

1998 Dairy Product Plant Costs, USDA/Cooperative Programs Technical Assistance Project¹

	Simple average		
	Cheese ²	Butter	Powder ³
<i>Cost items:</i>	<i>Cents per pound of product</i>		
Wages and benefits	4.275	4.461	4.054
Electricity	0.437	0.698	0.953
Fuels	0.460	0.358	1.731
Water and sewer	0.445	0.402	0.389
Packaging materials ⁴	1.389	2.770	1.388
Ingredients	1.284	0.184	0.027
Cleaning supplies	0.308	0.501	0.372
Plant and lab supplies	0.536	0.659	0.621
Laundry	0.036	0.050	0.049
Repair and Maintenance	0.742	0.796	1.304
Depreciation	1.162	1.181	1.812
Equipment rentals	0.216	0.045	0.048
Taxes	0.130	0.308	0.363
Insurance	0.070	0.100	0.128
Miscellaneous	0.933	1.089	1.484
Total simple average cost ⁵	12.422	13.603	14.723
Pounds of product per plant	52,761,901	23,826,049	38,838,633
Average cheese yield/cwt milk (11 plants)	10.3		
Average percent print butter		53.3%	
Number of plants	12	7	7
Total weighted average cost (cents per pound) ⁶	12.916	10.622	12.709

¹Data for one plant in each product category were for 1999.

²Mostly Cheddar cheese in 40-pound, 640-pound, or 500-pound package; some Italian and other cheeses.

³Mostly nonfat dry milk; some dry whole milk, dry buttermilk and powder for animal feed.

⁴Cost of packaging materials was likely affected by variation in packages across plants.

⁵Individual cost items may not add to total due to rounding.

⁶Using each plant's product volume as the weight.

1998 Dairy Product Plant Costs, USDA/Cooperative Programs Technical Assistance Project¹ (California plants not included)

	Simple average		
	Cheese ²	Butter	Powder ³
<i>Cost items:</i>	<i>Cents per pound of product</i>		
Wages and benefits	4.275	5.469	4.626
Electricity	0.437	0.787	0.898
Fuels	0.460	0.386	1.852
Water and sewer	0.445	0.466	0.482
Packaging materials ⁴	1.389	2.975	1.397
Ingredients	1.284	0.219	0.038
Cleaning supplies	0.308	0.567	0.416
Plant and lab supplies	0.536	0.715	0.732
Laundry	0.036	0.059	0.052
Repair and Maintenance	0.742	0.669	1.076
Depreciation	1.162	1.208	1.603
Equipment rentals	0.216	0.063	0.067
Taxes	0.130	0.341	0.316
Insurance	0.070	0.109	0.103
Miscellaneous	0.933	0.904	2.216
Total simple average cost ⁵	<u>12.422</u>	<u>14.938</u>	<u>15.876</u>
Pounds of product per plant	52,761,901	19,584,223	29,180,911
Average cheese yield/cwt milk (11 plants)	10.3		
Average percent print butter		54.5%	
Number of plants	12	5	5
Total weighted average cost (cents per pound) ⁶	12.916	11.271	14.457

¹Data for one plant in each product category were for 1999.

²Mostly Cheddar cheese in 40-pound, 640-pound, or 500-pound packages; some Italian and other cheeses.

³Mostly nonfat dry milk; some dry whole milk, dry buttermilk and powder for animal feed.

⁴Cost of packaging materials was likely affected by variation in packages across plants.

⁵Individual cost items may not add to total due to rounding.

⁶Using each plant's product volume as the weight.

LOL Exhibit ___, Page C

Calculation for Final Rule Butter Make Allowance from Page A

		Average Plant Size	Extension
Wt Ave RCBS (inc California plants)	\$0.1062		
Add Marketing Credit	\$0.0015		
Add ROI	\$0.0080		
Add Administrative Packaging Cost	\$0.0130		
Subtract RCBS	-\$0.0277		
Add CDFA	\$0.0080		
Total	\$0.1090		
 Volume 7 plants	 166,782,343	 23,826,049	 \$18,182,611
 Average CDFA Group III	 \$0.1250		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0130		
ROI	\$0.0080		
Total	\$0.1265		
 Volume 4 plants	 83,272,000	 20,818,000	 \$10,533,908
	 250,054,343		 \$28,716,519
 Weighted Average	 \$0.1148		

Calculation for Final Rule Butter Make Allowance from Page B

		Average Plant Size	Extension
Wt Ave RCBS (w/o California plants)	\$0.1127		
Add Marketing Credit	\$0.0015		
Add ROI	\$0.0080		
Add Administrative Packaging Cost	\$0.0130		
Subtract RCBS	-\$0.0298		
Add CDFA	\$0.0080		
Total	\$0.1135		
 Volume 5 plants	 97,921,115	 19,584,223	 \$11,110,130
 Average CDFA Group III	 \$0.1250		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0130		
ROI	\$0.0080		
Total	\$0.1265		
 Volume 4 plants	 83,272,000	 20,818,000	 \$10,533,908
	181,193,115		\$21,644,038
 Weighted Average	 \$0.1195		

Calculation for Final Rule NFDM Make Allowance from Page A

		Average Plant Size	Extension
Wt Ave RCBS (inc California plants)	\$0.1271		
Add Marketing Credit	\$0.0015		
Add ROI	\$0.0175		
Add Administrative	\$0.0069		
Total	\$0.1530		
 Volume 7 plants 271,870,431		 38,838,633	 \$41,583,812
 Average CDFA Group I	 \$0.1320		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0060		
ROI	\$0.0210		
Total	\$0.1335		
 Volume 4 plants 345,643,000		 86,410,750	 \$46,143,341
 Average CDFA Group II	 \$0.1330		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0090		
ROI	\$0.0090		
Total	\$0.1345		
 Volume 3 plants 143,127,000		 47,709,000	 \$19,250,582
	 760,640,431		 \$106,977,734
 Weighted Average	 \$0.1406		

Calculation for Final Rule NFDL Make Allowance from Page B

		Average Plant Size	Extension
Wt Ave RCBS (w/o California plants)	\$0.1446		
Add Marketing Credit	\$0.0015		
Add ROI	\$0.0175		
Add Administrative	\$0.0069		
Total	\$0.1704		
 Volume 5 plants 145,904,555		 29,180,911	 \$24,867,173
 Average CDFA Group I	 \$0.1320		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0060		
ROI	\$0.0210		
Total	\$0.1335		
 Volume 4 plants 345,643,000		 86,410,750	 \$46,143,341
 Average CDFA Group II	 \$0.1330		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0090		
ROI	\$0.0090		
Total	\$0.1345		
 Volume 3 plants 143,127,000		 47,709,000	 \$19,250,582
	 634,674,555		 \$90,261,095
 Weighted Average	 \$0.1422		

**Calculation for Final Rule NFDM Make Allowance from Page B
and Substituting Wt Average California for Groups A & B**

		Average Plant Size	Extension
Wt Ave RCBS (w/o California plants)	\$0.1446		
Add Marketing Credit	\$0.0015		
Add ROI	\$0.0170		
Add Administrative	\$0.0080		
Total	\$0.1711		
Volume 5 plants	145,904,555	29,180,911	\$24,959,892
Wt Average CDFA	\$0.1360		
Add Marketing Credit	\$0.0015		
Administrative Cost	\$0.0080		
ROI	\$0.0170		
Total	\$0.1375		
Volume 4 plants	500,485,000	50,048,500	\$68,816,688
	646,389,555		\$93,776,580
Weighted Average	\$0.1451		

Butter Make Allowances

	Wt Average RCBS	Wt Average California	
Cost per Lb	\$ 0.1659	\$ 0.1368	
Add 2000 Marketing	\$ 0.0015	\$ 0.0015	
Less RCBS Packaging	\$ (0.0277)		
Add California Packaging	\$ 0.0100		
Add California ROI	\$ 0.0066		
Add California Gen & Admir	\$ 0.0151		
Adjusted RCBS	\$ 0.1714	\$ 0.1383	
Total Volume	254,115,925	382,931,344	
Average Volume	36,302,275	47,866,418	
Number of Plants	7	8	
Weighted Average		\$ 0.1515	
Current FMO Make		\$ 0.1150	
Difference		\$ 0.0365	31.7%

Current California Make is \$.1560 - covered about 65% of State's Butter

NonFat Dry Milk Make Allowances

	Wt Average RCBS	Middle Cost California	
Cost per Lb	\$ 0.1682	\$ 0.1733	
Add 2000 Marketing Expense	\$ 0.0015	\$ 0.0015	
Add California ROI	\$ 0.0099		
Add California Gen & Admin	\$ 0.0136		
Total Cost per Lb	\$ 0.1932	\$ 0.1748	
Total Volume	439,035,646	238,532,017	
Average Volume	31,359,689	59,633,004	
Number of Plants	14	4	
Weighted Average		\$ 0.1867	
Current FMO Make		\$ 0.1400	
Difference		\$ 0.0467	33.4%

Current California Make is \$.1520 - covered about 67% of State's NFDm.

Cheese Make Allowances

	Wt Average RCBS	Wt Average California	
Cost per Lb	\$ 0.1514	\$ 0.1769	
Add California ROI	\$ 0.0082		
Add California Gen & Admin	\$ 0.0203		
Add Marketing Expens	\$ 0.0015	\$ 0.0015	
Total Cost per Pound	\$ 0.1814	\$ 0.1784	
Total Volume	414,344,526	817,068,328	
Number of Plants	6	7	
Average Volume	69,057,421	116,724,047	
Weighted Average		\$ 0.1794	
Current FMO Make		\$ 0.1650	
Difference		\$ 0.0144	8.7%

Current California Make is \$.1710 - covered about 79% of State's Cheese

Table 5
TOTAL SOLIDS CAPACITY AT LAND O'LAKES, CARLISLE

2001	PERCENT OF CAPACITY
JANUARY	68%
FEBRUARY	64%
MARCH	64%
APRIL	68%
MAY	77%
JUNE	64%
JULY	64%
AUGUST	50%
SEPTEMBER	55%
OCTOBER	59%
NOVEMBER	59%
DECEMBER	77%
2002	
JANUARY	77%
FEBRUARY	81%
MARCH	81%
APRIL	91%
MAY	100%
JUNE	82%
JULY	59%