

**BEFORE THE UNITED STATES DEPARTMENT  
OF AGRICULTURE  
AGRICULTURAL MARKETING SERVICE**

**In the Matter of** :  
**Milk In The Northeast** : **Docket Nos.:**  
**Marketing Area** : **AO-14-A70 et al;**  
 : **DA-02-01**  
 :

**Edward Gallagher  
Vice President  
Dairylea Cooperative Inc.**

**on behalf of the  
Association of Dairy Cooperatives  
in the Northeast**

**Exhibits (Set 2)  
Proposal 7**

**September 10, 2002  
Alexandria, Virginia**

Figure 1

### Reading's Estimated Plant Capacity Utilization, Jan 00-Jun02

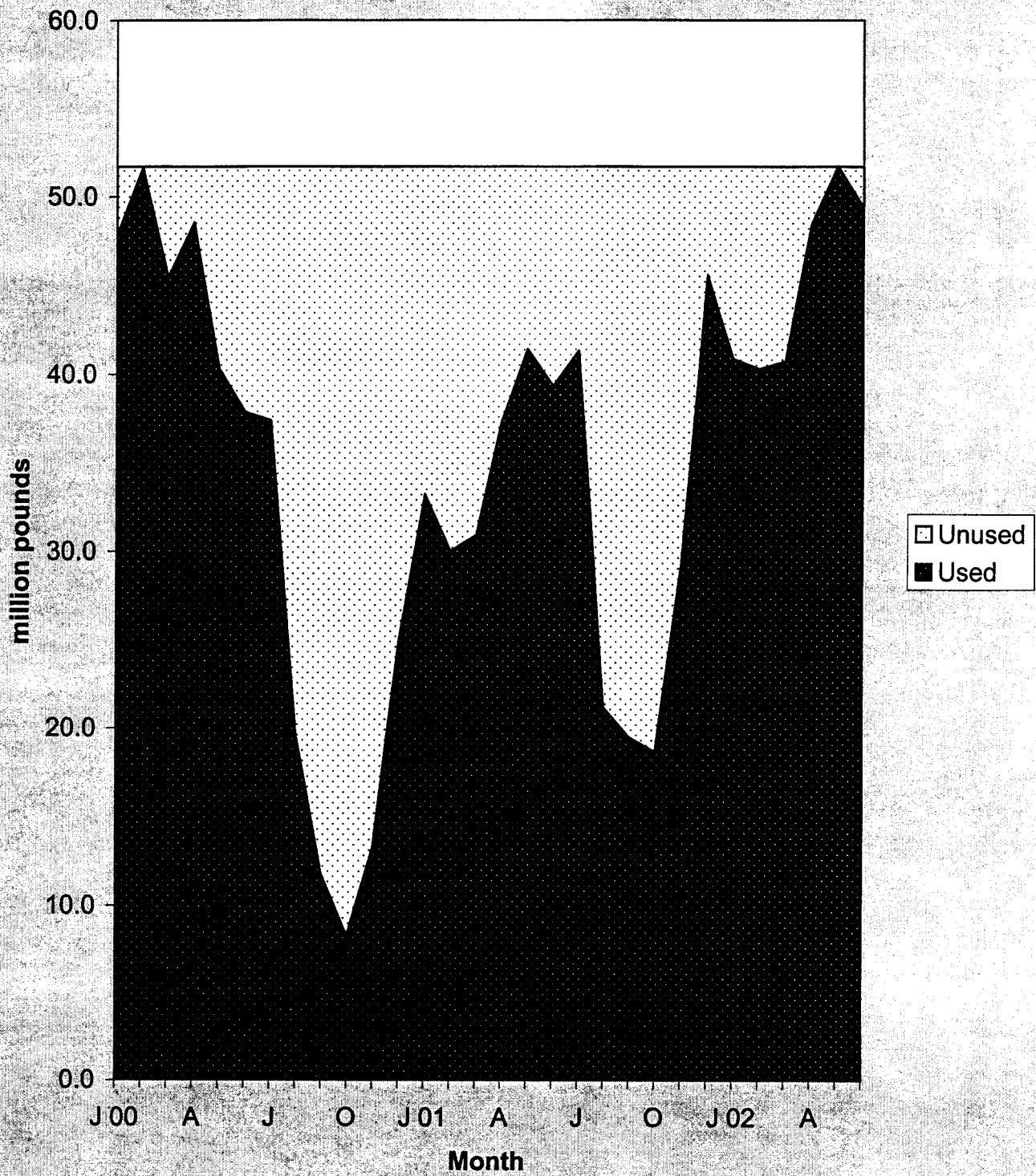


Figure 2

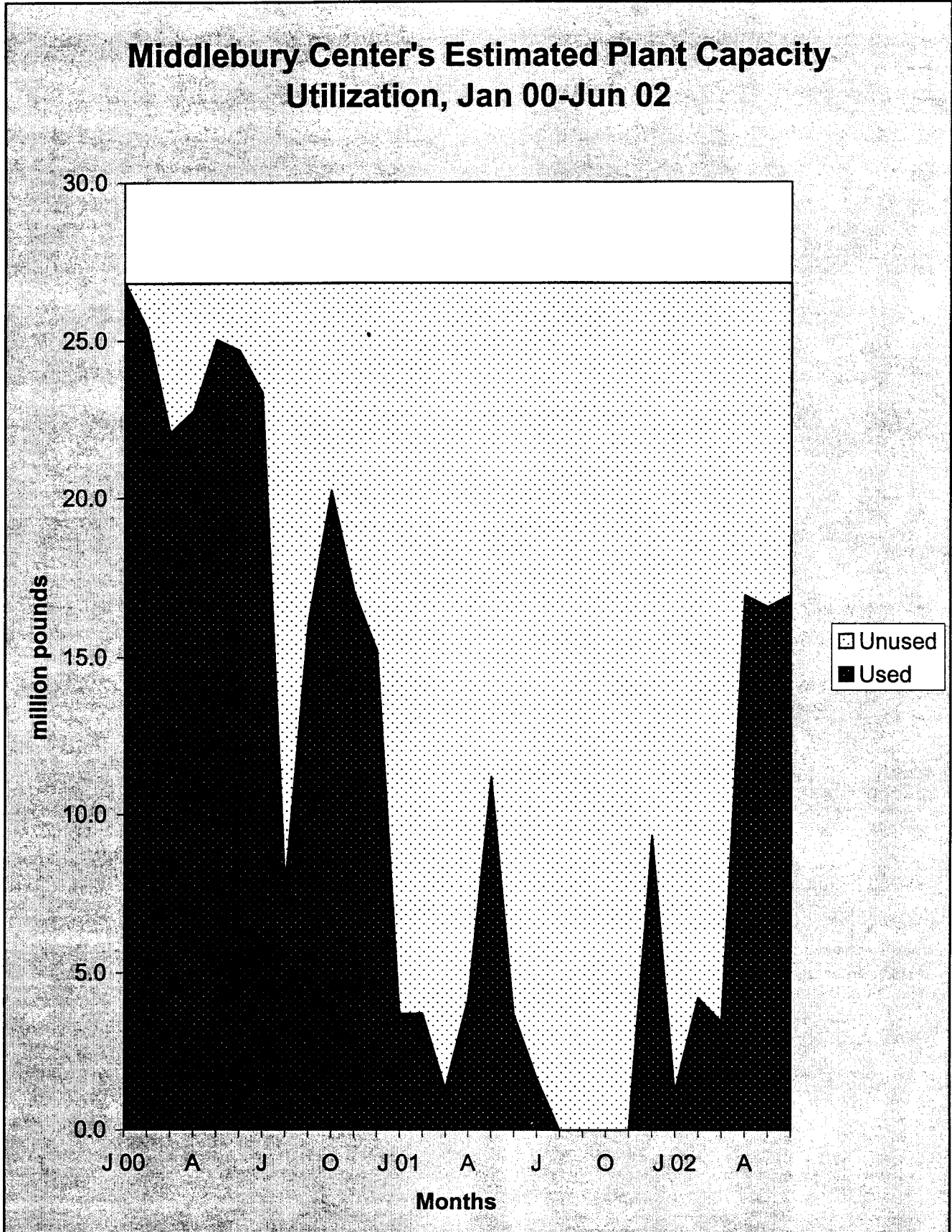
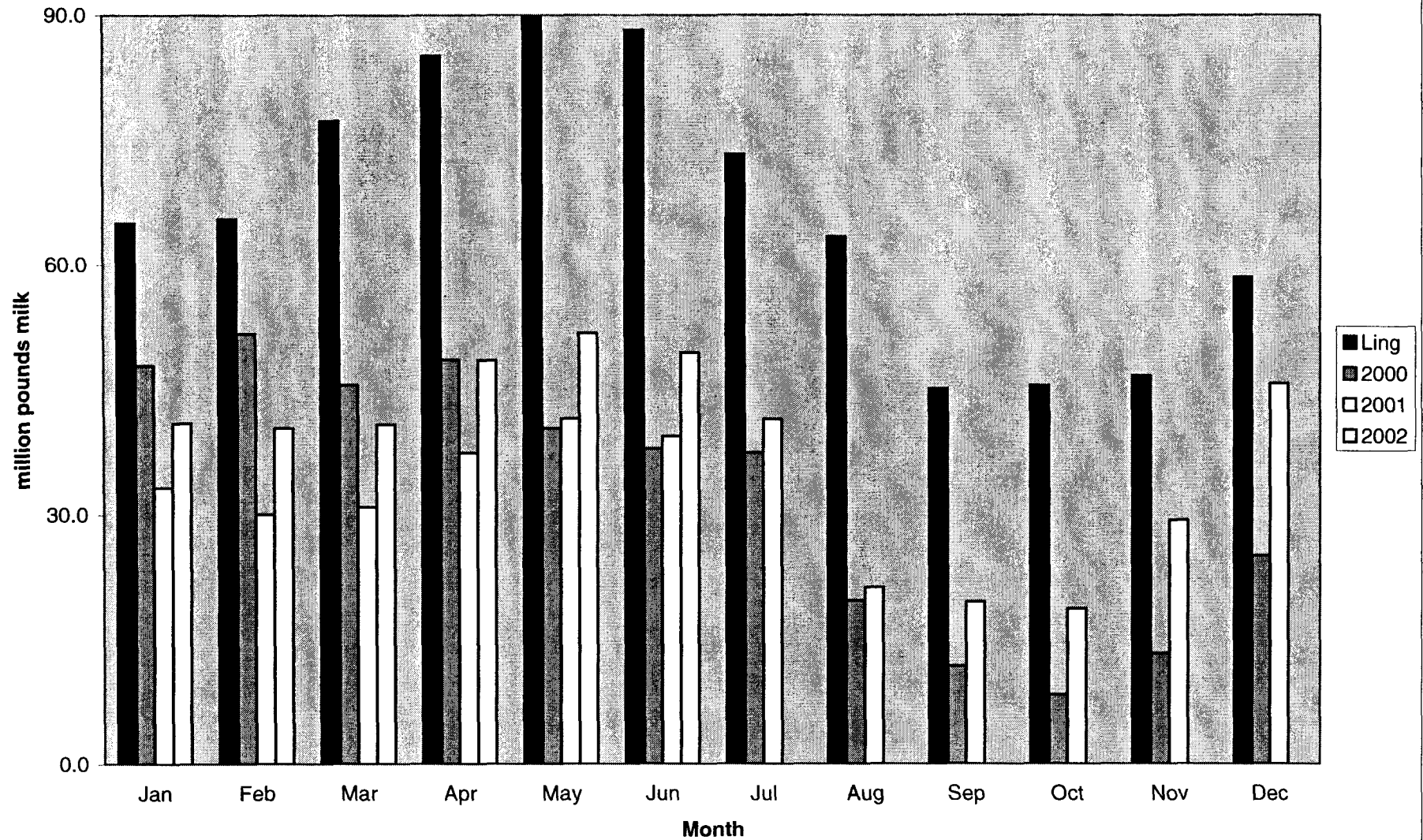


Figure 3. Reading Milk Intake vs Ling Study



**Figure 4. Middlebury Center Intake vs Ling Study**

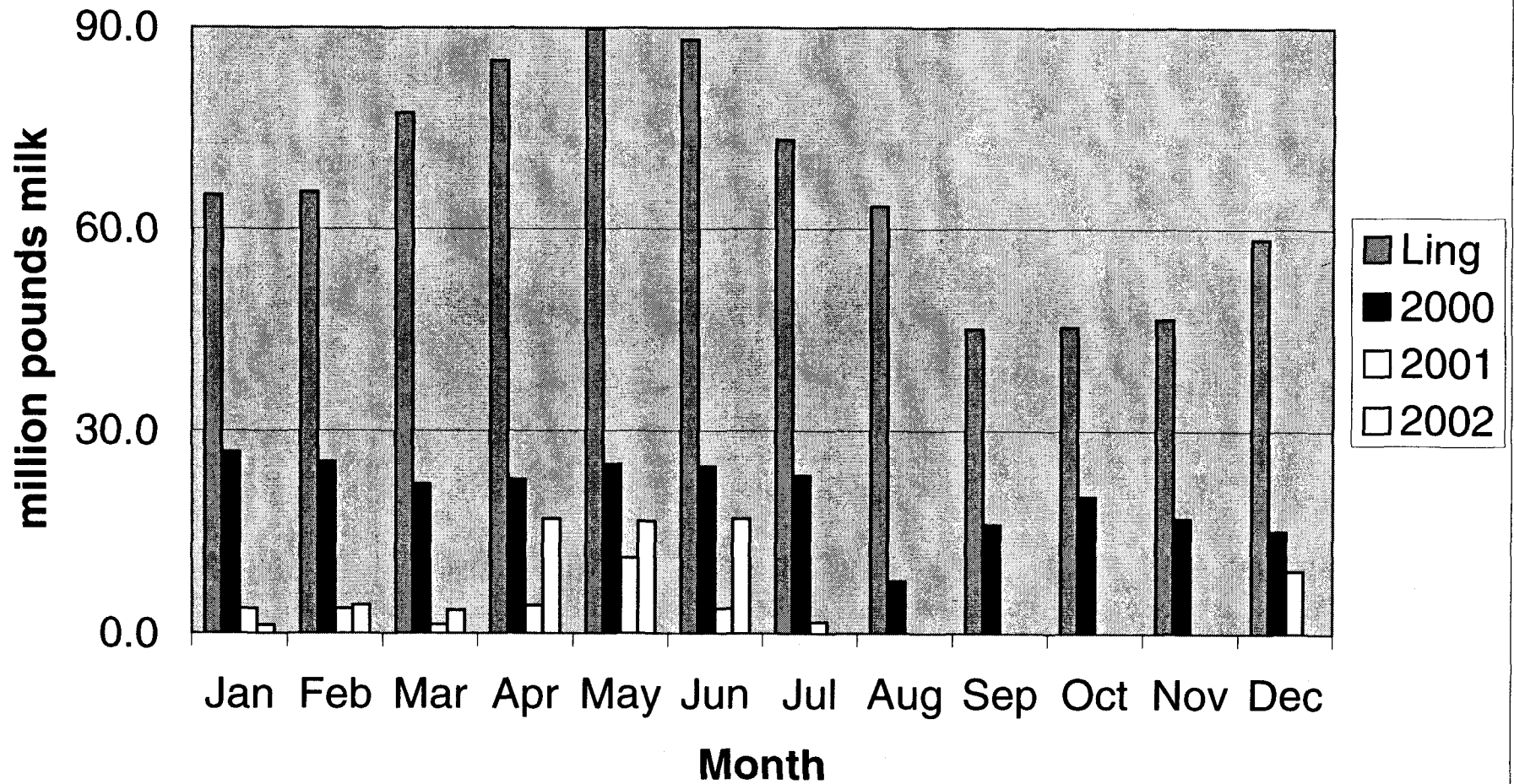


Table 1. Example of Unreimbursed Hauling Costs Incurred When Balancing Milk

<u>Plant</u>	<u>Zone</u>	<u>Central NY Hauling Cost</u>	<u>Net</u>
Tuscan	\$ (0.10)	\$ (1.19)	\$ (1.29)
O-AT-KA	\$ (1.05)	\$ (0.75)	\$ (1.80)
Difference	\$ (0.95)	\$ 0.44	\$ (0.51)

Table 2. Dietrich's Milk Products Plant Receipts, January 2000-June 2002

Month	Reading			Middlebury		
	Plant Receipts					
	Milk	Skim Condensed*	Total	Milk	Skim Condensed*	Total
Jan-00	47,732,000	138,420	47,870,420	25,071,000	1,775,160	26,846,160
Feb-00	51,652,000	-	51,652,000	25,370,000	-	25,370,000
Mar-00	45,519,000	-	45,519,000	22,097,000	-	22,097,000
Apr-00	48,342,000	231,660	48,573,660	22,790,000	-	22,790,000
May-00	39,497,000	850,740	40,347,740	23,889,000	1,149,540	25,038,540
Jun-00	36,892,000	993,660	37,885,660	22,989,000	1,711,800	24,700,800
Jul-00	37,120,000	285,840	37,405,840	22,935,000	430,740	23,365,740
Aug-00	19,663,000	-	19,663,000	6,902,000	860,880	7,762,880
Sep-00	11,790,000	-	11,790,000	12,828,000	3,300,240	16,128,240
Oct-00	8,333,000	-	8,333,000	16,373,000	3,871,560	20,244,560
Nov-00	13,322,000	-	13,322,000	13,378,000	3,680,940	17,058,940
Dec-00	25,057,000	-	25,057,000	14,230,000	978,600	15,208,600
Jan-01	33,225,000	-	33,225,000	3,693,000	-	3,693,000
Feb-01	30,041,000	-	30,041,000	3,706,000	-	3,706,000
Mar-01	30,923,000	-	30,923,000	1,341,000	-	1,341,000
Apr-01	37,375,000	-	37,375,000	4,156,000	-	4,156,000
May-01	41,489,000	-	41,489,000	11,196,000	-	11,196,000
Jun-01	39,387,000	-	39,387,000	3,683,000	-	3,683,000
Jul-01	41,405,000	-	41,405,000	1,683,000	-	1,683,000
Aug-01	21,221,000	-	21,221,000	-	-	-
Sep-01	19,513,000	-	19,513,000	-	-	-
Oct-01	18,681,000	-	18,681,000	-	-	-
Nov-01	29,320,000	-	29,320,000	-	-	-
Dec-01	45,668,000	-	45,668,000	9,349,000	-	9,349,000
Jan-02	40,919,800	-	40,919,800	1,248,000	-	1,248,000
Feb-02	40,349,200	-	40,349,200	4,207,100	-	4,207,100
Mar-02	40,779,000	-	40,779,000	3,448,500	-	3,448,500
Apr-02	48,497,400	-	48,497,400	16,959,400	-	16,959,400
May-02	51,749,800	-	51,749,800	16,597,700	-	16,597,700
Jun-02	49,397,100	-	49,397,100	16,964,300	-	16,964,300
Total	1,044,859,300	2,500,320	1,047,359,620	327,084,000	17,759,460	344,843,460

\* Skim equivalent calculated by skim pounds times three.

Table 3. DMS Balancing Costs, 2001 and Jan-Jul 2002

<u>Balancing Cost Category</u>	<u>Jan-Jul 2002</u> (\$1,000)	<u>2001</u>
Dietrich's Loss	\$ 4,942	\$ 6,647
Underclass Pricing	\$ 586	\$ 182
Unreimbursed Hauling	\$ 715	N.A.
Lost Handling	\$ 2,838	N.A.
Grand Total	\$ 9,081	\$ 6,829
DMS Member Milk	4,465,693,735	7,139,373,833
Cost/CWT of DMS Member Milk	\$ 0.203	\$ 0.096

N.A. Not Available



Table 4. Overview of Dietrich's Milk Products Income Statement Calculation

<u>Account Label</u>	<u>Account Category</u>	<u>Explanation of Account</u>
A	Revenues	
B	Raw Material Cost	
C	Inventory Revaluation	
D	Value Added (D=A-(B+C))	Return over milk cost
E	Formula Allocation for Cost of Production	Non milk production cost of goods sold - based on a 12 month formula
F	Gross Margin (F=D-E)	Return over variable cost
G	DMS Recharge	DMS charge for milk overpayment
H	Adjustment to Actual Cost of Production	Adjustment to month's actual non milk production cost of goods sold
I	General and Administrative	
J	Other Expenses and Income	
K	Interest Expense	
L	Earnings Before Tax (L=F+G-H-I-J-K)	