

AREA 1

COST REPLACEMENT HEARING DEALER REBUTTAL EXHIBITS

March 15, 2023

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

**Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company**

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

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

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

PROCESSING, PACKAGING AND DELIVERY COSTS/POINT
(WEIGHTED AVERAGE BASED ON SALES IN AREA 1)

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

<u>Cost Center</u>	<u>Total 2021 Points in PMMB Area 1 (1)</u>	<u>Weighted Average 2021 Cost/Point (1)</u>
Receiving, lab and field work	106,105,163	\$ 0.0280
Standardization and pasteurization	127,329,509	0.0201
Bottling	103,734,876	0.0553
Cold room	143,373,171	0.0716
Delivery	148,546,428	0.1791
Selling	173,523,990	0.0172
		<u>\$ 0.3713</u>

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

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	2021 Weighted Average Cost/Point	2020 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0280	\$0.0266	\$0.0014
Standardization and pasteurization	0.0201	0.0184	0.0017
Bottling	0.0553	0.0521	0.0032
Cold room	0.0716	0.0665	0.0051
Delivery	0.1791	0.1775	0.0016
Selling	<u>0.0172</u>	<u>0.0114</u>	<u>0.0058</u>
Sub total	\$0.3713	\$0.3525	\$0.0188
Add:			
2022 Cost increase (decrease) adjustment - Exhibit D7			(0.0112)
Less:			
2021 Cost (increase) decrease adjustment (1)			<u>0.0084</u>
Net change			<u><u>\$0.0160</u></u>

**PMMB AREA 1
MARCH 15, 2023 COST REPLACEMENT HEARING**

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

**Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company**

Container Size	2022 Container Cost (1)	Adjust from April 2022 to February 2023 - Current (2)	Subtotal	Calculated Shrinkage and Loss (4)	Shrinkage Cost	Total Container Cost
Gallon (5)	\$ 0.2443	\$ (0.0151)	\$ 0.2292	1.71%	\$ 0.0039	\$ 0.2331
1/2 gallon - plastic	0.1819					
1/2 gallon - paper	(3)					
1/2 gallon - blended (5)	<u>0.1819</u>	(0.0084)	0.1735	1.73%	0.0030	0.1765
Quart - plastic	0.1666					
Quart - paper	0.0996					
Quart - blended (5)	<u>0.1662</u>	0.0080	0.1742	1.57%	0.0027	0.1769
Pint - plastic	0.1084					
Pint - paper	(3)					
Pint - blended (5)	<u>0.1084</u>	0.0010	0.1094	1.62%	0.0018	0.1112
Twelve ounce	(3)					
Ten ounce	(3)					
1/2 pint - plastic (5)	(3)	-	-	0.92%	-	-
1/2 pint - paper (5)	0.0254	0.0040	0.0294	0.85%	0.0002	0.0296
Four ounce - paper	0.0253		0.0253	1.53%	0.0004	0.0257
Dispenser	0.0970		0.0970	1.30%	0.0013	0.0983

- (1) For containers not purchased in April 2022 the most recent invoice was used.
- (2) December 2022 container costs were used by the PMMB to establish minimum resale prices for February 2023.
- (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.

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MARCH 15, 2023 COST REPLACEMENT HEARING

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

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

<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)	\$ 0.2331	\$ 0.2579	\$(0.0248)
Half Gallon (2)	0.1765	0.1862	(0.0097)
Quart (2)	0.1769	0.1817	(0.0048)
Pint (2)	0.1112	0.1169	(0.0057)
1/2 pint - plastic (2)	-	-	-
1/2 pint - paper (2)	0.0296	0.0256	0.0040
Four ounce - paper	0.0257	0.0205	0.0052
Dispenser (per quart)	0.0983	0.0538	0.0445

(1) Per General Order No. A-993 (CRO 5) as updated.

(2) These container costs to be updated monthly.

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MARCH 15, 2023 COST REPLACEMENT HEARING

SUMMARY OF INGREDIENT COSTS
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 1)

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	April 2022 Ingredient Cost Per Pound (1)
Standard	\$.0000
Reduced fat (2%) milk	.0001
Lowfat (1%) milk	.0001
Nonfat (skim) milk	.0002
Flavored milk	.0408
Flavored reduced fat milk	.0486
Flavored nonfat milk	.0354
Buttermilk	.0069
Eggnog	.1379

(1) For ingredients not purchased in April 2022 the most recent invoice was used.

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MARCH 15, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	April 2022 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	0.0002	(0.0001)
Lowfat milk (1%)	0.0001	0.0002	(0.0001)
Nonfat milk (skim)	0.0002	0.0003	(0.0001)
Flavored milk (2)	0.0408	0.0409	(0.0001)
Flavored reduced fat milk (2)	0.0486	0.0390	0.0096
Flavored nonfat milk (2)	0.0354	0.0334	0.0020
Buttermilk	0.0069	0.0048	0.0021
Eggnog	0.1379	0.1135	0.0244

(1) Per General Order OGO A-993 (CRO 5) as updated for flavored milks on January 1, 2023.

(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 1
MARCH 15, 2023 COST REPLACEMENT HEARING
WEIGHTED COST OF SHRINKAGE AND WEIGHTED COSTS AND REVENUES FROM BULK CREAM AND BULK MILK

**Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company**

<u>PMMB Area 1</u>	<u>Costs</u>	<u>Revenues</u>	<u>Weighted Net Cost (Revenue)</u>	<u>Weighted Pounds (1)</u>	<u>Weighted Cost (Revenue) Per</u>
Shrinkage	\$ 1,092,271		\$ 1,092,271		
Bulk milk revenue minus milk costs		385,269			
Bulk milk cost center costs & freight	1,534,872				
Net bulk milk cost (revenue)			1,149,603		
Bulk cream revenue minus milk costs		651,752			
Bulk cream cost center costs	282,183				
Net bulk cream cost (revenue)			(369,569)		
Total	<u>\$ 2,909,326</u>	<u>\$ 1,037,021</u>			
Net cost (net revenue) - calendar year 2021			\$ 1,872,305	169,095,947	\$ 0.0111
Net cost (net revenue) in current order - calendar year 2020			<u>\$ 1,282,678</u>	169,475,758	<u>\$ 0.0076</u>
Net change - cost increase (cost reduction)			<u>\$ 589,627</u>		<u>\$ 0.0035</u>

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	2021 Weighted Average Butterfat Test	Butterfat Test included in Existing Order (1)	Increase (Decrease)
Standard milk	3.2736%	3.2786%	-0.0050%
Reduced fat milk (2%)	1.9156%	1.9226%	-0.0070%
Lowfat milk (1%)	0.9295%	0.9360%	-0.0065%
Nonfat milk (skim)	0.1075%	0.1052%	0.0023%
Flavored milk	3.2497%	3.2496%	0.0001%
Flavored reduced fat milk	0.8931%	0.9139%	-0.0208%
Flavored nonfat milk	0.0978%	0.0972%	0.0006%
Buttermilk	1.8900%	1.8459%	0.0441%
Eggnog	6.9073%	6.8600%	0.0473%

(1) Per General Order No. A-993 (CRO 5)

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

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

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

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
	2022	2021	2022	2021	2022	2021	
Labor and fringe benefits	\$15,074,222	\$14,914,626	83,744,190	78,285,389	\$ 0.1800	\$ 0.1905	(\$0.0105)
Utilities	\$659,415	\$609,031	83,744,190	78,285,389	0.0079	0.0078	0.0001
Insurance	\$649,614	\$670,569	83,744,190	78,285,389	0.0078	0.0086	(0.0008)
					<u>\$0.1957</u>	<u>\$0.2069</u>	<u>(\$0.0112)</u>

(1) Weighted based on sales in PMMB Area 1

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MARCH 15, 2023 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

Diesel fuel costs – calendar year 2021 (1)	\$1,300,312
Delivery points – calendar year 2021 (1)	<u>148,546,437</u>
Diesel fuel cost per point delivered	<u><u>\$0.0088</u></u>
Average diesel price – calendar year 2021 (2)	\$3.431
Average diesel price – December 2022 (2) (3)	<u>\$5.459</u>
Increase (decrease) from year 2021 to month December 2022	59.11%
Increase (decrease) in diesel fuel cost per point delivered	<u><u>\$0.0052</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 1.
- (2) On-highway diesel prices per gallon for the Central Atlantic Region as published by the U.S. Energy Information Administration.
- (3) December 2022 diesel fuel costs were used by the PMMB in establishing minimum prices for February 2023.

PMMB AREA 1

MARCH 15, 2023 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

Heating fuel costs – calendar year 2021 (1)	\$176,798
Standardization & pasteurization points – calendar year 2021 (1)	<u>127,329,509</u>
Heating fuel cost per point pasteurized	<u>\$0.0014</u>
Average heating fuel costs – calendar year 2021 (2)	\$8.34
Average heating fuel costs – October 2022 (2) (3)	<u>12.67</u>
Increase (decrease) from year 2021 to month October 2022	51.92%
Increase (decrease) in heating fuel cost per point pasteurized	<u>\$0.0007</u>

- (1) Costs of cross-section dealers weighted by sales in Area 1.
- (2) Industrial natural gas prices for Pennsylvania in dollars per thousand cubic feet as published by the U.S. Energy Information Administration.
- (3) October 2022 natural gas costs were used by the PMMB in establishing minimum prices for February 2023.

**PMMB AREA 1
MARCH 15, 2023 COST REPLACEMENT HEARING**

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

**Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company**

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2021 in Area 1</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	10,584,720	\$ (0.0877)	\$ (928,280)	\$ (0.0805)	\$ (852,070)
Half gallon	10,288,303	(0.0438)	(450,628)	(0.0421)	(433,138)
Quart	6,224,863	0.0466	290,079	0.0424	263,934
Pint	4,953,217	0.0768	380,407	0.0705	349,202
Half pint - plastic	-	0.0208	-	0.0215	-
Half pint - paper	30,948,362	0.0208	643,726	0.0215	665,390
4 oz.	1,703,120	0.0341	58,076	0.0326	55,522
Dispenser (per quart)	365,710	0.0210	<u>7,680</u>	0.1227	<u>44,873</u>
Net impact on cross-section dealer revenues			<u>\$ 1,060</u>		<u>\$ 93,713</u>

(1) Per OGO A-993 (CRO 5) as updated.

PMMB AREA 1
MARCH 15, 2023 COST REPLACEMENT HEARING
CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR FEBRUARY 2023
Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9156%	1.9527%	-0.0371%
Butterfat price as announced by PMMB	(1)	\$ 2.7662 per lb.	\$ 2.7662 per lb.	
Extended butterfat value		\$ 0.0530 per lb.	\$ 0.0540 per lb.	
Skim price as announced by PMMB	(1)	\$16.50 per cwt.	\$16.50 per cwt.	
Extended skim value		\$ 0.1618 per lb.	\$ 0.1618 per lb.	
Total milk value at announced prices		<u>\$ 0.2148</u> per lb.	<u>\$ 0.2158</u> per lb.	<u>\$(0.0010)</u>
Ingredient cost	D4	0.0001	0.0002	
Cost of shrinkage / bulk milk & cream	D5	0.0111	0.0076	
Total milk cost per pound		<u>\$ 0.2260</u> per lb.	<u>\$ 0.2236</u> per lb.	<u>\$ 0.0024</u>
Pounds per gallon (conversion)		<u>8.62</u>	<u>8.62</u>	
Total milk cost per gallon		<u>\$ 1.9481</u>	<u>\$ 1.9274</u>	<u>\$ 0.0207</u>
Container cost (adjusted for shrinkage)	D3	0.2331 each	0.2364 each	(0.0033)
Cost center costs	D2	1.4852	1.4100	0.0752
1st half 2022 to 1st half 2021 adjustment	D7	(0.0448)	(0.0336)	(0.0112)
Container efficiency adjustment	D10	(0.0877)	(0.0805)	(0.0072)
Percentage discount adjustment	(3)	0.0048	0.0048	-
Diesel fuel adjustment	D8	0.0208	0.0320	(0.0112)
Heating fuels adjustment	D9	0.0028	0.0028	-
		<u>\$ 3.5623</u> each	<u>\$ 3.4993</u> each	<u>\$ 0.0630</u>
Dealer profit at 3.5%	(2)	<u>0.1292</u>	<u>0.1269</u>	<u>\$ 0.0023</u>
Subtotal		<u>\$ 3.6915</u> each	<u>\$ 3.6262</u> each	<u>\$ 0.0653</u>
Less: average delivery cost	(2)	(0.5068)	(0.5068)	
Add: high cost delivery	(2)	1.0552	1.0552	
Wholesale minimum price		<u>\$ 4.2399</u> each	<u>\$ 4.1746</u> each	<u>\$ 0.0653</u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

(2) Per OGO A-993 (CRO 5) as updated.

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

PMMB AREA 1
MARCH 15, 2023 COST REPLACEMENT HEARING
CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR FEBRUARY 2023
Clover Farms Dairy Co., DFA Dairy Brands Fluid, LLC - Lansdale,
Milk Industry Management Corp. T/A Balford Farms, Valley Farms Dairy LLC,
Wawa Beverage Company

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.0978%	0.0916%	0.0062%
Butterfat price as announced by PMMB	(1)	\$ 2.7662 per lb.	\$ 2.7662 per lb.	
Extended butterfat value		\$ 0.0027 per lb.	\$ 0.0025 per lb.	
Skim price as announced by PMMB	(1)	\$16.50 per cwt.	\$ 16.50 per cwt.	
Extended skim value		\$ 0.1648 per lb.	\$ 0.1648 per lb.	
Total milk value at announced prices		<u>\$ 0.1675 per lb.</u>	<u>\$ 0.1673 per lb.</u>	<u>\$ 0.0002</u>
Ingredient cost	D4	0.0354	0.0334	
Cost of shrinkage / bulk milk & cream	D5	0.0110	0.0076	
Total milk cost per pound		<u>\$ 0.2139 per lb.</u>	<u>\$ 0.2083 per lb.</u>	<u>\$ 0.0056</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.1070</u>	<u>\$ 0.1042</u>	<u>\$ 0.0028</u>
Container cost (adjusted for shrinkage)	D3	0.0296 each	0.0295 each	0.0001
Cost center costs	D2	0.0928	0.0881	0.0047
1st half 2022 to 1st half 2021 adjustment	D7	(0.0028)	(0.0021)	(0.0007)
Container efficiency adjustment	D10	0.0208	0.0215	(0.0007)
Percentage discount adjustment	(3)	0.0003	0.0003	-
Diesel fuel adjustment	D8	0.0013	0.0020	(0.0007)
Heating fuels adjustment	D9	0.0002	0.0002	-
		<u>\$ 0.2492 each</u>	<u>\$ 0.2437 each</u>	<u>\$ 0.0055</u>
Dealer profit at 3.5%	(2)	0.0090	0.0088	\$ 0.0002
Subtotal		<u>\$ 0.2582 each</u>	<u>\$ 0.2525 each</u>	<u>\$ 0.0057</u>
Less: average delivery cost	(2)	(0.0317)	(0.0317)	
Add: high cost delivery	(2)	0.0660	0.0660	
Wholesale minimum price		<u>\$ 0.2925 each</u>	<u>\$ 0.2868 each</u>	<u>\$ 0.0057</u>

(1) As announced for February 2023 by PMMB on January 20, 2023.

(2) Per OGO A-993 (CRO 5) as updated.

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