

AREA 6

**COST REPLACEMENT HEARING
DEALER REBUTTAL EXHIBITS**

April 19, 2023

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

INDEX OF REBUTTAL EXHIBITS

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

Rebuttal Exhibit D1	Alexandra Deimler, 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 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)

REBUTTAL EXHIBIT D2

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

**PROCESSING, PACKAGING AND DELIVERY COSTS/POINT
(WEIGHTED AVERAGE BASED ON SALES IN AREA 6)**

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

Cost Center	Total 2021 Points in PMMB Area 6 (1)	Weighted Average 2021 Cost/Point (1)
Receiving, lab and field work	68,252,454	\$ 0.0191
Standardization and pasteurization	82,669,100	0.0221
Bottling	81,995,243	0.0607
Cold room	89,910,590	0.0479
Delivery	84,570,213	0.1881
Selling	85,313,500	0.0192
		<u>\$ 0.3571</u>

(1) Reflects points (and related cost/point) for sales in PMMB Area 6 for the cross-section dealers.

REBUTTAL EXHIBIT D2-A

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR PROCESSING, PACKAGING AND DELIVERY COSTS

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	2021 Weighted Average Cost/Point	2020 Cost/Point Included in Existing Order (1)	Increase (Decrease)
Receiving, lab and field work	\$0.0191	\$0.0180	\$0.0011
Standardization and pasteurization	0.0221	0.0195	0.0026
Bottling	0.0607	0.0554	0.0053
Cold room	0.0479	0.0440	0.0039
Delivery	0.1881	0.1788	0.0093
Selling	<u>0.0192</u>	<u>0.0192</u>	<u>0.0000</u>
Sub total	\$0.3571	\$0.3349	\$0.0222
Add:			
2022 Cost increase (decrease) adjustment - Exhibit D7			0.0314
Less:			
2021 Cost (increase) decrease adjustment			<u>(0.0009)</u>
Net change			<u><u>\$0.0527</u></u>

REBUTTAL EXHIBIT D3

PMMB AREA 6

APRIL 19, 2023 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, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

<u>Container Size</u>	<u>April 2022 Container Cost (1)</u>	<u>Adjust from April 2022 to February 2023 - Current (2)</u>	<u>Subtotal</u>	<u>Calculated Shrinkage and Loss (4)</u>	<u>Shrinkage Cost</u>	<u>Total Container Cost</u>
Gallon (5)	\$ 0.2286	\$ 0.0057	\$ 0.2343	1.99%	\$ 0.0047	\$ 0.2390
1/2 gallon - plastic	0.2408					
1/2 gallon - paper	(3)					
1/2 gallon - blended (5)	<u>0.2408</u>	(0.0014)	0.2394	1.91%	0.0046	0.2440
Quart - plastic	0.2148					
Quart - paper	0.1055					
Quart - blended (5)	<u>0.2140</u>	0.0025	0.2165	1.57%	0.0034	0.2199
Pint - plastic	0.1640					
Pint - paper	0.0538					
Pint - blended (5)	<u>0.1625</u>	0.0021	0.1646	1.62%	0.0027	0.1673
Twelve ounce	(3)					
Ten ounce	(3)					
1/2 pint - plastic (5)	(3)	-	-	0.92%	-	-
1/2 pint - paper (5)	0.0309	0.0070	0.0379	0.85%	0.0003	0.0382
Four ounce - paper	0.0306		0.0306	1.53%	0.0005	0.0311
Dispenser	0.1386		0.1386	1.30%	0.0018	0.1404

- (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.

REBUTTAL EXHIBIT D3-A

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

**ADJUSTED CONTAINER COSTS COMPARED TO CURRENT MONTH
CONTAINER COSTS**

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

<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)	\$ 0.2390	\$ 0.2399	\$ (0.0009)
Half Gallon (2)	0.2440	0.1872	0.0568
Quart (2)	0.2199	0.2088	0.0111
Pint (2)	0.1673	0.1762	(0.0089)
1/2 pint - plastic (2)	0.0537	0.0537	-
1/2 pint - paper (2)	0.0382	0.0377	0.0005
Four ounce - paper	0.0311	0.0280	0.0031
Dispenser (per quart)	0.1404	0.1427	(0.0023)

(1) Per General Order No. A-956 (CRO 12) as updated.

(2) These container costs to be updated monthly.

(3) Difference between plastic ½ pint and paper ½ pint is \$0.0160. PMMB resale price schedules show the ½ pint paper price. \$0.0160 is the plastic add-on.

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

**SUMMARY OF INGREDIENT COSTS
(WEIGHTED AVERAGE BASED ON ACTUAL SALES IN AREA 6)**

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	April 2022 Ingredient Cost Per Pound (1)
Standard	\$.0000
Reduced fat (2%) milk	.0002
Low fat (1%) milk	.0002
Non fat (skim) milk	.0014
Flavored milk	.0417
Flavored reduced fat milk	.0467
Flavored nonfat milk	.0368
Buttermilk	.0330
Eggnog	.1683

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

REBUTTAL EXHIBIT D4-A

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

COST REPLACEMENT ADJUSTMENTS FOR INGREDIENTS

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	2021 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%)	0.0002	0.0001	0.0001
Lowfat milk (1%)	0.0002	0.0001	0.0001
Nonfat milk (skim)	0.0014	0.0005	0.0009
Flavored milk (2)	0.0417	0.0407	0.0010
Flavored reduced fat milk (2)	0.0467	0.0428	0.0039
Flavored nonfat milk (2)	0.0368	0.0347	0.0021
Buttermilk	0.0330	0.0279	0.0051
Eggnog	0.1683	0.1454	0.0229

(1) Per General Order OGO A-956 (CRO 12) 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 6

APRIL 19, 2023 COST REPLACEMENT HEARING

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

DFA Dairy Brands Fluid, LLC - Sharpville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven, Galliker Dairy Company, Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC

<u>PMMB Area 6</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	\$ 563,867		\$ 563,867		
Bulk milk revenue minus milk costs		(375,887)			
Bulk milk cost center costs & freight	58,733				
Net bulk milk cost (revenue)			434,620		
Bulk cream revenue minus milk costs		122,734			
Bulk cream cost center costs	77,881				
Net bulk cream cost (revenue)			(44,853)		
Total	<u>\$ 700,481</u>	<u>\$ (253,153)</u>			
Net cost (net revenue) - calendar year 2021			\$ 953,634	129,368,116	\$ 0.0074
Net cost (net revenue) in current order - calendar year 2020			<u>\$ 560,838</u>	130,357,259	<u>0.0043</u>
Net change - cost increase (cost reduction)			<u>\$ 392,796</u>		<u>\$ 0.0031</u>

REBUTTAL EXHIBIT D6

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

BUTTERFAT CONTENT OF PRICE CONTROLLED PRODUCTS

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	2021 Weighted Average Butterfat Test	Butterfat Test included in Existing Order (1)	Increase (Decrease)
Standard milk	3.2900%	3.2837%	0.0063%
Reduced fat milk (2%)	1.9031%	1.9140%	-0.0109%
Lowfat milk (1%)	0.9119%	0.9520%	-0.0401%
Nonfat milk (skim)	0.1315%	0.1246%	0.0069%
Flavored milk	3.2827%	3.2817%	0.0010%
Flavored reduced fat milk	1.1350%	1.1295%	0.0055%
Flavored nonfat milk	0.1357%	0.1529%	-0.0172%
Buttermilk	1.0145%	1.0359%	-0.0214%
Eggnog	6.5905%	6.1838%	0.4067%

(1) Per General Order No. A-956 (CRO 12)

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

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

DFA Dairy Brands Fluid, LLC - Sharpville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven, Galliker Dairy Company, Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC

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	\$ 11,693,029	\$ 9,891,019	43,567,919	41,136,604	\$ 0.2684	\$ 0.2404	\$0.0280
Utilities	551,751	461,738	43,567,919	41,136,604	0.0127	0.0112	0.0015
Insurance	533,398	425,657	43,567,919	41,136,604	0.0122	0.0103	0.0019
					<u>\$0.2933</u>	<u>\$0.2619</u>	<u>\$0.0314</u>

(1) Weighted based on sales in PMMB Area 6

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

CHANGES IN DIESEL FUEL COSTS

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

Diesel fuel costs – calendar year 2021 (1)	\$2,037,234
Delivery points – calendar year 2021 (1)	<u>84,570,213</u>
Diesel fuel cost per point delivered	<u><u>\$0.0241</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>\$0.0142</u></u>

- (1) Costs of cross-section dealers weighted by sales in Area 6.
- (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 6

APRIL 19, 2023 COST REPLACEMENT HEARING

CHANGES IN HEATING FUEL COSTS (NATURAL GAS)

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

Heating fuel costs – calendar year 2021 (1)	\$188,085
Standardization & pasteurization points – calendar year 2021 (1)	<u>82,669,100</u>
Heating fuel cost per point pasteurized	<u>\$0.0023</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>\$0.0012</u>

- (1) Costs of cross-section dealers weighted by sales in Area 6.
- (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 6

APRIL 19, 2023 COST REPLACEMENT HEARING

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

**DFA Dairy Brands Fluid, LLC - Sharpville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven, Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

<u>Container Size</u>	<u>Container Quantities Sold by Cross-Section Dealers in 2021 in Area 6</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	6,905,883	\$ (0.1259)	\$ (869,451)	\$ (0.1013)	\$ (699,566)
Half Gallon	6,755,505	(0.0525)	(354,664)	(0.0424)	(286,433)
Quart	1,805,581	0.1095	197,711	0.1052	189,947
Pint	2,671,084	0.1377	367,808	0.1319	352,316
Half Pint	27,576,857	0.0239	659,087	0.0241	664,602
4 oz.	733,201	0.0346	25,369	0.0351	25,735
Dispenser (per quart)	826,809	(0.0305)	<u>(25,218)</u>	(0.0260)	<u>(21,497)</u>
Net impact on cross-section dealer revenues			<u>\$ 642</u>		<u>\$ 225,104</u>

(1) Per OGO A-956 (CRO 12) as updated.

SURREBUTTAL EXHIBIT D11-A

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

**CALCULATION OF WHOLESALE MINIMUM PRICE
GALLON REDUCED FAT MILK (2%) FOR FEBRUARY 2023**

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	1.9031%	1.9140%	-0.0109%
Butterfat price as announced by PMMB	(1)	\$ 2.7608 per lb.	\$ 2.7608 per lb.	
Extended butterfat value		\$ 0.0525 per lb.	\$ 0.0528 per lb.	
Skim price as announced by PMMB	(1)	\$ 15.96 per cwt.	\$ 15.96 per cwt.	
Extended skim value		\$ 0.1566 per lb.	\$ 0.1565 per lb.	
Total milk value at announced prices		\$ 0.2091 per lb.	\$ 0.2094 per lb.	\$ (0.0003)
Ingredient cost	D4	0.0002	0.0001	
Cost of shrinkage / bulk milk & cream	D5	0.0074	0.0043	
Total milk cost per pound		\$ 0.2167 per lb.	\$ 0.2138 per lb.	\$ 0.0029
Pounds per gallon (conversion)		8.62	8.62	
Total milk cost per gallon		\$ 1.8680	\$ 1.8430	\$ 0.0250
Container cost (adjusted for shrinkage)	D3	0.2390 each	0.2399 each	(0.0009)
Cost center costs	D2	1.4284	1.3396	0.0888
1st half 2022 to 1st half 2021 adjustment	D7	0.1256	0.0036	0.1220
Container efficiency adjustment	D11	(0.1259)	(0.1013)	(0.0246)
Percentage discount adjustment	(3)	0.0144	0.0144	-
Diesel fuel adjustment	D8	0.0568	0.0852	(0.0284)
Heating fuels adjustment	D9	0.0048	0.0044	0.0004
		\$ 3.6111 each	\$ 3.4288 each	\$ 0.1823
Dealer profit at 3.4%	(2)	0.1271	0.1207	\$ 0.0064
Subtotal		\$ 3.7382 each	\$ 3.5495 each	\$ 0.1887
Less: average delivery cost	(2)	(0.5640)	(0.5640)	
Add: high cost delivery	(2)	0.9864	0.9864	
Wholesale minimum price		\$ 4.1606 each	\$ 3.9719 each	\$ 0.1887

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

(2) Per OGO A-956 (CRO 12) as updated.

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

SURREBUTTAL EXHIBIT D11-B

PMMB AREA 6

APRIL 19, 2023 COST REPLACEMENT HEARING

**CALCULATION OF WHOLESALE MINIMUM PRICE
HALF PINT FLAVORED NONFAT MILK (SKIM) FOR FEBRUARY 2023**

**DFA Dairy Brands Fluid, LLC - Sharpsville, DFA Dairy Brands Fluid, LLC - Schuylkill Haven,
Galliker Dairy Company,
Ritchey's Dairy, Inc., Turner Dairy Farms, Valley Farms Dairy LLC**

	<u>Reference</u>	<u>Proposed Order</u>	<u>Current Order (2)</u>	<u>Change</u>
Butterfat test	D6	0.1357%	0.1529%	-0.0172%
Butterfat price as announced by PMMB	(1)	\$ 2.7608 per lb.	\$ 2.7608 per lb.	
Extended butterfat value		\$ 0.0037 per lb.	\$ 0.0042 per lb.	
Skim price as announced by PMMB	(1)	\$ 15.96 per cwt.	\$ 15.96 per cwt.	
Extended skim value		\$ 0.1594 per lb.	\$ 0.1594 per lb.	
Total milk value at announced prices		<u>\$ 0.1631 per lb.</u>	<u>\$ 0.1636 per lb.</u>	<u>\$(0.0005)</u>
Ingredient cost	D4	0.0368	0.0347	
Cost of shrinkage / bulk milk & cream	D5	0.0074	0.0043	
Total milk cost per pound		<u>\$ 0.2073 per lb.</u>	<u>\$ 0.2026 per lb.</u>	<u>\$ 0.0047</u>
Pounds per gallon (conversion)		0.50	0.50	
Total milk cost per half pint		<u>\$ 0.1037</u>	<u>\$ 0.1013</u>	<u>\$ 0.0024</u>
Container cost (adjusted for shrinkage)	D3	0.0382 each	0.0377 each	0.0005
Cost center costs	D2	0.0893	0.0837	0.0056
1st half 2022 to 1st half 2021 adjustment	D7	0.0079	0.0002	0.0077
Container efficiency adjustment	(2)	0.0239	0.0241	(0.0002)
Percentage discount adjustment	(3)	0.0009	0.0009	-
Diesel fuel adjustment	D8	0.0036	0.0053	(0.0017)
Heating fuels adjustment	D9	0.0002	0.0003	(0.0001)
		<u>\$ 0.2677 each</u>	<u>\$ 0.2535 each</u>	<u>\$ 0.0142</u>
Dealer profit at 3.4%	(2)	0.0094	0.0089	\$ 0.0005
Subtotal		<u>\$ 0.2771 each</u>	<u>\$ 0.2624 each</u>	<u>\$ 0.0147</u>
Less: average delivery cost	(2)	(0.0353)	(0.0353)	
Add: high cost delivery	(2)	0.0617	0.0617	
Wholesale minimum price		<u>\$ 0.3035 each</u>	<u>\$ 0.2888 each</u>	<u>\$ 0.0147</u>

- (1) As announced for February 2023 by PMMB on January 20, 2023.
- (2) Per OGO A-956 (CRO 12) as updated.
- (3) Per OGO A-972 "Price Adjustments to Account for Interaction of Milk Prices and Wholesale Percentage Discounts."