



**Commonwealth of Pennsylvania**  
Milk Marketing Board  
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Official General  
Order No. A-962 (CRO 2)

Posted: December 7, 2011  
Effective: January 1, 2012

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### **COST REPLACEMENT ORDER FOR THE NORTHEASTERN MILK MARKETING AREA, AREA NO. 3**

NOW, this 7<sup>th</sup> day of December 2011, 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 January 1, 2012.

#### **SECTION A INCORPORATION**

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

#### **SECTION B SCOPE**

(a) The processing, packaging, and delivery costs, container costs, ingredient costs, shrinkage and net profit and loss on sales of bulk milk and bulk cream costs, and in-store handling costs adopted by the Board in this order will replace the costs for these cost centers embodied in Official General Order (OGO) A-962 (CRO 1) and will be incorporated into the wholesale and retail prices of Class I price-controlled packaged products sold in Milk Marketing Area 3, as defined in Section B of OGO A-962. Wholesale and retail prices will be adjusted as well by the change in labor, utility, and insurance costs that the Board adopts in this order.

(b) The rate of return for dealers is 3.4%.

(c) The rate of return to retailers is 2.7%.

**SECTION C**  
**EFFECTIVENESS OF OFFICIAL GENERAL ORDER A-962**

All parts of Official General Order A-962 (CRO 1) not inconsistent with Section B of this order continue in effect.

PENNSYLVANIA MILK MARKETING BOARD

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Luke F. Brubaker, Chairman

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Richard Kriebel, Member

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Lynda J. Bowman, Consumer Member

Date: December 7, 2011

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. 3**  
**NOVEMBER 9, 2011**

I. FINDINGS OF FACT

1. On November 9, 2011, the Pennsylvania Milk Marketing Board (“Board”) held a cost replacement hearing for Milk Marketing Area No. 3.

2. Notice of the hearing was published at 41 Pennsylvania Bulletin 4271 dated August 26, 2011. It was also mailed to those who have requested mailed notice of Board hearings via Board Bulletin No. 1475, dated August 2, 2011. 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 3 milk dealers (“Dealers”), the only parties to present dealer cost information, consisted of Clover Farms Dairy Company; Guers Dairy; Schneider – Valley Farms, Inc; Tuscan/Lehigh Dairies, L.P. – Schuylkill Haven; Turkey Hill L.P.; Pocono Mountain Dairies; and Swiss Premium Dairy, Inc.

4. David DeSantis, appearing on behalf of Board Staff as an expert in milk cost accounting, testified that the dealer cross section was representative of the dealers doing business in Area 3. Mr. DeSantis based his opinion on the amounts and types of milk sold by the cross section dealers, the types of customers served by the cross section dealers, and the delivery techniques employed by the cross section dealers. Carl Herbein, appearing on behalf of the Area 3 milk dealers as an expert in cost accounting and milk cost accounting, testified that the dealer cross section processed, packaged, and delivered a majority of the fluid milk products in Area 3 and delivered to a range of customers in Area 3 which included supermarkets, convenience stores, schools, institutions, and small retail outlets. Mr. Herbein opined that the cross-section was representative of the dealers selling in Area 3. Based on the factors outlined by Mr. DeSantis and Mr. Herbein, the Board finds that the dealer cross section used by both Board Staff and Dealers is representative of dealers doing business in Area 3.

5. Gary Gojsovich testified on behalf of Board Staff as an expert in milk cost accounting. Mr. Gojsovich and Mr. Herbein testified that the cross-section dealers incurred a cost of \$0.2337 per point for processing, packaging, and delivering milk in 2010. Based on this uncontradicted and concurring testimony, the Board finds that the cross section dealers incurred a cost of \$0.2337 per point for processing, packaging, and delivery, and further finds that \$0.2337 is the processing, packaging, and delivery cost that should be used in this order.

6. Mr. Gojsovich and Mr. Herbein testified to the following ingredient costs as of April 2011, based on year 2010 pounds: Standard Milk - \$0.0000/lb; Reduced Fat Milk - \$0.0008/lb; Low Fat Milk - \$0.0009/lb; Non-Fat Milk - \$0.0018/lb; Flavored Milk - \$0.0344/lb; Flavored Reduced Fat Milk - \$0.0333/lb; Buttermilk - \$0.0107/lb; Egg Nog - \$0.1531/lb. The Board finds that these ingredient costs should be used in this order.

7. Mr. Gojsovich and Mr. Herbein presented concurring evidence regarding the cost update for labor, insurance, and utility costs of \$0.0071 per point between the second quarters of 2010 and 2011. The Board finds that \$0.0071 per point should be used in this order.

8. Official General Order A-939 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in diesel fuel costs. Mr. Gojsovich and Mr. Herbein recommended that the 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. Official General Order A-937 established area-specific adjustments to minimum wholesale and retail prices to account for monthly changes in heating fuel costs. Mr. Gojsovich and Mr. Herbein recommended that the 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. Herbein presented concurring evidence regarding the cost of shrinkage and sales of bulk products of \$0.0004 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 \$0.0004 per pound.

11. Based on the concurring container costs evidence presented by Mr. Gojsovich and Mr. Herbein, the Board finds that the following April 2011 base container costs should be adopted for this order: Gallon - \$0.1991; Half Gallon (combined) - \$0.1520; Quart (combined) - \$0.1086; Pint (combined) - \$0.0752; Half Pint (paper) - \$0.0255; Half Pint (plastic) - \$0.0671; 12 Ounce - \$0.0630; 10 Ounce - \$0.0401; 4 Ounce - \$0.0250; Bulk Per Quart (Dispenser) - \$0.0405. Both Mr. Gojsovich and Mr. Herbein testified that container costs should continue to be updated monthly; the Board agrees and finds that container costs should continue to be updated monthly, based on the April 2011 base costs testified to by Mr. Gojsovich that are listed above.

Mr. Gojsovich and Mr. Herbein testified that a blended (or combined) container cost be used for products sold in containers that are available in both paper and plastic, except for half pint containers. They 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 \$0.0416 and that the add-on should be adjusted monthly based on the monthly container cost surveys.

Mr. Gojsovich and Mr. Herbein also recommended that container costs be adjusted to account for a shrinkage cost. They agreed on the following weighted container shrinkage factors: Gallon – 1.53%; Half Gallon – 1.22%; Quart – 1.57%; Pint – 1.62%; Half

Pint (paper) – 0.85%; Half Pint (plastic) – 0.92%; 4 Ounce – 1.53%; Bulk Per Quart (Dispenser) – 1.30%. The Board finds that milk dealers incur a cost for container shrinkage and that cost should be captured in minimum resale prices. The Board further finds that the shrinkage factors testified to by Board Staff and Dealers listed above should be adopted for this order and be applied to the monthly updated container costs each month.

12. Mr. Herbein recommended that the dealer rate of return remain at 3.4%. No evidence to the contrary was presented. The Board finds that the dealer rate of return should remain at 3.4%.

13. No party presented evidence regarding Class II products. Mr. Herbein 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. Thomas J. Price testified on behalf of the Pennsylvania Food Merchants Association as an expert in retail store accounting and dairy in-store handling costs. Mr. Price recommended that the retail rate of return remain unchanged and that the Board continue to utilize the monthly CPI adjustment to minimum retail prices. The Board finds that the retail rate of return should remain at 2.7% and that the monthly CPI adjustment should remain in place.

II. CONCLUSIONS OF LAW

1. The November 9, 2011, cost replacement hearing for Milk Marketing Area No. 3 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. 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

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Luke F. Brubaker, Chairman

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Richard Kriebel, Member

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Lynda J. Bowman, Consumer Member

Date: December 7, 2011

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**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**Diesel Fuel Costs Adjustment**

Update of Diesel Fuel Costs from Year 2010 to SEPTEMBER 2011

1. Weighted Diesel Fuel Costs - Year 2010	\$	2,219,290
2. Average On-Highway Diesel Price per Gallon - Year 2010 <sup>(1)</sup>	\$	3.112
3. On-Highway Diesel Price per Gallon - SEPTEMBER 2011 <sup>(1)</sup>	\$	3.966
4. Percent Change In Diesel Fuel Price per Gallon ((Line 3 - Line 2) ÷ Line 2)		27.44%
5. Presumed Diesel Fuel Costs - SEPTEMBER 2011 ((Line 1 X Line 4) + Line 1)	\$	<u>2,828,310</u>
6. Change in Diesel Fuel Costs from Year 2010 to SEPTEMBER 2011 (Line 5 - Line 1)	\$	609,021
7. Weighted Delivery Points - Year 2010		<u>162,797,092</u>
<b>8. Change in Diesel Fuel Costs per Delivery Point (Line 6 ÷ Line 7)</b>	<b>\$</b>	<b><u><u>0.0037</u></u></b>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**Heating Fuel Costs Adjustment**

Update of Heating Fuel Costs from Year 2010 to JULY 2011

1. Weighted Heating Fuel Costs - Year 2010	\$	361,183
2. Pennsylvania Average Natural Gas Price - Industrial - Year 2010 <sup>(1)</sup>	\$	9.89
3. Pennsylvania Average Natural Gas Price - Industrial - JULY 2011 <sup>(1)</sup>	\$	8.93
4. Percent Change In Natural Gas Price ((Line 3 - Line 2) ÷ Line 2)		-9.71%
5. Presumed Heating Fuel Costs - JULY 2011 ((Line 1 X Line 4) + Line 1)	<u>\$</u>	<u>326,112</u>
6. Change in Heating Fuel Costs from Year 2010 to JULY 2011 (Line 5 - Line 1)	\$	(35,071)
7. Weighted Standardization & Pasteurization (S&P) Points - Year 2010		<u>163,618,551</u>
<b>8. Change in Heating Fuel Costs per S&amp;P Point (Line 6 ÷ Line 7)</b>	<b><u>\$</u></b>	<b><u>(0.0002)</u></b>



**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**MILK COSTS BEFORE PACKAGING  
NOVEMBER 2011 MILK COSTS**

	Class 1
Skim Rate	\$ 18.37
Butterfat Rate	\$ 1.9800

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

<b>Class 1</b>	<b>Standard (Whole) Milk</b>	58,034,618	1,891,310	3.2589%	56,143,308	\$ 3,744,794	\$ 10,313,526	\$ 14,058,319	\$ 0.2422	\$ -	\$ 0.0004	\$ <b>0.2426</b>
	<b>Reduced Fat (2%) Milk</b>	61,960,815	1,218,169	1.9660%	60,742,646	\$ 2,411,975	\$ 11,158,424	\$ 13,570,399	\$ 0.2190	\$ 0.0008	\$ 0.0004	\$ <b>0.2202</b>
	<b>Low Fat (1%) Milk</b>	27,900,194	265,083	0.9501%	27,635,111	\$ 524,864	\$ 5,076,570	\$ 5,601,434	\$ 0.2008	\$ 0.0009	\$ 0.0004	\$ <b>0.2021</b>
	<b>Non Fat (Skim) Milk</b>	34,892,115	36,575	0.1048%	34,855,540	\$ 72,419	\$ 6,402,963	\$ 6,475,381	\$ 0.1856	\$ 0.0018	\$ 0.0004	\$ <b>0.1878</b>
	<b>Flavored Milk</b>	3,255,984	108,486	3.3319%	3,147,498	\$ 214,802	\$ 578,195	\$ 792,998	\$ 0.2436	\$ 0.0344	\$ 0.0004	\$ <b>0.2784</b>
	<b>Flavored Reduced Fat Milk</b>	21,158,516	212,992	1.0066%	20,945,524	\$ 421,724	\$ 3,847,693	\$ 4,269,417	\$ 0.2018	\$ 0.0333	\$ 0.0004	\$ <b>0.2355</b>
	<b>Buttermilk</b>	107,681	4,090	3.7983%	103,591	\$ 8,098	\$ 19,030	\$ 27,128	\$ 0.2519	\$ 0.0107	\$ 0.0004	\$ <b>0.2630</b>
	<b>Egg Nog</b>	1,229,582	86,402	7.0269%	1,143,180	\$ 171,076	\$ 210,002	\$ 381,078	\$ 0.3099	\$ 0.1531	\$ 0.0004	\$ <b>0.4634</b>

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**WHOLESALE PRICE BUILDUP  
NOVEMBER 2011 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	
STANDARD (WHOLE) MILK	Gallon	\$ 2.0864	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 3.2218	\$ 0.1134	\$ 3.3352	\$ (0.4284)	\$ 0.8000	\$ 3.7068
	Half Gallon	\$ 1.0432	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.6573	\$ 0.0583	\$ 1.7156	\$ (0.2142)	\$ 0.4000	\$ 1.9014
	Quart	\$ 0.5216	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.9099	\$ 0.0320	\$ 0.9419	\$ (0.1071)	\$ 0.2000	\$ 1.0348
	Pint	\$ 0.2608	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.5081	\$ 0.0179	\$ 0.5260	\$ (0.0536)	\$ 0.1000	\$ 0.5724
	12 Ounce	\$ 0.1956	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.3969	\$ 0.0140	\$ 0.4109	\$ (0.0402)	\$ 0.0750	\$ 0.4457
	10 Ounce	\$ 0.1630	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3283	\$ 0.0116	\$ 0.3399	\$ (0.0335)	\$ 0.0625	\$ 0.3689
	Half Pint	\$ 0.1304	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2402	\$ 0.0085	\$ 0.2487	\$ (0.0268)	\$ 0.0500	\$ 0.2719
	4 ounce	\$ 0.0652	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1525	\$ 0.0054	\$ 0.1579	\$ (0.0134)	\$ 0.0250	\$ 0.1695
Dispenser	\$ 0.5216	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.8182	\$ 0.0288	\$ 0.8470	\$ (0.1071)	\$ 0.2000	\$ 0.9399	
REDUCED FAT (2%) MILK	Gallon	\$ 1.8981	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 3.0335	\$ 0.1068	\$ 3.1403	\$ (0.4284)	\$ 0.8000	\$ 3.5119
	Half Gallon	\$ 0.9491	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.5632	\$ 0.0550	\$ 1.6182	\$ (0.2142)	\$ 0.4000	\$ 1.8040
	Quart	\$ 0.4745	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.8628	\$ 0.0304	\$ 0.8932	\$ (0.1071)	\$ 0.2000	\$ 0.9861
	Pint	\$ 0.2373	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.4846	\$ 0.0171	\$ 0.5017	\$ (0.0536)	\$ 0.1000	\$ 0.5481
	12 Ounce	\$ 0.1779	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.3792	\$ 0.0133	\$ 0.3925	\$ (0.0402)	\$ 0.0750	\$ 0.4273
	10 Ounce	\$ 0.1483	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3136	\$ 0.0110	\$ 0.3246	\$ (0.0357)	\$ 0.0667	\$ 0.3556
	Half Pint	\$ 0.1186	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2284	\$ 0.0080	\$ 0.2364	\$ (0.0268)	\$ 0.0500	\$ 0.2596
	4 ounce	\$ 0.0593	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1466	\$ 0.0052	\$ 0.1518	\$ (0.0134)	\$ 0.0250	\$ 0.1634
Dispenser	\$ 0.4745	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.7711	\$ 0.0271	\$ 0.7982	\$ (0.1071)	\$ 0.2000	\$ 0.8911	
LOWFAT (1%) MILK	Gallon	\$ 1.7421	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 2.8775	\$ 0.1013	\$ 2.9788	\$ (0.4284)	\$ 0.8000	\$ 3.3504
	Half Gallon	\$ 0.8711	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.4852	\$ 0.0523	\$ 1.5375	\$ (0.2142)	\$ 0.4000	\$ 1.7233
	Quart	\$ 0.4355	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.8238	\$ 0.0290	\$ 0.8528	\$ (0.1071)	\$ 0.2000	\$ 0.9457
	Pint	\$ 0.2178	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.4651	\$ 0.0164	\$ 0.4815	\$ (0.0536)	\$ 0.1000	\$ 0.5279
	12 Ounce	\$ 0.1633	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.3646	\$ 0.0128	\$ 0.3774	\$ (0.0402)	\$ 0.0750	\$ 0.4122
	10 Ounce	\$ 0.1361	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3014	\$ 0.0106	\$ 0.3120	\$ (0.0357)	\$ 0.0667	\$ 0.3430
	Half Pint	\$ 0.1089	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2187	\$ 0.0077	\$ 0.2264	\$ (0.0268)	\$ 0.0500	\$ 0.2496
	4 ounce	\$ 0.0544	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1417	\$ 0.0050	\$ 0.1467	\$ (0.0134)	\$ 0.0250	\$ 0.1583
Dispenser	\$ 0.4355	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.7321	\$ 0.0258	\$ 0.7579	\$ (0.1071)	\$ 0.2000	\$ 0.8508	
NONFAT (SKIM) MILK	Gallon	\$ 1.6207	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 2.7561	\$ 0.0970	\$ 2.8531	\$ (0.4284)	\$ 0.8000	\$ 3.2247
	Half Gallon	\$ 0.8104	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.4245	\$ 0.0501	\$ 1.4746	\$ (0.2142)	\$ 0.4000	\$ 1.6604
	Quart	\$ 0.4052	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.7935	\$ 0.0279	\$ 0.8214	\$ (0.1071)	\$ 0.2000	\$ 0.9143
	Pint	\$ 0.2026	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.4499	\$ 0.0158	\$ 0.4657	\$ (0.0536)	\$ 0.1000	\$ 0.5121
	12 Ounce	\$ 0.1519	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.3532	\$ 0.0124	\$ 0.3656	\$ (0.0402)	\$ 0.0750	\$ 0.4004
	10 Ounce	\$ 0.1266	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.2919	\$ 0.0103	\$ 0.3022	\$ (0.0357)	\$ 0.0667	\$ 0.3332
	Half Pint	\$ 0.1013	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2111	\$ 0.0074	\$ 0.2185	\$ (0.0268)	\$ 0.0500	\$ 0.2417
	4 ounce	\$ 0.0506	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1379	\$ 0.0049	\$ 0.1428	\$ (0.0134)	\$ 0.0250	\$ 0.1544
Dispenser	\$ 0.4052	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.7018	\$ 0.0247	\$ 0.7265	\$ (0.1071)	\$ 0.2000	\$ 0.8194	

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0086 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**WHOLESALE PRICE BUILDUP  
NOVEMBER 2011 MILK PRICES**

	A EX. 6	B EX. 3	C EXS. 7, 8 & 9 <sup>(1)</sup>	D	E EX. 2	F (A+B+C+D+E)	G	H (F + G)	I	J	K (H + I + J)	
Container Size	Milk Cost	Container Cost	Cost Update & Energy Add-On Adjustments	Container Efficiency Adjustment	Processing Cost	Average Delivered Cost	Profit at 3.40%	Price with Profit	Less: Average Delivery	Plus: High Cost Delivery	Proposed Wholesale Price	
<b>FLAVORED MILK</b>	Gallon	\$ 2.2272	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 3.3626	\$ 0.1184	\$ 3.4810	\$ (0.4284)	\$ 0.8000	\$ 3.8526
	Half Gallon	\$ 1.1136	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.7277	\$ 0.0608	\$ 1.7885	\$ (0.2142)	\$ 0.4000	\$ 1.9743
	Quart	\$ 0.5568	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.9451	\$ 0.0333	\$ 0.9784	\$ (0.1071)	\$ 0.2000	\$ 1.0713
	Pint	\$ 0.2784	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.5257	\$ 0.0185	\$ 0.5442	\$ (0.0536)	\$ 0.1000	\$ 0.5906
	12 Ounce	\$ 0.2088	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.4101	\$ 0.0144	\$ 0.4245	\$ (0.0402)	\$ 0.0750	\$ 0.4593
	10 Ounce	\$ 0.1740	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3393	\$ 0.0119	\$ 0.3512	\$ (0.0357)	\$ 0.0667	\$ 0.3822
	Half Pint	\$ 0.1392	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2490	\$ 0.0088	\$ 0.2578	\$ (0.0268)	\$ 0.0500	\$ 0.2810
	4 ounce	\$ 0.0696	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1569	\$ 0.0055	\$ 0.1624	\$ (0.0134)	\$ 0.0250	\$ 0.1740
Dispenser	\$ 0.5568	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.8534	\$ 0.0300	\$ 0.8834	\$ (0.1071)	\$ 0.2000	\$ 0.9763	
<b>FLAVORED REDUCED FAT MILK</b>	Gallon	\$ 1.8840	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 3.0194	\$ 0.1063	\$ 3.1257	\$ (0.4284)	\$ 0.8000	\$ 3.4973
	Half Gallon	\$ 0.9420	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.5561	\$ 0.0548	\$ 1.6109	\$ (0.2142)	\$ 0.4000	\$ 1.7967
	Quart	\$ 0.4710	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.8593	\$ 0.0302	\$ 0.8895	\$ (0.1071)	\$ 0.2000	\$ 0.9824
	Pint	\$ 0.2355	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.4828	\$ 0.0170	\$ 0.4998	\$ (0.0536)	\$ 0.1000	\$ 0.5462
	12 Ounce	\$ 0.1766	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.3779	\$ 0.0133	\$ 0.3912	\$ (0.0402)	\$ 0.0750	\$ 0.4260
	10 Ounce	\$ 0.1472	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3125	\$ 0.0110	\$ 0.3235	\$ (0.0357)	\$ 0.0667	\$ 0.3545
	Half Pint	\$ 0.1178	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2276	\$ 0.0080	\$ 0.2356	\$ (0.0268)	\$ 0.0500	\$ 0.2588
	4 ounce	\$ 0.0589	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1462	\$ 0.0051	\$ 0.1513	\$ (0.0134)	\$ 0.0250	\$ 0.1629
Dispenser	\$ 0.4710	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.7676	\$ 0.0270	\$ 0.7946	\$ (0.1071)	\$ 0.2000	\$ 0.8875	
<b>BUTTERMILK</b>	Gallon	\$ 2.2618	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 3.3972	\$ 0.1196	\$ 3.5168	\$ (0.4284)	\$ 0.8000	\$ 3.8884
	Half Gallon	\$ 1.1309	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 1.7450	\$ 0.0614	\$ 1.8064	\$ (0.2142)	\$ 0.4000	\$ 1.9922
	Quart	\$ 0.5655	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 0.9538	\$ 0.0336	\$ 0.9874	\$ (0.1071)	\$ 0.2000	\$ 1.0803
	Pint	\$ 0.2827	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.5300	\$ 0.0187	\$ 0.5487	\$ (0.0536)	\$ 0.1000	\$ 0.5951
	12 Ounce	\$ 0.2120	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.4133	\$ 0.0145	\$ 0.4278	\$ (0.0402)	\$ 0.0750	\$ 0.4626
	10 Ounce	\$ 0.1767	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.3420	\$ 0.0120	\$ 0.3540	\$ (0.0357)	\$ 0.0667	\$ 0.3850
	Half Pint	\$ 0.1414	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.2512	\$ 0.0088	\$ 0.2600	\$ (0.0268)	\$ 0.0500	\$ 0.2832
	4 ounce	\$ 0.0707	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.1580	\$ 0.0056	\$ 0.1636	\$ (0.0134)	\$ 0.0250	\$ 0.1752
Dispenser	\$ 0.5655	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 0.8621	\$ 0.0303	\$ 0.8924	\$ (0.1071)	\$ 0.2000	\$ 0.9853	
<b>EGG NOG</b>	Gallon	\$ 3.7072	\$ 0.2050	\$ 0.0768	\$ (0.0812)	\$ 0.9348	\$ 4.8426	\$ 0.1704	\$ 5.0130	\$ (0.4284)	\$ 0.8000	\$ 5.3846
	Half Gallon	\$ 1.8536	\$ 0.1555	\$ 0.0384	\$ (0.0472)	\$ 0.4674	\$ 2.4677	\$ 0.0869	\$ 2.5546	\$ (0.2142)	\$ 0.4000	\$ 2.7404
	Quart	\$ 0.9268	\$ 0.1134	\$ 0.0192	\$ 0.0220	\$ 0.2337	\$ 1.3151	\$ 0.0463	\$ 1.3614	\$ (0.1071)	\$ 0.2000	\$ 1.4543
	Pint	\$ 0.4634	\$ 0.0786	\$ 0.0096	\$ 0.0422	\$ 0.1169	\$ 0.7107	\$ 0.0250	\$ 0.7357	\$ (0.0536)	\$ 0.1000	\$ 0.7821
	12 Ounce	\$ 0.3476	\$ 0.0630	\$ 0.0072	\$ 0.0435	\$ 0.0876	\$ 0.5489	\$ 0.0193	\$ 0.5682	\$ (0.0402)	\$ 0.0750	\$ 0.6030
	10 Ounce	\$ 0.2896	\$ 0.0401	\$ 0.0060	\$ 0.0462	\$ 0.0730	\$ 0.4549	\$ 0.0160	\$ 0.4709	\$ (0.0357)	\$ 0.0667	\$ 0.5019
	Half Pint	\$ 0.2317	\$ 0.0264	\$ 0.0048	\$ 0.0202	\$ 0.0584	\$ 0.3415	\$ 0.0120	\$ 0.3535	\$ (0.0268)	\$ 0.0500	\$ 0.3767
	4 ounce	\$ 0.1159	\$ 0.0254	\$ 0.0024	\$ 0.0303	\$ 0.0292	\$ 0.2032	\$ 0.0072	\$ 0.2104	\$ (0.0134)	\$ 0.0250	\$ 0.2220
Dispenser	\$ 0.9268	\$ 0.0410	\$ 0.0192	\$ 0.0027	\$ 0.2337	\$ 1.2234	\$ 0.0431	\$ 1.2665	\$ (0.1071)	\$ 0.2000	\$ 1.3594	

Footnote:

1, per O.G.O. A-972, also includes an adjustment for the 'Discount Effect' in the amount of \$0.0086 per quart equivalent.

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**RETAIL PRICE BUILDUP  
NOVEMBER 2011 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	
Container Size	Proposed Wholesale Price	Deepest Discount 13.00%	In-Store Handling \$ 0.1225	Store Profit 2.7%	Proposed Retail Price	
STANDARD (WHOLE) MILK	Gallon	\$ 3.7068	\$ (0.4819)	\$ 0.4900	\$ 0.1031	\$ 3.82
	Half Gallon	\$ 1.9014	\$ (0.2472)	\$ 0.2450	\$ 0.0527	\$ 1.95
	Quart	\$ 1.0348	\$ (0.1345)	\$ 0.1225	\$ 0.0284	\$ 1.05
	Pint	\$ 0.5724	\$ (0.0744)	\$ 0.0613	\$ 0.0155	\$ 0.58
	12 Ounce	\$ 0.4457	\$ (0.0579)	\$ 0.0459	\$ 0.0120	\$ 0.45
	10 Ounce	\$ 0.3689	\$ (0.0480)	\$ 0.0383	\$ 0.0100	\$ 0.37
	Half Pint	\$ 0.2719	\$ (0.0353)	\$ 0.0306	\$ 0.0074	\$ 0.28
	4 ounce	\$ 0.1695	\$ (0.0220)	\$ 0.0153	\$ 0.0045	\$ 0.17
	Dispenser	\$ 0.9399	\$ (0.1222)	\$ 0.1225	\$ 0.0261	\$ 0.97
REDUCED FAT (2%) MILK	Gallon	\$ 3.5119	\$ (0.4565)	\$ 0.4900	\$ 0.0984	\$ 3.64
	Half Gallon	\$ 1.8040	\$ (0.2345)	\$ 0.2450	\$ 0.0504	\$ 1.86
	Quart	\$ 0.9861	\$ (0.1282)	\$ 0.1225	\$ 0.0272	\$ 1.01
	Pint	\$ 0.5481	\$ (0.0713)	\$ 0.0613	\$ 0.0149	\$ 0.55
	12 Ounce	\$ 0.4273	\$ (0.0555)	\$ 0.0459	\$ 0.0116	\$ 0.43
	10 Ounce	\$ 0.3556	\$ (0.0462)	\$ 0.0383	\$ 0.0096	\$ 0.36
	Half Pint	\$ 0.2596	\$ (0.0337)	\$ 0.0306	\$ 0.0071	\$ 0.26
	4 ounce	\$ 0.1634	\$ (0.0212)	\$ 0.0153	\$ 0.0044	\$ 0.17
	Dispenser	\$ 0.8911	\$ (0.1158)	\$ 0.1225	\$ 0.0249	\$ 0.92
LOWFAT (1%) MILK	Gallon	\$ 3.3504	\$ (0.4356)	\$ 0.4900	\$ 0.0945	\$ 3.50
	Half Gallon	\$ 1.7233	\$ (0.2240)	\$ 0.2450	\$ 0.0484	\$ 1.79
	Quart	\$ 0.9457	\$ (0.1229)	\$ 0.1225	\$ 0.0262	\$ 0.97
	Pint	\$ 0.5279	\$ (0.0686)	\$ 0.0613	\$ 0.0144	\$ 0.54
	12 Ounce	\$ 0.4122	\$ (0.0536)	\$ 0.0459	\$ 0.0112	\$ 0.42
	10 Ounce	\$ 0.3430	\$ (0.0446)	\$ 0.0383	\$ 0.0093	\$ 0.35
	Half Pint	\$ 0.2496	\$ (0.0324)	\$ 0.0306	\$ 0.0069	\$ 0.25
	4 ounce	\$ 0.1583	\$ (0.0206)	\$ 0.0153	\$ 0.0042	\$ 0.16
	Dispenser	\$ 0.8508	\$ (0.1106)	\$ 0.1225	\$ 0.0239	\$ 0.89
NONFAT (SKIM) MILK	Gallon	\$ 3.2247	\$ (0.4192)	\$ 0.4900	\$ 0.0914	\$ 3.39
	Half Gallon	\$ 1.6604	\$ (0.2159)	\$ 0.2450	\$ 0.0469	\$ 1.74
	Quart	\$ 0.9143	\$ (0.1189)	\$ 0.1225	\$ 0.0255	\$ 0.94
	Pint	\$ 0.5121	\$ (0.0666)	\$ 0.0613	\$ 0.0141	\$ 0.52
	12 Ounce	\$ 0.4004	\$ (0.0521)	\$ 0.0459	\$ 0.0109	\$ 0.41
	10 Ounce	\$ 0.3332	\$ (0.0433)	\$ 0.0383	\$ 0.0091	\$ 0.34
	Half Pint	\$ 0.2417	\$ (0.0314)	\$ 0.0306	\$ 0.0067	\$ 0.25
	4 ounce	\$ 0.1544	\$ (0.0201)	\$ 0.0153	\$ 0.0042	\$ 0.16
	Dispenser	\$ 0.8194	\$ (0.1065)	\$ 0.1225	\$ 0.0232	\$ 0.86

**PENNSYLVANIA MILK MARKETING BOARD  
MILK MARKETING AREA 3**

**RETAIL PRICE BUILDUP  
NOVEMBER 2011 MILK PRICES**

	A EX. 10	B	C	D	E (A+B+C+D)	
Container Size	Proposed Wholesale Price	Deepest Discount 13.00%	In-Store Handling \$ 0.1225	Store Profit 2.7%	Proposed Retail Price	
<b>FLAVORED MILK</b>	Gallon	\$ 3.8526	\$ (0.5008)	\$ 0.4900	\$ 0.1066	\$ 3.95
	Half Gallon	\$ 1.9743	\$ (0.2567)	\$ 0.2450	\$ 0.0545	\$ 2.02
	Quart	\$ 1.0713	\$ (0.1393)	\$ 0.1225	\$ 0.0293	\$ 1.08
	Pint	\$ 0.5906	\$ (0.0768)	\$ 0.0613	\$ 0.0160	\$ 0.60
	12 Ounce	\$ 0.4593	\$ (0.0597)	\$ 0.0459	\$ 0.0124	\$ 0.46
	10 Ounce	\$ 0.3822	\$ (0.0497)	\$ 0.0383	\$ 0.0103	\$ 0.39
	Half Pint	\$ 0.2810	\$ (0.0365)	\$ 0.0306	\$ 0.0076	\$ 0.29
	4 ounce	\$ 0.1740	\$ (0.0226)	\$ 0.0153	\$ 0.0046	\$ 0.18
	Dispenser	\$ 0.9763	\$ (0.1269)	\$ 0.1225	\$ 0.0270	\$ 1.00
<b>FLAVORED REDUCED-FAT MILK</b>	Gallon	\$ 3.4973	\$ (0.4546)	\$ 0.4900	\$ 0.0980	\$ 3.63
	Half Gallon	\$ 1.7967	\$ (0.2336)	\$ 0.2450	\$ 0.0502	\$ 1.86
	Quart	\$ 0.9824	\$ (0.1277)	\$ 0.1225	\$ 0.0271	\$ 1.00
	Pint	\$ 0.5462	\$ (0.0710)	\$ 0.0613	\$ 0.0149	\$ 0.55
	12 Ounce	\$ 0.4260	\$ (0.0554)	\$ 0.0459	\$ 0.0116	\$ 0.43
	10 Ounce	\$ 0.3545	\$ (0.0461)	\$ 0.0383	\$ 0.0096	\$ 0.36
	Half Pint	\$ 0.2588	\$ (0.0336)	\$ 0.0306	\$ 0.0071	\$ 0.26
	4 ounce	\$ 0.1629	\$ (0.0212)	\$ 0.0153	\$ 0.0044	\$ 0.17
	Dispenser	\$ 0.8875	\$ (0.1154)	\$ 0.1225	\$ 0.0248	\$ 0.92
<b>BUTTERMILK</b>	Gallon	\$ 3.8884	\$ (0.5055)	\$ 0.4900	\$ 0.1075	\$ 3.98
	Half Gallon	\$ 1.9922	\$ (0.2590)	\$ 0.2450	\$ 0.0549	\$ 2.03
	Quart	\$ 1.0803	\$ (0.1404)	\$ 0.1225	\$ 0.0295	\$ 1.09
	Pint	\$ 0.5951	\$ (0.0774)	\$ 0.0613	\$ 0.0161	\$ 0.60
	12 Ounce	\$ 0.4626	\$ (0.0601)	\$ 0.0459	\$ 0.0124	\$ 0.47
	10 Ounce	\$ 0.3850	\$ (0.0501)	\$ 0.0383	\$ 0.0104	\$ 0.40
	Half Pint	\$ 0.2832	\$ (0.0368)	\$ 0.0306	\$ 0.0077	\$ 0.29
	4 ounce	\$ 0.1752	\$ (0.0228)	\$ 0.0153	\$ 0.0047	\$ 0.19
	Dispenser	\$ 0.9853	\$ (0.1281)	\$ 0.1225	\$ 0.0272	\$ 1.01
<b>EGG NOG</b>	Gallon	\$ 5.3846	\$ (0.7000)	\$ 0.4900	\$ 0.1436	\$ 5.39
	Half Gallon	\$ 2.7404	\$ (0.3563)	\$ 0.2450	\$ 0.0730	\$ 2.75
	Quart	\$ 1.4543	\$ (0.1891)	\$ 0.1225	\$ 0.0385	\$ 1.46
	Pint	\$ 0.7821	\$ (0.1017)	\$ 0.0613	\$ 0.0206	\$ 0.79
	12 Ounce	\$ 0.6030	\$ (0.0784)	\$ 0.0459	\$ 0.0158	\$ 0.61
	10 Ounce	\$ 0.5019	\$ (0.0652)	\$ 0.0383	\$ 0.0132	\$ 0.51
	Half Pint	\$ 0.3767	\$ (0.0490)	\$ 0.0306	\$ 0.0099	\$ 0.39
	4 ounce	\$ 0.2220	\$ (0.0289)	\$ 0.0153	\$ 0.0058	\$ 0.23
	Dispenser	\$ 1.3594	\$ (0.1767)	\$ 0.1225	\$ 0.0362	\$ 1.37