



Commonwealth of Pennsylvania
Milk Marketing Board
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Official General
Order No. A-953 (CRO 14)

Posted: April 5, 2023
Effective: May 1, 2023

**COST REPLACEMENT ORDER FOR THE
EAST CENTRAL MILK MARKETING AREA, AREA 2**

NOW, this 5th day of April 2023, the Commonwealth of Pennsylvania, Milk Marketing Board, issues this official general order pursuant to the authority conferred by the Milk Marketing Law, 31 P.S. §§ 700j-101 – 700j-1204. This order will become effective at 12:01 a.m. on May 1, 2023.

**SECTION A
INCORPORATION**

The attached Findings of Fact, Conclusions of Law, and Attachments are incorporated herein by reference as though fully set forth in this order.

**SECTION B
SCOPE**

(a) The costs adopted by the Board in this order shall replace the costs in the appropriate cost centers embodied in Official General Order A-953 (CRO 13) and will be incorporated into the wholesale and retail prices of price-controlled packaged products sold in Milk Marketing Area No. 2, as defined in Section B of Official General Order A-953.

- (b) The rate of return to dealers is 3.5%.
- (c) The rate of return to retailers is 2.7%.

SECTION C
EFFECTIVENESS OF OFFICIAL GENERAL ORDER A-953

All parts of Official General Order A-953 not inconsistent with Section B (relating to scope) continue in effect.

PENNSYLVANIA MILK MARKETING BOARD

Robert N. Barley, Chairman

James A. Van Blarcom, Member

Kristi Kassimer Harper, Consumer Member

Date: April 5, 2023

IF YOU REQUIRE THIS INFORMATION IN AN ALTERNATE FORMAT, PLEASE CALL 717-787-4194 OR 1-800-654-5984 (PA RELAY SERVICE FOR TDD USERS).

FINDINGS OF FACT AND CONCLUSIONS OF LAW
COST REPLACEMENT HEARING FOR MILK MARKETING AREA NO. 2
MARCH 15, 2023

I. FINDINGS OF FACT

1. On March 15, 2023, the Pennsylvania Milk Marketing Board (“Board”) held a cost replacement hearing for Milk Marketing Area No. 2.

2. Notice of the hearing was published at 53 Pennsylvania Bulletin 684 dated January 28, 2023. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1621, dated January 11, 2023. The hearing notice enumerated the scope of evidence that the Board would receive.

3. The dealer cross-section used by both Board Staff and the Area 2 Milk Dealers (Dealers), the only parties to present dealer cost information, consisted of Clover Farms Dairy Co.; DFA Dairy Brands Fluid, LLC – Schuylkill Haven; Milk Industry Management Corp, t/a Balford Farms; Monroe County Milk Producers Cooperative Association; Turkey Hill, LLC; and Valley Farms Dairy LLC.

4. Carol Hardbarger, PhD, appearing on behalf of Board Staff as an expert in milk industry statistics, testified that the dealer cross section was representative of the dealers doing business in Area 2. Dr. Hardbarger testified that the cross-section dealers accounted for 69.30% of the sales in Area 2. Dr. Hardbarger also testified that the sales by product for the cross-section dealers for the top five products by volume sold were close to the same as that of all dealers selling into Area 2. Jed Davis, appearing on behalf of Dealers as an expert in cost accounting and milk cost accounting, agreed that the cross section was representative. Based on the testimony of Dr. Hardbarger and Mr. Davis, the Board finds that the dealer cross section used by both Board Staff and Dealers is representative of dealers doing business in Area 2.

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk industry cost accounting and regulation. Both Mr. Gojsovich and Mr. Davis testified that the cross-section dealers incurred a cost of \$0.3458 per point for processing, packaging, and delivering milk in 2021. Based on this uncontradicted testimony, the Board finds that the cross section dealers incurred a cost of \$0.3458 per point for processing, packaging, and delivery, and further finds that \$0.3458 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Davis testified to the following 2022 ingredient costs, based on year 2021 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0001/lb; Low Fat Milk - \$0.0001/lb; Non-Fat Milk - \$0.0001/lb; Flavored Milk - \$0.0420/lb; Flavored Reduced Fat Milk - \$0.0320/lb; Flavored Non-Fat Milk - \$0.0216/lb; Buttermilk - \$0.0326/lb; Egg Nog - \$0.3674/lb. The Board finds that these ingredient costs should be used in this order.

7. Mr. Gojsovich and Mr. Davis offered concurring evidence regarding the cost update for labor, insurance, and utility costs of \$(0.0173) per point between the first halves of 2021 and 2022. The Board finds that \$(0.0173) per point should be used in this order.

8. Mr. Gojsovich and Mr. Davis recommended that the diesel fuel cost adjustment continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 8 and attached to this order as Attachment 1.

9. Mr. Gojsovich and Mr. Davis recommended that the heating fuel cost adjustment continue. The Board finds that the adjustment should continue, based on the methodology presented by Mr. Gojsovich in Staff Surrebuttal Exhibit 9 and attached to this order as Attachment 2.

10. Mr. Gojsovich and Mr. Davis presented concurring evidence regarding the cost of shrinkage and sales of bulk products of \$0.0013 per pound. Based on the uncontradicted and concurring testimony, the Board finds that the cost of shrinkage and sales of bulk products to be used in this order should be \$0.0013 per pound.

11. Based on the container costs evidence and testimony presented by Mr. Gojsovich and Mr. Davis, the Board finds that the following base container costs should be adopted for this order: Gallon - \$0.2373; Half Gallon - \$0.1846; Quart - \$0.1760; Pint - \$0.1258; Half Pint (paper) - \$0.0269; Half Pint (plastic) - \$0.1000; 12 Ounce - \$0.0630; 10 Ounce - \$0.0855; 4 Ounce - \$0.0346; Bulk Per Quart (Dispenser) - \$0.0788. Both Mr. Gojsovich and Mr. Davis testified that container costs should continue to be updated monthly; the Board agrees and finds that container costs should continue to be updated monthly. The Board also finds that the container shrinkage factors should continue to be utilized to calculate container costs.

Mr. Gojsovich and Mr. Davis testified that a blended (or combined) container cost should be used for products sold in containers that are available in both paper and plastic, except for half pint containers. They both also recommended that minimum resale prices for products sold in half pint containers should be calculated using the paper container cost for products sold in paper containers and by applying a plastic add-on for products sold in rigid plastic containers. The Board finds that the blended container concept should continue to be used, except for half pint containers. The Board finds that minimum resale prices for products sold in paper half pint containers should be calculated using the paper container cost and that minimum resale prices for products sold in rigid plastic containers should be calculated by applying a plastic add-on to the paper container cost. The Board further finds that the base plastic add-on is \$0.0731 and that the add-on should be adjusted monthly based on the monthly container cost surveys.

12. Both Mr. Gojsovich and Mr. Davis testified that the container efficiency adjustment should be updated.

Based on year 2021 container sales and year 2021 costs per point for the bottling, cold room, and delivery centers, Mr. Gojsovich and Mr. Davis arrived at the following container efficiency adjustments:

Gallon	\$ (0.0902)
Half Gallon	\$ (0.0233)
Quart	\$ 0.0534
Pint	\$ 0.0652
Half Pint	\$ 0.0255
4 ounce	\$ 0.0401
Bulk (per quart)	\$ 0.1484

The Board finds that the container efficiency adjustments should be updated as presented by Mr. Gojsovich and Mr. Davis.

13. No party presented evidence regarding Class II products. Mr. Davis recommended that the Board continue using the existing methodology to price Class II products. Since there was no proposal by any party to change Class II pricing, the Board finds that the current Class II pricing methodology shall continue until a Class II hearing is called and the results memorialized in an Official General Order.

14. Mr. Davis recommended that the Board maintain the rate of return at 3.5%. He testified that 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. Mr. Davis also testified that maintaining the current rate of return is important for consistency and stability during an uncertain and difficult time for the dairy industry. No other party presented evidence regarding dealer rate of return.

Based on Mr. Davis's testimony, the Board finds that the rate of return should remain at 3.5%.

15. With no party presenting evidence regarding the retail rate of return or continued use of the Consumer Price Index to adjust minimum retail prices, the Board finds that the current methodology for calculating minimum retail prices should continue using a retail rate of return of 2.7%.

III. CONCLUSIONS OF LAW

1. The March 15, 2023, cost replacement hearing for Milk Marketing Area No. 2 was held pursuant to authority granted to the Board in section 801 of the Milk Marketing Law (Law), 31 P.S. § 700j-801.

2. The hearing was held following adequate notice, and all interested persons were given a reasonable opportunity to be heard.

3. The cross-section used to establish dealer costs met the requirement of representativeness of section 801 of the Law.

4. The record of the Milk Marketing Area No. 1 hearing held on March 15, 2023, was incorporated in the record of this hearing by reference.

5. In establishing the attached order, the Board has considered the entire record and has concluded that the adoption of this order is supported by a preponderance of the evidence and is reasonable and appropriate under section 801 of the Law, subject to any revisions or amendments the Board may make in the manner set forth in the Law.

PENNSYLVANIA MILK MARKETING BOARD

Robert N. Barley, Chairman

James A. Van Blarcom, Member

Kristi Kassimer Harper, Consumer Member

Date: April 5, 2023

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**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2**

Diesel Fuel Costs Adjustment

Update of Diesel Fuel Costs from YEAR 2021 to DECEMBER 2022

1. Weighted Diesel Fuel Costs - YEAR 2021	\$	791,615
2. Average On-Highway Diesel Price per Gallon - YEAR 2021 (1)	\$	3.431
3. On-Highway Diesel Price per Gallon - DECEMBER 2022 (1)	\$	5.459
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		59.11%
5. Presumed Diesel Fuel Costs - DECEMBER 2022 ((Line 1 X Line 4) + Line 1)	\$	<u>1,259,524</u>
6. Change in Diesel Fuel Costs from YEAR 2021 to DECEMBER 2022 (Line 5 - Line 1)	\$	467,909
7. Weighted Delivery Points - YEAR 2021		<u>73,137,412</u>
8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)	\$	<u>0.0064</u>

Footnote:

1. Source: 'Weekly Retail On-Highway Diesel Prices' per Energy Information Administration website.
web address = https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_r1y_w.htm

**PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2**

Heating Fuel Costs Adjustment

Update of Heating Fuel Costs from YEAR 2021 to OCTOBER 2022

1. Weighted Heating Fuel Costs - YEAR 2021	\$ 113,052
2. Pennsylvania Average Natural Gas Price - Industrial - YEAR 2021 (1)	\$ 8.34
3. Pennsylvania Average Natural Gas Price - Industrial - OCTOBER 2022 (1)	\$ 12.67
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)	51.92%
5. Presumed Heating Fuel Costs - OCTOBER 2022 ((Line 1 X Line 4) + Line 1)	\$ <u>171,749</u>
6. Change in Heating Fuel Costs from YEAR 2021 to OCTOBER 2022 (Line 5 - Line 1)	\$ 58,697
7. Weighted Standardization & Pasteurization (S&P) Points - YEAR 2021	<u>81,527,669</u>
8. Change in Heating Fuel Costs per S&P Point (Line 6 ÷ Line 7)	<u>\$ 0.0007</u>

Footnote:

1. Source: Pennsylvania Natural Gas Industrial Price per Energy Information Administration website.
web address = <http://tonto.eia.doe.gov/dnav/ng/hist/n3035pa3m.htm>

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

MILK COSTS BEFORE PACKAGING
FEBRUARY 2023 MILK COSTS

Class I	
Skim Rate	\$ 16.26
Butterfat Rate	\$ 2.7638

	A	B	C	D	E	F	G	H	I	J	K
			(B + A)	(A - B)	(B X BF Rate)	(D X Skim Rate)	(E + F)	(G + A)	(EX. 4)	(EX. 5)	(H + I + J)
Product	Product	Butterfat		Skim	Butterfat	Skim	Total	Cost per	Ingredient	Bulk Sale	Total
Description	Pounds	Pounds	Percentage	Pounds	Value	Value	Value	Pound	Cost	(Profit)/Loss	Cost per Pound

Class 1	Standard (Whole) Milk	37,173,380	1,212,044	3.2605%	35,961,336	\$ 3,349,847	\$ 5,847,313	\$ 9,197,160	\$ 0.2474	\$ -	\$ 0.0013	\$ 0.2487
	Reduced Fat (2%) Milk	27,410,444	535,128	1.9523%	26,875,316	\$ 1,478,987	\$ 4,369,926	\$ 5,848,913	\$ 0.2134	\$ 0.0001	\$ 0.0013	\$ 0.2148
	Low Fat (1%) Milk	13,749,279	130,182	0.9468%	13,619,097	\$ 359,797	\$ 2,214,465	\$ 2,574,262	\$ 0.1872	\$ 0.0001	\$ 0.0013	\$ 0.1886
	Non Fat (Skim) Milk	6,328,588	4,635	0.0732%	6,323,953	\$ 12,810	\$ 1,028,275	\$ 1,041,085	\$ 0.1645	\$ 0.0001	\$ 0.0013	\$ 0.1659
	Flavored Milk	3,729,232	121,623	3.2613%	3,607,609	\$ 336,142	\$ 586,597	\$ 922,739	\$ 0.2474	\$ 0.0420	\$ 0.0013	\$ 0.2907
	Flavored Reduced Fat Milk	2,969,236	29,218	0.9840%	2,940,018	\$ 80,753	\$ 478,047	\$ 558,800	\$ 0.1882	\$ 0.0320	\$ 0.0013	\$ 0.2215
	Flavored NONFAT Milk	1,210,337	743	0.0614%	1,209,594	\$ 2,054	\$ 196,680	\$ 198,734	\$ 0.1642	\$ 0.0216	\$ 0.0013	\$ 0.1871
	Buttermilk	35,843	564	1.5735%	35,279	\$ 1,559	\$ 5,736	\$ 7,295	\$ 0.2035	\$ 0.0326	\$ 0.0013	\$ 0.2374
	Egg Nog	144,359	10,256	7.1045%	134,103	\$ 28,346	\$ 21,805	\$ 50,151	\$ 0.3474	\$ 0.3674	\$ 0.0013	\$ 0.7161

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

WHOLESALE PRICE BUILDUP
FEBRUARY 2023 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D EX. 10	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Wholesale Increase (Decrease)
STANDARD (WHOLE) MILK													
GALLON	\$ 2.1388	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.6369	\$ 0.1319	\$ 3.7688	\$ (0.3356)	\$ 0.9364	\$ 4.3696	\$ 4.1625	\$ 0.2071
1/2 GALLON	\$ 1.0694	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.9147	\$ 0.0694	\$ 1.9841	\$ (0.1678)	\$ 0.4682	\$ 2.2845	\$ 2.1735	\$ 0.1110
QUART	\$ 0.5347	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 1.1137	\$ 0.0404	\$ 1.1541	\$ (0.0839)	\$ 0.2341	\$ 1.3043	\$ 1.2561	\$ 0.0482
PINT	\$ 0.2674	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.6293	\$ 0.0228	\$ 0.6521	\$ (0.0420)	\$ 0.1171	\$ 0.7272	\$ 0.6830	\$ 0.0442
12 OUNCE	\$ 0.2005	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3911	\$ 0.0142	\$ 0.4053	\$ (0.0315)	\$ 0.0878	\$ 0.4616	\$ 0.4396	\$ 0.0220
10 OUNCE	\$ 0.1671	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3589	\$ 0.0130	\$ 0.3719	\$ (0.0262)	\$ 0.0732	\$ 0.4189	\$ 0.4006	\$ 0.0183
1/2 PINT	\$ 0.1337	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2784	\$ 0.0101	\$ 0.2885	\$ (0.0210)	\$ 0.0585	\$ 0.3260	\$ 0.3107	\$ 0.0153
4 OUNCE	\$ 0.0668	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1845	\$ 0.0067	\$ 0.1912	\$ (0.0105)	\$ 0.0293	\$ 0.2100	\$ 0.1971	\$ 0.0129
Bulk per Quart	\$ 0.5347	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 1.1031	\$ 0.0400	\$ 1.1431	\$ (0.0839)	\$ 0.2341	\$ 1.2933	\$ 1.2074	\$ 0.0859
REDUCED FAT (2%) MILK													
GALLON	\$ 1.8516	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.3497	\$ 0.1215	\$ 3.4712	\$ (0.3356)	\$ 0.9364	\$ 4.0720	\$ 3.8684	\$ 0.2036
1/2 GALLON	\$ 0.9258	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.7711	\$ 0.0642	\$ 1.8353	\$ (0.1678)	\$ 0.4682	\$ 2.1357	\$ 2.0265	\$ 0.1092
QUART	\$ 0.4629	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 1.0419	\$ 0.0378	\$ 1.0797	\$ (0.0839)	\$ 0.2341	\$ 1.2299	\$ 1.1825	\$ 0.0474
PINT	\$ 0.2314	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.5933	\$ 0.0215	\$ 0.6148	\$ (0.0420)	\$ 0.1171	\$ 0.6899	\$ 0.6463	\$ 0.0436
12 OUNCE	\$ 0.1736	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3642	\$ 0.0132	\$ 0.3774	\$ (0.0315)	\$ 0.0878	\$ 0.4337	\$ 0.4121	\$ 0.0216
10 OUNCE	\$ 0.1447	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3365	\$ 0.0122	\$ 0.3487	\$ (0.0262)	\$ 0.0732	\$ 0.3957	\$ 0.3777	\$ 0.0180
1/2 PINT	\$ 0.1157	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2604	\$ 0.0094	\$ 0.2698	\$ (0.0210)	\$ 0.0585	\$ 0.3073	\$ 0.2922	\$ 0.0151
4 OUNCE	\$ 0.0579	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1756	\$ 0.0064	\$ 0.1820	\$ (0.0105)	\$ 0.0293	\$ 0.2008	\$ 0.1880	\$ 0.0128
Bulk per Quart	\$ 0.4629	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 1.0313	\$ 0.0374	\$ 1.0687	\$ (0.0839)	\$ 0.2341	\$ 1.2189	\$ 1.1338	\$ 0.0851
LOW FAT (1%) MILK													
GALLON	\$ 1.6257	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.1238	\$ 0.1133	\$ 3.2371	\$ (0.3356)	\$ 0.9364	\$ 3.8379	\$ 3.6388	\$ 0.1991
1/2 GALLON	\$ 0.8129	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.6582	\$ 0.0601	\$ 1.7183	\$ (0.1678)	\$ 0.4682	\$ 2.0187	\$ 1.9117	\$ 0.1070
QUART	\$ 0.4064	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 0.9854	\$ 0.0357	\$ 1.0211	\$ (0.0839)	\$ 0.2341	\$ 1.1713	\$ 1.1251	\$ 0.0462
PINT	\$ 0.2032	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.5651	\$ 0.0205	\$ 0.5856	\$ (0.0420)	\$ 0.1171	\$ 0.6607	\$ 0.6176	\$ 0.0431
12 OUNCE	\$ 0.1524	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3430	\$ 0.0124	\$ 0.3554	\$ (0.0315)	\$ 0.0878	\$ 0.4117	\$ 0.3905	\$ 0.0212
10 OUNCE	\$ 0.1270	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3188	\$ 0.0116	\$ 0.3304	\$ (0.0262)	\$ 0.0732	\$ 0.3774	\$ 0.3597	\$ 0.0177
1/2 PINT	\$ 0.1016	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2463	\$ 0.0089	\$ 0.2552	\$ (0.0210)	\$ 0.0585	\$ 0.2927	\$ 0.2779	\$ 0.0148
4 OUNCE	\$ 0.0508	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1685	\$ 0.0061	\$ 0.1746	\$ (0.0105)	\$ 0.0293	\$ 0.1934	\$ 0.1808	\$ 0.0126
Bulk per Quart	\$ 0.4064	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 0.9748	\$ 0.0354	\$ 1.0102	\$ (0.0839)	\$ 0.2341	\$ 1.1604	\$ 1.0764	\$ 0.0840
NON FAT (SKIN) MILK													
GALLON	\$ 1.4317	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 2.9298	\$ 0.1063	\$ 3.0361	\$ (0.3356)	\$ 0.9364	\$ 3.6369	\$ 3.4315	\$ 0.2054
1/2 GALLON	\$ 0.7159	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.5612	\$ 0.0566	\$ 1.6178	\$ (0.1678)	\$ 0.4682	\$ 1.9182	\$ 1.8081	\$ 0.1101
QUART	\$ 0.3579	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 0.9369	\$ 0.0340	\$ 0.9709	\$ (0.0839)	\$ 0.2341	\$ 1.1211	\$ 1.0733	\$ 0.0478
PINT	\$ 0.1790	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.5409	\$ 0.0196	\$ 0.5605	\$ (0.0420)	\$ 0.1171	\$ 0.6356	\$ 0.5917	\$ 0.0439
12 OUNCE	\$ 0.1342	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3248	\$ 0.0118	\$ 0.3366	\$ (0.0315)	\$ 0.0878	\$ 0.3929	\$ 0.3711	\$ 0.0218
10 OUNCE	\$ 0.1119	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3037	\$ 0.0110	\$ 0.3147	\$ (0.0262)	\$ 0.0732	\$ 0.3617	\$ 0.3435	\$ 0.0182
1/2 PINT	\$ 0.0895	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2342	\$ 0.0085	\$ 0.2427	\$ (0.0210)	\$ 0.0585	\$ 0.2802	\$ 0.2650	\$ 0.0152
4 OUNCE	\$ 0.0447	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1624	\$ 0.0059	\$ 0.1683	\$ (0.0105)	\$ 0.0293	\$ 0.1871	\$ 0.1743	\$ 0.0128
Bulk per Quart	\$ 0.3579	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 0.9263	\$ 0.0336	\$ 0.9599	\$ (0.0839)	\$ 0.2341	\$ 1.1101	\$ 1.0246	\$ 0.0855

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

WHOLESALE PRICE BUILDUP
FEBRUARY 2023 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D EX. 10	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Wholesale Increase (Decrease)
FLAVORED MILK													
GALLON	\$ 2.3256	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.8237	\$ 0.1387	\$ 3.9624	\$ (0.3356)	\$ 0.9364	\$ 4.5632	\$ 4.3487	\$ 0.2145
1/2 GALLON	\$ 1.1628	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 2.0081	\$ 0.0728	\$ 2.0809	\$ (0.1678)	\$ 0.4682	\$ 2.3813	\$ 2.2666	\$ 0.1147
QUART	\$ 0.5814	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 1.1604	\$ 0.0421	\$ 1.2025	\$ (0.0839)	\$ 0.2341	\$ 1.3527	\$ 1.3026	\$ 0.0501
PINT	\$ 0.2907	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.6526	\$ 0.0237	\$ 0.6763	\$ (0.0420)	\$ 0.1171	\$ 0.7514	\$ 0.7063	\$ 0.0451
12 OUNCE	\$ 0.2180	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.4086	\$ 0.0148	\$ 0.4234	\$ (0.0315)	\$ 0.0878	\$ 0.4797	\$ 0.4571	\$ 0.0226
10 OUNCE	\$ 0.1817	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3735	\$ 0.0135	\$ 0.3870	\$ (0.0262)	\$ 0.0732	\$ 0.4340	\$ 0.4152	\$ 0.0188
1/2 PINT	\$ 0.1454	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2901	\$ 0.0105	\$ 0.3006	\$ (0.0210)	\$ 0.0585	\$ 0.3381	\$ 0.3223	\$ 0.0158
4 OUNCE	\$ 0.0727	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1904	\$ 0.0069	\$ 0.1973	\$ (0.0105)	\$ 0.0293	\$ 0.2161	\$ 0.2030	\$ 0.0131
Bulk per Quart	\$ 0.5814	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 1.1498	\$ 0.0417	\$ 1.1915	\$ (0.0839)	\$ 0.2341	\$ 1.3417	\$ 1.2539	\$ 0.0878
FLAVORED REDUCED FAT MILK													
GALLON	\$ 1.7720	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.2701	\$ 0.1186	\$ 3.3887	\$ (0.3356)	\$ 0.9364	\$ 3.9895	\$ 3.7966	\$ 0.1929
1/2 GALLON	\$ 0.8860	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.7313	\$ 0.0628	\$ 1.7941	\$ (0.1678)	\$ 0.4682	\$ 2.0945	\$ 1.9906	\$ 0.1039
QUART	\$ 0.4430	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 1.0220	\$ 0.0371	\$ 1.0591	\$ (0.0839)	\$ 0.2341	\$ 1.2093	\$ 1.1646	\$ 0.0447
PINT	\$ 0.2215	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.5834	\$ 0.0212	\$ 0.6046	\$ (0.0420)	\$ 0.1171	\$ 0.6797	\$ 0.6373	\$ 0.0424
12 OUNCE	\$ 0.1661	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3567	\$ 0.0129	\$ 0.3696	\$ (0.0315)	\$ 0.0878	\$ 0.4259	\$ 0.4053	\$ 0.0206
10 OUNCE	\$ 0.1384	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3302	\$ 0.0120	\$ 0.3422	\$ (0.0262)	\$ 0.0732	\$ 0.3892	\$ 0.3721	\$ 0.0171
1/2 PINT	\$ 0.1108	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2555	\$ 0.0093	\$ 0.2648	\$ (0.0210)	\$ 0.0585	\$ 0.3023	\$ 0.2878	\$ 0.0145
4 OUNCE	\$ 0.0554	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1731	\$ 0.0063	\$ 0.1794	\$ (0.0105)	\$ 0.0293	\$ 0.1982	\$ 0.1857	\$ 0.0125
Bulk per Quart	\$ 0.4430	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 1.0114	\$ 0.0367	\$ 1.0481	\$ (0.0839)	\$ 0.2341	\$ 1.1983	\$ 1.1159	\$ 0.0824
FLAVORED NONFAT MILK													
GALLON	\$ 1.4968	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 2.9949	\$ 0.1086	\$ 3.1035	\$ (0.3356)	\$ 0.9364	\$ 3.7043	\$ 3.5752	\$ 0.1291
1/2 GALLON	\$ 0.7484	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.5937	\$ 0.0578	\$ 1.6515	\$ (0.1678)	\$ 0.4682	\$ 1.9519	\$ 1.8799	\$ 0.0720
QUART	\$ 0.3742	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 0.9532	\$ 0.0346	\$ 0.9878	\$ (0.0839)	\$ 0.2341	\$ 1.1380	\$ 1.1093	\$ 0.0287
PINT	\$ 0.1871	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.5490	\$ 0.0199	\$ 0.5689	\$ (0.0420)	\$ 0.1171	\$ 0.6440	\$ 0.6096	\$ 0.0344
12 OUNCE	\$ 0.1403	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3309	\$ 0.0120	\$ 0.3429	\$ (0.0315)	\$ 0.0878	\$ 0.3992	\$ 0.3846	\$ 0.0146
10 OUNCE	\$ 0.1169	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3087	\$ 0.0112	\$ 0.3199	\$ (0.0262)	\$ 0.0732	\$ 0.3669	\$ 0.3548	\$ 0.0121
1/2 PINT	\$ 0.0936	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2383	\$ 0.0086	\$ 0.2469	\$ (0.0210)	\$ 0.0585	\$ 0.2844	\$ 0.2740	\$ 0.0104
4 OUNCE	\$ 0.0468	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1645	\$ 0.0060	\$ 0.1705	\$ (0.0105)	\$ 0.0293	\$ 0.1893	\$ 0.1788	\$ 0.0105
Bulk per Quart	\$ 0.3742	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 0.9426	\$ 0.0342	\$ 0.9768	\$ (0.0839)	\$ 0.2341	\$ 1.1270	\$ 1.0606	\$ 0.0664
BUTTERMILK													
GALLON	\$ 2.0464	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 3.5445	\$ 0.1286	\$ 3.6731	\$ (0.3356)	\$ 0.9364	\$ 4.2739	\$ 4.0658	\$ 0.2081
1/2 GALLON	\$ 1.0232	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 1.8685	\$ 0.0678	\$ 1.9363	\$ (0.1678)	\$ 0.4682	\$ 2.2367	\$ 2.1252	\$ 0.1115
QUART	\$ 0.5116	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 1.0906	\$ 0.0396	\$ 1.1302	\$ (0.0839)	\$ 0.2341	\$ 1.2804	\$ 1.2320	\$ 0.0484
PINT	\$ 0.2558	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 0.6177	\$ 0.0224	\$ 0.6401	\$ (0.0420)	\$ 0.1171	\$ 0.7152	\$ 0.6710	\$ 0.0442
12 OUNCE	\$ 0.1918	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.3824	\$ 0.0139	\$ 0.3963	\$ (0.0315)	\$ 0.0878	\$ 0.4526	\$ 0.4306	\$ 0.0220
10 OUNCE	\$ 0.1599	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.3517	\$ 0.0128	\$ 0.3645	\$ (0.0262)	\$ 0.0732	\$ 0.4115	\$ 0.3930	\$ 0.0185
1/2 PINT	\$ 0.1279	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.2726	\$ 0.0099	\$ 0.2825	\$ (0.0210)	\$ 0.0585	\$ 0.3200	\$ 0.3045	\$ 0.0155
4 OUNCE	\$ 0.0639	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.1816	\$ 0.0066	\$ 0.1882	\$ (0.0105)	\$ 0.0293	\$ 0.2070	\$ 0.1941	\$ 0.0129
Bulk per Quart	\$ 0.5116	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 1.0800	\$ 0.0392	\$ 1.1192	\$ (0.0839)	\$ 0.2341	\$ 1.2694	\$ 1.1833	\$ 0.0861

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of +\$0.0046 per quart equivalent.

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

WHOLESALE PRICE BUILDUP
FEBRUARY 2023 MILK PRICES

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 ⁽¹⁾	D EX. 10	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	L	M (K - L)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.50%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	Current Wholesale Price	Wholesale Increase (Decrease)	
EGG NOG	GALLON	\$ 5.7288	\$ 0.2275	\$ (0.0224)	\$ (0.0902)	\$ 1.3832	\$ 7.2269	\$ 0.2621	\$ 7.4890	\$ (0.3356)	\$ 0.9364	\$ 8.0898	\$ 6.7263	\$ 1.3635
	1/2 GALLON	\$ 2.8644	\$ 0.1882	\$ (0.0112)	\$ (0.0233)	\$ 0.6916	\$ 3.7097	\$ 0.1345	\$ 3.8442	\$ (0.1678)	\$ 0.4682	\$ 4.1446	\$ 3.4554	\$ 0.6892
	QUART	\$ 1.4322	\$ 0.1854	\$ (0.0056)	\$ 0.0534	\$ 0.3458	\$ 2.0112	\$ 0.0729	\$ 2.0841	\$ (0.0839)	\$ 0.2341	\$ 2.2343	\$ 1.8970	\$ 0.3373
	PINT	\$ 0.7161	\$ 0.1266	\$ (0.0028)	\$ 0.0652	\$ 0.1729	\$ 1.0780	\$ 0.0391	\$ 1.1171	\$ (0.0420)	\$ 0.1171	\$ 1.1922	\$ 1.0035	\$ 0.1887
	12 OUNCE	\$ 0.5371	\$ 0.0630	\$ (0.0021)	\$ -	\$ 0.1297	\$ 0.7277	\$ 0.0264	\$ 0.7541	\$ (0.0315)	\$ 0.0878	\$ 0.8104	\$ 0.6800	\$ 0.1304
	10 OUNCE	\$ 0.4476	\$ 0.0855	\$ (0.0018)	\$ -	\$ 0.1081	\$ 0.6394	\$ 0.0232	\$ 0.6626	\$ (0.0262)	\$ 0.0732	\$ 0.7096	\$ 0.6009	\$ 0.1087
	1/2 PINT	\$ 0.3581	\$ 0.0341	\$ (0.0014)	\$ 0.0255	\$ 0.0865	\$ 0.5028	\$ 0.0182	\$ 0.5210	\$ (0.0210)	\$ 0.0585	\$ 0.5585	\$ 0.4709	\$ 0.0876
	4 OUNCE	\$ 0.1790	\$ 0.0351	\$ (0.0007)	\$ 0.0401	\$ 0.0432	\$ 0.2967	\$ 0.0108	\$ 0.3075	\$ (0.0105)	\$ 0.0293	\$ 0.3263	\$ 0.2773	\$ 0.0490
	Bulk per Quart	\$ 1.4322	\$ 0.0798	\$ (0.0056)	\$ 0.1484	\$ 0.3458	\$ 2.0006	\$ 0.0726	\$ 2.0732	\$ (0.0839)	\$ 0.2341	\$ 2.2234	\$ 1.8483	\$ 0.3751

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of +\$0.0046 per quart equivalent.

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

RETAIL PRICE BUILDUP FEBRUARY 2023 PRICES

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

RETAIL PRICE BUILDUP FEBRUARY 2023 PRICES

PENNSYLVANIA MILK MARKETING BOARD
MILK MARKETING AREA 2

RETAIL PRICE BUILDUP
FEBRUARY 2023 PRICES

	A EX. 10	B	C	D	E (A+B+C+D)	F	G (E - F)
Container Size	Proposed Wholesale Price	Deepest Discount 13.50%	In-Store Handling \$ 0.1899	Store Profit 2.7%	Proposed Retail Price	Current Retail Price	Increase (Decrease)
EGG NOG	GALLON	\$ 8.0898	\$ (1.0921)	\$ 0.7596	\$ 0.2153	\$ 8.10	\$ 6.76 \$ 1.34
	1/2 GALLON	\$ 4.1446	\$ (0.5595)	\$ 0.3798	\$ 0.1100	\$ 4.15	\$ 3.46 \$ 0.69
	QUART	\$ 2.2343	\$ (0.3016)	\$ 0.1899	\$ 0.0589	\$ 2.24	\$ 1.90 \$ 0.34
	PINT	\$ 1.1922	\$ (0.1609)	\$ 0.0950	\$ 0.0313	\$ 1.20	\$ 1.01 \$ 0.19
	12 OUNCE	\$ 0.8104	\$ (0.1094)	\$ 0.0712	\$ 0.0214	\$ 0.82	\$ 0.69 \$ 0.13
	10 OUNCE	\$ 0.7096	\$ (0.0958)	\$ 0.0593	\$ 0.0187	\$ 0.72	\$ 0.61 \$ 0.11
	1/2 PINT	\$ 0.5585	\$ (0.0754)	\$ 0.0475	\$ 0.0147	\$ 0.57	\$ 0.48 \$ 0.09
	4 OUNCE	\$ 0.3263	\$ (0.0441)	\$ 0.0237	\$ 0.0085	\$ 0.34	\$ 0.28 \$ 0.06
	Bulk per Quart	\$ 2.2234	\$ (0.3002)	\$ 0.1899	\$ 0.0586	\$ 2.23	\$ 1.85 \$ 0.38