

## REGULATED HANDLER

Ex. 68

## FEDERAL ORDER -124

## PRO FORMA INCOME STATEMENT

Twelve Month Period Ended December 31, 2003

## REVENUE:

Class I sales	\$ 9,904,000 <sup>1</sup>	\$ 13,205,000 <sup>2</sup>	\$ 16,506,000
Class III/IV sales	<u>704,000</u>	<u>938,000</u>	<u>1,173,000</u>

<b>TOTAL REVENUE</b>	<b>10,608,000</b>	<b>14,143,000</b>	<b>17,679,000</b>
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## OPERATING EXPENSES:

Cost of raw milk - Class I	4,275,000	5,700,000	7,124,000
Cost of Class III or IV	704,000	938,000	1,173,000
Containers	698,000	931,000	1,164,000
Plant and overhead	2,316,000	3,089,000	3,861,000
Shrink	89,000	119,000	149,000
Delivery	<u>1,832,000</u>	<u>2,442,000</u>	<u>3,052,000</u>

<b>TOTAL OPERATING EXPENSES</b>	<b><u>9,914,000</u></b>	<b><u>13,219,000</u></b>	<b><u>16,523,000</u></b>
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<b>NET INCOME BEFORE TAXES</b>	<b><u>\$ 694,000</u></b>	<b><u>\$ 924,000</u></b>	<b><u>\$ 1,156,000</u></b>
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- 1 Regulated handler that processes 3,525,000 pounds of Class I per month
- 2 Regulated handler that processes 4,700,000 pounds of Class I per month
- 3 Regulated handler that processes 5,875,000 pounds of Class I per month

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## **REGULATED HANDLER**

### **FEDERAL ORDER - 124**

#### **STATEMENT OF ASSUMPTIONS**

**Twelve Month Period Ended December 31, 2003**

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1. Sales were determined by using the average retail prices from USDA's published "Retail prices for 2 % milk, average of three outlets, selected cities by months, 2003" for the first seven months of 2003 for Seattle, Washington and Portland, Oregon. This average sale price was reduced by 40% to reflect the reduction to wholesale and store "specials" and distributor discounts.
2. This Pro Forma assumes that 85.5% of the regulated handler's sales would be at Class I and 14.5% would be at the lower of Class III or Class IV. This information was extracted from the sworn testimony of witnesses in the Federal Order hearing.
3. Operating costs for containers, plant and shrink were extracted from Plant C, Ex. 25A of the Herbein testimony at this proceeding.
4. Raw milk costs are reflected at Class I price for the Class I portion and the the lower of Class III or Class IV price is reflected for the remainder.
5. Delivery costs are reflected at 37.24 cents per gallon which reflects an average delivery cost for serving all types of customers using data from the Herbein & Co. proprietary database. Additionally, to the extent that customers pick-up at the dock of a producer/handler's plant, additional discounts are generally given to that customer.