



Commonwealth of Pennsylvania
Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110-9408

717/787-4194
Fax 717/783-6492

WEB SITE: <http://www.mmb.pa.gov>

E-mail: ra-pmmb@pa.gov

Official General
Order No. A-993

Posted: January 6, 2016
Effective: February 1, 2016

**ORDER ESTABLISHING MINIMUM PRICES FOR MILK
AND MILK PRODUCTS IN THE SOUTHEASTERN MILK
MARKETING AREA, AREA NO. 1, AND OTHERWISE
REGULATING THE MARKETING AND DISTRIBUTION OF
MILK AND MILK PRODUCTS IN AREA NO. 1**

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all parts of Milk Marketing Board official general orders inconsistent with this Official General Order No. A-993 are superseded with respect to the Southeastern Milk Marketing Area, known as Milk Marketing Area No. 1. This order will become effective at 12:01 a.m. on February 1, 2016.

**SECTION A
SCOPE; INCORPORATION**

- (a) This official general order governs the sale and distribution of milk in Area No. 1, as defined in section B.
- (b) The attached Findings of Fact, Conclusions of Law, 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. 1 - All municipalities, cities, boroughs and townships located within the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia.

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.

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 PAYMENTS TO PRODUCERS

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

SECTION F RESALE PRICES

PROVISION 1 – MINIMUM RESALE PRICES

Subject to the remaining provisions of this section, the minimum wholesale and retail prices for Class I or II price-controlled packaged products sold or made available in Area 1 by persons other than producers shall be as set forth in Subsections (a) – (f). Wholesale sales and retail sales in any other milk marketing area shall be in accordance with the prices established for that area.

(a) The minimum price of 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:

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

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

- (A) Equipment owned or leased and personnel employed by the purchaser; or
- (B) 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:

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

(b) 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.

(c) 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.

(d) The minimum retail home-delivered prices prescribed in Schedule II, footnote 4 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 (c).

(e) Any special fees, assessments, or other charges imposed on milk dealers by Pennsylvania or the federal government will be recognized in the computation of resale prices

for Area 1, 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, and PROVIDED further that these fees, assessments, or other charges are not currently recognized in the computation of resale prices for Area 1.

(f) 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. 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.

C. Add together the raw product cost per container calculated in (f)1.B., 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.

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

E. 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 most prevalent in the marketplace 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 – EXEMPTIONS FROM BULK 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, 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 person making a wholesale sale of Class I or II price-controlled packaged products for resale or use in Area 1 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) 4% if the weekly average delivery to an individual stop is at least 400 quarts;
- (2) 7% if the weekly average delivery to an individual stop is at least 700 quarts;
- (3) 13% if the weekly average delivery to an individual stop is at least 1,200 quarts;

PROVIDED that Subsections (b) through (d) of this Provision are complied with.

(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.

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) Each store receives an average of 400 quarts of Class I or II price-controlled packaged products per delivery; and
- (4) 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.

(5) 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) 4% if the average number of quarts per delivery for each store within the qualified multi-store group is at least 400 quarts.

(2) 7% if the average number of quarts per delivery for each store within the qualified multi-store group is at least 700 quarts.

(3) 13% if the average number of quarts per delivery for each store within the qualified multi-store group is at least 1,200 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 for resale in the original package 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, for resale in the original package, 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 5, Subsection (a), Paragraph (5), 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 by an additional:

(1) 1% of the total amount due prior to the application of the discount set forth in Provision 7 if total deliveries to the multi-store group are in excess of 10,000 quarts per week; or

(2) 2% of the total amount due prior to the application of the discount set forth in Provision 7 if total deliveries to the multi-store group are in excess of 100,000 quarts per week.

(b) 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 – SCHOOL DISCOUNT

(a) A person making a wholesale sale of Class I or Class II price-controlled packaged products to a school district may reduce Board-mandated minimum prices by 18%, coupled with a stop charge equivalent to the 12-month moving average cost shown on the monthly price schedule for Area No. 1, if the weekly delivery to schools within the school district is at least 50,000 quarts of price-controlled packaged products. A seller may consider only its own sales and not sales by others in determining whether a school district meets the volume requirement for the 18% plus stop charge discount.

(b) A person making a wholesale sale of Class I or Class II price-controlled packaged products to a school may reduce Board-mandated minimum prices by:

- (1) 4% if the weekly average delivery to the purchasing school is at least 275 quarts;
- (2) 7% if the weekly average delivery to the purchasing school is at least 700 quarts, and the school satisfies the requirements set out in Section F, Provision 6; and
- (3) 13% if the weekly average delivery to the purchasing school is at least 1,200 quarts, and the school satisfies the requirements set out in Section F, Provision 6.

(c) A person may apply the discounts provided for in section (a) or section (b) of this Provision but not both.

(d) A person making a delivery to which the 4% discount set out in Subsection (b)(1) applies may provide one or more of the following services:

- (i) taking the delivered products from the school dock to the dairy case or cooler;
- (ii) removing leakers and defective products;
- (iii) rotating cases or stock within the dairy case or cooler.

The purchasing school is responsible for any further handling of the products; the seller may not provide any other service listed in the definition of “full service delivery” in Section B of this Order.

(e) As used in Subsection (b), “weekly average delivery” means the total number of quarts of Class I or Class II price-controlled packaged products delivered to an individual stop or picked up by the purchasing school for resale in the original package divided by the number of actual deliveries or pick-ups made from 12:01 a.m. on Monday to 12:00 midnight on the following Sunday. The seller may consider only its own sales and not sales by others in determining whether the purchasing school meets the volume requirement for a 13%, 7%, or 4% discount.

PROVISION 11 – DEALER AND SUBDEALER DISCOUNTS

(a) 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:

- (1) 15% if the buyer takes possession of 2,500 quarts of price-controlled packaged products at a single location per dealer as designated by the dealer or subdealer;
- (2) 19% if the buyer takes possession of 2,500 quarts of price-controlled packaged products at the plant where processed and packaged. All sales transacted under this Subsection must be recorded and priced in the home area of the processing dairy.

(b) The price reductions set forth in Subsection (a) 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 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 F, Provision 1, Subsection (a) to determine whether a trucking company is independent from the seller.

PROVISION 12 – DOCK PICK-UP DISCOUNT

(a) A milk dealer making a wholesale sale of Class I or II price-controlled packaged products may reduce the base wholesale prices by 21% if the buyer takes possession of 4,000 quarts of price-controlled packaged products at the plant where manufactured, or at a branch owned or controlled by a manufacturing dealer, or a location of a non-processing dealer, and does so using a refrigerated tractor trailer.

(b) The price reductions set forth in section (a) 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 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. The selling dealer must be independent from the trucking company utilized in the dock pick-up; and
- (3) The buyer places the order at least two business days before dock pick-up takes place.
- (4) The Board will use the criteria in OGO A-993, Section F, Provision 1(a) to determine whether a trucking company is independent from the selling dealer.

(c) For purposes of this Provision 12, “buyer” shall mean only “store,” as “store” is defined in section 103 of the Milk Marketing Law.

PROVISION 13 – 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 14 – 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. 1. 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

Luke F. Brubaker, Chairman

Lynda J. Bowman, Consumer Member

James A. Van Blarcom, Member

Date: January 6, 2016

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FINDINGS OF FACT AND CONCLUSIONS OF LAW
GENERA PRICE HEARING FOR MILK MARKETING AREA NO. 1

I. FINDINGS OF FACT

1. On December 2, 2015, the Pennsylvania Milk Marketing Board (“Board”) held a general price hearing for Milk Marketing Area No. 1.

2. Notice of the hearing was published at 45 Pennsylvania Bulletin 6379 dated October 24, 2015. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1516, dated October 14, 2015. The hearing notice enumerated the scope of evidence that the Board would receive.

3. The dealer cross-section used by both Board Staff and the Area 1 Milk Dealers (“Dealers”), the only parties to present dealer cost information, consisted of Clover Farms Dairy Company, Tuscan/Lehigh Dairies, L.P. – Lansdale, Wawa Beverage Company, and Milk Industry Management Corporation t/a Balford Farms.

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 1. 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 1 milk dealers as an expert in milk cost accounting and cost accounting, testified that the dealer cross section processed, packaged, and delivered a majority of the fluid milk products in Area 1 and delivered to a range of customers in Area 1 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 1. 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 1.

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk regulation and cost accounting. Both Mr. Gojsovich and Mr. Herbein testified that the cross-section dealers incurred a cost of \$0.2907 per point for processing, packaging, and delivering milk in 2014. Based on this uncontradicted testimony, the Board finds that the cross section dealers incurred a cost of \$0.2907 per point for processing, packaging, and delivery, and further finds that \$0.2907 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Herbein testified to the following 2015 costs, based on year 2014 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0001/lb; Low Fat Milk - \$0.0001/lb; Nonfat Milk - \$0.0001/lb; Flavored Milk - \$0.0420/lb; Flavored Reduced Fat Milk - \$0.0319/lb; Flavored Nonfat Milk - \$0.0245; Buttermilk - \$0.0060/lb; Egg Nog - \$0.1118/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 for shrinkage and sales of bulk products of \$0.0042 per pound. Based on the uncontradicted and concurring testimony, the Board finds that the cost for shrinkage and sales of bulk products to be used in this order should be \$0.0042 per pound.

8. Mr. Gojsovich and Mr. Herbein presented concurring evidence regarding the cost update for labor, insurance, and utility costs of \$0.0133 per point between the first halves of 2014 and 2015. The Board finds that \$0.0133 per point should be used in this order.

9. Mr. Gojsovich and Mr. Herbein recommended that the area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in diesel fuel costs continue in Area 1. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 8 and attached to this order as Attachment 1.

10. Mr. Gojsovich and Mr. Herbein recommended that the area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in heating fuel costs continue in Area 1. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 9 and attached to this order as Attachment 2.

11. Based on the concurring container costs evidence presented by Mr. Gojsovich and Mr. Herbein, the Board finds that the following base container costs should be adopted for this order: Gallon - \$0.1568; Half Gallon (combined) - \$0.1214; Quart (combined) - \$0.1088; Pint - \$0.0853; Half Pint (paper) - \$0.0229; Half Pint (plastic) - \$0.0645; 12 Ounce - \$0.0361; 10 Ounce - \$0.0301; 4 Ounce - \$0.0220; Bulk Per Quart (Dispenser) - \$0.0517. Both Mr. Gojsovich and Mr. Herbein testified that container costs should continue to be updated monthly; the Board agrees and finds that container costs should continue to be updated monthly. The Board also finds that the container shrinkage factors should continue to be utilized to calculate container costs.

Mr. Gojsovich and Mr. Herbein testified that a blended (or combined) container cost be used for products sold in containers that are available in both paper and plastic, except for half pint containers. They both also recommended that minimum resale prices for products sold in half pint containers should be calculated using the paper container cost for products sold in paper containers and by applying a plastic add-on for products sold in rigid plastic containers. The Board finds that the blended container concept should continue to be used, except for half pint containers. The Board finds that minimum resale prices for products sold in paper half pint containers should be calculated using the paper container cost and that minimum resale prices for products sold in rigid plastic containers should be calculated by applying a plastic add-on to the paper container cost. The Board further finds that the base plastic add-on is \$0.0416 and that the add-on should be adjusted monthly based on the monthly container cost surveys.

12. No party presented evidence regarding Class II products. Mr. Herbein recommended that the Board continue using the existing methodology to price Class II products. 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.

13. Mr. Herbein testified that the milk dealer rate of return should remain at 3.4%. There was no testimony to the contrary. Therefore, the Board finds that the milk dealer rate of return should remain at 3.4%.

14. Thomas J. Price testified on behalf of the Pennsylvania Food Merchants Association as an expert in retail store accounting and dairy in-store handling costs. Mr. Price recommended that the retail rate of return remain unchanged and that the Board continue to utilize the monthly CPI adjustment to minimum retail prices. The Board finds that the retail rate of return should remain at 2.5% and that the monthly CPI adjustment should remain in place.

15. Mr. Gojsovich and Mr. Herbein testified that with the exception of changing the cross section to add Clover Farms Dairy Company and remove HP Hood LLC – Hatfield, and updating wholesale and retail costs to replace current costs, all provisions of Official General Order A-951 as modified by any other applicable orders should remain unchanged and in effect.

The Board generally agrees with this uncontradicted and concurring testimony. The instant order, Official General Order A-993, replaces Official General Order A-951. Other official general orders modifying OGO A-951 remain in effect.

II. CONCLUSIONS OF LAW

1. The December 2, 2015, general price hearing for Milk Marketing Area No. 1 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. The record of the Milk Marketing Area No. 6 order held on December 2, 2015, was incorporated into the record of the Area 1 hearing by reference.

6. 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

Luke F. Brubaker, Chairman

Lynda J. Bowman, Consumer Member

James A. Van Blarcom, Member

Date: January 6, 2016

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).

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**Diesel Fuel Costs Adjustment
Update of Diesel Fuel Costs from YEAR 2014 to SEPTEMBER 2015**

1. Weighted Diesel Fuel Costs - YEAR 2014	\$	2,796,473
2. Average On-Highway Diesel Price per Gallon - YEAR 2014 ⁽¹⁾	\$	3.987
3. On-Highway Diesel Price per Gallon - SEPTEMBER 2015 ⁽¹⁾	\$	2.680
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		-32.78%
5. Presumed Diesel Fuel Costs - SEPTEMBER 2015 ((Line 1 X Line 4) + Line 1)	\$	<u>1,879,746</u>
6. Change in Diesel Fuel Costs from YEAR 2014 to SEPTEMBER 2015 (Line 5 - Line 1)	\$	(916,727)
7. Weighted Delivery Points - YEAR 2014		<u>197,553,325</u>
8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)	\$	<u>(0.0046)</u>

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 1**

**Heating Fuel Costs Adjustment
Update of Heating Fuel Costs from YEAR 2014 to JULY 2015**

1. Weighted Heating Fuel Costs - YEAR 2014	\$	185,977
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2014 ⁽¹⁾	\$	10.19
3. Pennsylvania Average Natural Gas Price - Industrial - JULY 2015 ⁽¹⁾	\$	10.81
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		6.08%
5. Presumed Heating Fuel Costs - JULY 2015 ((Line 1 X Line 4) + Line 1)	<u>\$</u>	<u>197,284</u>
6. Change in Heating Fuel Costs from YEAR 2014 to JULY 2015 (Line 5 - Line 1)	\$	11,307
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2014		<u>201,330,214</u>
8. Change in Heating Fuel Costs per S&P Point (Line 6 ÷ Line 7)	<u>\$</u>	<u>0.0001</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>

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**MILK COSTS BEFORE PACKAGING
NOVEMBER 2015 MILK PRICES**

	Class I
Skim Rate	\$ 11.84
Butterfat Rate	\$ 2.9275

Product Description	A	B	C	D	E	F	G	H	I	J	K
	Product Pounds	Pounds	(B ÷ A)	(A - B)	(B × BF Rate)	(D × Skim Rate)	(E + F)	(G ÷ A)	(EX. 4)	(EX. 5)	(H + I + J)
			Butterfat Percentage	Skim Pounds	Butterfat Value	Skim Value	Total Value	Cost per Pound	Ingredient Cost	Bulk Sale (Profit)/Loss	Total Cost per Pound
Standard Milk	87,794,063	2,896,898	3.2997%	84,897,165	\$ 8,480,669	\$ 10,051,824	\$ 18,532,493	\$ 0.2111	\$ -	\$ 0.0042	\$ 0.2153
Reduced Fat (2%) Milk	71,243,918	1,388,175	1.9485%	69,855,743	\$ 4,063,882	\$ 8,270,920	\$ 12,334,802	\$ 0.1731	\$ 0.0001	\$ 0.0042	\$ 0.1774
Low Fat (1%) Milk	42,244,212	405,038	0.9588%	41,839,174	\$ 1,185,749	\$ 4,953,758	\$ 6,139,507	\$ 0.1453	\$ 0.0001	\$ 0.0042	\$ 0.1496
Non Fat (Skim) Milk	33,845,676	38,972	0.1151%	33,806,704	\$ 114,091	\$ 4,002,714	\$ 4,116,805	\$ 0.1216	\$ 0.0001	\$ 0.0042	\$ 0.1259
Flavored Milk	212,388	6,903	3.2502%	205,485	\$ 20,209	\$ 24,329	\$ 44,538	\$ 0.2097	\$ 0.0420	\$ 0.0042	\$ 0.2559
Flavored Reduced Fat Milk	10,085,299	106,828	1.0592%	9,978,471	\$ 312,739	\$ 1,181,451	\$ 1,494,190	\$ 0.1482	\$ 0.0319	\$ 0.0042	\$ 0.1843
Flavored NONFAT Milk	15,843,526	19,336	0.1220%	15,824,190	\$ 56,606	\$ 1,873,584	\$ 1,930,190	\$ 0.1218	\$ 0.0245	\$ 0.0042	\$ 0.1505
Buttermilk	1,356,318	26,799	1.9759%	1,329,519	\$ 78,454	\$ 157,415	\$ 235,869	\$ 0.1739	\$ 0.0060	\$ 0.0042	\$ 0.1841
Egg Nog	530,964	36,599	6.8929%	494,365	\$ 107,144	\$ 58,533	\$ 165,677	\$ 0.3120	\$ 0.1118	\$ 0.0042	\$ 0.4280

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**WHOLESALE PRICE BUILDUP
NOVEMBER 2015 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	
STANDARD (WHOLE) MILK	Gallon	\$ 1.8516	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 3.1285	\$ 0.1101	\$ 3.2386	\$ (0.5068)	\$ 1.0552	\$ 3.7870
	1/2 Gallon	\$ 0.9258	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.5972	\$ 0.0562	\$ 1.6534	\$ (0.2534)	\$ 0.5276	\$ 1.9276
	Quart	\$ 0.4629	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.8924	\$ 0.0314	\$ 0.9238	\$ (0.1267)	\$ 0.2638	\$ 1.0609
	Pint	\$ 0.2314	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.5373	\$ 0.0189	\$ 0.5562	\$ (0.0634)	\$ 0.1319	\$ 0.6247
	12 Ounce	\$ 0.1736	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3699	\$ 0.0130	\$ 0.3829	\$ (0.0475)	\$ 0.0989	\$ 0.4343
	10 Ounce	\$ 0.1447	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.3047	\$ 0.0107	\$ 0.3154	\$ (0.0396)	\$ 0.0824	\$ 0.3582
	1/2 Pint	\$ 0.1157	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2437	\$ 0.0086	\$ 0.2523	\$ (0.0317)	\$ 0.0660	\$ 0.2866
	4 Ounce	\$ 0.0579	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1449	\$ 0.0051	\$ 0.1500	\$ (0.0158)	\$ 0.0330	\$ 0.1672
	Bulk per Quart	\$ 0.4629	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.8781	\$ 0.0309	\$ 0.9090	\$ (0.1267)	\$ 0.2638	\$ 1.0461
REDUCED FAT (2%) MILK	Gallon	\$ 1.5292	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.8061	\$ 0.0988	\$ 2.9049	\$ (0.5068)	\$ 1.0552	\$ 3.4533
	1/2 Gallon	\$ 0.7646	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.4360	\$ 0.0505	\$ 1.4865	\$ (0.2534)	\$ 0.5276	\$ 1.7607
	Quart	\$ 0.3823	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.8118	\$ 0.0286	\$ 0.8404	\$ (0.1267)	\$ 0.2638	\$ 0.9775
	Pint	\$ 0.1911	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.4970	\$ 0.0175	\$ 0.5145	\$ (0.0634)	\$ 0.1319	\$ 0.5830
	12 Ounce	\$ 0.1434	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3397	\$ 0.0120	\$ 0.3517	\$ (0.0475)	\$ 0.0989	\$ 0.4031
	10 Ounce	\$ 0.1195	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2795	\$ 0.0098	\$ 0.2893	\$ (0.0396)	\$ 0.0824	\$ 0.3321
	1/2 Pint	\$ 0.0956	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2236	\$ 0.0079	\$ 0.2315	\$ (0.0317)	\$ 0.0660	\$ 0.2658
	4 Ounce	\$ 0.0478	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1348	\$ 0.0047	\$ 0.1395	\$ (0.0158)	\$ 0.0330	\$ 0.1567
	Bulk per Quart	\$ 0.3823	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.7975	\$ 0.0281	\$ 0.8256	\$ (0.1267)	\$ 0.2638	\$ 0.9627
LOW FAT (1%) MILK	Gallon	\$ 1.2896	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.5665	\$ 0.0903	\$ 2.6568	\$ (0.5068)	\$ 1.0552	\$ 3.2052
	1/2 Gallon	\$ 0.6448	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.3162	\$ 0.0463	\$ 1.3625	\$ (0.2534)	\$ 0.5276	\$ 1.6367
	Quart	\$ 0.3224	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.7519	\$ 0.0265	\$ 0.7784	\$ (0.1267)	\$ 0.2638	\$ 0.9155
	Pint	\$ 0.1612	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.4671	\$ 0.0164	\$ 0.4835	\$ (0.0634)	\$ 0.1319	\$ 0.5520
	12 Ounce	\$ 0.1209	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3172	\$ 0.0112	\$ 0.3284	\$ (0.0475)	\$ 0.0989	\$ 0.3798
	10 Ounce	\$ 0.1007	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2607	\$ 0.0092	\$ 0.2699	\$ (0.0396)	\$ 0.0824	\$ 0.3127
	1/2 Pint	\$ 0.0806	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2086	\$ 0.0073	\$ 0.2159	\$ (0.0317)	\$ 0.0660	\$ 0.2502
	4 Ounce	\$ 0.0403	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1273	\$ 0.0045	\$ 0.1318	\$ (0.0158)	\$ 0.0330	\$ 0.1490
	Bulk per Quart	\$ 0.3224	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.7376	\$ 0.0260	\$ 0.7636	\$ (0.1267)	\$ 0.2638	\$ 0.9007
NON FAT (SKIM) MILK	Gallon	\$ 1.0865	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.3634	\$ 0.0832	\$ 2.4466	\$ (0.5068)	\$ 1.0552	\$ 2.9950
	1/2 Gallon	\$ 0.5433	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.2147	\$ 0.0428	\$ 1.2575	\$ (0.2534)	\$ 0.5276	\$ 1.5317
	Quart	\$ 0.2716	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.7011	\$ 0.0247	\$ 0.7258	\$ (0.1267)	\$ 0.2638	\$ 0.8629
	Pint	\$ 0.1358	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.4417	\$ 0.0155	\$ 0.4572	\$ (0.0634)	\$ 0.1319	\$ 0.5257
	12 Ounce	\$ 0.1019	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.2982	\$ 0.0105	\$ 0.3087	\$ (0.0475)	\$ 0.0989	\$ 0.3601
	10 Ounce	\$ 0.0849	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2449	\$ 0.0086	\$ 0.2535	\$ (0.0396)	\$ 0.0824	\$ 0.2963
	1/2 Pint	\$ 0.0679	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.1959	\$ 0.0069	\$ 0.2028	\$ (0.0317)	\$ 0.0660	\$ 0.2371
	4 Ounce	\$ 0.0340	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1210	\$ 0.0043	\$ 0.1253	\$ (0.0158)	\$ 0.0330	\$ 0.1425
	Bulk per Quart	\$ 0.2716	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.6868	\$ 0.0242	\$ 0.7110	\$ (0.1267)	\$ 0.2638	\$ 0.8481

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0022 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**WHOLESALE PRICE BUILDUP
NOVEMBER 2015 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$ 2.0472	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 3.3241	\$ 0.1170	\$ 3.4411	\$ (0.5068)	\$ 1.0552	\$ 3.9895
	1/2 Gallon	\$ 1.0236	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.6950	\$ 0.0597	\$ 1.7547	\$ (0.2534)	\$ 0.5276	\$ 2.0289
	Quart	\$ 0.5118	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.9413	\$ 0.0331	\$ 0.9744	\$ (0.1267)	\$ 0.2638	\$ 1.1115
	Pint	\$ 0.2559	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.5618	\$ 0.0198	\$ 0.5816	\$ (0.0634)	\$ 0.1319	\$ 0.6501
	12 Ounce	\$ 0.1919	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3882	\$ 0.0137	\$ 0.4019	\$ (0.0475)	\$ 0.0989	\$ 0.4533
	10 Ounce	\$ 0.1599	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.3199	\$ 0.0113	\$ 0.3312	\$ (0.0396)	\$ 0.0824	\$ 0.3740
	1/2 Pint	\$ 0.1280	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2560	\$ 0.0090	\$ 0.2650	\$ (0.0317)	\$ 0.0660	\$ 0.2993
	4 Ounce	\$ 0.0640	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1510	\$ 0.0053	\$ 0.1563	\$ (0.0158)	\$ 0.0330	\$ 0.1735
	Bulk per Quart	\$ 0.5118	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.9270	\$ 0.0326	\$ 0.9596	\$ (0.1267)	\$ 0.2638	\$ 1.0967
REDUCED FAT FLAVORED MILK	Gallon	\$ 1.4744	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.7513	\$ 0.0968	\$ 2.8481	\$ (0.5068)	\$ 1.0552	\$ 3.3965
	1/2 Gallon	\$ 0.7372	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.4086	\$ 0.0496	\$ 1.4582	\$ (0.2534)	\$ 0.5276	\$ 1.7324
	Quart	\$ 0.3686	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.7981	\$ 0.0281	\$ 0.8262	\$ (0.1267)	\$ 0.2638	\$ 0.9633
	Pint	\$ 0.1843	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.4902	\$ 0.0173	\$ 0.5075	\$ (0.0634)	\$ 0.1319	\$ 0.5760
	12 Ounce	\$ 0.1382	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3345	\$ 0.0118	\$ 0.3463	\$ (0.0475)	\$ 0.0989	\$ 0.3977
	10 Ounce	\$ 0.1152	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2752	\$ 0.0097	\$ 0.2849	\$ (0.0396)	\$ 0.0824	\$ 0.3277
	1/2 Pint	\$ 0.0922	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2202	\$ 0.0078	\$ 0.2280	\$ (0.0317)	\$ 0.0660	\$ 0.2623
	4 Ounce	\$ 0.0461	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1331	\$ 0.0047	\$ 0.1378	\$ (0.0158)	\$ 0.0330	\$ 0.1550
	Bulk per Quart	\$ 0.3686	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.7838	\$ 0.0276	\$ 0.8114	\$ (0.1267)	\$ 0.2638	\$ 0.9485
NONFAT FLAVORED MILK	Gallon	\$ 1.2040	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.4809	\$ 0.0873	\$ 2.5682	\$ (0.5068)	\$ 1.0552	\$ 3.1166
	1/2 Gallon	\$ 0.6020	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.2734	\$ 0.0448	\$ 1.3182	\$ (0.2534)	\$ 0.5276	\$ 1.5924
	Quart	\$ 0.3010	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.7305	\$ 0.0257	\$ 0.7562	\$ (0.1267)	\$ 0.2638	\$ 0.8933
	Pint	\$ 0.1505	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.4564	\$ 0.0161	\$ 0.4725	\$ (0.0634)	\$ 0.1319	\$ 0.5410
	12 Ounce	\$ 0.1129	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3092	\$ 0.0109	\$ 0.3201	\$ (0.0475)	\$ 0.0989	\$ 0.3715
	10 Ounce	\$ 0.0941	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2541	\$ 0.0089	\$ 0.2630	\$ (0.0396)	\$ 0.0824	\$ 0.3058
	1/2 Pint	\$ 0.0753	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2033	\$ 0.0072	\$ 0.2105	\$ (0.0317)	\$ 0.0660	\$ 0.2448
	4 Ounce	\$ 0.0376	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1246	\$ 0.0044	\$ 0.1290	\$ (0.0158)	\$ 0.0330	\$ 0.1462
	Bulk per Quart	\$ 0.3010	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.7162	\$ 0.0252	\$ 0.7414	\$ (0.1267)	\$ 0.2638	\$ 0.8785
BUTTERMILK	Gallon	\$ 1.5869	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 2.8638	\$ 0.1008	\$ 2.9646	\$ (0.5068)	\$ 1.0552	\$ 3.5130
	1/2 Gallon	\$ 0.7935	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 1.4649	\$ 0.0516	\$ 1.5165	\$ (0.2534)	\$ 0.5276	\$ 1.7907
	Quart	\$ 0.3967	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 0.8262	\$ 0.0291	\$ 0.8553	\$ (0.1267)	\$ 0.2638	\$ 0.9924
	Pint	\$ 0.1984	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.5043	\$ 0.0177	\$ 0.5220	\$ (0.0634)	\$ 0.1319	\$ 0.5905
	12 Ounce	\$ 0.1488	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.3451	\$ 0.0121	\$ 0.3572	\$ (0.0475)	\$ 0.0989	\$ 0.4086
	10 Ounce	\$ 0.1240	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.2840	\$ 0.0100	\$ 0.2940	\$ (0.0396)	\$ 0.0824	\$ 0.3368
	1/2 Pint	\$ 0.0992	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.2272	\$ 0.0080	\$ 0.2352	\$ (0.0317)	\$ 0.0660	\$ 0.2695
	4 Ounce	\$ 0.0496	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1366	\$ 0.0048	\$ 0.1414	\$ (0.0158)	\$ 0.0330	\$ 0.1586
	Bulk per Quart	\$ 0.3967	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 0.8119	\$ 0.0286	\$ 0.8405	\$ (0.1267)	\$ 0.2638	\$ 0.9776

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0022 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**WHOLESALE PRICE BUILDUP
NOVEMBER 2015 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	
EGG NOG	Gallon	\$ 3.4240	\$ 0.1597	\$ 0.0264	\$ (0.0720)	\$ 1.1628	\$ 4.7009	\$ 0.1655	\$ 4.8664	\$ (0.5068)	\$ 1.0552	\$ 5.4148
	1/2 Gallon	\$ 1.7120	\$ 0.1223	\$ 0.0132	\$ (0.0455)	\$ 0.5814	\$ 2.3834	\$ 0.0839	\$ 2.4673	\$ (0.2534)	\$ 0.5276	\$ 2.7415
	Quart	\$ 0.8560	\$ 0.1070	\$ 0.0066	\$ 0.0252	\$ 0.2907	\$ 1.2855	\$ 0.0452	\$ 1.3307	\$ (0.1267)	\$ 0.2638	\$ 1.4678
	Pint	\$ 0.4280	\$ 0.0809	\$ 0.0033	\$ 0.0763	\$ 0.1454	\$ 0.7339	\$ 0.0258	\$ 0.7597	\$ (0.0634)	\$ 0.1319	\$ 0.8282
	12 Ounce	\$ 0.3210	\$ 0.0361	\$ 0.0025	\$ 0.0487	\$ 0.1090	\$ 0.5173	\$ 0.0182	\$ 0.5355	\$ (0.0475)	\$ 0.0989	\$ 0.5869
	10 Ounce	\$ 0.2675	\$ 0.0301	\$ 0.0021	\$ 0.0370	\$ 0.0908	\$ 0.4275	\$ 0.0150	\$ 0.4425	\$ (0.0396)	\$ 0.0824	\$ 0.4853
	1/2 Pint	\$ 0.2140	\$ 0.0268	\$ 0.0017	\$ 0.0268	\$ 0.0727	\$ 0.3420	\$ 0.0120	\$ 0.3540	\$ (0.0317)	\$ 0.0660	\$ 0.3883
	4 Ounce	\$ 0.1070	\$ 0.0223	\$ 0.0008	\$ 0.0276	\$ 0.0363	\$ 0.1940	\$ 0.0068	\$ 0.2008	\$ (0.0158)	\$ 0.0330	\$ 0.2180
	Bulk per Quart	\$ 0.8560	\$ 0.0524	\$ 0.0066	\$ 0.0655	\$ 0.2907	\$ 1.2712	\$ 0.0447	\$ 1.3159	\$ (0.1267)	\$ 0.2638	\$ 1.4530

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of -\$0.0022 per quart equivalent.

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1

RETAIL PRICE BUILDUP
NOVEMBER 2015 MILK PRICES

	A EX. 10	B	C	D	E (A+B+C+D)	
Container Size	Proposed Wholesale Price	Deepest Discount 15.00%	In-Store Handling \$ 0.1478	Store Profit 2.50%	Proposed Retail Price	
STANDARD (WHOLE) MILK	Gallon	\$ 3.7870	\$ (0.5681)	\$ 0.5912	\$ 0.0977	\$ 3.91
	1/2 Gallon	\$ 1.9276	\$ (0.2891)	\$ 0.2956	\$ 0.0496	\$ 1.98
	Quart	\$ 1.0609	\$ (0.1591)	\$ 0.1478	\$ 0.0269	\$ 1.08
	Pint	\$ 0.6247	\$ (0.0937)	\$ 0.0739	\$ 0.0155	\$ 0.63
	12 Ounce	\$ 0.4343	\$ (0.0651)	\$ 0.0554	\$ 0.0109	\$ 0.44
	10 Ounce	\$ 0.3582	\$ (0.0537)	\$ 0.0462	\$ 0.0090	\$ 0.36
	1/2 Pint	\$ 0.2866	\$ (0.0430)	\$ 0.0370	\$ 0.0072	\$ 0.29
	4 Ounce	\$ 0.1672	\$ (0.0251)	\$ 0.0185	\$ 0.0041	\$ 0.18
	Bulk per Quart	\$ 1.0461	\$ (0.1569)	\$ 0.1478	\$ 0.0266	\$ 1.06
REDUCED FAT (2%) MILK	Gallon	\$ 3.4533	\$ (0.5180)	\$ 0.5912	\$ 0.0904	\$ 3.62
	Half Gallon	\$ 1.7607	\$ (0.2641)	\$ 0.2956	\$ 0.0460	\$ 1.84
	Quart	\$ 0.9775	\$ (0.1466)	\$ 0.1478	\$ 0.0251	\$ 1.00
	Pint	\$ 0.5830	\$ (0.0875)	\$ 0.0739	\$ 0.0146	\$ 0.59
	12 Ounce	\$ 0.4031	\$ (0.0605)	\$ 0.0554	\$ 0.0102	\$ 0.41
	10 Ounce	\$ 0.3321	\$ (0.0498)	\$ 0.0462	\$ 0.0084	\$ 0.34
	Half Pint	\$ 0.2658	\$ (0.0399)	\$ 0.0370	\$ 0.0067	\$ 0.27
	4 Ounce	\$ 0.1567	\$ (0.0235)	\$ 0.0185	\$ 0.0039	\$ 0.16
	Bulk per Quart	\$ 0.9627	\$ (0.1444)	\$ 0.1478	\$ 0.0248	\$ 0.99
LOWFAT (1%) MILK	Gallon	\$ 3.2052	\$ (0.4808)	\$ 0.5912	\$ 0.0850	\$ 3.40
	Half Gallon	\$ 1.6367	\$ (0.2455)	\$ 0.2956	\$ 0.0433	\$ 1.73
	Quart	\$ 0.9155	\$ (0.1373)	\$ 0.1478	\$ 0.0237	\$ 0.95
	Pint	\$ 0.5520	\$ (0.0828)	\$ 0.0739	\$ 0.0139	\$ 0.56
	12 Ounce	\$ 0.3798	\$ (0.0570)	\$ 0.0554	\$ 0.0097	\$ 0.39
	10 Ounce	\$ 0.3127	\$ (0.0469)	\$ 0.0462	\$ 0.0080	\$ 0.32
	Half Pint	\$ 0.2502	\$ (0.0375)	\$ 0.0370	\$ 0.0064	\$ 0.26
	4 Ounce	\$ 0.1490	\$ (0.0224)	\$ 0.0185	\$ 0.0037	\$ 0.15
	Bulk per Quart	\$ 0.9007	\$ (0.1351)	\$ 0.1478	\$ 0.0234	\$ 0.94
NONFAT (SKIM) MILK	Gallon	\$ 2.9950	\$ (0.4493)	\$ 0.5912	\$ 0.0804	\$ 3.22
	Half Gallon	\$ 1.5317	\$ (0.2298)	\$ 0.2956	\$ 0.0410	\$ 1.64
	Quart	\$ 0.8629	\$ (0.1294)	\$ 0.1478	\$ 0.0226	\$ 0.90
	Pint	\$ 0.5257	\$ (0.0789)	\$ 0.0739	\$ 0.0134	\$ 0.53
	12 Ounce	\$ 0.3601	\$ (0.0540)	\$ 0.0554	\$ 0.0093	\$ 0.37
	10 Ounce	\$ 0.2963	\$ (0.0444)	\$ 0.0462	\$ 0.0076	\$ 0.31
	Half Pint	\$ 0.2371	\$ (0.0356)	\$ 0.0370	\$ 0.0061	\$ 0.24
	4 Ounce	\$ 0.1425	\$ (0.0214)	\$ 0.0185	\$ 0.0036	\$ 0.15
	Bulk per Quart	\$ 0.8481	\$ (0.1272)	\$ 0.1478	\$ 0.0223	\$ 0.89

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 1**

**RETAIL PRICE BUILDUP
NOVEMBER 2015 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	
Container Size	Proposed Wholesale Price	Deepest Discount 15.00%	In-Store Handling \$ 0.1478	Store Profit 2.50%	Proposed Retail Price	
STANDARD (WHOLE) FLAVORED MILK	Gallon	\$ 3.9895	\$ (0.5984)	\$ 0.5912	\$ 0.1021	\$ 4.08
	Half Gallon	\$ 2.0289	\$ (0.3043)	\$ 0.2956	\$ 0.0518	\$ 2.07
	Quart	\$ 1.1115	\$ (0.1667)	\$ 0.1478	\$ 0.0280	\$ 1.12
	Pint	\$ 0.6501	\$ (0.0975)	\$ 0.0739	\$ 0.0161	\$ 0.66
	12 Ounce	\$ 0.4533	\$ (0.0680)	\$ 0.0554	\$ 0.0113	\$ 0.46
	10 Ounce	\$ 0.3740	\$ (0.0561)	\$ 0.0462	\$ 0.0093	\$ 0.38
	Half Pint	\$ 0.2993	\$ (0.0449)	\$ 0.0370	\$ 0.0075	\$ 0.30
	4 Ounce	\$ 0.1735	\$ (0.0260)	\$ 0.0185	\$ 0.0043	\$ 0.18
	Bulk per Quart	\$ 1.0967	\$ (0.1645)	\$ 0.1478	\$ 0.0277	\$ 1.11
REDUCED FAT FLAVORED MILK	Gallon	\$ 3.3965	\$ (0.5095)	\$ 0.5912	\$ 0.0892	\$ 3.57
	Half Gallon	\$ 1.7324	\$ (0.2599)	\$ 0.2956	\$ 0.0453	\$ 1.81
	Quart	\$ 0.9633	\$ (0.1445)	\$ 0.1478	\$ 0.0248	\$ 0.99
	Pint	\$ 0.5760	\$ (0.0864)	\$ 0.0739	\$ 0.0144	\$ 0.58
	12 Ounce	\$ 0.3977	\$ (0.0597)	\$ 0.0554	\$ 0.0101	\$ 0.40
	10 Ounce	\$ 0.3277	\$ (0.0492)	\$ 0.0462	\$ 0.0083	\$ 0.33
	Half Pint	\$ 0.2623	\$ (0.0393)	\$ 0.0370	\$ 0.0067	\$ 0.27
	4 Ounce	\$ 0.1550	\$ (0.0233)	\$ 0.0185	\$ 0.0039	\$ 0.17
	Bulk per Quart	\$ 0.9485	\$ (0.1423)	\$ 0.1478	\$ 0.0245	\$ 0.98
NONFAT FLAVORED MILK	Gallon	\$ 3.1166	\$ (0.4675)	\$ 0.5912	\$ 0.0831	\$ 3.32
	Half Gallon	\$ 1.5924	\$ (0.2389)	\$ 0.2956	\$ 0.0423	\$ 1.69
	Quart	\$ 0.8933	\$ (0.1340)	\$ 0.1478	\$ 0.0233	\$ 0.93
	Pint	\$ 0.5410	\$ (0.0812)	\$ 0.0739	\$ 0.0137	\$ 0.55
	12 Ounce	\$ 0.3715	\$ (0.0557)	\$ 0.0554	\$ 0.0095	\$ 0.38
	10 Ounce	\$ 0.3058	\$ (0.0459)	\$ 0.0462	\$ 0.0078	\$ 0.31
	Half Pint	\$ 0.2448	\$ (0.0367)	\$ 0.0370	\$ 0.0063	\$ 0.25
	4 Ounce	\$ 0.1462	\$ (0.0219)	\$ 0.0185	\$ 0.0037	\$ 0.15
	Bulk per Quart	\$ 0.8785	\$ (0.1318)	\$ 0.1478	\$ 0.0229	\$ 0.92
BUTTERMILK	Gallon	\$ 3.5130	\$ (0.5270)	\$ 0.5912	\$ 0.0917	\$ 3.67
	Half Gallon	\$ 1.7907	\$ (0.2686)	\$ 0.2956	\$ 0.0466	\$ 1.86
	Quart	\$ 0.9924	\$ (0.1489)	\$ 0.1478	\$ 0.0254	\$ 1.02
	Pint	\$ 0.5905	\$ (0.0886)	\$ 0.0739	\$ 0.0148	\$ 0.60
	12 Ounce	\$ 0.4086	\$ (0.0613)	\$ 0.0554	\$ 0.0103	\$ 0.41
	10 Ounce	\$ 0.3368	\$ (0.0505)	\$ 0.0462	\$ 0.0085	\$ 0.34
	Half Pint	\$ 0.2695	\$ (0.0404)	\$ 0.0370	\$ 0.0068	\$ 0.27
	4 Ounce	\$ 0.1586	\$ (0.0238)	\$ 0.0185	\$ 0.0039	\$ 0.16
	Bulk per Quart	\$ 0.9776	\$ (0.1466)	\$ 0.1478	\$ 0.0251	\$ 1.00
EGG NOG	Gallon	\$ 5.4148	\$ (0.8122)	\$ 0.5912	\$ 0.1332	\$ 5.42
	Half Gallon	\$ 2.7415	\$ (0.4112)	\$ 0.2956	\$ 0.0673	\$ 2.75
	Quart	\$ 1.4678	\$ (0.2202)	\$ 0.1478	\$ 0.0358	\$ 1.48
	Pint	\$ 0.8282	\$ (0.1242)	\$ 0.0739	\$ 0.0199	\$ 0.84
	12 Ounce	\$ 0.5869	\$ (0.0880)	\$ 0.0554	\$ 0.0142	\$ 0.60
	10 Ounce	\$ 0.4853	\$ (0.0728)	\$ 0.0462	\$ 0.0118	\$ 0.50
	Half Pint	\$ 0.3883	\$ (0.0582)	\$ 0.0370	\$ 0.0094	\$ 0.40
	4 Ounce	\$ 0.2180	\$ (0.0327)	\$ 0.0185	\$ 0.0052	\$ 0.23
	Bulk per Quart	\$ 1.4530	\$ (0.2180)	\$ 0.1478	\$ 0.0355	\$ 1.46