

**COMMENTS OF THE PENNSYLVANIA FOOD  
MERCHANTS ASSOCIATION  
PROPOSED REGULATIONS  
PENNSYLVANIA MILK MARKETING BOARD  
IRRC NUMBER 3154**

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1. In its statement of why the regulation is needed (Section (10)), the Board (PMMB) compares co-ops to milk dealers, suggesting that establishment of co-op costs is necessary because the milk dealers' costs do not reflect those of co-ops. That comparison is bogus. Co-ops are primarily producers (combinations of producers). The appropriate issue is whether the process for establishing producer over-order premiums, which has historically set co-op minimum prices is adequate to cover co-op costs and provide them an adequate return. There is no discussion of this issue.
2. Traditionally, the milk industry has been compared to a three-legged stool comprising producers, including co-ops, milk dealers/processors and retail stores. That structure is reflected in the statute. The proposed regulation effectively creates a fourth leg (co-ops) to the stool in violation of the statute.
3. Collection and verification of the data to be collected under the proposed regulation will be prohibitively expensive.
4. All data submitted by milk dealers to the PMMB must comply with Generally Accepted Accounting Principles. THE PMMB provides no reason why the data submitted by the co-ops should not meet the same standard.
5. Section 149.46(c) violates the Commonwealth Documents Law, 45 P.S. §§1102-1208, the Commonwealth Attorneys Act, 71 P.S. §§101 et seq and the Regulatory Review Act, 71 P.S. §§745.1 et seq,

insofar as it purports to authorize the PMMB to amend cost allocations by directive without complying with those laws.

6. If co-ops are granted separate status from other producers, with recognition of costs which are specific to the co-ops, the additional income would allow them attract other, heretofore independent producers, to join the co-ops, thereby creating monopoly or near-monopoly power in the co-ops. This would inevitably result in higher prices for consumers.

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