

AREA 5

COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS

FEBRUARY 2, 2022

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

**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)**

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Jed Davis
Curriculum Vitae

EDUCATION

Youngstown State University – B.S. Degree in Accounting, (1988)

EMPLOYMENT

Herbein + Company, Inc., Reading, PA

2021 to present

Senior Consultant – 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
- Dairy cost accounting for basic and complex products

Dean Foods Company, Dallas, TX

2002 - 2021

Regional General Manager – West Atlantic Central

- Managed a multi facility region with full P & L responsibility
- Set business strategy through collaboration with corporate and regional resources
- Led and supervised a team of 7 professionals with focus on executing against our strategic goals
- Negotiated long term supply agreements with customers and suppliers
- Drove operational and commercial efficiencies to strengthen the bottom line

1997 - 2002

Group Controller – PA Dairies

- Directed the accounting and finance departments of four dairies within Dean Foods Company
- Provided business analysis, forecasting, strategic planning and budgeting support to General Managers
- Guided strategic initiatives to improve the accuracy of monthly forecasting.
- Consolidated the accounting and back office functions of four divisions into one shared service center.
- Led a team of accounting professionals focusing on timely and accurate financial reporting.

Jed Davis

1990 - 1997

Controller / Asst Controller / Accountant (Dean Dairy Products)

- Led the accounting and finance department with budgeting and financial reporting
- Assisted the General Manager with pricing strategies
- Provided business analysis
- Developed standard product costs for each manufactured item to support pricing decisions
- Effectively directed sales, purchasing, personnel, distribution, maintenance, and accounting functions

Universal Rundle Inc., New Castle, PA

1988 – 1990

Cost Accountant

- Maintained standard cost systems for 3 manufacturing facilities
- Prepared monthly production and inventory reports
- Prepare annual budget and operating plan
- Support department managers with variance analysis

PROFESSIONAL AND CIVIC ASSOCIATIONS AND DESIGNATIONS

Board of Directors – Pennsylvania Association of Milk Dealers

Board of Directors – Dairy Industry Association of Western PA

Shenango Valley Chamber of Congress – Board member

New York State Dairy Association – Board member

Shenango Valley Jaycees – Secretary Treasurer

Alexandra Albright, CPA

Landisburg, PA

ajalbright@herbein.com

[linkedin.com/in/alex-albright-846646a0](https://www.linkedin.com/in/alex-albright-846646a0)

717-275-5768

EXPERIENCE

Herbein + Company, Inc., Reading, PA

Dairy Consultant, June 2020 – Present

200-staff regional firm in Pennsylvania. Client sizes; \$000s - \$Ms in operating budget

- Perform various consulting jobs such as helping clients identify and address product loss issues.
- Teach the basics of dairy accounting
- Work with the Pennsylvania Milk Marketing Board on developing reports and exhibits for submission into the annual cost replacement hearings.

MicroStrategy, Inc., Tysons Corner, VA

Internal Auditor, July 2019 – April 2020

\$1B publicly traded global software firm

- Performed risk evaluations of audit areas to define scope and identify key controls for review
- Prepare audit workpapers for operational, financial and IT audit compliance
- Designed and executed audit steps including preparing workpapers, schedules, and summaries documenting audit evidence, audit findings, and conclusions
- Performed testing for Sarbanes-Oxley section 404 testing to ensure adequate controls were in place and operating properly
- Completed work-papers in compliance with department/IIA standards and drafted audit reports to summarize findings
- Helped implement a new audit tool (Workiva Wdesk)
- Up to 25% travel (international and domestic)

SEK, Inc – CPA Firm, Chambersburg, PA

Staff Accountant, June 2017 – April 2019

200-staff regional firm in Pennsylvania. Client sizes; \$000s - \$Ms in operating budget

- Performed audit, compilations and reviews, and tax engagements (80% assurance, 20% tax)
- Industries: 60% non-profits, 30% government and quasi-government (sewer and water authorities), 10% banking
- Financial statement compilations for grant funded, fundraising and donation based, and membership-based nonprofits
- Cash to accrual basis conversion in order to complete financial statements for reviews or compilations
- Prepared 990s, 1065s, 1040s, 1120s, and Schedule Ks
- Summarized census data and investment activity into excel spreadsheets for pension department

EDUCATION & LICENSING

Mercyhurst University

Bachelor of Arts in Accounting and Finance (3.75 GPA), May 2017

- Dean's List Scholar 2014, 2015, 2017
- Member and Captain, NCAA DII Varsity Field Hockey Team

State of Pennsylvania

CPA (License #: CA064714), January 2020

SKILLS

Excel (pivot tables, VLOOKUPS, if/then statements, etc.), JD Edwards, Workiva WDesk, MicroStrategy, Salesforce, UltraTax

REBUTTAL EXHIBIT D2

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

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

**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>Cost Center</u>	<u>Total 2020 Points in PMMB Area 5 (1)</u>	<u>Weighted Average 2020 Cost/Point (1)</u>
Receiving, lab and field work	169,981,185	0.0165
Standardization and pasteurization	179,225,368	0.0293
Bottling	186,784,221	0.0498
Cold room	201,660,892	0.0520
Delivery	189,718,293	0.1734
Selling	205,566,844	0.0229
		<hr/>
		\$ 0.3439

(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

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

**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)**

	2020 Weighted Average Cost/Point	2019 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0165	\$0.0148	\$0.0017
Standardization and pasteurization	0.0293	0.0281	0.0012
Bottling	0.0498	0.0477	0.0021
Cold room	0.0520	0.0506	0.0014
Delivery	0.1734	0.1682	0.0052
Selling	<u>0.0229</u>	<u>0.0306</u>	<u>(0.0077)</u>
Sub total	\$0.3439	\$0.3400	\$0.0039
Add:			
2021 Cost increase (decrease) adjustment - Exhibit D7			0.0166
Less:			
2020 Cost (increase) decrease adjustment (1)			<u>0.0033</u>
Net change			<u><u>\$0.0238</u></u>

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

REBUTTAL EXHIBIT D3

PMMB AREA 5

FEBRUARY 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 - 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>April 2021 Container Cost (1)</u>	<u>Adjust from April 2021 to December 2021 - Current (2)</u>	<u>Subtotal</u>	<u>Calculated Shrinkage and Loss (3)</u>	<u>Shrinkage Cost</u>	<u>Total Container Cost</u>
Gallon	\$ 0.2226	\$ 0.0361	\$ 0.2587	1.92%	\$ 0.0050	\$ 0.2637
1/2 gallon - plastic	0.1651					
1/2 gallon - paper	(5)					
1/2 gallon - blended (4)	<u>0.1651</u>	0.0272	0.1923	1.76%	0.0034	0.1957
Quart - plastic	0.1579					
Quart - paper	0.0915					
Quart - blended (4)	<u>0.1465</u>	0.0068	0.1533	1.57%	0.0024	0.1557
Pint - plastic	0.1309					
Pint - paper	0.0636					
Pint - blended (4)	<u>0.1302</u>	0.0140	0.1442	1.62%	0.0023	0.1465
Twelve ounce - plastic	0.1165		0.1165			0.1165
Ten ounce - paper	(5)		-			-
1/2 pint - plastic (4)	0.0806	0.0247	0.1053	0.92%	0.0010	0.1063
1/2 pint - paper (4)	0.0271	0.0026	0.0297	0.85%	0.0003	0.0300
Four ounce - paper	0.0282		0.0282	1.53%	0.0004	0.0287
Dispenser	0.0732		0.0732	1.30%	0.0010	0.0742

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

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

(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.

REBUTTAL EXHIBIT D3-A

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

**ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH
CONTAINER COSTS – 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>Container Size</u>	<u>Adjusted Container Costs from Exhibit D3</u>	<u>Container Costs in Current Prices (1)</u>	<u>Difference</u>
Gallon (2)	\$ 0.2637	\$ 0.2645	\$ (0.0008)
Half Gallon (2)	0.1957	0.1914	0.0043
Quart (2)	0.1557	0.1535	0.0022
Pint (2)	0.1465	0.1447	0.0018
Twelve ounce	0.1165	0.1160	0.0005
1/2 pint - plastic (2)	0.1063	0.0669	0.0394
1/2 pint - paper (2)	0.0300	0.0312	(0.0012)
Four ounce - paper	0.0287	0.0281	0.0006
Dispenser (per quart)	0.0742	0.0954	(0.0212)

(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 \$0.0763. PMMB resale price schedules show the ½ pint paper price. \$0.0763 is the plastic add-on.

PMMB AREA 5

FEBRUARY 2, 2022 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 2021 Ingredient Cost Per Pound (1)
	<hr/>
Standard	\$.0000
Reduced fat (2%) milk	.0001
Low fat (1%) milk	.0001
Nonfat (skim) milk	.0007
Flavored milk	.0388
Flavored reduced fat milk	.0291
Flavored nonfat milk	.0291
Buttermilk	.0228
Eggnog	.1701

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

REBUTTAL EXHIBIT D4-A

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

**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)**

	2020 Weighted Average Cost/Pound	Cost/Pound included in Existing Order (1)	Increase (Decrease)
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	0.0007	0.0000
Flavored milk (2)	0.0388	0.0383	0.0005
Flavored reduced fat milk (2)	0.0291	0.0322	(0.0031)
Flavored nonfat milk (2)	0.0291	0.0395	(0.0104)
Buttermilk	0.0228	0.0231	(0.0003)
Eggnog	0.1701	0.1637	0.0064

(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

FEBRUARY 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 - 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	\$ 1,127,612		\$ 1,127,612		
Bulk milk revenue minus milk costs		717,841			
Bulk milk cost center costs & freight	21,813				
Net bulk milk cost (revenue)			(696,028)		
Bulk cream revenue minus milk costs		900,192			
Bulk cream cost center costs	362,161				
Net bulk cream cost (revenue)			(538,031)		
Total	<u>\$ 1,511,586</u>	<u>\$ 1,618,033</u>			
Net cost (net revenue) - calendar year 2020			\$ (106,447)	317,163,505	\$ (0.0003)
Net cost (net revenue) in current order - calendar year 2019			<u>\$ 228,322</u>	335,640,750	<u>0.0007</u>
Net change - cost increase (cost reduction)			<u>\$ (334,769)</u>		<u>\$ (0.0010)</u>

REBUTTAL EXHIBIT D6

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

**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>2020 Weighted Average Butterfat Test</u>	<u>Butterfat Test included in Existing Order (1)</u>	<u>Increase (Decrease)</u>
Standard milk	3.2577%	3.2580%	-0.0003%
Reduced fat milk (2%)	1.9283%	1.9224%	0.0059%
Lowfat milk (1%)	0.9472%	0.9452%	0.0020%
Nonfat milk (skim)	0.1087%	0.1037%	0.0050%
Flavored milk	3.3988%	3.3384%	0.0604%
Flavored reduced fat milk	1.0125%	0.9732%	0.0393%
Flavored nonfat milk	0.2634%	0.2052%	0.0582%
Buttermilk	1.9969%	1.7398%	0.2571%
Eggnog	6.5324%	6.6658%	-0.1334%

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

PMMB AREA 5

FEBRUARY 2, 2022 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)**

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	\$ 18,674,015	\$ 19,823,629	81,551,074	91,837,065	\$ 0.2290	\$ 0.2159	\$0.0131
Utilities	1,084,381	1,115,026	81,551,074	91,837,065	0.0133	0.0121	0.0012
Insurance	652,997	520,998	81,551,074	91,837,065	<u>0.0080</u>	<u>0.0057</u>	<u>0.0023</u>
					<u><u>\$0.2503</u></u>	<u><u>\$0.2337</u></u>	<u><u>\$0.0166</u></u>

(1) Weighted based on sales in PMMB Area 5

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

**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)**

Diesel fuel costs – calendar year 2020 (1)	\$2,511,056
Delivery points – calendar year 2020 (1)	<u>189,718,292</u>
Diesel fuel cost per point delivered	<u>\$0.0132</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>\$0.0044</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 2021 diesel fuel costs were used by the PMMB in establishing minimum prices for December 2021.

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

**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)**

Heating fuel costs – calendar year 2020 (1)	\$232,514
Standardization & pasteurization points – calendar year 2020 (1)	<u>179,225,368</u>
Heating fuel cost per point pasteurized	<u><u>\$0.0013</u></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><u>(\$0.0001)</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 2021 natural gas costs were used by the PMMB in establishing minimum prices for December 2021.

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

ADJUSTMENTS FOR CONTAINER EFFICIENCIES
DUE TO CONTAINER SIZE

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>Container Quantities Sold by Cross-Section Dealers in 2020 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	19,405,620	(0.1003)	\$ (1,946,384)	\$ (0.1083)	\$ (2,101,629)
Half Gallon	17,931,158	(0.0709)	(1,271,319)	(0.0746)	(1,337,664)
Quart	3,997,180	0.1060	423,701	0.0801	320,174
Pint	7,341,747	0.0978	718,023	0.0875	642,403
12 oz.	-	0.0754	-	0.0649	-
Half Pint - Plastic	8,640,201	0.0289	249,702	0.0257	222,053
Half Pint - Paper	56,145,552	0.0289	1,622,606	0.0257	1,442,941
4 oz.	4,356,277	0.0356	155,083	0.0317	138,094
Dispenser (per quart)	430,960	0.1137	<u>49,000</u>	0.0979	<u>42,191</u>
Net impact on cross-section dealer revenues			<u>\$ 412</u>		<u>\$ (631,437)</u>

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

REBUTTAL EXHIBIT D11-A

PMMB AREA 5

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR DECEMBER 2021

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	1.9283%	1.9224%	0.0059%
Butterfat price as announced by PMMB	(1)	\$ 2.1543 per lb.	\$ 2.1543 per lb.	
Extended butterfat value		\$ 0.0415 per lb.	\$ 0.0414 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.24 per cwt.	\$ 16.24 per cwt.	
Extended skim value		\$ 0.1593 per lb.	\$ 0.1593 per lb.	
Total milk value at announced prices		<u>\$ 0.2008</u> per lb.	<u>\$ 0.2007</u> per lb.	<u>\$ 0.0001</u>
Ingredient cost	D4	0.0001	0.0001	
Cost of shrinkage / bulk milk & cream	D5	<u>(0.0003)</u>	<u>0.0007</u>	
Total milk cost per pound		<u>\$ 0.2006</u> per lb.	<u>\$ 0.2015</u> per lb.	<u>\$ (0.0009)</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.7292</u>	<u>\$ 1.7369</u>	<u>\$ (0.0077)</u>
Container cost (adjusted for shrinkage)	D3	0.2637 each	0.2645 each	(0.0008)
Cost center costs	D2	1.3756	1.3600	0.0156
1st half 2021 to 1st half 2020 adjustment	D7	0.0664	(0.0132)	0.0796
Container efficiency adjustment	D10	(0.1003)	(0.1083)	0.0080
Percentage discount adjustment	(3)	0.0100	0.0100	-
Diesel fuel adjustment	D8	0.0176	0.0084	0.0092
Heating fuels adjustment	D9	<u>(0.0004)</u>	<u>(0.0004)</u>	-
		<u>\$ 3.3618</u> each	<u>\$ 3.2579</u> each	<u>\$ 0.1039</u>
Dealer profit at 3.5%	(2)	<u>0.1219</u>	<u>0.1182</u>	<u>\$ 0.0037</u>
Subtotal		<u>\$ 3.4837</u> each	<u>\$ 3.3761</u> each	<u>\$ 0.1076</u>
Less: average delivery cost	(2)	(0.5220)	(0.5220)	
Add: high cost delivery	(2)	0.9748	0.9748	
Wholesale minimum price		<u>\$ 3.9365</u> each	<u>\$ 3.8289</u> each	<u>\$ 0.1076</u>

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

(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

FEBRUARY 2, 2022 COST REPLACEMENT HEARING

**CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR DECEMBER 2021**

**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	0.2634%	0.2052%	0.0582%
Butterfat price as announced by PMMB	(1)	\$ 2.1543 per lb.	\$ 2.1543 per lb.	
Extended butterfat value		\$ 0.0057 per lb.	\$ 0.0044 per lb.	
Skim price as announced by PMMB	(1)	\$ 16.24 per cwt.	\$ 16.24 per cwt.	
Extended skim value		\$ 0.1620 per lb.	\$ 0.1621 per lb.	
Total milk value at announced prices		<u>\$ 0.1676</u> per lb.	<u>\$ 0.1665</u> per lb.	<u>\$ 0.0011</u>
Ingredient cost	D4	0.0291	0.0397	
Cost of shrinkage / bulk milk & cream	D5	(0.0003)	0.0007	
Total milk cost per pound		<u>\$ 0.1964</u> per lb.	<u>\$ 0.2069</u> per lb.	<u>\$ (0.0105)</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.0982</u>	<u>\$ 0.1035</u>	<u>\$ (0.0053)</u>
Container cost (adjusted for shrinkage)	D3	0.0300 each	0.0312 each	(0.0012)
Cost center costs	D2	0.0860	0.0850	0.0010
1st half 2021 to 1st half 2020 adjustment	D7	0.0042	(0.0008)	0.0050
Container efficiency adjustment	D10	0.0289	0.0257	0.0032
Percentage discount adjustment	(3)	0.0011	0.0011	-
Diesel fuel adjustment	D8	0.0006	-	0.0006
Heating fuels adjustment	D9	-	-	-
		<u>\$ 0.2490</u> each	<u>\$ 0.2457</u> each	<u>\$ 0.0032</u>
Dealer profit at 3.5%	(2)	0.0090	0.0089	\$ 0.0001
Subtotal		<u>\$ 0.2580</u> each	<u>\$ 0.2546</u> each	<u>\$ 0.0033</u>
Less: average delivery cost	(2)	(0.0326)	(0.0326)	
Add: high cost delivery	(2)	0.0609	0.0609	
Wholesale minimum price		<u>\$ 0.2863</u> each	<u>\$ 0.2829</u> each	<u>\$ 0.0033</u>

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

(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."