

## Appendix A

### Pricing Formulas as Modified in Tentative Final Decision

Make Allowance = M.A.

**changes in bold**

Class IV:

Class IV butterfat price (per lb.):	$(\text{NASS AA butter price} - \mathbf{\$0.115 \text{ M.A.}}) / 0.82 \text{ yield factor}$
Class IV nonfat solids price (per lb.):	$(\text{NASS nonfat dry milk price} - \mathbf{\$0.14 \text{ M.A.}}) (\mathbf{\text{no divisor}})$
Class IV skim milk price (per cwt.):	$(\text{Class IV nonfat solids price} \times 9)$
Class IV price (per cwt.):	$(\text{Class IV skim milk price} \times 0.965) + (\text{Class IV butterfat price} \times 3.5)$

Class III:

NASS weighted average cheese price (per lb.):	Weighted average of the NASS 500-pound barrel price ( <b>adjusted to 38% moisture</b> ) plus 3 cents and the NASS 40-pound block price, both as reported by the Department for the month
Class III butterfat price (per lb.):	$(\text{NASS wtd avg. cheese price} - \mathbf{\$0.165 \text{ M.A.}}) \times \mathbf{1.582 \text{ yield factor}}$
Class III protein price (per lb.):	$(\text{NASS wtd avg. cheese price} - \mathbf{\$0.165 \text{ M.A.}}) \times \mathbf{1.405 \text{ yield factor}}$
Class III other nonfat solids (per lb.): <i>Snubbed at zero</i>	$(\text{NASS dry whey price} - \mathbf{\$0.14 \text{ M.A.}}) / 0.968 \text{ yield factor}$
Class III skim milk price (per cwt.):	$(\text{Class III protein price} \times 3.1) + (\text{Other nonfat solids price} \times 5.9)$
Class III price (per cwt.):	$(\text{Class III skim milk price} \times 0.965) + (\text{Class III butterfat price} \times 3.5)$

Class II:

Class II skim milk price (per cwt.):	(Advanced Class IV skim milk price + \$0.70)
Class II nonfat solids price (per lb.):	(Class II skim milk price) / 9
Class II butterfat price (per lb.):	<b>(Class IV butterfat price + \$0.007)</b>
Class II price (per cwt.):	(Class II skim milk price X 0.965) + (Class II butterfat price X 3.5)

Class I:

Class I skim milk price (per cwt.):	The skim milk price of the higher of the advanced Class III or Class IV milk prices plus the Class I differential adjusted for location
Class I butterfat price (per lb.):	The butterfat price of the higher of the advanced Class III or Class IV milk prices plus (the Class I differential adjusted for location divided by 100)
Class I price (per cwt.):	(Class I skim milk price X 0.965) + (3.5 X Class I butterfat price)

Advanced pricing factors:

For use in calculating the Class I skim milk and butterfat prices and the Class II skim milk and nonfat solids prices, the advanced pricing factors are computed using the weighted average of the 2 most recent NASS U.S. average weekly survey prices announced before the 24<sup>th</sup> day of the month.

Prices to producers:

Skim/butterfat orders: No change from current

Component orders:

Protein price (per lb.): Protein price from Class III protein price calculation.

Other solids price (per lb.): Other solids price from Class III other solids price calculation

**Butterfat price (per lb.): Weighted average butterfat value from pricing all of butterfat in 4 classes at class butterfat prices.**

All hundredweight prices are rounded to the nearest whole cent.

All component prices are rounded to the nearest one-hundredth cent.