

AREA 4

COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS

MARCH 2, 2022

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP**

Rebuttal Exhibit D1	Alexandra Albright, CPA Curriculum Vitae
Rebuttal Exhibit D2	Processing, Packaging and Delivery Costs/Point
Rebuttal Exhibit D2-A	Cost Replacement Adjustments for Processing, Packaging and Delivery Costs
Rebuttal Exhibit D3	Summary of Current Container Costs with Adjustments for Shrinkage and Loss and Update to Current Month
Rebuttal Exhibit D3-A	Adjusted Container Costs Compared to Current Month Container Costs
Rebuttal Exhibit D4	Summary of Current Ingredient Costs
Rebuttal Exhibit D4-A	Cost Replacement Adjustments for Ingredients
Rebuttal Exhibit D5	Weighted Cost of Shrinkage and Weighted Costs and Revenues from Bulk Cream and Bulk Milk
Rebuttal Exhibit D6	Butterfat Content of Price Controlled Products
Rebuttal Exhibit D7	Cost Increases (Decreases) for Labor, Insurance and Utility Costs
Rebuttal Exhibit D8	Changes in Diesel Fuel Costs
Rebuttal Exhibit D9	Changes in Heating Fuel Costs (Natural Gas)
Rebuttal Exhibit D10	Adjustments for Container Efficiencies Due to Container Size
Rebuttal Exhibit D11A	Calculation of Minimum Wholesale Price Gallon Reduced Fat Milk (2%)
Rebuttal Exhibit D11B	Calculation of Minimum Wholesale Price Half Pint Flavored Nonfat Milk (Skim)

Alexandra Albright, 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)

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

PROCESSING, PACKAGING AND DELIVERY COSTS/POINT
(WEIGHTED AVERAGE BASED ON SALES IN AREA 4)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

<u>Cost Center</u>	<u>Total 2020 Points in PMMB Area 4 (1)</u>	<u>Weighted Average 2020 Cost/Point (1)</u>
Receiving, lab and field work	172,079,340	\$ 0.0228
Standardization and pasteurization	340,538,489	0.0161
Bottling	302,091,084	0.0421
Cold room	323,782,210	0.0428
Delivery	143,235,607	0.1049
Selling	160,844,466	0.0294
		<u>\$ 0.2581</u>

(1) Reflects points (and related cost/point) for sales in PMMB Area 4 for the cross-section dealers.

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc., Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

	2020 Weighted Average Cost/Point	2019 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0228	\$0.0207	\$0.0021
Standardization and pasteurization	0.0161	0.0155	0.0006
Bottling	0.0421	0.0456	(0.0035)
Cold room	0.0428	0.0414	0.0014
Delivery	0.1049	0.0921	0.0128
Selling	<u>0.0294</u>	<u>0.0287</u>	<u>0.0007</u>
Sub total	\$0.2581	\$0.2440	\$0.0141
Add:			
2021 Cost increase (decrease) adjustment - Exhibit D7			(0.0050)
Less:			
2020 Cost (increase) decrease adjustment (1)			<u>0.0002</u>
Net change			<u>\$0.0093</u>

**PMMB AREA 4
MARCH 2, 2022 COST REPLACEMENT HEARING**

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

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP**

Adjust from April

<u>Container Size</u>	<u>April 2021 Container Cost (1)</u>	<u>2021 to December 2021 - Current (2)</u>	<u>Subtotal</u>	<u>Calculated Shrinkage and Loss (4)</u>	<u>Shrinkage Cost</u>	<u>Total Container Cost</u>
Gallon (5)	\$ 0.2050	\$ 0.0405	\$ 0.2455	1.14%	\$ 0.0028	\$ 0.2483
1/2 gallon - plastic	0.1559					
1/2 gallon - paper	(3)					
2 gallon - blended (5)	<u>0.1559</u>	0.0278	0.1837	1.25%	0.0023	0.1860
Quart - plastic	0.2038					
Quart - paper	(3)					
Quart - blended (5)	<u>0.2038</u>	(0.0128)	0.1910	1.57%	0.0030	0.1940
Pint - plastic	0.1329					
Pint - paper	(3)					
Pint - blended (5)	<u>0.1329</u>	0.0194	0.1523	1.62%	0.0025	0.1548
Twelve ounce	(3)					
Ten ounce	(3)					
1/2 pint - plastic (5)	0.0670	0.0086	0.0756	0.92%	0.0007	0.0763
1/2 pint - paper (5)	0.0263	(0.0003)	0.0260	0.85%	0.0002	0.0262
Four ounce - paper	0.0293		0.0293	1.53%	0.0004	0.0297
Dispenser	0.0546		0.0546	1.30%	0.0007	0.0553

(1) For containers not purchased in April 2021 the most recent invoice was used.

(2) October 2021 container costs were used by the PMMB to establish minimum resale prices for December 2021.

(3) Container not packaged in this Area.

(4) 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.

(5) Current container costs would replace these costs monthly when the PMMB minimum resale prices are announced.

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH
CONTAINER COSTS – DECEMBER 2021

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

<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)	\$ 0.2483	\$ 0.2607	\$(0.0124)
Half Gallon (2)	0.1860	0.1923	(0.0063)
Quart (2)	0.1940	0.1983	(0.0043)
Pint (2)	0.1548	0.1549	(0.0001)
1/2 pint - plastic (2)	0.0763	0.0758	0.0005
1/2 pint - paper (2)	0.0262	0.0257	0.0005
Four ounce - paper	0.0297	0.0288	0.0009
Dispenser (per quart)	0.0553	0.0493	0.0060

(1) Per General Order No. A-963 (CRO 11) as updated.

(2) These container costs to be updated monthly.

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

SUMMARY OF INGREDIENT COSTS
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 4)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

	April 2021 Ingredient Cost Per Pound (1)
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Standard	\$.0000
Reduced fat (2%) milk	.0001
Lowfat (1%) milk	.0001
Nonfat (skim) milk	.0031
Flavored milk	.0467
Flavored reduced fat milk	.0438
Flavored nonfat milk	.0275
Buttermilk	.0284
Eggnog	.2339

(1) For ingredients not purchased in April 2021 the most recent invoice was used.

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc., Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

	<u>April 2021 Weighted Average Cost/Pound</u>	<u>Cost/Pound included in Existing Order (1)</u>	<u>Increase (Decrease)</u>
Standard milk	\$0.0000	\$0.0000	\$0.0000
Reduced fat milk (2%)	0.0001	0.0001	0.0000
Lowfat milk (1%)	0.0001	0.0002	(0.0001)
Nonfat milk (skim)	0.0031	0.0026	0.0005
Flavored milk (2)	0.0467	0.0462	0.0005
Flavored reduced fat milk (2)	0.0438	0.0392	0.0046
Flavored nonfat milk (2)	0.0275	0.0299	(0.0024)
Buttermilk	0.0284	0.0419	(0.0135)
Eggnog	0.2339	0.2365	(0.0026)

(1) Per General Order OGO A-963 (CRO 11) as updated for flavored milks on October 1, 2021.

(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 4
MARCH 2, 2022 COST REPLACEMENT HEARING
WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK
DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

<u>PMMB Area 4</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	\$802,812		\$ 802,812		
Bulk milk revenue minus milk costs		9,930			
Bulk milk cost center costs & freight	8,776				
Net bulk milk cost (revenue)			(1,154)		
Bulk cream revenue minus milk costs		849,607			
Bulk cream cost center costs	\$286,715				
Net bulk cream cost (revenue)			(562,892)		
Total	<u>\$ 1,098,303</u>	<u>\$ 859,537</u>			
Net cost (net revenue) - calendar year 2020			\$ 238,766	319,856,348	\$ 0.0007
Net cost (net revenue) in current order - calendar year 2019			<u>\$ 558,364</u>	286,466,209	<u>0.0019</u>
Net change - cost increase (cost reduction)			<u>\$ (319,598)</u>		<u>\$ (0.0012)</u>

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

	<u>2020 Weighted Average Butterfat Test</u>	<u>Butterfat Test included in Existing Order (1)</u>	<u>Increase (Decrease)</u>
Standard milk	3.2964%	3.3041%	-0.0077%
Reduced fat milk (2%)	1.9727%	1.9890%	-0.0163%
Lowfat milk (1%)	0.9917%	0.9788%	0.0129%
Nonfat milk (skim)	0.0970%	0.0974%	-0.0004%
Flavored milk	3.3912%	3.3664%	0.0248%
Flavored reduced fat milk	1.1754%	1.1048%	0.0706%
Flavored nonfat milk	0.0257%	0.0196%	0.0061%
Buttermilk	1.0008%	0.9997%	0.0011%
Eggnog	7.1040%	7.0596%	0.0444%

(1) Per General Order No. A-963 (CRO 11)

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

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

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

Type of Expense	Weighted Expenses for the Six Months Ended June 30 (1)		Weighted Points for the Six Months Ended June 30 (1)		Cost Per Point		Increase (Decrease) Per Point
	2021	2020	2021	2020	2021	2020	
Labor and fringe benefits	\$19,298,280	\$19,981,714	145,104,407	143,011,161	\$ 0.1330	\$ 0.1397	(\$0.0067)
Utilities	\$788,971	\$748,507	145,104,407	143,011,161	0.0054	0.0052	0.0002
Insurance	\$933,187	\$701,349	145,104,407	143,011,161	0.0064	0.0049	0.0015
					<u>\$0.1448</u>	<u>\$0.1498</u>	<u>(\$0.0050)</u>

(1) Weighted based on sales in PMMB Area 4

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

Diesel fuel costs – calendar year 2020 (1)	\$1,318,802
Delivery points – calendar year 2020 (1)	<u>143,235,607</u>
Diesel fuel cost per point delivered	<u><u>\$0.0092</u></u>
Average diesel price – calendar year 2020 (2)	\$2.806
Average diesel price – October 2021 (2) (3)	<u>\$3.730</u>
Increase (decrease) from year 2020 to month October 2021	32.93%
Increase (decrease) in diesel fuel cost per point delivered	<u><u>\$0.0030</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 4.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) October 2021 diesel fuel costs were used by the PMMB in establishing minimum prices for December 2021.

PMMB AREA 4

MARCH 2, 2022 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

Heating fuel costs – calendar year 2020 (1)	\$176,760
Standardization & pasteurization points – calendar year 2020 (1)	340,538,489
	<hr/>
Heating fuel cost per point pasteurized	<u>\$0.0005</u>
Average heating fuel costs – calendar year 2020 (2)	\$7.99
Average heating fuel costs – August 2021 (2) (3)	<u>\$7.58</u>
Increase (decrease) from year 2020 to month August 2021	-5.13%
Increase (decrease) in heating fuel cost per point pasteurized	<u>\$0.0000</u>

- (1) Costs of cross-section dealers weighted by sales in Area 4.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) August 2021 natural gas costs were used by the PMMB in establishing minimum prices for December 2021.

**PMMB AREA 4
MARCH 2, 2022 COST REPLACEMENT HEARING**

**ADJUSTMENTS FOR CONTAINER EFFICIENCIES
DUE TO CONTAINER SIZE**

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP**

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2020 in Area 4</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 Without Adjustment</u>
Gallon	20,804,460	\$ (0.0655)	\$ (1,362,692)	\$ (0.0948)	\$ (1,972,263)
Half gallon	13,253,905	(0.0344)	(455,934)	(0.0438)	(580,521)
Quart	1,170,663	0.0453	53,031	0.0201	23,530
Pint	7,492,951	0.0996	746,298	0.0866	648,890
Half pint - plastic	4,519,325	0.0303	136,936	0.0255	115,243
Half pint - paper	27,366,852	0.0303	829,216	0.0255	697,855
4 oz.	563,349	0.0425	23,942	0.0358	20,168
Dispenser (per quart)	494,762	0.0567	<u>28,053</u>	0.0294	<u>14,546</u>
Net impact on cross-section dealer revenues			<u>\$ (1,150)</u>		<u>\$ (1,032,552)</u>

(1) Per OGO A-963 (CRO 11) as updated.

PMMB AREA 4
MARCH 2, 2022 COST REPLACEMENT HEARING
CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR DECEMBER 2021

**DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9727%	1.9890%	-0.0163%
Butterfat price as announced by PMMB	(1)	\$ 2.1605 per lb.	\$ 2.1605 per lb.	
Extended butterfat value		\$ 0.0426 per lb.	\$ 0.0430 per lb.	
Skim price as announced by PMMB	(1)	\$16.86 per cwt.	\$ 16.86 per cwt.	
Extended skim value		\$ 0.1653 per lb.	\$ 0.1652 per lb.	
Total milk value at announced prices		<u>\$ 0.2079 per lb.</u>	<u>\$ 0.2082 per lb.</u>	<u>\$(0.0003)</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0007	0.0019	
Total milk cost per pound		<u>\$ 0.2087 per lb.</u>	<u>\$ 0.2102 per lb.</u>	<u>\$(0.0015)</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.7990</u>	<u>\$ 1.8119</u>	<u>\$(0.0129)</u>
Container cost (adjusted for shrinkage)	D3	0.2483 each	0.2607 each	(0.0124)
Cost center costs	D2	1.0324	0.9760	0.0564
1st half 2021 to 1st half 2020 adjustment	D7	(0.0200)	(0.0008)	(0.0192)
Container efficiency adjustment	D10	(0.0655)	(0.0948)	0.0293
Percentage discount adjustment	(3)	0.0036	0.0036	-
Diesel fuel adjustment	D8	0.0120	0.0056	0.0064
Heating fuels adjustment	D9	-	-	-
		<u>\$ 3.0098 each</u>	<u>\$ 2.9622 each</u>	<u>\$ 0.0476</u>
Dealer profit at 3.5%	(2)	<u>0.1092</u>	<u>0.1074</u>	<u>\$ 0.0018</u>
Subtotal		<u>\$ 3.1190 each</u>	<u>\$ 3.0696 each</u>	<u>\$ 0.0494</u>
Less: average delivery cost	(2)	(0.4352)	(0.4352)	
Add: high cost delivery	(2)	0.9664	0.9664	
Wholesale minimum price		<u>\$ 3.6502 each</u>	<u>\$ 3.6008 each</u>	<u>\$ 0.0494</u>

(1) As announced for December 2021 by PMMB on November 18, 2021.

(2) Per OGO A-963 (CRO 11) as updated.

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

PMMB AREA 4
MARCH 2, 2022 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR DECEMBER 2021
DFA Dairy Brands Fluid, LLC - Lebanon, Galliker Dairy (Johnstown), Harrisburg Dairies Inc.,
Milk Industry Management Corp. T/A Balford Farms, Rutter Brothers Dairy, Inc., Turkey Hill LP

	<u>Reference</u>	<u>Proposed</u> <u>Order</u>	<u>Current</u> <u>Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.0257%	0.0196%	0.0061%
Butterfat price as announced by PMMB	(1)	\$ 2.1605 per lb.	\$ 2.1605 per lb.	
Extended butterfat value		\$ 0.0006 per lb.	\$ 0.0004 per lb.	
Skim price as announced by PMMB	(1)	\$16.86 per cwt.	\$ 16.86 per cwt.	
Extended skim value		\$ 0.1686 per lb.	\$ 0.1686 per lb.	
Total milk value at announced prices		<u>\$ 0.1692 per lb.</u>	<u>\$ 0.1690 per lb.</u>	<u>\$ 0.0002</u>
Ingredient cost	D4	0.0275	0.0299	
Cost of shrinkage / bulk milk & cream	D5	0.0007	0.0019	
Total milk cost per pound		<u>\$ 0.1974 per lb.</u>	<u>\$ 0.2008 per lb.</u>	<u>\$(0.0034)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.0987</u>	<u>\$ 0.1004</u>	<u>\$(0.0017)</u>
Container cost (adjusted for shrinkage)	D3	0.0262 each	0.0257 each	0.0005
Cost center costs	D2	0.0645	0.0610	0.0035
1st half 2021 to 1st half 2020 adjustment	D7	(0.0013)	(0.0001)	(0.0012)
Container efficiency adjustment	D10	0.0303	0.0255	0.0048
Percentage discount adjustment	(3)	0.0002	0.0002	-
Diesel fuel adjustment	D8	0.0008	0.0004	0.0005
Heating fuels adjustment	D9	-	-	-
		<u>\$ 0.2194 each</u>	<u>\$ 0.2131 each</u>	<u>\$ 0.0064</u>
Dealer profit at 3.5%	(2)	0.0080	0.0077	\$ 0.0003
Subtotal		<u>\$ 0.2274 each</u>	<u>\$ 0.2208 each</u>	<u>\$ 0.0067</u>
Less: average delivery cost	(2)	(0.0272)	(0.0272)	
Add: high cost delivery	(2)	0.0604	0.0604	
Wholesale minimum price		<u>\$ 0.2606 each</u>	<u>\$ 0.2540 each</u>	<u>\$ 0.0066</u>

(1) As announced for December 2021 by PMMB on November 18, 2021.

(2) Per OGO A-963 (CRO 11) as updated.

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