

REBUTTAL TESTIMONY OF

ALEXANDRA DEIMLER, CPA

Appearing on Behalf of the Area 3 Milk Dealers

Rebuttal Testimony before Pennsylvania Milk Marketing Board

Cost Replacement Hearing Based on 2022 Annual Reports

November 1, 2023

Rebuttal Testimony of Alex Albright, CPA

Area 3 – Cost Replacement Hearing

I am Alexandra Deimler, Consultant at Herbein + Company, Inc. and my address is 2763 Century Blvd., Reading, PA 19610. I am offering testimony on behalf of the Area 3 Milk Dealers. I attach my Curriculum Vitae, as Rebuttal Exhibit D1, which outlines my education, and experience in the dairy industry.

Study Conducted

On behalf of the Area 3 Milk Dealers, I have reviewed the audit files and proposed adjustments prepared by the Pennsylvania Milk Marketing Board audit staff and I have reviewed the financial information of each of the dealers in the cross-section and I am presenting my opinion and recommendation based on that review and the Board Staff's initial pre-submission, except I must reserve my testimony and opinions on the Bulk Milk Revenue and Cost calculations in Staff Exhibit 5 where I received the backup materials yesterday and have noted some differences between the initial submission and what I believe will be in the surrebuttal submission by Board Staff, which will impact Exhibit 6, Column J, and Exhibit 11 column A. I reserve the right to provide testimony on surrebuttal with respect to these differences to the extent any remain.

I have reviewed the cross section compiled by Board Staff and I conclude that the cross section is representative of milk dealers serving Area 3 because the cross-section companies process, package and deliver to supermarkets, convenience stores, schools, institutions, and small retail outlets.

With the exception of the Bulk Milk Revenue and Cost calculation on Staff Exhibit 5 and the flow through impacts from Exhibit 5 to Exhibit 6 and Exhibit 11, I agree with the Staff's calculations presented in their initial pre-submission in Staff Exhibits 2 through 11.

In an effort to drive efficiency in the cost replacement process, I am basing my opinion and recommendation on Staff's Exhibits. I recommend that the Board make the adjustments recommended by Board Staff with the exceptions that I have noted.

Rate of Return

I recommend that the Board maintain the rate of return for the Area 3 dealers at 3.4%. The rate of return serves as an important factor in the ability of Pennsylvania's fluid milk processors to maintain and invest in their operations. Maintaining the current rate of return is also important for consistency and stability when the fresh fluid milk industry continues to face a difficult business environment.

Summary and Recommendation

The Area 3 Milk Dealers recommend that the Milk Marketing Board make the cost replacement adjustments that I have just outlined, subject to the areas I have reserved the right to follow up on.

Thank you for your consideration of my analysis and opinions.

Alexandra Deimler, CPA

Curriculum Vitae

EDUCATION

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

EMPLOYMENT

Herbein + Company, Inc., Reading, PA

2020 to present

Manager – Dairy Consulting

- Cost benchmarking
- Milk shrinkage reduction projects
- Dairy accounting seminars, including Dairy 101, for private clients and industry
- Regulatory assistance with PMMB, USDA and other state agencies
- Financial reporting for dairy businesses subject to dairy price regulation
- Dairy cost accounting for basic and complex products
- Preparation of cost replacement exhibits

MicroStrategy, Inc., Tysons Corner, VA

2019 – 2020

Internal Auditor

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

SEK, Inc., Chambersburg, PA

2017 – 2019

Staff accountant – Audit

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

AJARALA Holsteins, Landisburg, PA

2001– 2011

Grew up on dairy farm, milking and caring for cows and the facility

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)