
	PINT	\$ 0.8813	\$ 0.1001	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 1.0249	\$ 0.0372	\$ 1.0621	\$ (0.0386)	\$ 0.1041	\$ 1.1276
	12 OUNCE	\$ 0.6612	\$ 0.0751	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.7740	\$ 0.0281	\$ 0.8021	\$ (0.0290)	\$ 0.0780	\$ 0.8511
	10 OUNCE	\$ 0.5840	\$ 0.0626	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.6821	\$ 0.0247	\$ 0.7068	\$ (0.0241)	\$ 0.0650	\$ 0.7477
	1/2 PINT	\$ 0.4191	\$ 0.0501	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.4961	\$ 0.0180	\$ 0.5141	\$ (0.0193)	\$ 0.0520	\$ 0.5468
	4 OUNCE	\$ 0.2204	\$ 0.0250	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.2870	\$ 0.0104	\$ 0.2974	\$ (0.0097)	\$ 0.0260	\$ 0.3137
	DISP./QT.	\$ 1.6318	\$ 0.2002	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.8718	\$ 0.0679	\$ 1.9397	\$ (0.0772)	\$ 0.2081	\$ 2.0706
SOUR CREAM	1/2 GALLON	\$ 1.9604	\$ 1.3894	\$ (0.0314)	\$ 0.0022	\$ 0.0264	\$ 3.3470	\$ 0.1214	\$ 3.4684	\$ (0.1544)	\$ 0.4162	\$ 3.7302
	QUART	\$ 0.9802	\$ 0.6947	\$ 0.0176	\$ 0.0011	\$ 0.0132	\$ 1.7068	\$ 0.0619	\$ 1.7687	\$ (0.0772)	\$ 0.2081	\$ 1.8996
	PINT	\$ 0.4902	\$ 0.3474	\$ 0.0363	\$ 0.0006	\$ 0.0066	\$ 0.8811	\$ 0.0320	\$ 0.9131	\$ (0.0386)	\$ 0.1041	\$ 0.9786
	12 OUNCE	\$ 0.3676	\$ 0.2605	\$ 0.0323	\$ 0.0004	\$ 0.0050	\$ 0.6658	\$ 0.0241	\$ 0.6899	\$ (0.0290)	\$ 0.0780	\$ 0.7389
	10 OUNCE	\$ 0.3064	\$ 0.2171	\$ 0.0311	\$ 0.0003	\$ 0.0041	\$ 0.5590	\$ 0.0203	\$ 0.5793	\$ (0.0241)	\$ 0.0650	\$ 0.6202
	1/2 PINT	\$ 0.2451	\$ 0.1737	\$ 0.0233	\$ 0.0003	\$ 0.0033	\$ 0.4457	\$ 0.0162	\$ 0.4619	\$ (0.0193)	\$ 0.0520	\$ 0.4946
	4 OUNCE	\$ 0.1225	\$ 0.0868	\$ 0.0398	\$ 0.0001	\$ 0.0017	\$ 0.2509	\$ 0.0091	\$ 0.2600	\$ (0.0097)	\$ 0.0260	\$ 0.2763
	DISP./QT.	\$ 0.9802	\$ 0.6947	\$ 0.0255	\$ 0.0011	\$ 0.0132	\$ 1.7147	\$ 0.0622	\$ 1.7769	\$ (0.0772)	\$ 0.2081	\$ 1.9078

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 RETAIL PRICE BUILD-UP**

1	2	3	4	5	6
WHOLESALE	13.50% PERCENT DISCOUNT	PERCENT DISCOUNTED WHOLESALE	HANDLING COST STANDARD	2.70% PERCENT PROFIT	RETAIL

STANDARD (WHOLE)	MILK	GALLON	\$ 3.6067	\$ (0.4869)	\$ 3.1198	\$ 0.5500	\$ 0.1018	\$ 3.77
		1/2 GALLON	\$ 1.8649	\$ (0.2518)	\$ 1.6131	\$ 0.2750	\$ 0.0524	\$ 1.94
		QUART	\$ 0.9741	\$ (0.1315)	\$ 0.8426	\$ 0.1375	\$ 0.0272	\$ 1.01
		PINT	\$ 0.5635	\$ (0.0761)	\$ 0.4874	\$ 0.0688	\$ 0.0154	\$ 0.57
		12 OUNCE	\$ 0.4281	\$ (0.0578)	\$ 0.3703	\$ 0.0516	\$ 0.0117	\$ 0.43
		10 OUNCE	\$ 0.3952	\$ (0.0534)	\$ 0.3418	\$ 0.0430	\$ 0.0107	\$ 0.40
		1/2 PINT	\$ 0.2647	\$ (0.0357)	\$ 0.2290	\$ 0.0344	\$ 0.0073	\$ 0.27
		4 OUNCE	\$ 0.1728	\$ (0.0233)	\$ 0.1495	\$ 0.0172	\$ 0.0046	\$ 0.18
		DISP./QT.	\$ 0.9426	\$ (0.1273)	\$ 0.8153	\$ 0.1375	\$ 0.0264	\$ 0.98

REDUCED FAT (2%)	MILK	GALLON	\$ 3.4573	\$ (0.4667)	\$ 2.9906	\$ 0.5500	\$ 0.0982	\$ 3.64
		1/2 GALLON	\$ 1.7901	\$ (0.2417)	\$ 1.5484	\$ 0.2750	\$ 0.0506	\$ 1.87
		QUART	\$ 0.9367	\$ (0.1265)	\$ 0.8102	\$ 0.1375	\$ 0.0263	\$ 0.97
		PINT	\$ 0.5449	\$ (0.0736)	\$ 0.4713	\$ 0.0688	\$ 0.0150	\$ 0.56
		12 OUNCE	\$ 0.4141	\$ (0.0559)	\$ 0.3582	\$ 0.0516	\$ 0.0114	\$ 0.42
		10 OUNCE	\$ 0.3835	\$ (0.0518)	\$ 0.3317	\$ 0.0430	\$ 0.0104	\$ 0.39
		1/2 PINT	\$ 0.2554	\$ (0.0345)	\$ 0.2209	\$ 0.0344	\$ 0.0071	\$ 0.26
		4 OUNCE	\$ 0.1681	\$ (0.0227)	\$ 0.1454	\$ 0.0172	\$ 0.0045	\$ 0.17
		DISP./QT.	\$ 0.9052	\$ (0.1222)	\$ 0.7830	\$ 0.1375	\$ 0.0255	\$ 0.95

LOWFAT (1%)	MILK	GALLON	\$ 3.3277	\$ (0.4492)	\$ 2.8785	\$ 0.5500	\$ 0.0951	\$ 3.52
		1/2 GALLON	\$ 1.7253	\$ (0.2329)	\$ 1.4924	\$ 0.2750	\$ 0.0490	\$ 1.82
		QUART	\$ 0.9044	\$ (0.1221)	\$ 0.7823	\$ 0.1375	\$ 0.0255	\$ 0.95
		PINT	\$ 0.5287	\$ (0.0714)	\$ 0.4573	\$ 0.0688	\$ 0.0146	\$ 0.54
		12 OUNCE	\$ 0.4018	\$ (0.0542)	\$ 0.3476	\$ 0.0516	\$ 0.0111	\$ 0.41
		10 OUNCE	\$ 0.3734	\$ (0.0504)	\$ 0.3230	\$ 0.0430	\$ 0.0102	\$ 0.38
		1/2 PINT	\$ 0.2473	\$ (0.0334)	\$ 0.2139	\$ 0.0344	\$ 0.0069	\$ 0.26
		4 OUNCE	\$ 0.1640	\$ (0.0221)	\$ 0.1419	\$ 0.0172	\$ 0.0044	\$ 0.17
		DISP./QT.	\$ 0.8729	\$ (0.1178)	\$ 0.7551	\$ 0.1375	\$ 0.0248	\$ 0.92

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 RETAIL PRICE BUILD-UP**

1	2	3	4	5	6
WHOLESALE	13.50% PERCENT DISCOUNT	PERCENT DISCOUNTED WHOLESALE	HANDLING COST STANDARD	2.70% PERCENT PROFIT	RETAIL

NONFAT (SKIM) MILK	GALLON	\$ 3.2199	\$ (0.4347)	\$ 2.7852	\$ 0.5500	\$ 0.0925	\$ 3.43
	1/2 GALLON	\$ 1.6714	\$ (0.2256)	\$ 1.4458	\$ 0.2750	\$ 0.0478	\$ 1.77
	QUART	\$ 0.8774	\$ (0.1184)	\$ 0.7590	\$ 0.1375	\$ 0.0249	\$ 0.92
	PINT	\$ 0.5152	\$ (0.0696)	\$ 0.4456	\$ 0.0688	\$ 0.0143	\$ 0.53
	12 OUNCE	\$ 0.3918	\$ (0.0529)	\$ 0.3389	\$ 0.0516	\$ 0.0108	\$ 0.40
	10 OUNCE	\$ 0.3649	\$ (0.0493)	\$ 0.3156	\$ 0.0430	\$ 0.0100	\$ 0.37
	1/2 PINT	\$ 0.2406	\$ (0.0325)	\$ 0.2081	\$ 0.0344	\$ 0.0067	\$ 0.25
	4 OUNCE	\$ 0.1607	\$ (0.0217)	\$ 0.1390	\$ 0.0172	\$ 0.0043	\$ 0.17
	DISP./QT.	\$ 0.8459	\$ (0.1142)	\$ 0.7317	\$ 0.1375	\$ 0.0241	\$ 0.89

STANDARD (WHOLE) FLAVORED MILK	GALLON	\$ 3.6744	\$ (0.4960)	\$ 3.1784	\$ 0.5500	\$ 0.1035	\$ 3.83
	1/2 GALLON	\$ 1.8987	\$ (0.2563)	\$ 1.6424	\$ 0.2750	\$ 0.0532	\$ 1.97
	QUART	\$ 0.9910	\$ (0.1338)	\$ 0.8572	\$ 0.1375	\$ 0.0276	\$ 1.02
	PINT	\$ 0.5720	\$ (0.0772)	\$ 0.4948	\$ 0.0688	\$ 0.0156	\$ 0.58
	12 OUNCE	\$ 0.4344	\$ (0.0586)	\$ 0.3758	\$ 0.0516	\$ 0.0119	\$ 0.44
	10 OUNCE	\$ 0.4005	\$ (0.0541)	\$ 0.3464	\$ 0.0430	\$ 0.0108	\$ 0.41
	1/2 PINT	\$ 0.2690	\$ (0.0363)	\$ 0.2327	\$ 0.0344	\$ 0.0074	\$ 0.27
	4 OUNCE	\$ 0.1748	\$ (0.0236)	\$ 0.1512	\$ 0.0172	\$ 0.0047	\$ 0.18
	DISP./QT.	\$ 0.9595	\$ (0.1295)	\$ 0.8300	\$ 0.1375	\$ 0.0268	\$ 0.99

REDUCED FAT FLAVORED MILK	GALLON	\$ 3.3884	\$ (0.4574)	\$ 2.9310	\$ 0.5500	\$ 0.0966	\$ 3.58
	1/2 GALLON	\$ 1.7557	\$ (0.2370)	\$ 1.5187	\$ 0.2750	\$ 0.0498	\$ 1.84
	QUART	\$ 0.9195	\$ (0.1241)	\$ 0.7954	\$ 0.1375	\$ 0.0259	\$ 0.96
	PINT	\$ 0.5363	\$ (0.0724)	\$ 0.4639	\$ 0.0688	\$ 0.0148	\$ 0.55
	12 OUNCE	\$ 0.4075	\$ (0.0550)	\$ 0.3525	\$ 0.0516	\$ 0.0112	\$ 0.42
	10 OUNCE	\$ 0.3781	\$ (0.0510)	\$ 0.3271	\$ 0.0430	\$ 0.0103	\$ 0.38
	1/2 PINT	\$ 0.2511	\$ (0.0339)	\$ 0.2172	\$ 0.0344	\$ 0.0070	\$ 0.26
	4 OUNCE	\$ 0.1659	\$ (0.0224)	\$ 0.1435	\$ 0.0172	\$ 0.0045	\$ 0.17
	DISP./QT.	\$ 0.8880	\$ (0.1199)	\$ 0.7681	\$ 0.1375	\$ 0.0251	\$ 0.93

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 RETAIL PRICE BUILD-UP**

1	2	3	4	5	6
WHOLESALE	13.50% PERCENT DISCOUNT	PERCENT DISCOUNTED WHOLESALE	HANDLING COST STANDARD	2.70% PERCENT PROFIT	RETAIL

BUTTERMILK	GALLON	\$ 3.8030	\$ (0.5134)	\$ 3.2896	\$ 0.5500	\$ 0.1065	\$ 3.95
	1/2 GALLON	\$ 1.9629	\$ (0.2650)	\$ 1.6979	\$ 0.2750	\$ 0.0547	\$ 2.03
	QUART	\$ 1.0231	\$ (0.1381)	\$ 0.8850	\$ 0.1375	\$ 0.0284	\$ 1.05
	PINT	\$ 0.5881	\$ (0.0794)	\$ 0.5087	\$ 0.0688	\$ 0.0160	\$ 0.59
	12 OUNCE	\$ 0.4464	\$ (0.0603)	\$ 0.3861	\$ 0.0516	\$ 0.0121	\$ 0.45
	10 OUNCE	\$ 0.4105	\$ (0.0554)	\$ 0.3551	\$ 0.0430	\$ 0.0110	\$ 0.42
	1/2 PINT	\$ 0.2771	\$ (0.0374)	\$ 0.2397	\$ 0.0344	\$ 0.0076	\$ 0.28
	4 OUNCE	\$ 0.1789	\$ (0.0242)	\$ 0.1547	\$ 0.0172	\$ 0.0048	\$ 0.18
	DISP./QT.	\$ 0.9916	\$ (0.1339)	\$ 0.8577	\$ 0.1375	\$ 0.0276	\$ 1.02

EGGNOG	GALLON	\$ 5.2628	\$ (0.7105)	\$ 4.5523	\$ 0.5500	\$ 0.1416	\$ 5.27
	1/2 GALLON	\$ 2.6929	\$ (0.3635)	\$ 2.3294	\$ 0.2750	\$ 0.0723	\$ 2.70
	QUART	\$ 1.3881	\$ (0.1874)	\$ 1.2007	\$ 0.1375	\$ 0.0371	\$ 1.39
	PINT	\$ 0.7706	\$ (0.1040)	\$ 0.6666	\$ 0.0688	\$ 0.0204	\$ 0.78
	12 OUNCE	\$ 0.5833	\$ (0.0787)	\$ 0.5046	\$ 0.0516	\$ 0.0154	\$ 0.59
	10 OUNCE	\$ 0.5246	\$ (0.0708)	\$ 0.4538	\$ 0.0430	\$ 0.0138	\$ 0.53
	1/2 PINT	\$ 0.3682	\$ (0.0497)	\$ 0.3185	\$ 0.0344	\$ 0.0098	\$ 0.37
	4 OUNCE	\$ 0.2245	\$ (0.0303)	\$ 0.1942	\$ 0.0172	\$ 0.0059	\$ 0.23
	DISP./QT.	\$ 1.3566	\$ (0.1831)	\$ 1.1735	\$ 0.1375	\$ 0.0364	\$ 1.36

HALF & HALF	1/2 GALLON	\$ 2.3350	\$ (0.3152)	\$ 2.0198	\$ 0.2750	\$ 0.0637	\$ 2.36
	QUART	\$ 1.2091	\$ (0.1632)	\$ 1.0459	\$ 0.1375	\$ 0.0328	\$ 1.22
	PINT	\$ 0.6811	\$ (0.0919)	\$ 0.5892	\$ 0.0688	\$ 0.0183	\$ 0.69
	12 OUNCE	\$ 0.5163	\$ (0.0697)	\$ 0.4466	\$ 0.0516	\$ 0.0138	\$ 0.52
	10 OUNCE	\$ 0.4687	\$ (0.0633)	\$ 0.4054	\$ 0.0430	\$ 0.0124	\$ 0.47
	1/2 PINT	\$ 0.3236	\$ (0.0437)	\$ 0.2799	\$ 0.0344	\$ 0.0087	\$ 0.33
	4 OUNCE	\$ 0.2021	\$ (0.0273)	\$ 0.1748	\$ 0.0172	\$ 0.0053	\$ 0.21
	DISP./QT.	\$ 1.1776	\$ (0.1590)	\$ 1.0186	\$ 0.1375	\$ 0.0321	\$ 1.19

**PENNSYLVANIA MILK MARKETING BOARD
AREA 2 RETAIL PRICE BUILD-UP**

1	2	3	4	5	6
WHOLESALE	13.50% PERCENT DISCOUNT	PERCENT DISCOUNTED WHOLESALE	HANDLING COST STANDARD	2.70% PERCENT PROFIT	RETAIL

LIGHT CREAM	1/2 GALLON	\$ 2.8945	\$ (0.3908)	\$ 2.5037	\$ 0.2750	\$ 0.0771	\$ 2.90
	QUART	\$ 1.4889	\$ (0.2010)	\$ 1.2879	\$ 0.1375	\$ 0.0396	\$ 1.49
	PINT	\$ 0.8210	\$ (0.1108)	\$ 0.7102	\$ 0.0688	\$ 0.0216	\$ 0.83
	12 OUNCE	\$ 0.6211	\$ (0.0838)	\$ 0.5373	\$ 0.0516	\$ 0.0163	\$ 0.63
	10 OUNCE	\$ 0.5561	\$ (0.0751)	\$ 0.4810	\$ 0.0430	\$ 0.0145	\$ 0.56
	1/2 PINT	\$ 0.3935	\$ (0.0531)	\$ 0.3404	\$ 0.0344	\$ 0.0104	\$ 0.40
	4 OUNCE	\$ 0.2370	\$ (0.0320)	\$ 0.2050	\$ 0.0172	\$ 0.0062	\$ 0.24
	DISP./QT.	\$ 1.4574	\$ (0.1967)	\$ 1.2607	\$ 0.1375	\$ 0.0388	\$ 1.46

MEDIUM CREAM	1/2 GALLON	\$ 3.5984	\$ (0.4858)	\$ 3.1126	\$ 0.2750	\$ 0.0940	\$ 3.60
	QUART	\$ 1.8408	\$ (0.2485)	\$ 1.5923	\$ 0.1375	\$ 0.0480	\$ 1.85
	PINT	\$ 0.9970	\$ (0.1346)	\$ 0.8624	\$ 0.0688	\$ 0.0258	\$ 1.00
	12 OUNCE	\$ 0.7531	\$ (0.1017)	\$ 0.6514	\$ 0.0516	\$ 0.0195	\$ 0.76
	10 OUNCE	\$ 0.6661	\$ (0.0899)	\$ 0.5762	\$ 0.0430	\$ 0.0172	\$ 0.67
	1/2 PINT	\$ 0.4815	\$ (0.0650)	\$ 0.4165	\$ 0.0344	\$ 0.0125	\$ 0.49
	4 OUNCE	\$ 0.2811	\$ (0.0379)	\$ 0.2432	\$ 0.0172	\$ 0.0072	\$ 0.29
	DISP./QT.	\$ 1.8093	\$ (0.2443)	\$ 1.5650	\$ 0.1375	\$ 0.0472	\$ 1.81

HEAVY CREAM	1/2 GALLON	\$ 4.1208	\$ (0.5563)	\$ 3.5645	\$ 0.2750	\$ 0.1065	\$ 4.13
	QUART	\$ 2.1021	\$ (0.2838)	\$ 1.8183	\$ 0.1375	\$ 0.0543	\$ 2.11
	PINT	\$ 1.1276	\$ (0.1522)	\$ 0.9754	\$ 0.0688	\$ 0.0290	\$ 1.13
	12 OUNCE	\$ 0.8511	\$ (0.1149)	\$ 0.7362	\$ 0.0516	\$ 0.0219	\$ 0.86
	10 OUNCE	\$ 0.7477	\$ (0.1009)	\$ 0.6468	\$ 0.0430	\$ 0.0191	\$ 0.75
	1/2 PINT	\$ 0.5468	\$ (0.0738)	\$ 0.4730	\$ 0.0344	\$ 0.0141	\$ 0.55
	4 OUNCE	\$ 0.3137	\$ (0.0423)	\$ 0.2714	\$ 0.0172	\$ 0.0080	\$ 0.32
	DISP./QT.	\$ 2.0706	\$ (0.2795)	\$ 1.7911	\$ 0.1375	\$ 0.0535	\$ 2.08

SOUR CREAM	1/2 GALLON	\$ 3.7302	\$ (0.5036)	\$ 3.2266	\$ 0.2750	\$ 0.0972	\$ 3.74
	QUART	\$ 1.8996	\$ (0.2564)	\$ 1.6432	\$ 0.1375	\$ 0.0494	\$ 1.90
	PINT	\$ 0.9786	\$ (0.1321)	\$ 0.8465	\$ 0.0688	\$ 0.0254	\$ 0.98
	12 OUNCE	\$ 0.7389	\$ (0.0998)	\$ 0.6391	\$ 0.0516	\$ 0.0192	\$ 0.74
	10 OUNCE	\$ 0.6202	\$ (0.0837)	\$ 0.5365	\$ 0.0430	\$ 0.0161	\$ 0.63
	1/2 PINT	\$ 0.4946	\$ (0.0668)	\$ 0.4278	\$ 0.0344	\$ 0.0128	\$ 0.50
	4 OUNCE	\$ 0.2763	\$ (0.0373)	\$ 0.2390	\$ 0.0172	\$ 0.0071	\$ 0.28
	DISP./QT.	\$ 1.9078	\$ (0.2576)	\$ 1.6502	\$ 0.1375	\$ 0.0496	\$ 1.91

AREA 2

PENNSYLVANIA MILK MARKETING BOARD
EAST CENTRAL MILK MARKETING AREA
MINIMUM WHOLESALE PRICES
SCHEDULE I

	CLASS I	CLASS II
SKIM RATE	\$ 19.57	\$ 10.89
BUTTERFAT RATE	\$ 1.6265	\$ 1.5834

June 2008

OGO A-953

DESCRIPTION	PRODUCT CODE	BUTTERFAT % RANGE		BULK PER QT. EQUIV.	NON-RETURNABLE							
		LOW	HIGH		/1/ GAL.	/2/ 1/2 GAL.	QUART	PINT	12 OZ.	10 OZ.	/4/ 1/2 PT.	4 OZ.
STANDARD MILK	400	3.10	6.00	\$ 0.9426	\$ 3.6067	\$ 1.8649	\$ 0.9741	\$ 0.5635	\$ 0.4281	\$ 0.3952	\$ 0.2647	\$ 0.1728
REDUCED FAT MILK, 2% MILKFAT	800	1.50	3.09	\$ 0.9052	\$ 3.4573	\$ 1.7901	\$ 0.9367	\$ 0.5449	\$ 0.4141	\$ 0.3835	\$ 0.2554	\$ 0.1681
LOWFAT MILK, 1% MILKFAT	900	0.50	1.49	\$ 0.8729	\$ 3.3277	\$ 1.7253	\$ 0.9044	\$ 0.5287	\$ 0.4018	\$ 0.3734	\$ 0.2473	\$ 0.1640
NONFAT MILK	1200	0.00	0.49	\$ 0.8459	\$ 3.2199	\$ 1.6714	\$ 0.8774	\$ 0.5152	\$ 0.3918	\$ 0.3649	\$ 0.2406	\$ 0.1607
FLAVORED MILK	500	3.10	6.00	\$ 0.9595	\$ 3.6744	\$ 1.8987	\$ 0.9910	\$ 0.5720	\$ 0.4344	\$ 0.4005	\$ 0.2690	\$ 0.1748
FLAVORED REDUCED FAT MILK	600	0.00	3.09	\$ 0.8880	\$ 3.3884	\$ 1.7557	\$ 0.9195	\$ 0.5363	\$ 0.4075	\$ 0.3781	\$ 0.2511	\$ 0.1659
BUTTERMILK	1000	0.00	6.00	\$ 0.9916	\$ 3.8030	\$ 1.9629	\$ 1.0231	\$ 0.5881	\$ 0.4464	\$ 0.4105	\$ 0.2771	\$ 0.1789
EGG NOG	510	0.00	17.99	\$ 1.3566	\$ 5.2628	\$ 2.6929	\$ 1.3881	\$ 0.7706	\$ 0.5833	\$ 0.5246	\$ 0.3682	\$ 0.2245
MIXED MILK /3/	1500	6.01	17.99	\$ 1.1776		\$ 2.3350	\$ 1.2091	\$ 0.6811	\$ 0.5163	\$ 0.4687	\$ 0.3236	
LIGHT CREAM	1700	18.00	29.99	\$ 1.4574			\$ 1.4889	\$ 0.8210	\$ 0.6211	\$ 0.5561	\$ 0.3935	
MEDIUM CREAM	1800	30.00	35.99	\$ 1.8093			\$ 1.8408	\$ 0.9970	\$ 0.7531	\$ 0.6661	\$ 0.4815	
HEAVY CREAM	1900	36.00	50.00	\$ 2.0706			\$ 2.1021	\$ 1.1276	\$ 0.8511	\$ 0.7477	\$ 0.5468	
SOUR CREAM	1600	0.00	29.99	\$ 1.9078	\$0.8967 / LB.		\$ 1.8996	\$ 0.9786	\$ 0.7389	\$ 0.6202	\$ 0.4946	

- /1/ DEDUCT \$0.06 IF SOLD IN REUSABLE CONTAINER WITH A 50 CENT DEPOSIT.
- /2/ DEDUCT \$0.04 IF SOLD IN REUSABLE CONTAINER WITH A 40 CENT DEPOSIT.
- /3/ MIXED MILK PRICES:
 - 3/8 OZ. - \$ 0.0212 Case of 400 = \$ 8.48
 - 1/2 OZ. - \$ 0.0281 Case of 300 = \$ 8.43
- /4/ ADD \$ 0.0446 WHEN SOLD IN RIGID PLASTIC CONTAINERS

AREA 2

PENNSYLVANIA MILK MARKETING BOARD
 EAST CENTRAL MILK MARKETING AREA
 MINIMUM RETAIL OUT-OF-STORE (CASH AND CARRY)
 SCHEDULE II /3/

June 2008

OGO A-953

DESCRIPTION	PRODUCT CODE	BUTTERFAT % RANGE		BULK PER QT. EQUIV.	NON-RETURNABLE							
		LOW	HIGH		/1/ GAL.	/2/ 1/2 GAL.	QUART	PINT	12 OZ.	10 OZ.	/4/ 1/2 PT.	4 OZ.
STANDARD MILK	400	3.10	6.00	\$ 0.98	\$ 3.77	\$ 1.94	\$ 1.01	\$ 0.57	\$ 0.43	\$ 0.40	\$ 0.27	\$ 0.18
REDUCED FAT MILK, 2% MILKFAT	800	1.50	3.09	\$ 0.95	\$ 3.64	\$ 1.87	\$ 0.97	\$ 0.56	\$ 0.42	\$ 0.39	\$ 0.26	\$ 0.17
LOWFAT MILK, 1% MILKFAT	900	0.50	1.49	\$ 0.92	\$ 3.52	\$ 1.82	\$ 0.95	\$ 0.54	\$ 0.41	\$ 0.38	\$ 0.26	\$ 0.17
NONFAT MILK	1200	0.00	0.49	\$ 0.89	\$ 3.43	\$ 1.77	\$ 0.92	\$ 0.53	\$ 0.40	\$ 0.37	\$ 0.25	\$ 0.17
FLAVORED MILK	500	3.10	6.00	\$ 0.99	\$ 3.83	\$ 1.97	\$ 1.02	\$ 0.58	\$ 0.44	\$ 0.41	\$ 0.27	\$ 0.18
FLAVORED REDUCED FAT MILK	600	0.00	3.09	\$ 0.93	\$ 3.58	\$ 1.84	\$ 0.96	\$ 0.55	\$ 0.42	\$ 0.38	\$ 0.26	\$ 0.17
BUTTERMILK	1000	0.00	6.00	\$ 1.02	\$ 3.95	\$ 2.03	\$ 1.05	\$ 0.59	\$ 0.45	\$ 0.42	\$ 0.28	\$ 0.18
EGG NOG	510	0.00	17.99	\$ 1.36	\$ 5.27	\$ 2.70	\$ 1.39	\$ 0.78	\$ 0.59	\$ 0.53	\$ 0.37	\$ 0.23
MIXED MILK	1500	6.01	17.99	\$ 1.19		\$ 2.36	\$ 1.22	\$ 0.69	\$ 0.52	\$ 0.47	\$ 0.33	
LIGHT CREAM	1700	18.00	29.99	\$ 1.46			\$ 1.49	\$ 0.83	\$ 0.63	\$ 0.56	\$ 0.40	
MEDIUM CREAM	1800	30.00	35.99	\$ 1.81			\$ 1.85	\$ 1.00	\$ 0.76	\$ 0.67	\$ 0.49	
HEAVY CREAM	1900	36.00	50.00	\$ 2.08			\$ 2.11	\$ 1.13	\$ 0.86	\$ 0.75	\$ 0.55	
SOUR CREAM	1600	0.00	29.99	\$ 1.91			\$ 1.90	\$ 0.98	\$ 0.74	\$ 0.63	\$ 0.50	

- /1/ DEDUCT \$0.06 IF SOLD IN REUSABLE CONTAINER WITH A 50 CENT DEPOSIT.
- /2/ DEDUCT \$0.04 IF SOLD IN REUSABLE CONTAINER WITH A 40 CENT DEPOSIT.
- /3/ ADD \$0.04 PER QUART FOR HOME-DELIVERED MILK.
- /4/ ADD \$ 0.05 WHEN SOLD IN RIGID PLASTIC CONTAINERS

PENNSYLVANIA MILK MARKETING BOARD

MILK MARKETING AREA 2

Diesel Fuel Costs Adjustment

Update of Diesel Fuel Costs from Year 2006 to May 2008

1. Weighted Diesel Fuel Costs - Year 2006	\$	699,510
2. Average On-Highway Diesel Price per Gallon - Year 2006 ⁽¹⁾	\$	2.8084
3. On-Highway Diesel Price per Gallon - May 2008 ⁽¹⁾	\$	4.4578
4. Percent Increase In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		58.73%
5. Presumed Diesel Fuel Costs - May 2008 ((Line 1 X Line 4) + Line 1)	\$	<u>1,110,339</u>
6. Increase in Diesel Fuel Costs from Year 2006 to May 2008 (Line 5 - Line 1)	\$	410,829
7. Weighted Delivery Points - Year 2006		<u>94,408,634</u>
8. Diesel Fuel Costs Increase per Delivery Point (Line 6 ÷ Line 7)	\$	<u>0.0044</u>

Central Atlantic region

5/19/2008	\$	4.6820
5/12/2008	\$	4.5160
5/5/2008	\$	4.3450
4/28/2008	\$	4.3760
4/21/2008	\$	4.3700
avg.	\$	4.4578

Footnote:

1. 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 2

Heating Fuel Costs Adjustment

Update of Heating Fuel Costs from Year 2006 to February 2008

1. Weighted Heating Fuel Costs - Year 2006	\$	213,612
2. Pennsylvania Average Natural Gas Price - Industrial - Year 2006 ⁽¹⁾	\$	11.67
3. Pennsylvania Average Natural Gas Price - Industrial - February 2008 ⁽¹⁾	\$	12.74
4. Percent Increase In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		9.17%
5. Presumed Heating Fuel Costs - February 2008 ((Line 1 X Line 4) + Line 1)	<u>\$</u>	<u>233,200</u>
6. Increase in Heating Fuel Costs from Year 2006 to February 2008 (Line 5 - Line 1)	\$	19,588
7. Weighted Standardization & Pasteurization (S&P) Points - Year 2006		<u>99,632,837</u>
8. Heating Fuel Costs Increase per S&P Point (Line 6 ÷ Line 7)	<u>\$</u>	<u>0.0002</u>

Footnote:

1. Source: Pennsylvania Natural Gas Industrial Price per Energy Information Administration website.
web address = <http://tonto.eia.doe.gov/dnav/ng/hist/n3035pa3m.htm>