

# **AREA 5**

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

**MARCH 3, 2021**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

**INDEX OF REBUTTAL EXHIBITS**

**DFA Dairy Brands Fluid, LLC - Sharpville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms Inc., United Dairy Inc. (Martins Ferry, OH), United Dairy Inc. (Uniontown, PA)**

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**Ronald W. Mong, CPA**  
***Curriculum Vitae***

**EDUCATION**

Pennsylvania State University – B.S. Degree in Accounting, High Distinction (1977)

**EMPLOYMENT**

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

2003 to present

Senior Manager – Dairy Consulting

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

**Wilcox Farms, Inc., Roy, WA**

2001 – 2003

Director of Finance & Administration (CFO)

- Developed and implemented a Balanced Financial Scorecard
- Supervised and trained accounting, office, and information technology staff at multiple locations
- Negotiated innovative bank financing package that significantly lowered interest costs
- Successfully managed the financial, banking, and accounting aspects of a significant acquisition

**Herbein Consulting, Inc., Reading, PA**

1999 – 2001

Manager – Dairy Financial Consulting

- Performed a variety of financial consulting services to dairy processing plants of varying sizes, product lines, and locations
- Served as interim CFO for dairy companies during personnel transitions
- Developed content for the IDFA Dairy Cost Accounting workshops

**Ronald W. Mong, CPA**

**Schneider's Dairy, Inc., Pittsburgh, PA**

1996 – 1999

General Manager, Mong Dairy Division

- Profitably managed and grew an ice cream manufacturing and dairy distribution business
- Successfully managed transition from non-union to union workforce
- Effectively directed sales, purchasing, personnel, distribution, maintenance, and accounting functions

**Mong Dairy, Inc., Seneca, PA**

1990 – 1996

President

- Expanded market share and distribution area
- Increased product lines and installed new packaging line
- Effectively positioned company for sale

1979 – 1990

Vice President and Controller

- Selected, planned, and installed first computerized accounting system
- Successfully reorganized work to reduce office staff by 50%
- Increased sales with key accounts
- Developed and implemented financial reporting

**Arthur Andersen & Co., Pittsburgh, PA**

1977 – 1979

Senior Accountant

- Supervised audit and tax work for a variety of public and private clients

**PROFESSIONAL AND CIVIC ASSOCIATIONS AND DESIGNATIONS**

CPA – Commonwealth of Pennsylvania

Firm Member – Allinial Global

Member – American Institute of Certified Public Accountants (AICPA)

Member – Pennsylvania Institute of Certified Public Accountants (PICPA)

Board of Directors – Pennsylvania Association of Milk Dealers

Board of Directors, Secretary-Treasurer – National Ice Cream Mix Association

Board of Governors & Insurance Committee – Manufacturer's Association of Northwest Pennsylvania

Board of Directors – Oil City Area Chamber of Commerce

Board of Directors (charter) – MilkPEP

Chairman of the Board – Oil City Housing Authority

Submitted: February 19, 2021

**Ronald W. Mong, CPA**

**PROFESSIONAL AND CIVIC ASSOCIATIONS AND DESIGNATIONS (Cont'd)**

Board of Directors – Venango County United Way

Chairman of Administrative Board – Calvary United Methodist Church

Distinguished Service Award – Oil City Jaycees

**COURSES INSTRUCTED**

International Dairy Foods Association (IDFA) Dairy Cost Accounting Workshop – NOVEMBER 66, 2006

International Dairy Foods Association (IDFA) Dairy Cost Accounting Workshop – NOVEMBER 66, 2007

Dairylea Cooperative – Dairy Accounting 101 & 102 – May 2008

International Dairy Foods Association (IDFA) Dairy Cost Accounting Workshop – NOVEMBER 64, 2008

International Dairy Foods Association (IDFA) Dairy Cost Accounting Workshop – NOVEMBER 63, 2009

International Dairy Foods Association (IDFA) Dairy Cost Accounting Workshop – NOVEMBER 61-12, 2010

Dean Foods – Northeast Marketing Area Federal Order 1 – July 20-21, 2010

International Dairy Foods Association (IDFA) NEW Dairy Cost Accounting Workshop – NOVEMBER 61, 2011

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop – NOVEMBER 65-16, 2012

Farmland Dairy – Dairy Accounting Workshop – August 21-22, 2012

Wawa – Dairy Accounting Workshop – November 7, 2012

HP Hood – Dairy Accounting Workshop – February 12-13, 2013

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop – NOVEMBER 64-15, 2013

Saputo Dairy – Dairy Accounting Workshop – April 15, 2014

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop – May 20-21, 2014

Webinar – Intro to Dairy Product Costing – September 10, 2014

Webinar – Applying Dairy Product Costing to Finished Products – September 17, 2014

Webinar – Advanced Milk Accounting Topics – September 24, 2014

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop – NOVEMBER 12-13, 2015

Rutter's – Dairy Accounting Workshop – November 4, 2015

Dean Foods – Dairy Accounting Workshop – April 27, 2016

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop – November 16-17, 2016

Kemps LLC – Dairy Accounting Workshop – December 15, 2016

Byrne Dairy – Dairy Accounting Workshop – April 11-12, 2017

Submitted: February 19, 2021

## **Ronald W. Mong, CPA**

### **COURSES INSTRUCTED (Cont'd)**

International Dairy Foods Association (IDFA) Dairy Accounting & Finance Workshop –  
December 12-13, 2017  
Dean Foods – Dairy Accounting Workshop – January 10, 2018  
Webinar Series – California Federal Milk Marketing Order – September 13, 20, & 27, 2018  
Dairy Institute of California - Milk Pricing & Cost Accounting Workshop – October 17-18, 2018,  
October 24-25, 2018  
Readington Farms - Milk Pricing & Cost Accounting Workshop – January 14-15, 2019  
Maryland & Virginia Milk Producers Cooperative - Milk Pricing & Cost Accounting Workshop –  
January 31- February 1, 2019  
Johanna Foods- Milk Pricing & Cost Accounting Workshop – July 29-30, 2019  
Dairy Farmers of America- Milk Pricing & Cost Accounting Workshop – September 19-20, 2019

### **SPECIFIC DAIRY RELATED EXPERIENCE**

Considerable experience in implementing the prices and regulations of the Pennsylvania Milk Marketing Board; has presented sworn testimony in General Price Hearings.  
Extensive experience in costing, pricing, and marketing of milk, cultured products, and ice cream.  
Significant experience in production, distribution, and quality assurance of dairy products.  
Management experience includes both union and non-union environments.  
Great deal of experience in the installation and ongoing operation of the major computerized route accounting systems.  
Served on the Charter of Board of Directors of the National Fluid Milk Promotion Board (MilkPEP), the group that developed the now-famous “milk mustache” ads.

### **EXPERT WITNESS TESTIMONY**

Pennsylvania Milk Marketing Board – Expert Testimony – Over Price Premium Adjustment Hearing (hearing held February 2, 2005)  
Pennsylvania Milk Marketing Board – Expert Testimony – Area 5 and Area 6 Cost Replacement Hearings (hearings held on March 11, 2019)  
Pennsylvania Milk Marketing Board – Expert Testimony – Area 2 and Area 4 Cost Replacement Hearings (hearings held on April 3 and May 1, 2019)  
Pennsylvania Milk Marketing Board – Expert Testimony – Area 1 and Area 3 Cost Replacement Hearings (hearings held on May 1, 2019)  
Pennsylvania Milk Marketing Board – Expert Testimony – Over Price Premium Calculation Hearing (hearings held on August 5, 2020)  
Pennsylvania Milk Marketing Board – Expert Testimony – Cooperative Procurement Costs (hearings held on October 5, 2020)  
Pennsylvania Milk Marketing Board – Expert Testimony – Area 1, Area 2 and Area 4 Cost Replacement Hearings (hearings held on February 3, 2021)

Submitted: February 19, 2021

**REBUTTAL EXHIBIT D2**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

**PROCESSING, PACKAGING AND DELIVERY COSTS/POINT  
(WEIGHTED AVERAGE BASED ON SALES IN AREA 5)**

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

<b>Cost Center</b>	<b>Total 2019 Points in PMMB Area 5 (1)</b>	<b>Weighted Average 2019 Cost/Point (1)</b>
Receiving, lab and field work	174,237,040	\$ 0.0148
Standardization and pasteurization	182,293,090	0.0281
Bottling	191,984,102	0.0477
Cold room	209,938,156	0.0506
Delivery	207,520,169	0.1682
Selling	207,380,378	0.0306
		<u>\$ 0.3400</u>

(1) Reflects points (and related cost/point) for sales in PMMB Area 5 for the cross-section dealers.

REBUTTAL EXHIBIT D2-A

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

	2019 Weighted Average Cost/Point	2018 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0148	\$0.0156	(\$0.0008)
Standardization and pasteurization	0.0281	0.0272	0.0009
Bottling	0.0477	0.0476	0.0001
Cold room	0.0506	0.0481	0.0025
Delivery	0.1682	0.1629	0.0053
Selling	<u>0.0306</u>	<u>0.0346</u>	<u>(0.0040)</u>
Sub total	\$0.3400	\$0.3360	\$0.0040
Add:			
2020 Cost increase (decrease) adjustment - Exhibit D7			(0.0033)
Less:			
2019 Cost (increase) decrease adjustment (1)			<u>0.0077</u>
Net change			<u><u>\$0.0084</u></u>

(1) Per General Order No. A-954 (CRO 10).



**REBUTTAL EXHIBIT D3**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

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

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

<u>Container Size</u>	<u>April 2020 Container Cost (1)</u>	<u>Adjust from April 2020 to December 2020 - Current (2)</u>	<u>Subtotal</u>	<u>Calculated Shrinkage and Loss (3)</u>	<u>Shrinkage Cost</u>	<u>Total Container Cost</u>
Gallon	\$ 0.1981	\$ (0.0131)	\$ 0.1850	1.93%	\$ 0.0036	\$ 0.1886
1/2 gallon - plastic	0.1388					
1/2 gallon - paper	(5)					
1/2 gallon - blended (4)	<u>0.1388</u>	(0.0062)	0.1326	1.80%	0.0024	0.1350
Quart - plastic	0.1377					
Quart - paper	<u>0.0929</u>					
Quart - blended (4)	<u>0.1265</u>	0.0042	0.1307	1.57%	0.0021	0.1328
Pint - plastic	0.1225					
Pint - paper	<u>0.0623</u>					
Pint - blended (4)	<u>0.1220</u>	0.0017	0.1237	1.62%	0.0020	0.1257
Twelve ounce - plastic	0.1160		0.1160			0.1160
Ten ounce - paper	(5)		-			-
1/2 pint - plastic (4)	0.0471	0.0018	0.0489	0.92%	0.0004	0.0493
1/2 pint - paper (4)	0.0265	0.0026	0.0291	0.85%	0.0002	0.0293
Four ounce - paper	0.0277		0.0277	1.53%	0.0004	0.0281
Dispenser	0.0942		0.0942	1.30%	0.0012	0.0954

- (1) For containers not purchased in April 2020 the most recent invoice was used.
- (2) November 2020 container costs were used by the PMMB to establish minimum resale prices for December 2020.
- (3) Calculated based on actual container loss from a state-wide cross section of processing dealers for controlled containers used during the period January – March 2009. This state-wide cross section is composed of every processing dealer that participates in a cost replacement hearing.
- (4) Current container costs would replace these costs monthly when the PMMB minimum resale prices are announced.
- (5) Container not packaged in this Area.

Submitted: February 19, 2021

**REBUTTAL EXHIBIT D3-A**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

**ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH  
CONTAINER COSTS – DECEMBER 2020**

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

<u>Container Size</u>	<u>Adjusted Container Costs from Exhibit D3</u>	<u>Container Costs in Current Prices (1)</u>	<u>Difference</u>
Gallon (2)	\$ 0.1886	\$ 0.1917	\$ (0.0031)
Half Gallon (2)	0.1350	0.1384	(0.0034)
Quart (2)	0.1328	0.1321	0.0007
Pint (2)	0.1257	0.1218	0.0039
Twelve ounce	0.1160	0.1206	(0.0046)
1/2 pint - plastic (2)	0.0493	0.0544	(0.0051)
1/2 pint - paper (2)	0.0293	0.0281	0.0012
Four ounce - paper	0.0281	0.0280	0.0001
Dispenser (per quart)	0.0954	0.0923	0.0031

(1) Per General Order No. A-954 (CRO 10) as updated.

(2) These container costs to be updated monthly.

(3) Difference between plastic ½ pint and paper ½ pint is \$0.0200. PMMB resale price schedules show the ½ pint paper price. \$0.0200 is the plastic add-on.

**REBUTTAL EXHIBIT D4**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

**SUMMARY OF CURRENT INGREDIENT COSTS  
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 5)**

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

	April 2020 Ingredient Cost Per Pound (1)
Standard	\$.0000
Reduced fat (2%) milk	.0001
Low fat (1%) milk	.0001
Nonfat (skim) milk	.0007
Flavored milk	.0383
Flavored reduced fat milk	.0322
Flavored nonfat milk	.0395
Buttermilk	.0231
Eggnog	.1637

(1) For ingredients not purchased in April 2020 the most recent invoice was used.

**REBUTTAL EXHIBIT D4-A**

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

**COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS**

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

	<b>2020 Weighted Average Cost/Pound</b>	<b>Cost/Pound included in Existing Order (1)</b>	<b>Increase (Decrease)</b>
Standard milk	\$0.0000	\$0.0000	\$0.0000
Reduced fat milk (2%)	0.0001	0.0001	0.0000
Lowfat milk (1%)	0.0001	0.0001	0.0000
Nonfat milk (skim)	0.0007	0.0009	(0.0002)
Flavored milk (2)	0.0383	0.0369	0.0014
Flavored reduced fat milk (2)	0.0322	0.0300	0.0022
Flavored nonfat milk (2)	0.0395	0.0368	0.0027
Buttermilk	0.0231	0.0192	0.0039
Eggnog	0.1637	0.1708	(0.0071)

(1) Per General Order OGO A-954 (CRO 10) as updated for flavored milks on October 1, 2020.

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

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK

DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

<u>PMMB Area 5</u>	<u>Costs</u>	<u>Revenues</u>	<u>Weighted Net Cost (Revenue)</u>	<u>Weighted Pounds</u>	<u>Weighted Cost (Revenue) Per Pound</u>
Shrinkage	\$ 1,278,821		\$ 1,278,821		
Bulk milk revenue minus milk costs		184,422			
Bulk milk cost center costs & freight	12,668				
Net bulk milk cost (revenue)			(171,754)		
Bulk cream revenue minus milk costs		1,297,254			
Bulk cream cost center costs	418,509				
Net bulk cream cost (revenue)			(878,745)		
Total	<u>\$ 1,709,998</u>	<u>\$ 1,481,676</u>			
Net cost (net revenue) - calendar year 2019			\$ 228,322	335,640,750	\$ 0.0007
Net cost (net revenue) in current order - calendar year 2018			<u>\$ 30,006</u>	317,391,244	<u>0.0001</u>
Net change - cost increase (cost reduction)			<u>\$ 198,316</u>		<u>\$ 0.0006</u>

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

	<u>2019 Weighted Average Butterfat Test</u>	<u>Butterfat Test included in Existing Order (1)</u>	<u>Increase (Decrease)</u>
Standard milk	3.2580%	3.2534%	0.0046%
Reduced fat milk (2%)	1.9224%	1.9210%	0.0014%
Lowfat milk (1%)	0.9452%	0.9506%	-0.0054%
Nonfat milk (skim)	0.1037%	0.1052%	-0.0015%
Flavored milk	3.3384%	3.3750%	-0.0366%
Flavored reduced fat milk	0.9732%	1.0089%	-0.0357%
Flavored nonfat milk	0.2052%	0.2051%	0.0001%
Buttermilk	1.7398%	1.8071%	-0.0673%
Eggnog	6.6658%	6.5955%	0.0703%

(1) Per General Order No. A-954 (CRO 10)

**PMMB AREA 5**

**MARCH 3, 2021 COST REPLACEMENT HEARING**

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

**DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)**

<b>Type of Expense</b>	<b>Weighted Expenses for the Six Months Ended June 30 (1)</b>		<b>Weighted Points for the Six Months Ended June 30 (1)</b>		<b>Cost Per Point</b>		<b>Increase (Decrease) Per Point</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
Labor and fringe benefits	\$ 20,615,095	\$ 20,370,813	96,155,733	94,557,586	\$ 0.2144	\$ 0.2154	(\$0.0010)
Utilities	1,160,161	1,202,125	96,155,733	94,557,586	0.0121	0.0127	(0.0006)
Insurance	551,459	698,593	96,155,733	94,557,586	<u>0.0057</u>	<u>0.0074</u>	<u>(0.0017)</u>
					<u><u>\$0.2322</u></u>	<u><u>\$0.2355</u></u>	<u><u>(\$0.0033)</u></u>

(1) Weighted based on sales in PMMB Area 5

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

Diesel fuel costs – calendar year 2019 (1)	\$3,105,826
Delivery points – calendar year 2019 (1)	<u>207,520,169</u>
Diesel fuel cost per point delivered	<u>\$0.0150</u>
Average diesel price – calendar year 2019 (2)	\$3.267
Average diesel price – October 2020 (2) (3)	<u>\$2.651</u>
Increase (decrease) from year 2019 to month October 2020	-18.86%
Increase (decrease) in diesel fuel cost per point delivered	<u>(\$0.0028)</u>

- (1) Costs of cross-section dealers weighted by sales in Area 5.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) October 2020 diesel fuel costs were used by the PMMB in establishing minimum prices for December 2020.



PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

DFA Dairy Brands Fluid, LLC - Sharpsville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

Heating fuel costs – calendar year 2019 (1)	\$260,471
Standardization & pasteurization points – calendar year 2019 (1)	<u>182,293,090</u>
Heating fuel cost per point pasteurized	<u><u>\$0.0014</u></u>
Average heating fuel costs – calendar year 2019 (2)	\$8.21
Average heating fuel costs – August 2020 (2) (3)	<u>7.95</u>
Increase (decrease) from year 2019 to month August 2020	-3.17%
Increase (decrease) in heating fuel cost per point pasteurized	<u><u>\$0.0000</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 5.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) August 2020 natural gas costs were used by the PMMB in establishing minimum prices for December 2020.

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

ADJUSTMENTS FOR CONTAINER EFFICIENCIES  
DUE TO CONTAINER SIZE

DFA Dairy Brands Fluid, LLC - Sharpville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2019 in Area 5</u>	<u>Proposed Container Efficiency Adjustments</u>	<u>Impact on Cross-Section Dealer Revenue</u>	<u>Container Efficiency Adjustments in Current Order (1)</u>	<u>Impact on Cross-Section Dealer Revenue</u>
Gallon	18,944,969	(0.1083)	\$ (2,051,740)	\$ (0.0821)	\$ (1,555,382)
Half Gallon	18,287,066	(0.0746)	(1,364,215)	(0.0573)	(1,047,849)
Quart	4,552,935	0.0801	364,690	0.0813	370,154
Pint	9,053,986	0.0875	792,224	0.0912	825,724
12 oz.	25,989	0.0649	1,687	0.0603	1,567
Half Pint - Plastic	20,534,616	0.0257	527,740	0.0190	390,158
Half Pint - Paper	58,228,653	0.0257	1,496,476	0.0190	1,106,344
4 oz.	4,633,193	0.0317	146,872	0.0327	151,505
Dispenser (per quart)	853,904	0.0979	<u>83,597</u>	0.1074	<u>91,709</u>
Net impact on cross-section dealer revenues			<u>\$ (2,669)</u>		<u>\$ 333,930</u>

(1) Per OGO A-954 (CRO 10) as updated.

REBUTTAL EXHIBIT D11-A

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE  
GALLON REDUCED FAT MILK (2%) FOR DECEMBER 2020

DFA Dairy Brands Fluid, LLC - Sharpville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9224%	1.9210%	0.0014%
Butterfat price as announced by PMMB	(1)	\$ 1.6145 per lb.	\$ 1.6145 per lb.	
Extended butterfat value		\$ 0.0310 per lb.	\$ 0.0310 per lb.	
Skim price as announced by PMMB	(1)	\$ 18.77 per cwt.	\$ 18.77 per cwt.	
Extended skim value		\$ 0.1841 per lb.	\$ 0.1841 per lb.	
Total milk value at announced prices		<u>\$ 0.2151 per lb.</u>	<u>\$ 0.2151 per lb.</u>	<u>\$ -</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0007	0.0001	
Total milk cost per pound		<u>\$ 0.2159 per lb.</u>	<u>\$ 0.2153 per lb.</u>	<u>\$ 0.0006</u>
Pounds per gallon (conversion)		8.62	8.62	
Total milk cost per gallon		<u>\$ 1.8611</u>	<u>\$ 1.8559</u>	<u>\$ 0.0052</u>
Container cost (adjusted for shrinkage)	D3	0.1886 each	0.1917 each	(0.0031)
Cost center costs	D2	1.3600	1.3440	0.0160
1st half 2020 to 1st half 2019 adjustment	D7	(0.0132)	(0.0308)	0.0176
Container efficiency adjustment	D10	(0.1083)	(0.0821)	(0.0262)
Percentage discount adjustment	(3)	0.0172	0.0172	-
Diesel fuel adjustment	D8	(0.0112)	(0.0128)	0.0016
Heating fuels adjustment	D9	-	(0.0004)	0.0004
		<u>\$ 3.2942 each</u>	<u>\$ 3.2827 each</u>	<u>\$ 0.0115</u>
Dealer profit at 3.5%	(2)	0.1195	0.1191	\$ 0.0004
Subtotal		<u>\$ 3.4137 each</u>	<u>\$ 3.4018 each</u>	<u>\$ 0.0119</u>
Less: average delivery cost	(2)	(0.5220)	(0.5220)	
Add: high cost delivery	(2)	0.9748	0.9748	
<b>Wholesale minimum price</b>		<u><u>\$ 3.8665 each</u></u>	<u><u>\$ 3.8546 each</u></u>	<u><u>\$ 0.0119</u></u>

- (1) As announced for December 2020 by PMMB on November 19, 2020.
- (2) Per OGO A-954 (CRO 10) as updated.
- (3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."

REBUTTAL EXHIBIT D11-B

PMMB AREA 5

MARCH 3, 2021 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE  
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR DECEMBER 2020

DFA Dairy Brands Fluid, LLC - Sharpville, Galliker Dairy Co., Schneider's Dairy Inc.,  
Turner Dairy Farms, Inc., United Dairy, Inc. (Martins Ferry, OH), United Dairy, Inc. (Uniontown, PA)

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D2-B	0.2052%	0.2051%	0.0001%
Butterfat price as announced by PMMB	(1)	\$ 1.6145 per lb.	\$ 1.6145 per lb.	
Extended butterfat value		\$ 0.0033 per lb.	\$ 0.0033 per lb.	
Skim price as announced by PMMB	(1)	\$ 18.77 per cwt.	\$ 18.77 per cwt.	
Extended skim value		\$ 0.1873 per lb.	\$ 0.1873 per lb.	
Total milk value at announced prices		<u>\$ 0.1906 per lb.</u>	<u>\$ 0.1906 per lb.</u>	<u>\$ -</u>
Ingredient cost	D2	0.0395	0.0368	
Cost of shrinkage / bulk milk & cream	D7	0.0007	0.0001	
Total milk cost per pound		<u>\$ 0.2308 per lb.</u>	<u>\$ 0.2275 per lb.</u>	<u>\$ 0.0033</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.1154</u>	<u>\$ 0.1138</u>	<u>\$ 0.0016</u>
Container cost (adjusted for shrinkage)	D8	0.0293 each	0.0281 each	0.0012
Cost center costs	D3	0.0850	0.0840	0.0010
1st half 2020 to 1st half 2019 adjustment	D4	(0.0008)	(0.0019)	0.0011
Container efficiency adjustment	D10	0.0257	0.0190	0.0067
Percentage discount adjustment	(3)	0.0011	0.0011	-
Diesel fuel adjustment	D5	(0.0007)	(0.0008)	0.0001
Heating fuels adjustment	D6	-	-	-
		<u>\$ 0.2550 each</u>	<u>\$ 0.2433 each</u>	<u>\$ 0.0117</u>
Dealer profit at 3.5%	(2)	0.0092	0.0088	\$ 0.0004
Subtotal		<u>\$ 0.2642 each</u>	<u>\$ 0.2521 each</u>	<u>\$ 0.0121</u>
Less: average delivery cost	(2)	(0.0326)	(0.0326)	
Add: high cost delivery	(2)	0.0609	0.0609	
<b>Wholesale minimum price</b>		<u><u>\$ 0.2925 each</u></u>	<u><u>\$ 0.2804 each</u></u>	<u><u>\$ 0.0121</u></u>

(1) As announced for December 2020 by PMMB on November 19, 2020.

(2) Per OGO A-954 (CRO 10) as updated.

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