

MONTANA BOARD OF MILK CONTROL
MARKET ADMINISTRATION & INDUSTRY REPORT

FISCAL YEAR 2025
ENDED JUNE 30, 2025

November 2025

MONTANA DEPARTMENT OF LIVESTOCK
MILK CONTROL PROGRAM

PREPARED BY
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MONTANA BOARD OF MILK CONTROL

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EXECUTIVE SUMMARY

The purpose of the Milk Control Program collecting and reporting information on Montana's milk industry is to provide insights and objective quantitative information to the Board of Milk Control to assist the board in monitoring and understanding the industry to support policy development and deliberations.

The Milk Control Act (act) (Title 81, chapter 23, MCA) requires the board to supervise, regulate, and control the milk industry. The act requires the Montana Department of Livestock to assist in investigating matters, to bring proceedings to enforce orders of the board, and to provide staff to assist in technical, enforcement, and regulatory activities.

The act contains specific provisions enacted to support its policy goals of which some are:

- mandatory licensing of businesses that produce or distribute milk in Montana
- assessments to fund the administration and enforcement of the act
- establishment of minimum prices to be paid for raw milk according to how the milk is utilized, referencing federal milk classifications
- authorization for a quota plan and a statewide pooling arrangement
- governance of fair-trade practices, pertaining to the transaction of business among licensees
- expression of legislative intent that milk produced outside of state is subject to the act the instant that the milk is subject to regulation by the state
- statement that the act does not supersede or interfere with federal law regulating interstate commerce.

The usual actions transpired for the Board, the Producer Committee, and the Milk Control Program in Fiscal Year 2025. The Board held two public meetings. One to discuss Fiscal Year 2025 Milk Control assessment rates and one to appoint Producer Committee members for Calendars Years 2024 - 2025. The Producer Committee held two meetings to vote on quota transfers. With the Milk Control Program issued 105 Milk Control licenses. (Details pages 3-5.)

Historically, most of the milk produced in Montana is utilized as fluid milk consumed in Montana. In Fiscal Year 2025, Montanans continued with the trend with a majority of the fluid milk consumed originating from Montana processing plants using milk supplied by Montana producers. The next largest use of Montana-origin milk was ice cream type products, followed by Class II fluid cream products, and finally a small percentage other dairy products. (Details pages 7-11)

In Fiscal Year 2025 the Montana pooling dairies' production decreased from the previous fiscal year. This decrease continued the marked decline of production that started in Fiscal Year 2019. This was caused by a decline in licensed dairies, which decreased the number of dairy cows being milked. (Details pages 19-22.)

Montana's pool marketing system enables producers to receive uniform milk prices (for milk of equivalent butterfat content) based on the overall utilization of pool milk received by Montana's pool handlers. In Fiscal Year 2025, the 35 pool dairies had a noticeable decrease in production. However, a slight increase in the butterfat percentage and an increase in the average pool price resulted in an increase in the annual gross receipts. (Details pages 25-30.)

The value of pool milk is determined by production and utilization factors. The utilization factors include adjustments that reduce the value of the milk produced by Montana dairies.

Utilization Factors

Two major elements of utilization factors are (1) the minimum prices for each of the three classes of milk and (2) the percentage of butterfat and skim milk (the portion of milk that is not butterfat) utilized in each class of milk. Minimum prices are highest for pool milk utilized as Class I milk consumed in Montana, this accounted more than half of pool production in Fiscal Year 2025, increasing measurably from Fiscal Year 2025. The percentage of pool milk utilized as Class I milk consumed in Montana was more than over three-fourths of pool production in Fiscal Year 2016 and has fluctuated slightly each fiscal year up to the current fiscal year, with the average remaining at just more than half of pool production. (Details pages 32-35.)

Adjustments to Utilization Value

There are two types of adjustments that reduce the utilization value. They are the transportation charges to ship bulk pool milk between pool plants, and the cost of marketing Class I packaged and bulk surplus milk to out-of-state markets. In Fiscal Year 2025 these adjustments reduced the pool utilization value slightly over a dollar per hundred weight. (Details pages 36-39.)

MILK MARKET ADMINISTRATION

MILK CONTROL ACT – A PRIMER

Policy Purpose

The act's policy statement declaration in § 81-23-102, MCA, includes, but is not limited to, the following summarization and has not substantively changed since 1939. The act provides for the regulation of the milk market in Montana. The act establishes that regulation of milk is in the public interest because milk is a necessary food article; adequate supply is vital to the public; and health regulations alone may not provide for adequate supply. The act specifies that it is a policy of the state to promote, foster, and encourage intelligent production and orderly marketing of milk dairy products.

Elements of the Milk Control Act

The act describes its policy purpose and authorizes necessary regulatory infrastructure. The act provides powers to the board to supervise, regulate, and control the milk industry. The act requires the Montana Department of Livestock to provide staff to the board to assist in investigating matters; bring proceedings to enforce orders of the board; and assist in technical, enforcement, and regulatory activities.

The act includes several specific provisions. Among these are the following:

- mandatory licensing of businesses that produce or distribute milk in Montana,
- assessments to fund the administration and enforcement of the act,
- establishment of minimum prices to be paid for raw milk according to how the milk is utilized, referencing federal milk classifications,
- authorization for a quota plan and a statewide pooling arrangement,
- governance of fair-trade practices, setting forth four specific trade practices: prohibitions against secret rebates and discounts; gifts to secure fluid milk and cream business; offering special prices to customers not available to all customers who purchase under like terms/conditions; and payment (by a distributor to a producer) of a price lower than applicable producer price,
- expression of legislative intent that milk produced outside of the state is subject to the act the instant that the milk is subject to regulation by the state, and
- statement that the act does not supersede or interfere with federal law regulating interstate commerce.

BOARD OF MILK CONTROL – ACTIVITY IN FISCAL YEAR 2025

The following table shows information about the board members and their terms of appointment. Appendix_A (page 42) provides additional information about the board, its interaction with the Montana Department of Livestock, and differentiation of the roles of the department's Milk Control Program and the Milk & Egg Section.

Montana Board of Milk Control - Members

Name	Board Position	Residence	Term
Staci Ketchum	Chair	Miles City	03/2025 – 01/2029
Brian C. Beerman	Member	Fairfield	03/2025 – 01/2029
Ken Bryan	Member	Great Falls	03/2025 – 01/2027
W. Scott Mitchell	Member	Billings	03/2025 – 01/2027
Travis Stroh	Member	Glendive	03/2025 – 01/2029

The Board of Milk Control can be reached through the contact information listed below.

Milk Control Program
P.O. Box 202003
Helena, MT 59620-2003
(406) 444-2875 or LivMilkControl@mt.gov

December 03, 2024, Meeting - The Board met with three topics to discuss. First the Board approved the Fiscal Year 2024 annual report that was presented by the Milk Control Staff. The second topic was to determine the Milk Control assessment rates for Fiscal Year 2026. The board voted to decrease the rate from the Fiscal Year 2025 rate of \$0.0215/cwt to \$0.0200/cwt with the intention of reducing the excess cash balance in the Milk Control Program. Third was a discussion on the changes in the Federal Class I pricing formula and if there was a need to make an adjustment in the Montana Class I differential price to help offset these changes. The discussion was tabled by the board so more industry input could be obtained. A future meeting was to be called once this information was available.

March 04, 2025, Meeting - The Board met to continue the discussion from the December 03, 2024, meeting. The Board received industry input information regarding the need to update the Montana Class I differential price to offset the Federal Class I pricing formula. The meeting resulted in them voting to increase the Montana Class I differential from \$1.55/cwt to \$1.85/cwt.

PRODUCER COMMITTEE – ACTIVITY IN FISCAL YEAR 2025

The producer committee is provided for by ARM 32.24.506. The committee's main task is to review and approve transfers of quota.

The following table shows the current Producer Committee members elected by the Board of Milk Control for the Calendar Year 2024 – 2025 term.

Producer Committee Members 2024 – 2025 Term:

Producer Name	Committee Position	Pool Plant Receiving Milk	Dairy Name
Nelson Kamerman	Member	Darigold – Bozeman	Dairyland Farms
Sam Hofer	Member	Meadow Gold – Great Falls	Surprise Creek Colony Dairy
Mark Kleinsasser	Member	Meadow Gold – Billings	Mountain View Colony Dairy
Shane Leep	Member	Meadow Gold - Billings	Leep Dairy
John Waldner	Member	Meadow Gold – Great Falls	Fairhaven Colony Dairy
Gary Wurz	Member	Meadow Gold – Great Falls	Big Stone Colony
Dave Lewis	Member	Darigold – Bozeman	Big Creek Dairy

October 23, 2024, Producer Committee - The committee met via conference call to vote on two quota transfer requests. The transfers were approved, with the mandated forfeiture of 10% of the quota balance to be removed from the quota pool.

December 17, 2024, Producer Committee - The committee met via conference call to vote on one quota transfer request. The transfer was approved, again with the mandated forfeiture of 10% of the quota balance to be removed from the quota pool.

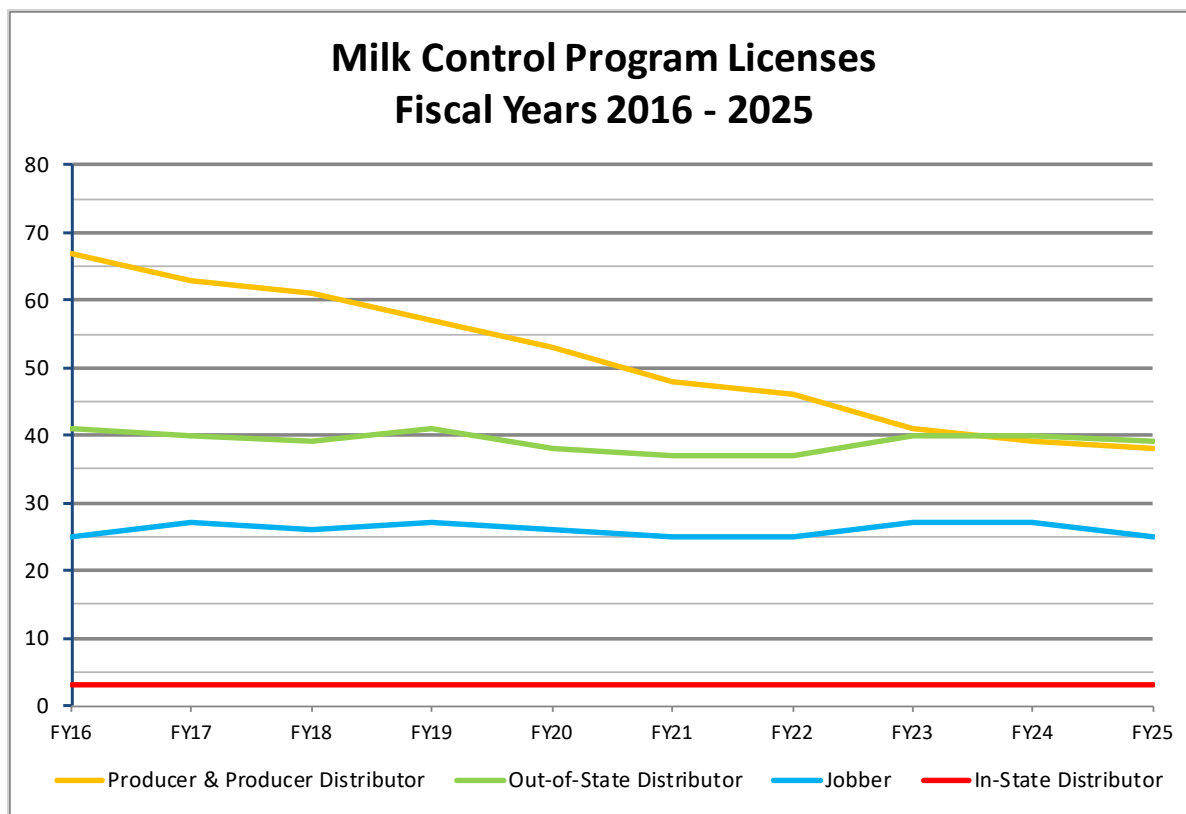
LICENSING SUMMARY

The program issues licenses to producers, producer-distributors, distributors, and jobbers (a class of distributors that purchase and resell milk). The following table shows the number of licenses issued in fiscal year 2025 for each type of business. Licenses are issued on an annual fiscal year basis (July 1 – June 30). By statute, the license fee is two dollars per license, and the fees are deposited into the state general fund.

Licenses Issued for Fiscal Year 2025

License Type	Number of Licenses
Producer	35
Producer-Distributor	3
In-State Distributor	3
Out-of-State Distributor	39
Jobber	25
Total Licenses	105

The following chart shows the number of licenses issued for each license type for Fiscal Year 2016 through Fiscal Year 2025, combining the number of producers and producer-distributors. The chart reflects consolidation affecting the milk industry.



ADMINISTRATIVE ASSESSMENTS AND COLLECTION

Administrative assessments are levied on sales of milk by Montana producers, producer-distributors, in-state distributors, and out-of-state distributors to secure funds to administer and enforce the act. The assessments are classified as special revenue and are the sole source of funding for the board and program.

As required by statute, the board considered the Fiscal Year 2026 assessment rates (at its December 03, 2024, meeting) and voted to lower the assessment rates from those of Fiscal Year 2025 by 6.98%. At the time of the meeting, the program projected that the program's cash balance would decrease by approximately \$37,055 during the fiscal year 2026, which would give them sufficient funds to be able to administer the act.

Assessment Rates by License Type for Fiscal Year 2025 & Fiscal Year 2026

License Type	FY2025 Assessment Rates	FY2026 Assessment Rates
Producer	\$0.02150/cwt	\$0.02000/cwt
Distributor	\$0.02150/cwt	\$0.02000/cwt
Producer-Distributor	\$0.04300/cwt	\$0.04000/cwt

ESTIMATE OF MONTANA DAIRY CONSUMPTION

ESTIMATE METHOD & LIMITATIONS

The estimated dairy consumption in Montana is based on combining information from the assessments reports submitted by pool handlers, producer-distributors, and out-of-state distributors. Because different sources of information are being combined, the information should be viewed as an estimate.

Pool handlers (Meadow Gold and Darigold) report how the bulk milk received is utilized in the monthly reports submitted for pooling calculations. Pool handlers sell small amounts of the bulk milk they receive to other dairy manufacturers located in Montana. The utilization of this milk is classified in the Pool handlers' pooling calculations reports based on the type of product that is thought to be manufactured. Pool Handlers also import packaged dairy products, which are accounted for by type and amount in their monthly Distributor Assessment report.

Producer-distributors report monthly the total milk produced and its utilization. When using this data to estimate dairy product consumption, the Milk Control staff estimates the product weights using calculations that use product density and milk equivalent factors.

Out-of State distributors report monthly the sale of milk products into Montana. The milk class, weight, etc. are broken down within the report.

Below are two tables. The first table estimates Fiscal Year 2025 Montana dairy consumption in terms of products consumed (gallons or pounds of product). The second table estimates this same dairy consumption in terms of the milk equivalency (the pounds of milk used to manufacture the product type).

FISCAL YEAR 2025: MONTANA ESTIMATED DAIRY CONSUMPTION (BY PRODUCT VOLUME OR WEIGHT)

Class / Type / Product	Products from Montana Plants	% of Product Total from Montana	Products from Out-of-State Plants	% of Product Total from Out-of-State	Total Consumption Estimate
CLASS I (gallons) White & Flavored Milk, Buttermilk, Eggnog	13,989,770	54.68%	11,595,054	45.32%	25,584,824
CLASS II					
Fluid/Whip (gallons)					
Half and Half	42,906	3.79%	1,089,391	96.21%	1,132,297
Whipping Cream	76,139	5.88%	1,217,772	94.12%	1,293,911
Creamers			805,278	100.00%	805,278
Aerosol Whip			209,440	100.00%	209,440
Uncultured (gallons)					
Ice Cream / Mix / Ice Milk / Novelties	661,998	14.13%	4,023,185	85.87%	4,685,183
Frozen Yogurt / Mix			344,658	100.00%	344,658
Cultured (pounds)					
Cottage Cheese	157,911	3.30%	4,628,560	96.70%	4,786,470
Sour Cream & Dressings	21,591	0.39%	5,452,534	99.61%	5,474,125
Yogurt / Kefir	527,330	2.70%	19,031,887	97.30%	19,559,218
CLASS III (pounds)					
Cream Cheese			2,179,128	100.00%	2,179,128
Cheese	67,528	0.22%	30,198,905	99.78%	30,266,433
Butter	5,310	0.05%	10,880,473	99.95%	10,885,783

FISCAL YEAR 2025: MONTANA ESTIMATED DAIRY CONSUMPTION – BY MILK EQUIVALENT WEIGHT

Class / Type / Product	Products from Montana Plants (lbs. milk equivalent)	Products from Out-of-State Plants (lbs. milk equivalent)	Total Consumption Estimate (lbs. milk equivalent)
CLASS I			
White & Flavored Milk, Buttermilk, Eggnog	120,591,820	85,887,003	206,478,823
TOTAL CLASS I	120,591,820	85,887,003	206,478,823
CLASS II			
Fluid/Whip			
Half and Half	537,611	13,650,066	13,817,752
Whipping Cream	1,120,365	31,478,956	29,628,625
Creamers		10,090,135	10,090,135
Aerosol Whip		<u>3,352,641</u>	<u>3,652,641</u>
Subtotal	1,657,976	58,871,798	60,529,774
Uncultured			
Ice Cream / Mix / Ice Milk / Novelties	7,445,208	34,853,205	42,298,413
Frozen Yogurt / Mix		3,434,900	3,434,900
Cream-Candy Products	<u>157,249</u>		<u>157,249</u>
Subtotal	7,602,457	38,288,105	45,890,562
Cultured			
Cottage Cheese	222,654	7,216,482	7,439,136
Sour Cream & Dressings	30,443	10,186,848	10,217,291
Yogurt / Kefir	<u>485,144</u>	<u>17,509,336</u>	<u>17,994,480</u>
Subtotal	738,241	34,912,666	35,650,907
TOTAL CLASS II	9,998,674	132,072,570	142,071,244
CLASS III			
Cream Cheese		7,866,654	7,866,654
Cheese	668,523	147,974,635	148,643,158
Butter	<u>10,620</u>	<u>70,831,881</u>	<u>70,842,501</u>
TOTAL CLASS III	679,143	226,673,170	227,352,313

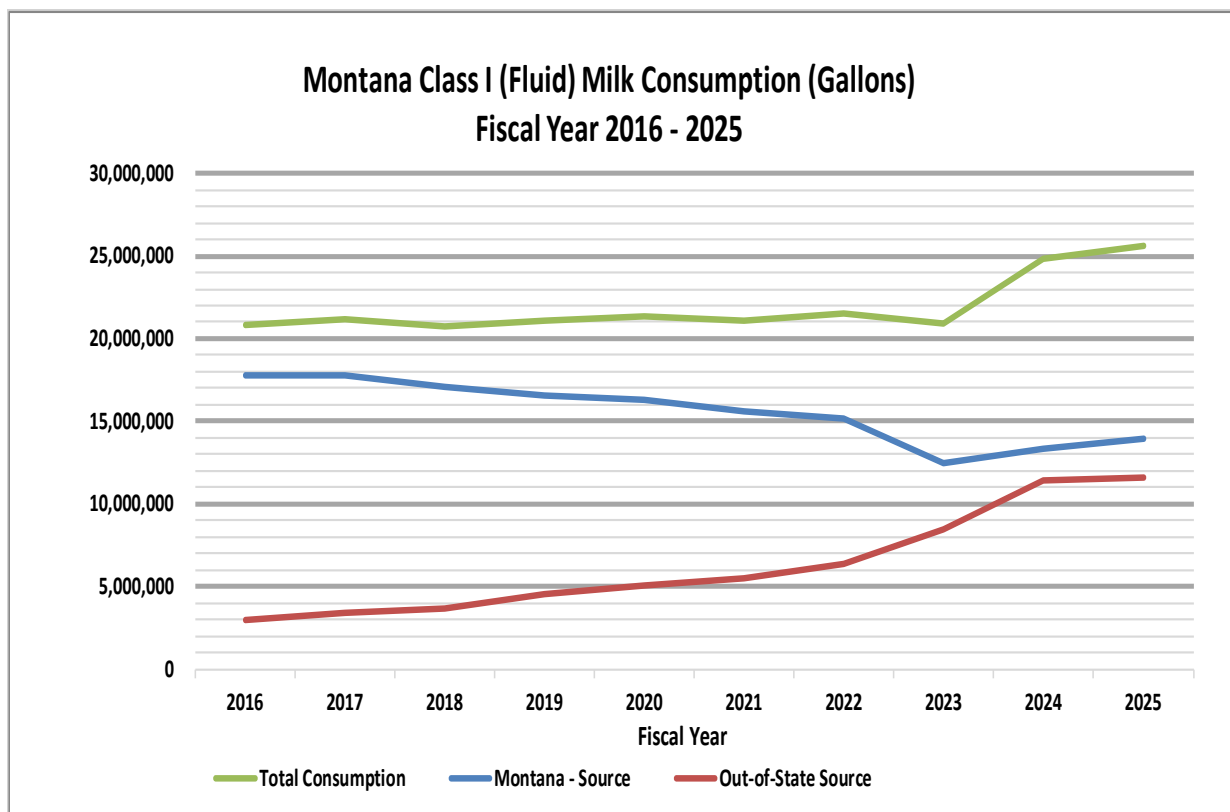
SUMMARY

Most of the milk produced in Montana is utilized as fluid milk consumed in Montana. In Fiscal Year 2025, an estimated 25.6 million gallons of fluid milk was consumed in Montana compared to 23.7 million gallons in Fiscal Year 2024. Of the 25.6 million gallons, 54.68% was from Montana bottling plants using milk supplied by Montana dairy farmers. Fiscal Year 2025 saw an increase in Montana consumption of 13.58% from Fiscal Year 2024. The next largest use of Montana-origin milk in Fiscal Year 2025 was for ice cream type products (ice cream, ice milk, and frozen yogurt). An estimated 4.7 million gallons of ice cream type products were consumed in Montana, 11.13% of which was manufactured by Montana plants. Approximately 3.46% of Class II fluid cream products (half and half, cream, creamers, and aerosol whip) that were consumed in Montana were from Montana plants. Montana plants account for only a small percentages of all other dairy products consumed by Montanans. Production of these products outside of Montana is largely a function of industry dynamics that relate to scales of efficiency in manufacturing and placement of manufacturing facilities near areas with greater population or areas with larger supplies of milk.

Based on the dairy consumption estimates from Fiscal Year 2016 to Fiscal Year 2025 the following describes some observed trends.

- **Class I Fluid Products** - The estimated consumption of Class I fluid milk products in Montana has grown with a 2.54% average annual increase from Fiscal Year 2016 to Fiscal Year 2025. Fiscal Year 2025 saw a 3.12% increase in the consumption of Class I milk products which was a continuation of the 18.89% increase from Fiscal Year 2024. Nationally, between Calendar Years 2016 and 2025, annual total fluid milk consumption experienced a decline in all but two years where there were zero changes, with the low remaining in Fiscal Year 2021 of a 4.96% decrease. This was an average yearly decline of 1.96% in this time period. The percentage of Class I milk consumed in Montana that originated in Montana plants in Fiscal Year 2025 was about 44% more than Fiscal Year 2024. From Fiscal Year 2016 to Fiscal Year 2025 there remains an overall decrease of about 22%. The USDA Economic Research Service data report: "Fluid Beverage Milk Sales Quantities by Product (Annual)" shows that on the average, for the last decade, consumption of whole milk has trended higher, and consumption of skim milk has trended lower.
- **Fluid Cream Type Products** - Estimates indicate that consumption of fluid cream type products increased by 11.03% annually (on average) since Fiscal Year 2016.
- **Ice Cream Type Products** - Estimates indicate that consumption of ice cream type products decreased by 5.29% in Fiscal Year 2025 following a 3.06% increase in Fiscal Year 2024. This is followed by a 1.85% annual increase (on average) between Fiscal Years 2016 - 2025.
- **Yogurt** - Estimates indicate yogurt consumption increased by 11.91% in Fiscal Year 2025 following a 11.08% increase in Fiscal Year 2024 resulting in a 3.15% annual increase (on average) in Fiscal Years 2016 – 2025.
- **Butter** - The estimated butter consumption increased 8.99% in Fiscal Year 2025 following an increase of 2.93% in Fiscal Year 2024. This resulted in a 4.60% annual increase (on average) in Fiscal Years 2016 - 2025.

The U.S. Census Bureau estimates that Montana's population in Calendar Year 2024 was 1.13 million. Montana experienced modest population growth of approximately 1.09% per year from the Calendar Year 2016 to Calendar Year 2024. Tourism may impact some of Montana's dairy consumption trends for products such as butter, fluid cream, and ice cream that food service establishments serve or use as ingredients. The University of Montana Institute for Tourism & Recreation Research estimated that there were 13.7 million nonresident visitors in Calendar Year 2024 compared to 12.5 million in Calendar Year 2023 a 9.6% increase. The average duration of a visit in Calendar Year 2024 stayed the same as the previous fiscal year at five nights according to the University of Montana Institute for Tourism & Recreation Research's interactive report for Montana. The recent change in the consumer's diet to an increase to more fat and protein products and less carbohydrate products seems to also have affected the consumption of dairy in Montana and the U. S. as a whole. This seems to be evident in the statistics that are within this report, with an increase in the consumption of fluid milk, cream, butter, and yogurt products. While there was a decrease in the consumption of ice cream type products.



MINIMUM PRODUCER PRICES

CLASSIFIED PRICING

To aid in the orderly marketing of milk, many jurisdictions in the United States, starting in the 1930s, established price regulation systems that set prices for milk purchased from dairies based upon how the buyer (a processor) utilizes the milk. Currently in the United States, over 85% of all milk sold by dairy farms is subject to federal or state price regulation that uses classified pricing. Classified pricing systems have been adopted in a number of other western countries as well. Such systems help prevent situations in which producers are pitted against each other by processors to undercut prices, which can lead to a chaotic marketplace in which the supply and sanitary condition of milk becomes imperiled. Montana's milk classification system is similar to federal (USDA) milk classification. The Class I utilization comprises of fluid milk products, including buttermilk and eggnog. Class II utilization includes fluid cream products, ice cream type products, cottage cheese, sour cream, and yogurt. Class III utilization included cheese and cream cheese. Class IV utilization includes butter and dried milk. Montana law allows the Board of Milk Control to combine milk classes, and Montana Class III utilization combines the federal Class III and Class IV utilizations. In Montana, Class III utilization also includes bulk milk inventory, dumped milk, and up to 2% shrinkage, with any shrinkage in excess of 2% of pool receipts being allocated to Class I utilization. Shrinkage is a term that describes milk received that is not accounted for by utilization or inventory. Shrinkage is unavoidable and typically is caused by processing losses and incidental waste.

PRICE FORMULAS

The Milk Control Act requires that the Board of Milk Control establishes formulas to calculate minimum prices to be paid for milk based upon classified utilization.

Montana Class I

Montana's Class I milk price formula adds, as of 6/01/2025, a \$2.85/cwt differential to the USDA Federal Order Base Class I price published in the USDA Agricultural Marketing Service's Announcement of Advanced Prices and Pricing Factors. The Montana Class I butterfat price is the Federal Order Advanced Butterfat Pricing Factor (from the same USDA price announcement) plus \$0.0285/lb. The USDA Federal Milk Marketing Administration announces these prices in advance of the month of production. The federal announcement is generally made on the Wednesday following the first two full weeks of the month. The following table illustrates the application of the Montana Class I price formulas for June 2025.

Montana Class I Price Computations per ARM 32.24.480(2) for June 2025	
Federal Order Base Class I Price for Milk Testing 3.5% Butterfat (\$/cwt)	\$17.26
Plus: Montana Differential (\$/cwt)	\$2.85
Montana Class I Milk Price for Milk Testing 3.5% Butterfat (\$/cwt)	\$20.11
Federal Order Advanced Butterfat Pricing Factor (\$/lb.)	\$2.5730
Plus: Montana Differential (\$/lb.)	\$0.0285
Montana Class I Butterfat Price (\$/lb.)	\$2.6015
Value of Montana Class I Butterfat at 3.5 lbs.	\$ 9.10525
Value of Montana Class I Skim Milk at 96.5 lbs.	\$11.46155
Montana Class I Milk Price for Milk Testing 3.5% Butterfat (\$/cwt)	\$20.11000

Montana Class II & Class III

The Montana Class II and Class III price formulas reference the prices listed below that are published in the USDA Agricultural Marketing Service's Announcement of Advanced Prices and Pricing Factors.

- Class II Skim Milk Price (converted to dollars per pound of skim milk)
- Advanced Class III Skim Milk Pricing Factor (converted to dollars per pound of skim milk)
- Advanced Class IV Skim Milk Pricing Factor (converted to dollars per pound of skim milk)
- Advanced Butterfat Pricing Factor

These prices are determined by USDA using federally established formulas that rely upon USDA-calculated weighted average prices of butter, nonfat dry milk, cheese, and whey for the first full two weeks of the month prior to the month to which the price announcement applies. Prices and sales volumes of these products are mandatorily reported to USDA by the United States dairy industry.

The Montana Class III Butterfat Price formula subtracts the Montana Class III Butterfat Price Differential from the Advanced Butterfat Pricing Factor. The following tables illustrate the application of the Montana Class II and Class III price formulas for June 2025.

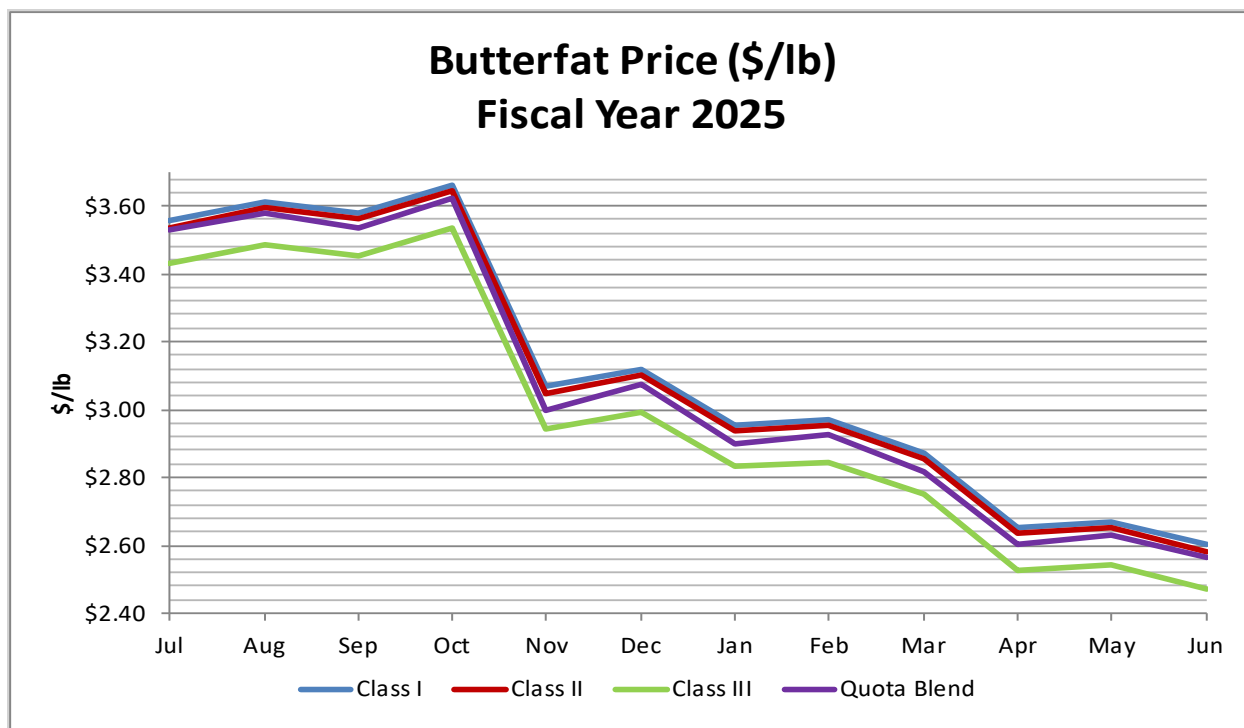
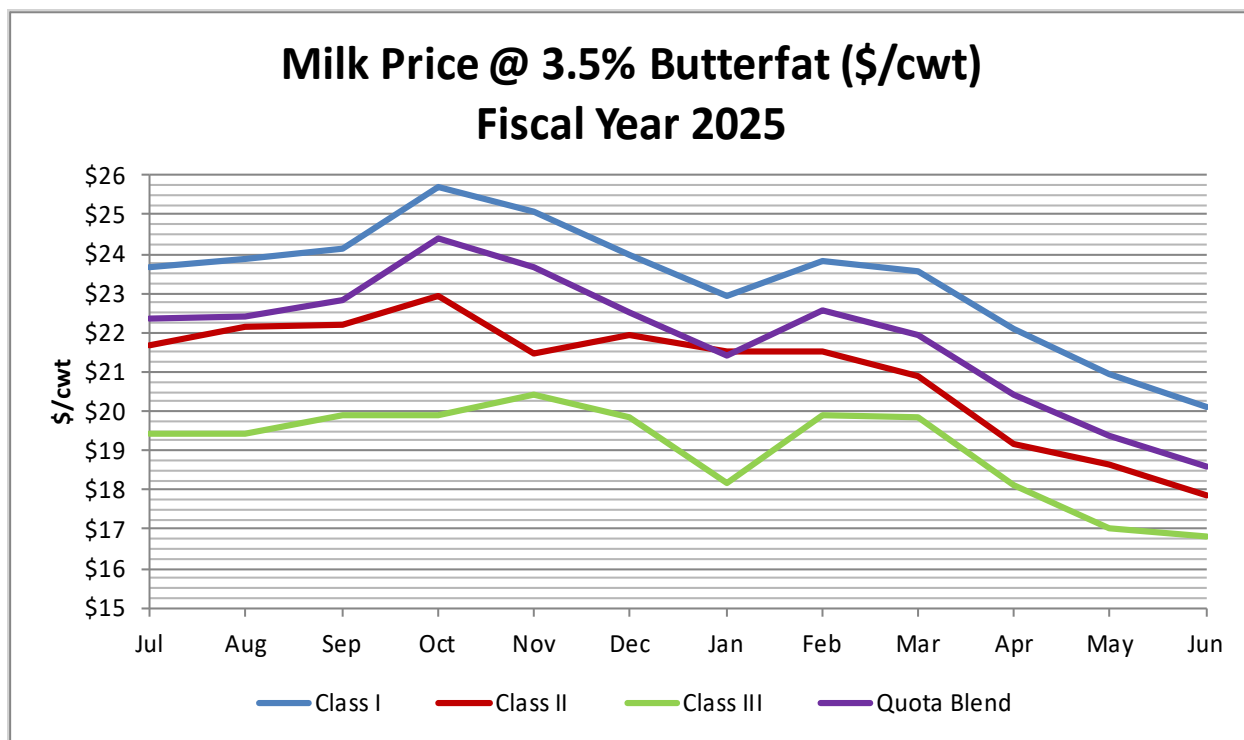
Montana Class II Price Computations per ARM 32.24.480(3) for June 2025		
	Advanced Butterfat Pricing Factor (\$/lb.)	\$2.5730
	Plus: \$0.007/lb. (\$/lb.)	\$0.0070
	Montana Class II Butterfat Price (\$/lb.)	<u>\$2.5800</u>
Montana Class II Skim Milk Price (\$/lb.):	federal Class II Skim Milk Price converted to units of dollars per pound of skim milk	<u>\$0.0914</u>
	Value of Montana Class II Butterfat at 3.5 lbs.	\$9.03000
	Value of Montana Class II Skim Milk at 96.5 lbs.	\$8.82010
	Montana Class II Milk Price for Milk Testing 3.5% Butterfat (\$/cwt)	<u>\$17.85010</u>

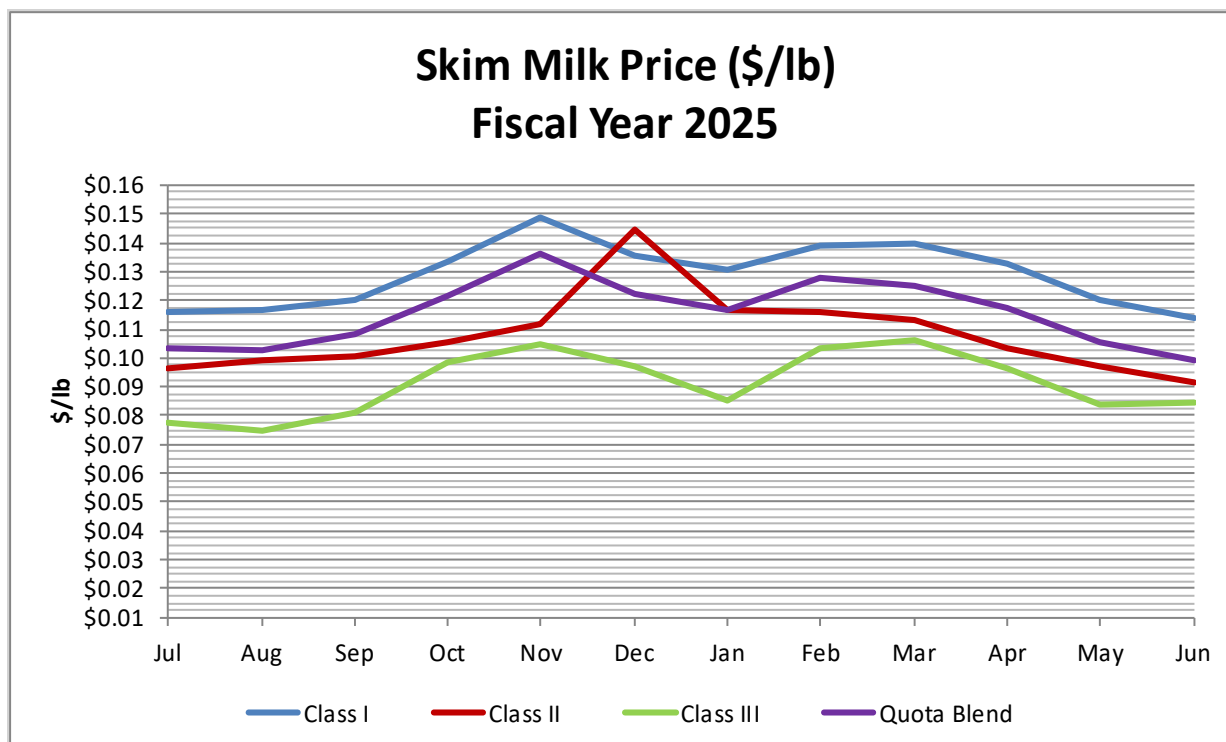
Montana Class III Price Computations per ARM 32.24.480(4) for June 2025		
	Advanced Butterfat Pricing Factor (\$/lb.)	\$2.5730
	Less: Montana Class III Butterfat Price Differential (\$/lb.)	<u>(\$0.1000)</u>
	Montana Class III Butterfat Price (\$/lb.)	<u>\$2.4730</u>
	Federal Class III Skim Milk Pricing Factor (\$/cwt)	\$8.55
	Federal Class IV Skim Milk Pricing Factor (\$/cwt)	\$8.44
Montana Class III Skim Milk Price (\$/lb.):	<i>lower of Class III or Class IV Skim Milk Pricing Factor, converted to units of dollars per pound of skim milk</i>	<u>\$0.0844</u>
	Value of Montana Class III Butterfat at 3.5 lbs.	\$8.65550
	Value of Montana Class III Skim Milk at 96.5 lbs.	\$8.14460
	Montana Class III Milk Price for Milk Testing 3.5% Butterfat (\$/cwt)	<u>\$16.80010</u>

ANNOUNCED MINIMUM PRICES IN FISCAL YEAR 2025

Cows generally produce milk that has 3.5% - 4% butterfat content. The dairy industry often uses a reference price for milk having 3.5% butterfat content. One hundred pounds of milk (a hundredweight, abbreviated "cwt") with 3.5% butterfat content consists of 3.5 pounds of butterfat and 96.5 pounds of skim milk. Skim milk consists of water (over 90% of skim milk weight) and solids that are not fats (lactose, protein, and minerals). In Montana, an individual producer is paid based on the actual butterfat and skim milk produced by the dairy's herd for each month of production.

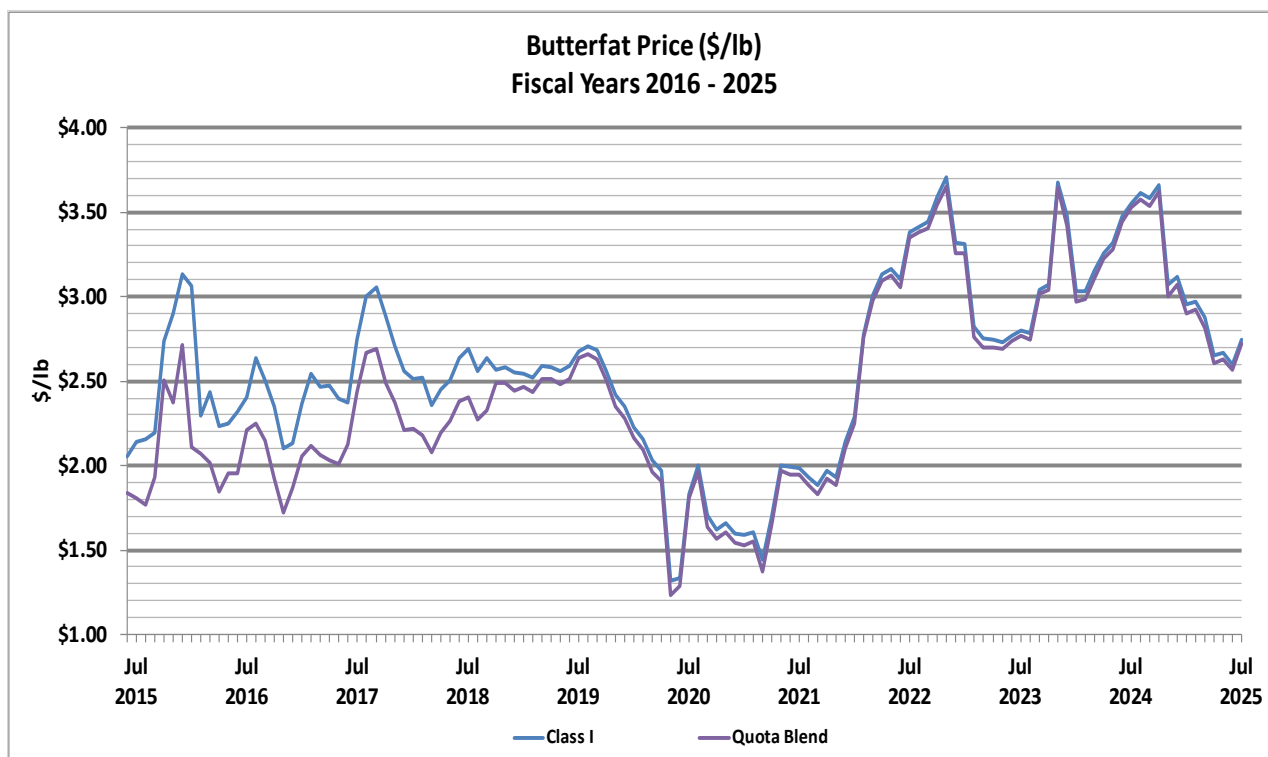
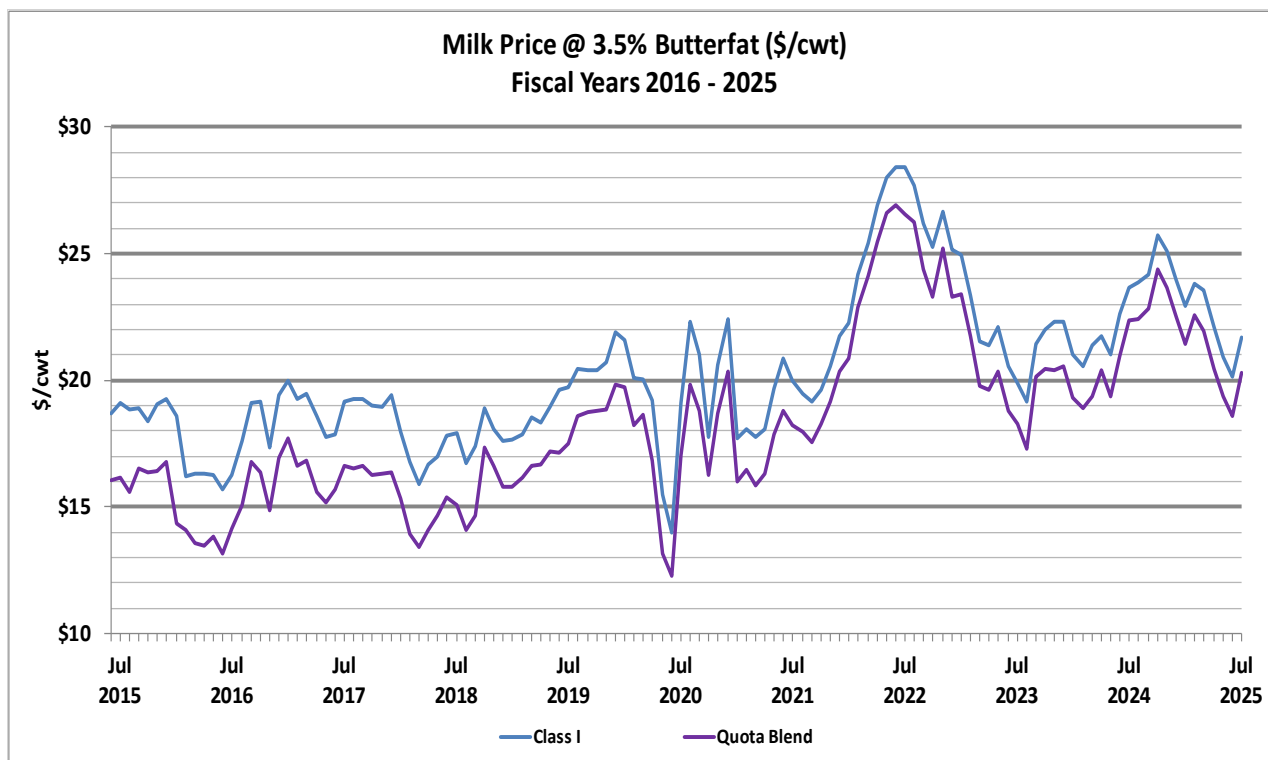
The charts below show announced minimum prices for months in Fiscal Year 2025 (July 2024 – June 2025) along with the calculated quota price based on actual milk utilization.

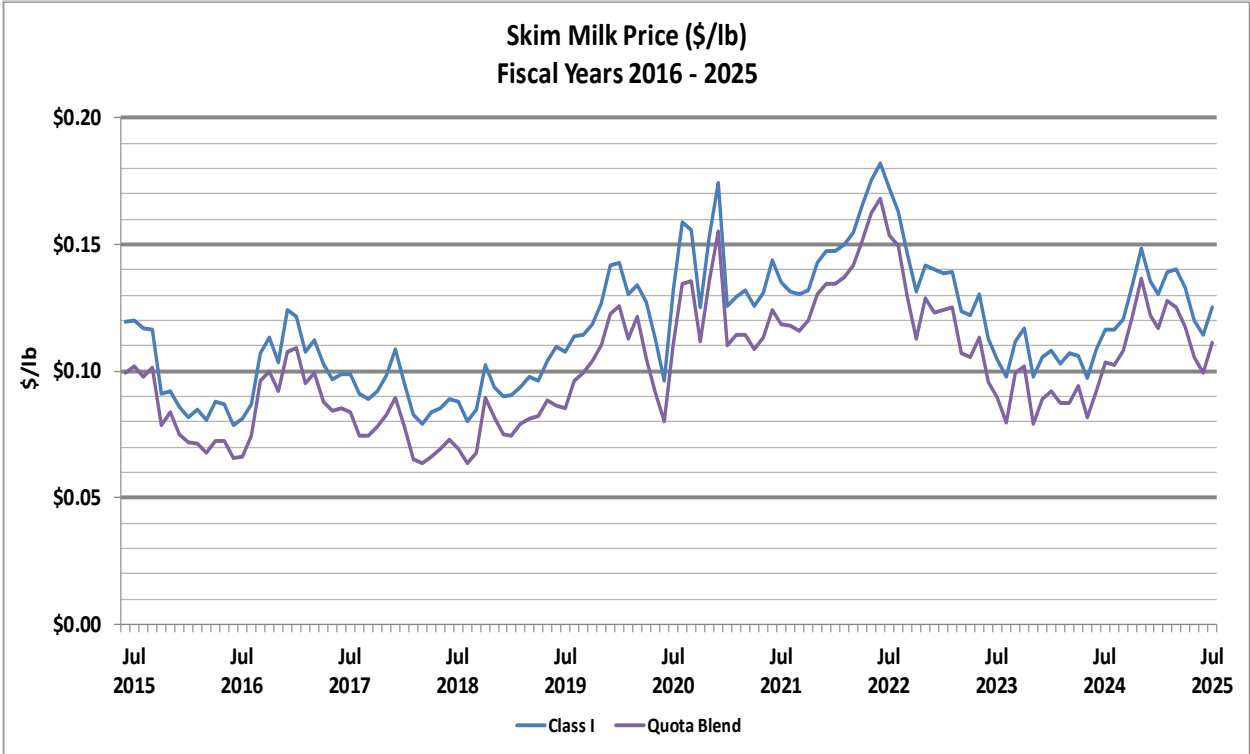




PRICE CHARTS JULY 2015 – JULY 2024

The following charts show Montana Class I prices and Montana Quota Blend producer prices for milk containing 3.5% butterfat, butterfat component of milk, and skim milk component of milk.



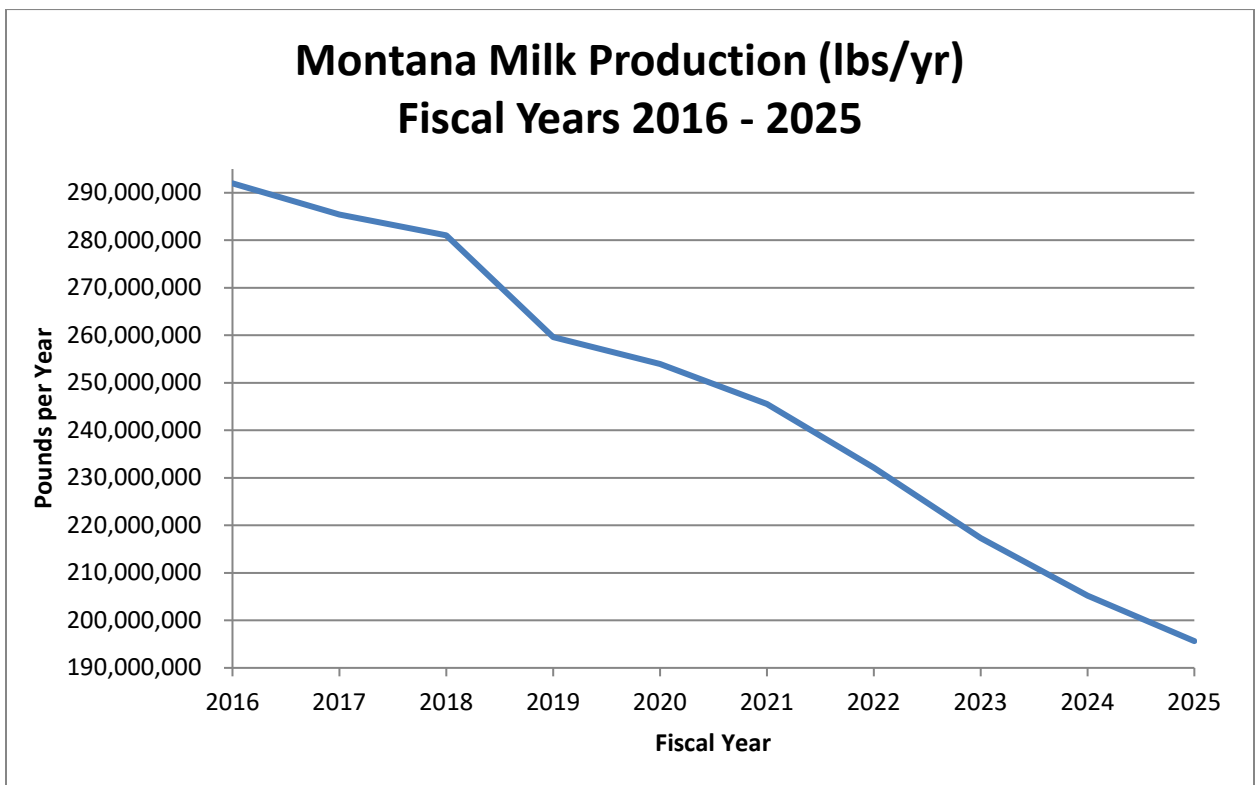
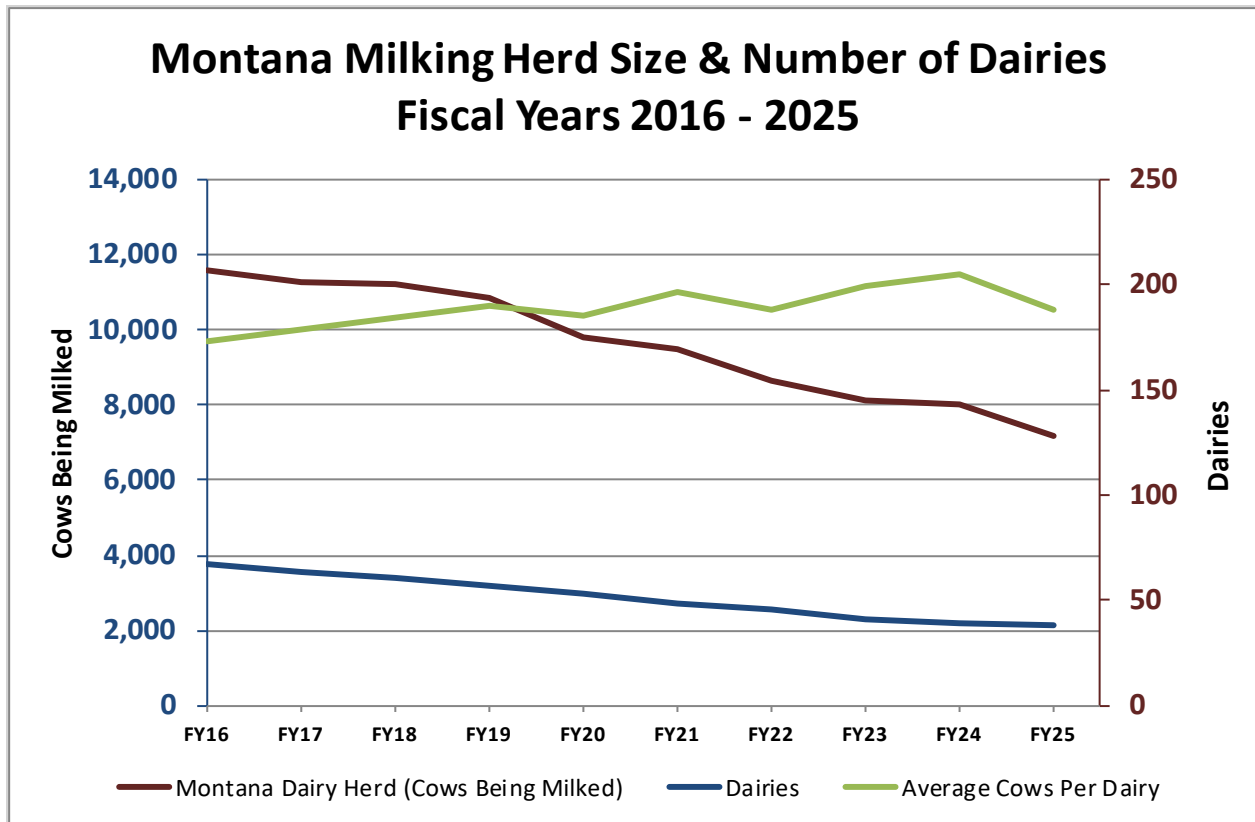


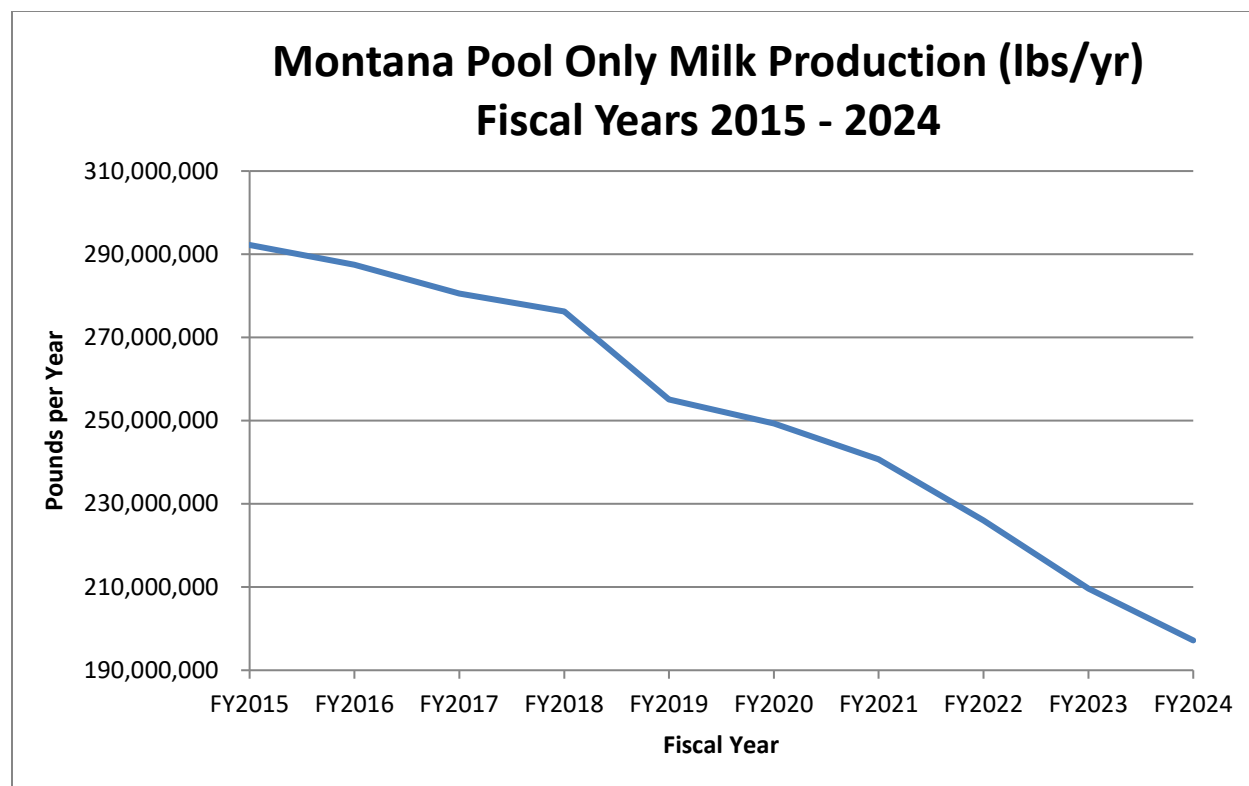
MONTANA MILK PRODUCTION

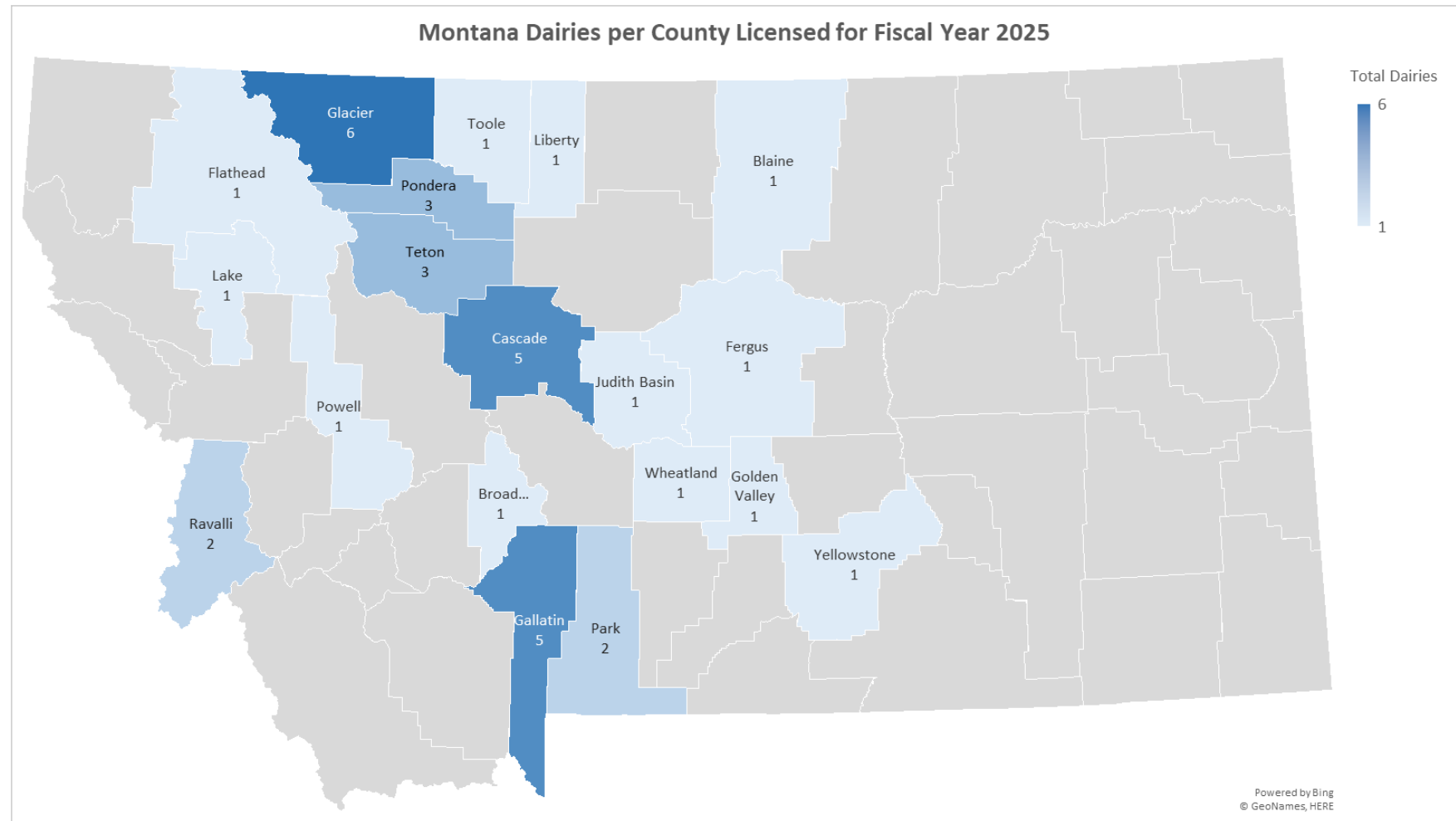
Dairies that participate in Montana's pool marketing system account for most of Montana's milk production. These dairies supply milk to Darigold's processing plant in Bozeman and Meadow Gold's processing plants in Great Falls and Billings. Dairies that are licensed as producer-distributors account for the rest of Montana milk production. The License Map on page 22 shows the counties in which dairies were licensed to operate in the Fiscal Year 2025.

In Fiscal Year 2025 the Montana pooling dairies produced approximately 190 million pounds of milk, down almost 10.7 million pounds from Fiscal Year 2024. Milk production declined each year between Fiscal Year 2016 to Fiscal Year 2025 at an average rate of 4.20% per year for a total decline of 33.89% of production by the end of Fiscal Year 2025, with most of the decrease occurring in Fiscal Year 2019. Fiscal Year 2016 started with the high about 280.6 million pounds and ended with a low in Fiscal Year 2025 of about 190 million pounds. This can be attributed to the decline of licensed pooling dairies from 64 to 35 and the decline of the number of milked cows from 10,986 to 6,716 in this time period.

The following charts show the size of Montana's pooling dairy and non-pooling dairies herds and the number of dairies licensed in Fiscal Year 2016 through Fiscal Year 2025, Montana milk production from Fiscal Year 2016 through Fiscal Year 2025, and total milk production (per year and per day) for Fiscal Year 2016 through Fiscal Year 2025. The size of Montana's milking herd is based on information provided by producers and producer-distributors in annual license applications. From Fiscal Year 2016 to Fiscal Year 2025, the number of cows being milked declined by 38.34%, while the number of dairies declined by 43.28%. The average number of cows being milked per dairy increased from 173 cows per dairy in Fiscal Year 2016 to 188 cows per dairy in Fiscal Year 2025. The increase in milked cows per dairy did not increase the overall production to offset the loss of the dairies in this time period. Montana milk production in Fiscal Year 2025 was the lowest in the 10-year period from Fiscal Year 2016 – 2025 with the average of 34.81% the lowest in the time period.







MILK IMPORTS / EXPORTS

In the discussion of Montana's milk imports and exports, the terms refer to trade between Montana and other states, not international trade.

MILK IMPORTS

Bulk Milk

A provision in the Milk Control Act (81-23-302(10), MCA) specifies that distributors with processing facilities in the state shall *"whenever possible, purchase milk from Montana producers for the processing of products to be sold in this state if milk is available from Montana producers at the price set by the board."* In Fiscal Year 2025, pool handlers imported 76.54 million pounds of bulk unpasteurized milk, an average of approximately 6.38 million pounds per month. In comparison, Montana producers delivered almost 187.12 million pounds of milk to pool handlers in Fiscal Year 2025, an average of approximately 16.43 million pounds per month. Due to milk plant needs and the decline in supply from the Montana producers, Montana distributors' imports of bulk milk continued to increase in Fiscal Year 2025. An additional 7.45 million pounds added in Fiscal Year 2025, and the 22.42 million pounds added in Fiscal Year 2024 made the total for this two-year period 29.87 million pounds. Meanwhile, the Montana producers delivered amounts continued to decrease in Fiscal Year 2025. An additional decrease of 10.05 million pounds in Fiscal Year 2025, and the 12.46 million pounds decrease in Fiscal Year 2024 made the total for this two-year period 22.51 million pounds. .

The bulk milk imports are partially attributed to Meadow Gold – Billings purchasing milk from Wyoming producers, processing the milk, and distributing it to the Wyoming market. The current levels of Wyoming bulk milk imports are usually higher than Class I packaged milk exports for any given month. As such, Montana has become a net importer of milk from Wyoming. The remaining Bulk milk imports are mostly from Idaho; this is usually milk sold to the Darigold – Bozeman plant by Northwest Dairy Association and Dairy Farmers of America. All of the bulk milk is used to produce Class I packaged products which are then exported out of state. The current levels of Class I packaged milk exports are higher than bulk milk imports. As such, Montana has become a net exporter of milk from Idaho.

Processed Dairy Products

Processed dairy products are imported by both out-of-state distributors and in-state distributors. The following table shows the dairy product imports in Fiscal Year 2025 in units of pounds of milk equivalent calculated on a milk solids basis.

Estimated Montana Dairy Product Imports – Fiscal Year 2025

Product Description	Imports (lbs. milk equivalent)
Class I Fluid Milk Products	85,887,003
Class II Fluid Cream Products	58,871,799
Class II Uncultured Products (<i>ice cream & frozen yogurt</i>)	38,288,105
Class II Cultured Products (<i>cottage cheese, sour cream, yogurt</i>)	34,912,66
Class III Products (<i>cream cheese, cheese, butter</i>)	226,673,169

MILK EXPORTS

Montana exports include Class I fluid milk products packaged in Montana's pool plants, bulk cream collected by pool handlers, and rarely bulk unpasteurized milk. Montana's exports of Class I packaged fluid milk products significantly exceeded its bulk milk imports. In Fiscal Year 2025 Montana exported approximately 129.77 million pounds of milk consisting of approximately 120.96 million pounds of Class I packaged fluid milk products and 8.81 million pounds of bulk cream. This is an increase in Class I packaged fluid milk products of 9.94 million pounds, a decrease in bulk raw milk of 71,400 pounds, and an increase in bulk cream of 205,882 pounds from the previous fiscal year. The program estimates that approximately 8.6 million pounds of bulk cream exported from Montana pool plants could have produced approximately 4.4 million pounds of butter. In Fiscal Year 2025, approximately 10.9 million pounds of butter were consumed in Montana, almost all of it is imported from outside of Montana. The small amount produced in Montana is produced by Montana non-pool producer/distributors.

Montana Milk Exports – Fiscal Year 2025

Product Description	Exports (lbs.)
Bulk Cream	8,807,366
Class I Packaged Fluid Milk Products	120,963,893
Total	129,771,259

MONTANA POOL MARKETING SYSTEM

EXPLANATION OF POOLING & QUOTA SYSTEM

Montana Pool System

Montana's pool marketing system enables producers to receive uniform milk prices (for milk of equivalent butterfat content) based on the overall utilization of pool milk received by all of Montana's pool handlers. Without the pool marketing system, an individual dairy's milk price would be completely dependent upon how the receiving plant utilized the milk. By having a pool marketing system, variation in blend prices (for milk of identical butterfat content) for producers delivering to different plants does not occur. Because of the statewide pooling arrangement, producers supplying an individual plant are not as exposed to the volatility of that plant's marketing "wins" and "losses."

Quota System

Montana's quota system was established in an effort to discourage overproduction that would depress statewide pool blend prices. Montana's quota system establishes a \$1.50/cwt differential in the price of milk produced "in quota" over the price of milk produced "in excess" of quota. Excess production accounted for 0.91% of production in Fiscal Year 2025, a 0.22% increase from Fiscal Year 2024 excess production.

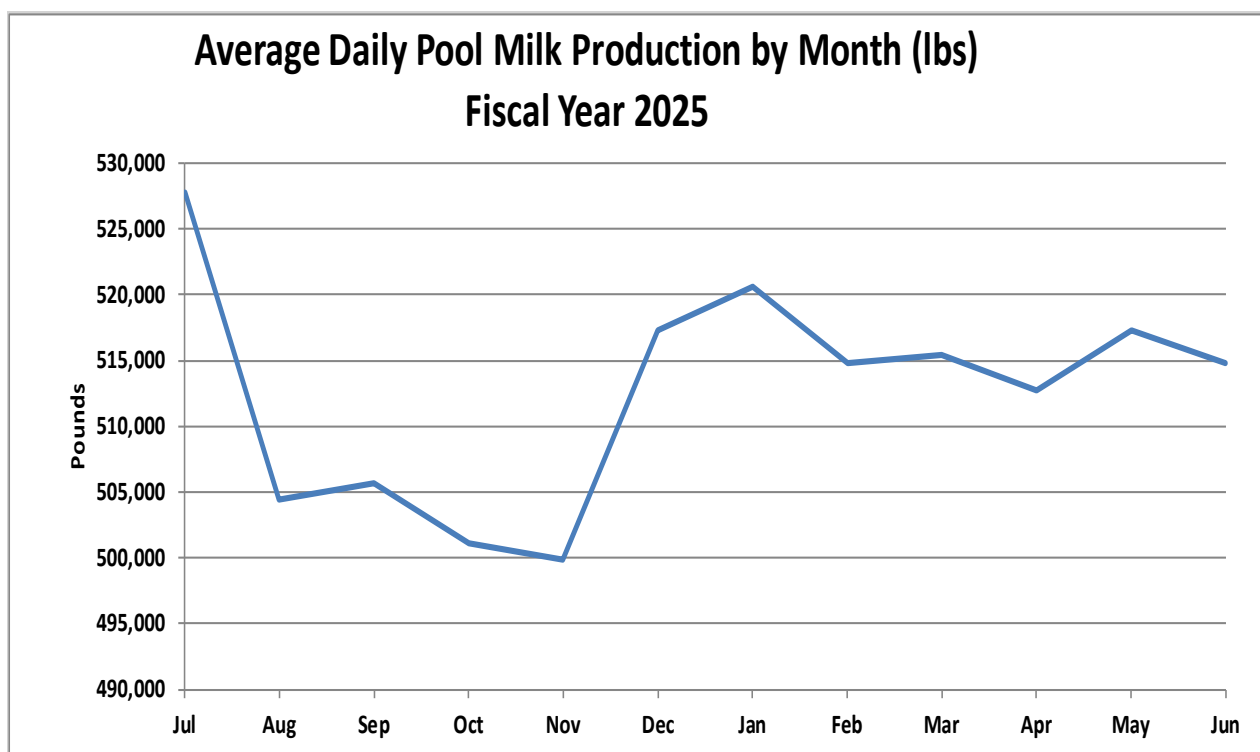
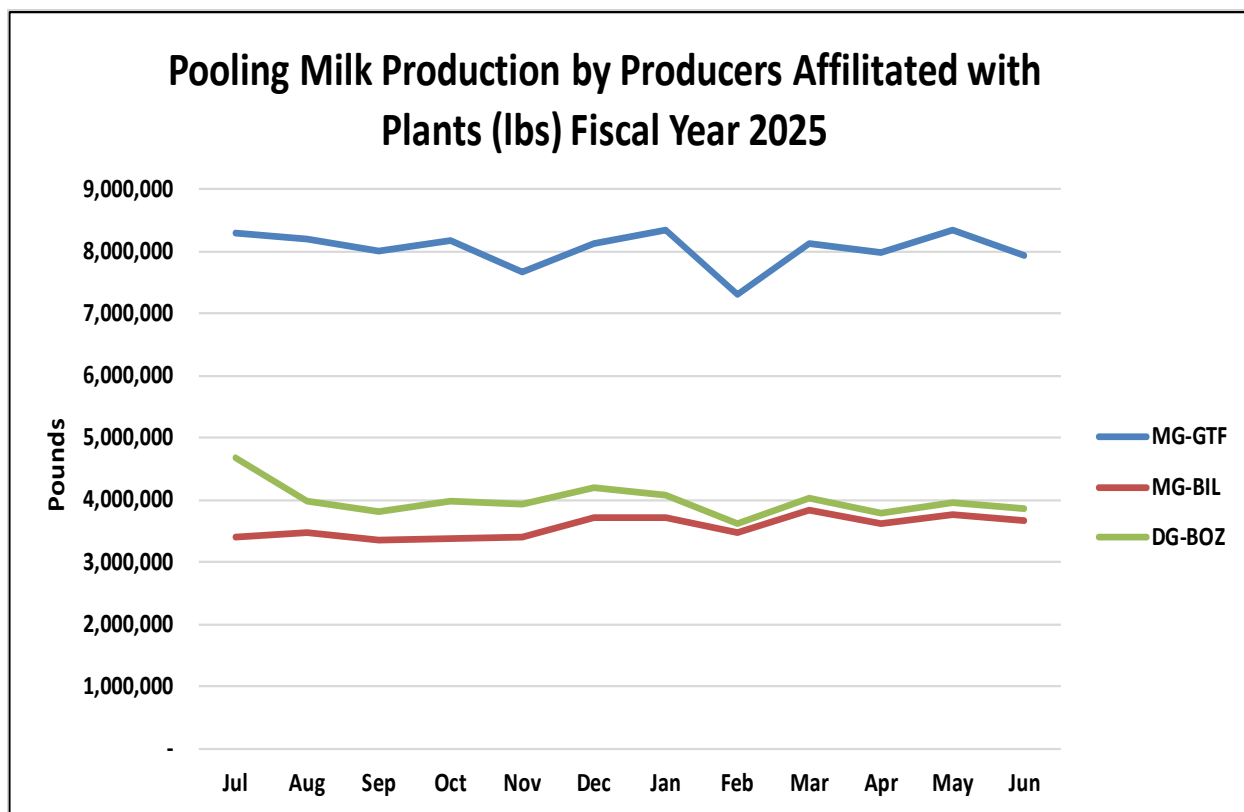
POOL PRODUCTION

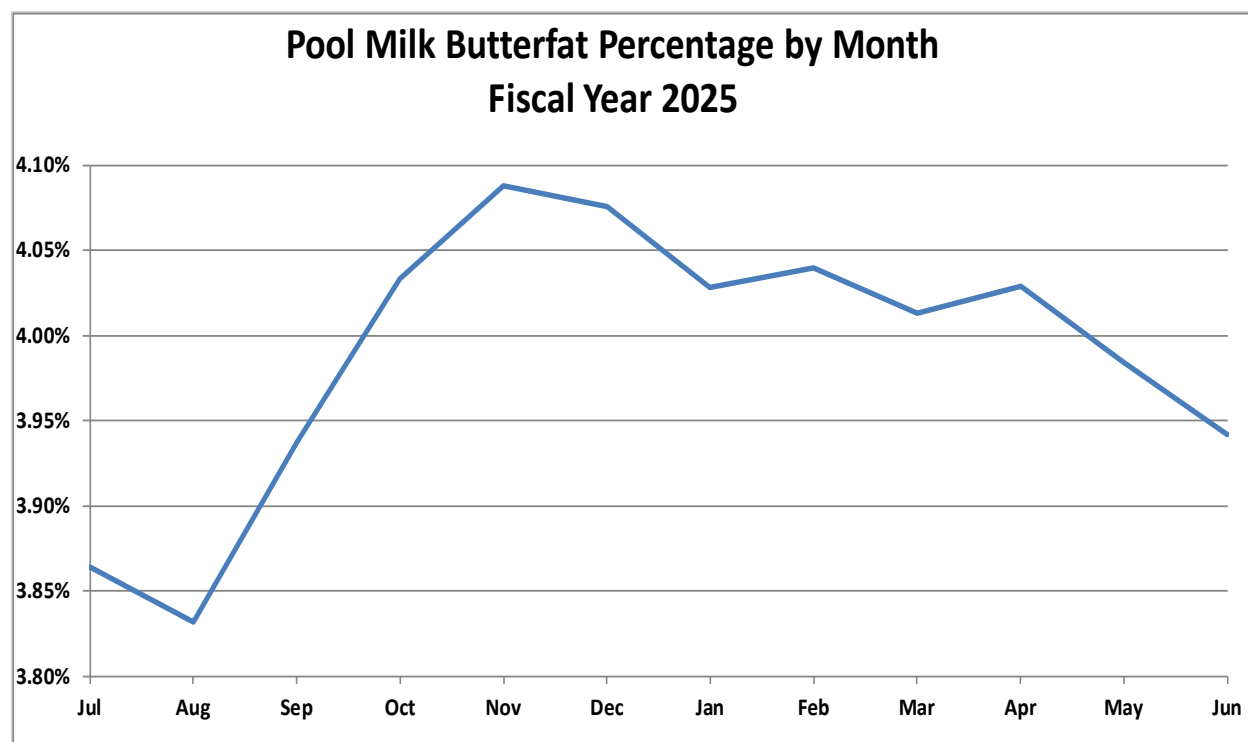
During Fiscal Year 2025, 35 pool dairies produced and delivered milk to three pool handlers. The following table shows that in Fiscal Year 2025 the Montana milk pool's annual production decreased by 12,457,817 pounds, the average butterfat content increased by 0.02%, the average pool price increased by \$1.59, and the annual gross receipts increased by \$848,421 from Fiscal Year 2024. In terms of percentages, production decreased by 6.32%; the average price increased by 7.53%; and annual gross receipts increased by 2.05%. While Fiscal Year 2025 saw a decrease in production pounds, there was a slight increase in the butterfat percent and an increase in the average pool price which resulted in an increase in the Annual Gross Receipts from Fiscal Year 2025.

Summarized Pool Information: Fiscal Year 2016 – 2025

Fiscal Year	Production (lbs.)	Average Butterfat (%)	Average Pool Price (\$/cwt)	Annual Gross Receipts (\$)
2016	287,449,454	3.72%	\$15.39	\$44,251,077
2017	280,582,982	3.74%	\$16.36	\$45,912,344
2018	276,252,329	3.78%	\$16.05	\$44,351,192
2019	255,057,344	3.81%	\$16.78	\$42,802,717
2020	249,308,894	3.83%	\$18.27	\$45,545,253
2021	240,694,786	3.84%	\$18.18	\$43,769,676
2022	225,997,202	3.80%	\$22.12	\$49,999,913
2023	209,631,261	3.88%	\$23.86	\$50,016,655
2024	197,173,442	3.97%	\$21.02	\$41,453,191
2025	187,124,855	3.99%	\$22.61	\$42,301,612

The following charts provide information from Fiscal Year 2025 about pool production on a monthly basis to show seasonal aspects of production. The amount (weight) of monthly production is impacted by the number of days of the month, the number of cows being milked, dairy cow productivity, and herd management. The first chart shows milk received from pool producers by each of Montana's pool handlers. Dairy cows experience what is referred to as the "spring flush" and produce more milk in the spring and early summer months. The second chart determines the average daily pounds of production per month by combining and averaging all pool producers monthly pounds. The third chart shows the monthly butterfat percentage as a whole of these same producers.

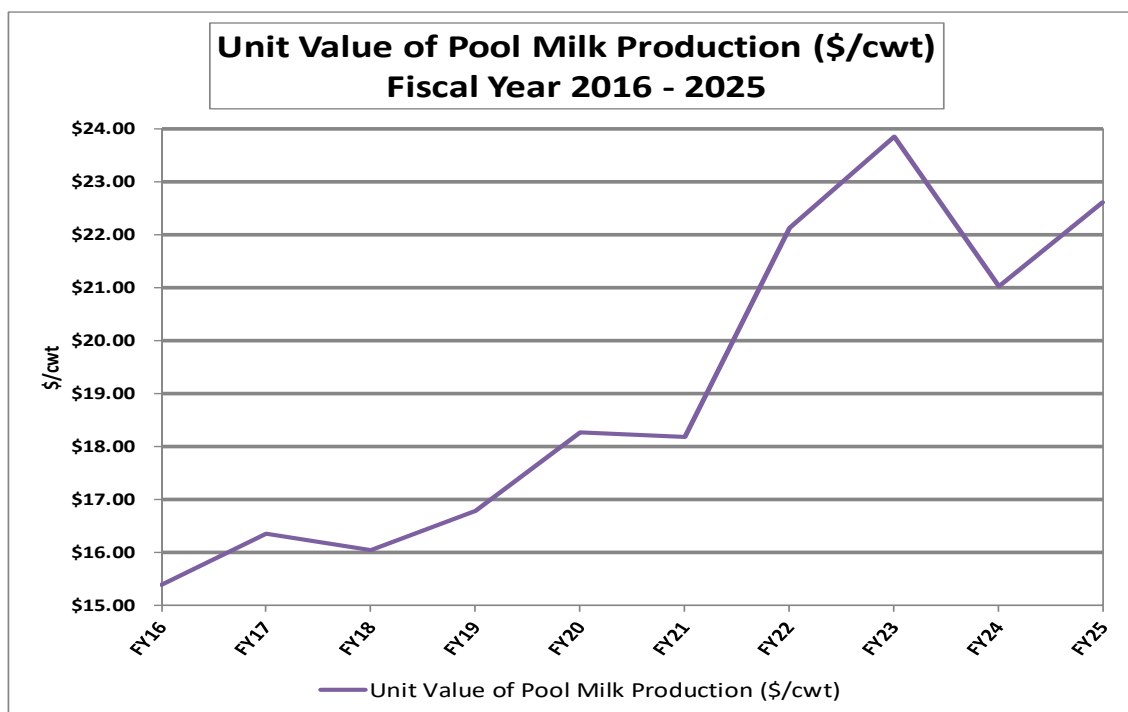
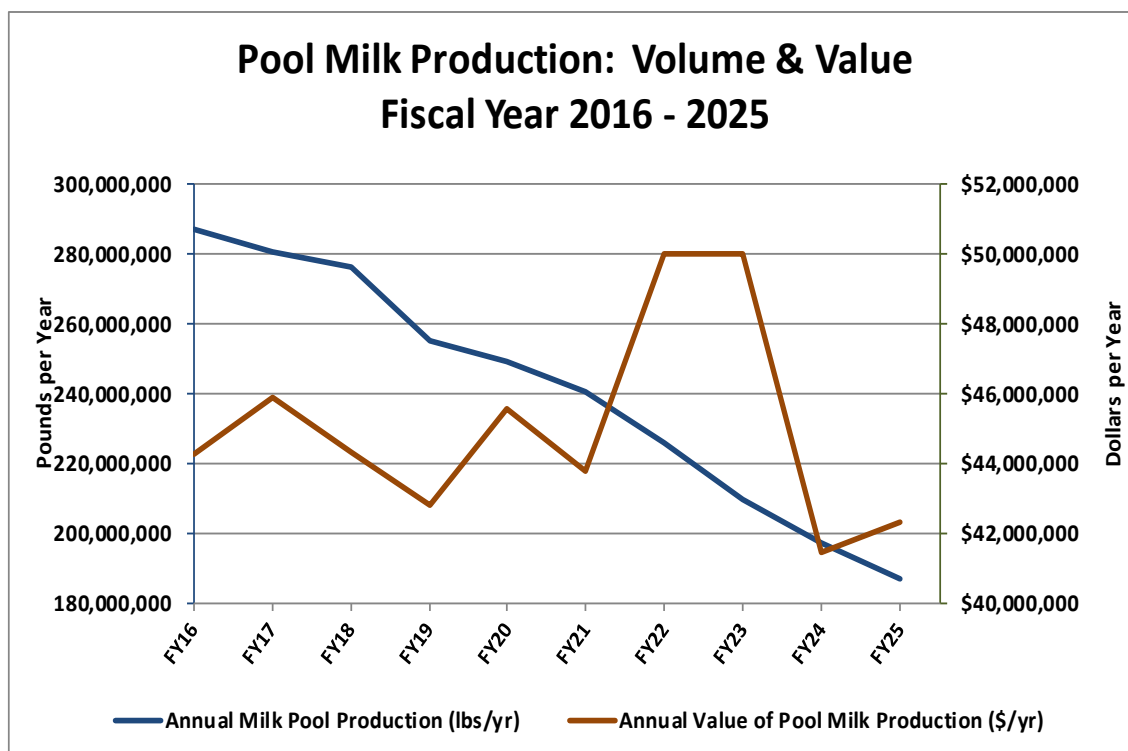




THE PRICE/COST OF POOL MILK

Montana's pool marketing system establishes how pool dairies are compensated for milk. The program announces minimum prices prior to the month of production. Pool handlers report milk receipts and utilization information by the 8th day following the month of production; after which, the program uses the information to calculate quota and excess prices and calculate minimum amounts to be paid to pool producers.

The following charts provide perspective on the volume of pool production, annual value of pool milk sold to pool handlers, and annual average unit price paid for pool production from Fiscal Year 2016 through Fiscal Year 2025. Fiscal Year 2025 continued the downward trend in pooling production from the last decade. Over the long term, the unit value of production has generally trended upward and reflected milk prices but in Fiscal Year 2024 the price fell sharply. The price in Fiscal Year 2025 ended with an increase over the Fiscal Year 2024 price decline.



The following table identifies the key factors that determine the value of Montana pool milk. The production and utilization factors result in a pool wide utilization value calculated for butterfat and skim milk produced by pool dairies. Adjustments are made to the skim milk utilization value for the transportation charges incurred for shipments of unprocessed pool milk between pool plants and for surplus milk sales.

Key Factors That Determine the Value of Montana Pool Milk
<p><i>Production & Utilization Factors</i></p> <ul style="list-style-type: none"> • pool wide production and butterfat content • announced minimum prices for skim milk and butterfat for each class • percentage of skim milk and butterfat utilized in each class <p><i>Transportation Charges for Intrapool Shipments of Unprocessed Milk</i></p> <ul style="list-style-type: none"> • the volume of sales of unprocessed pool milk between pool plants and shipment freight rates <p><i>Surplus Sale Factors</i></p> <ul style="list-style-type: none"> • volume of milk exported as Class I packaged surplus milk and location of the receiving market (whether the market is contiguous or non-contiguous to Montana) • volume of milk exported as bulk surplus milk, the sale proceeds received relative to the Montana classified value of the milk, and the freight costs of shipping the milk to out-of-state processors

Transportation charges incurred for shipments of unprocessed pool milk between pool plants are deducted from the pool skim milk utilization value.

“Surplus” milk is defined by ARM 32.24.150(43). In brief, surplus milk is milk produced in Montana that is not consumed in Montana, excluding sales of cream to out-of-state markets, inventory, shrink, and dumped milk. Surplus sale factors allow for adjustments to the value of pool milk that reflect market dynamics. Surplus milk may be milk sold to out-of-state markets in packaged form or in bulk. The majority of surplus milk is Class I packaged milk sold to out-of-state markets.

- For Class I packaged milk that is surplus milk, pool handlers pay the Montana Class I value minus the surplus sales adjustments established in rule that depend on whether the market is in a state that is contiguous or non-contiguous to Montana.
- For bulk surplus milk, the class of utilization is based on how the out-of-state receiving plant utilizes the milk. Most often, bulk surplus milk is classified as a Class III utilization because the receiving plants are cheese plants or powdered milk plants. The surplus adjustment for bulk surplus milk is the actual value received from the sales (market value), less an adjustment for freight charges requested by a pool handler, less the initial Montana utilization value (value based on Montana classified prices). Typically, bulk surplus sales adjustments are negative adjustments to the utilization value, but it is

possible to have a positive bulk surplus sales adjustment depending on the market value of milk and requested adjustment for freight charges.

Dairy Payroll: Quota / Excess Prices

The price an individual dairy is paid for the milk it sells in a month is based on whether the milk produced is within that dairy's quota right and the extent to which production exceeds quota. Quota milk production is priced \$1.50/cwt higher than excess production. For each dairy, payment is based on the actual butterfat content of the dairy's monthly milk production.

The following table provides a schematic of the sequence for determining prices to be paid to individual dairies for milk produced in quota and milk produced in excess of quota. The quota price shown for milk in the Montana minimum price charts is for milk with 3.5% butterfat content. The quota price is determined by calculating the statewide pool's value of skim milk and butterfat (utilization of skim milk and butterfat multiplied by minimum prices for the associated class of milk); making adjustments to the pool skim milk value for transportation charges for shipments of unprocessed pool milk between pool plants and surplus sales adjustments; making adjustments to the pool skim milk value that maintain a stable balance in the producers' settlement fund; and applying calculations that create a \$1.50/cwt differential between the quota milk price and excess milk price.

Skim Milk Portion of Milk	Butterfat Portion of Milk
Classification by Utilization for Skim Milk & Butterfat: I, II, III	
Pool wide Skim Milk Utilization Value <i>(Classified announced prices multiplied by weight of Class I, II, III utilization)</i>	Pool wide Butterfat Utilization Value <i>(classified announced prices multiplied by weight of Class I, II, III utilization)</i>
Adjustments to Skim Milk Utilization Value: - Transportation Charges for Intrapool Shipments + / - Surplus Sales Adjustments <u>+ / - Settlement Fund Adjustments</u>	
= Adjusted Pool wide Skim Milk Utilization Value	
Adjustments to create Quota / Excess Price Differential (\$1.50/cwt)	
Skim Milk & Butterfat Quota / Excess Unit Prices (\$/lb.)	
Blend Price to be Paid to an Individual Dairy Based Upon Actual Butterfat Content	

Utilization of Pool Milk Receipts

Pool handlers submit reports to the program that are used to determine the utilization of pool milk received. These reports show the weight of milk and butterfat used to produce products in the various classes of milk utilization. Ending inventory of Class I packaged milk is reported as a Class I utilization; and ending inventory of bulk milk is reported as a Class III utilization. Milk dumped is classified as a Class III utilization. Shrinkage, which is the difference between milk receipts and milk otherwise accounted for, is classified as a Class III utilization, except any shrinkage in excess of two percent of producer receipts is classified as a Class I utilization. The purpose of classifying shrinkage exceeding the two percent threshold as a Class I utilization is to encourage pool handlers to be efficient in processing milk and to protect producers from bearing a cost for inefficient milk processing. The classification of unprocessed milk sold to other pool handlers is based on the receiving pool handler's utilization of the milk.

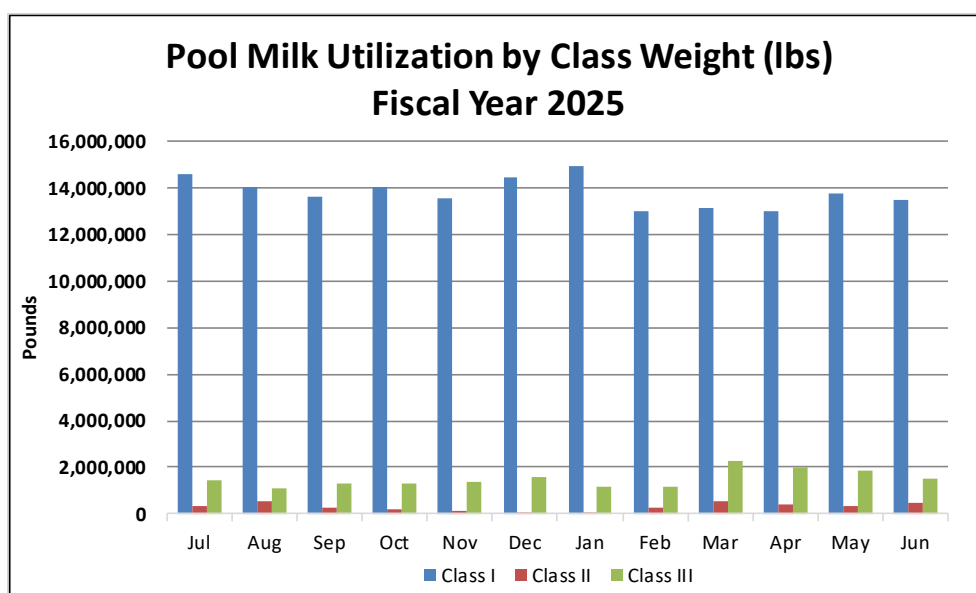
Two major elements of utilization factors are: 1) the minimum prices for each class of milk and 2) the percentage of butterfat and skim milk (the portion of milk that is not butterfat) utilized in each class of milk. Minimum prices are highest for pool milk utilized as Class I milk consumed in Montana, which accounted for 62.56% of pool production pounds in Fiscal Year 2025, increasing measurably by 5.16% from the 57.40% in Fiscal Year 2024. The percentage of pool milk utilized as Class I milk consumed in Montana was 53.70% of pool production in Fiscal Year 2016 and fluctuated slightly each fiscal year up to the current Fiscal Year 2025, resulting in an average of 55.68% of pool production per fiscal year. This shows that as production pounds have decreased a majority of production pounds are still being utilized for Class I production each fiscal year.

The following table summarizes the Fiscal Year 2025 utilization of skim milk and butterfat by class, value of utilization, and weighted average unit value.

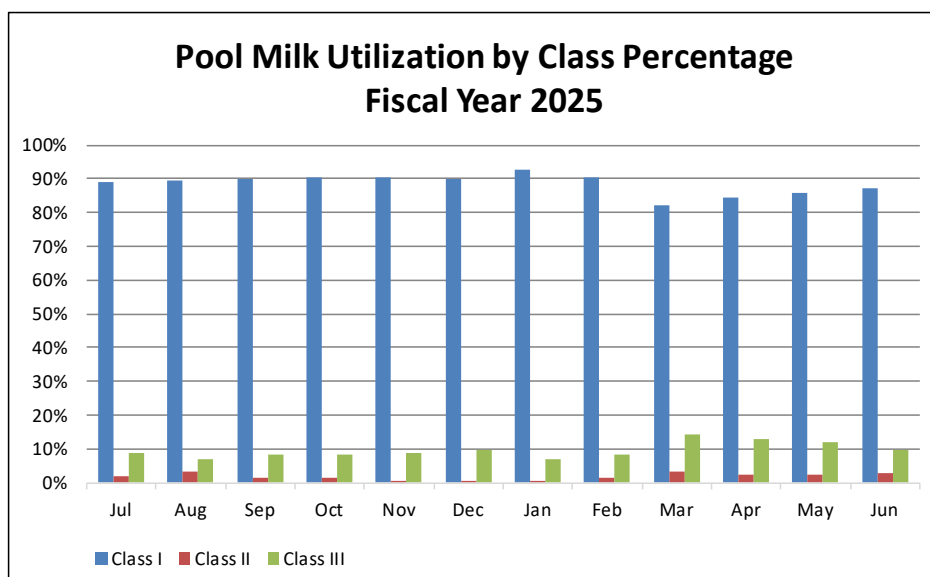
Fiscal Year 2025 Pool Milk Utilization Volume, Value, Average Unit Value Before Adjustments

	CLASS I	CLASS II	CLASS III	All Classes – Before Adjustments
Skim Milk Utilization (lbs.)	161,556,164	2,428,135	15,677,855	179,662,154
Skim Milk Utilization (\$)	\$20,916,222	\$305,714	\$1,441,716	\$22,663,652
Skim Milk Utilization – Unit Value (\$/lb.)	\$0.1294672	\$0.1259050	\$0.0919587	\$0.1261459
Butterfat Utilization (lbs.)	3,969,725	1,123,461	2,369,514	7,462,700
Butterfat Utilization (\$)	\$12,383,233	\$3,489,189	\$6,983,469	\$22,855,891
Butterfat Utilization – Unit Value (\$/lb.)	\$3.1194184	\$3.1057494	\$2.9472159	\$3.0626839

The following charts and tables show monthly pool wide utilization of milk in terms of pounds per month and percentage of production per month. Viewing utilization by percentage of production eliminates variation that is based on the number of days in a month. In terms of utilization as a percentage of production, Class I utilization had a monthly average of 88.47% in Fiscal Year 2025 with the high of 92.48% in January 2025 and a low of 82.09% in March 2025. In the past, there has been a marked seasonal trend that was influenced by seasonal sales patterns and seasonality in milk production. Fiscal Year 2025 didn't have the marked seasonal change of the past. This is most likely influenced by the increase in Class I packaged milk that was exported out of Montana throughout the fiscal year, and the lower dairy production pounds affecting the utilization rate. Class II utilization usually peaks in the summer months, driven by sales of ice cream and ice cream mix products. In Fiscal Year 2025 there was a spring peak along with the summer peak.



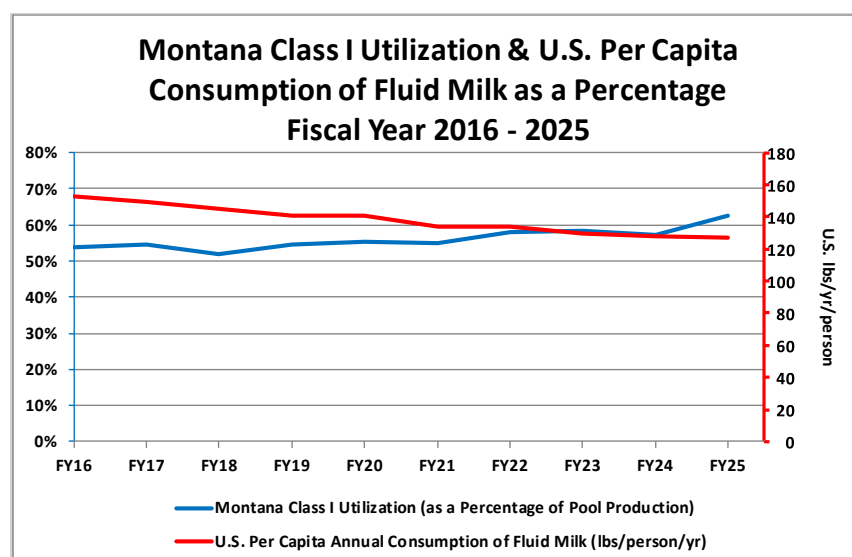
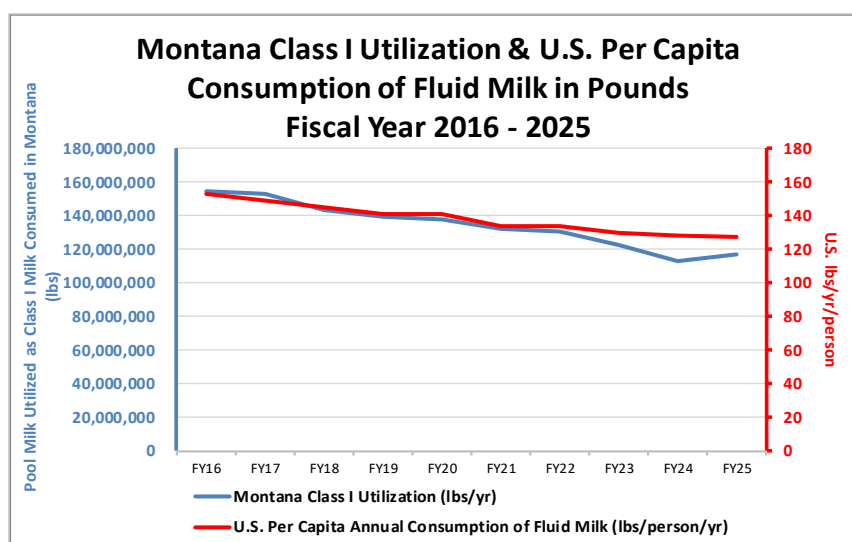
Fiscal Year 2025			
Plant Pool Production by Month			
	Class I	Class II	Class III
Jul	14,599,438	344,576	1,415,477
Aug	14,004,969	522,931	1,108,108
Sep	13,626,020	253,666	1,291,787
Oct	14,041,461	212,138	1,280,586
Nov	13,545,423	102,803	1,348,320
Dec	14,424,068	62,239	1,550,131
Jan	14,923,811	58,039	1,155,976
Feb	13,007,476	238,348	1,168,966
Mar	13,115,956	560,646	2,300,985
Apr	12,979,937	383,088	2,017,353
May	13,786,017	359,274	1,891,447
Jun	13,471,313	453,848	1,518,233



Fiscal Year 2025			
Plant Pool Production by Month	Class I	Class II	Class III
Jul	89.24%	2.11%	8.65%
Aug	89.57%	3.34%	7.09%
Sep	89.81%	1.67%	8.51%
Oct	90.39%	1.37%	8.24%
Nov	90.32%	0.69%	8.99%
Dec	89.95%	0.39%	9.67%
Jan	92.48%	0.36%	7.16%
Feb	90.24%	1.65%	8.11%
Mar	82.09%	3.51%	14.40%
Apr	84.39%	2.49%	13.12%
May	85.97%	2.24%	11.79%
Jun	87.23%	2.94%	9.83%

The following two charts shows the percentage of Montana pool milk utilized as Class I milk consumed in the Montana market and the per capita consumption of fluid milk in the United States since Fiscal Year 2016. The source for the per capita consumption information is from a combination of these two reports. 1.) National Population Totals: 2020-2024 published 8/28/2025 and 2.) Fluid Beverage Milk Sales Quantities by Products (<https://www.ers.usda.gov/data-products/dairy-data>) published 8/28/2025. The total pool milk pounds that were utilized as Class I milk and consumed in Montana has decreased by roughly 24.2% since Fiscal Year 2016 from 154.37 million pounds to 117.06 million and, the annual U.S. per capita consumption of fluid milk has also declined, by about 18.1%, from 153 pounds/person in Fiscal Year 2016 to 134 pounds/person in Fiscal Year 2025. The percentage of pool milk utilized as Class I milk consumed in Montana increased from 53.70% of total pool production in Fiscal Year 2016 to 62.56% of total pool production in Fiscal Year 2025. The

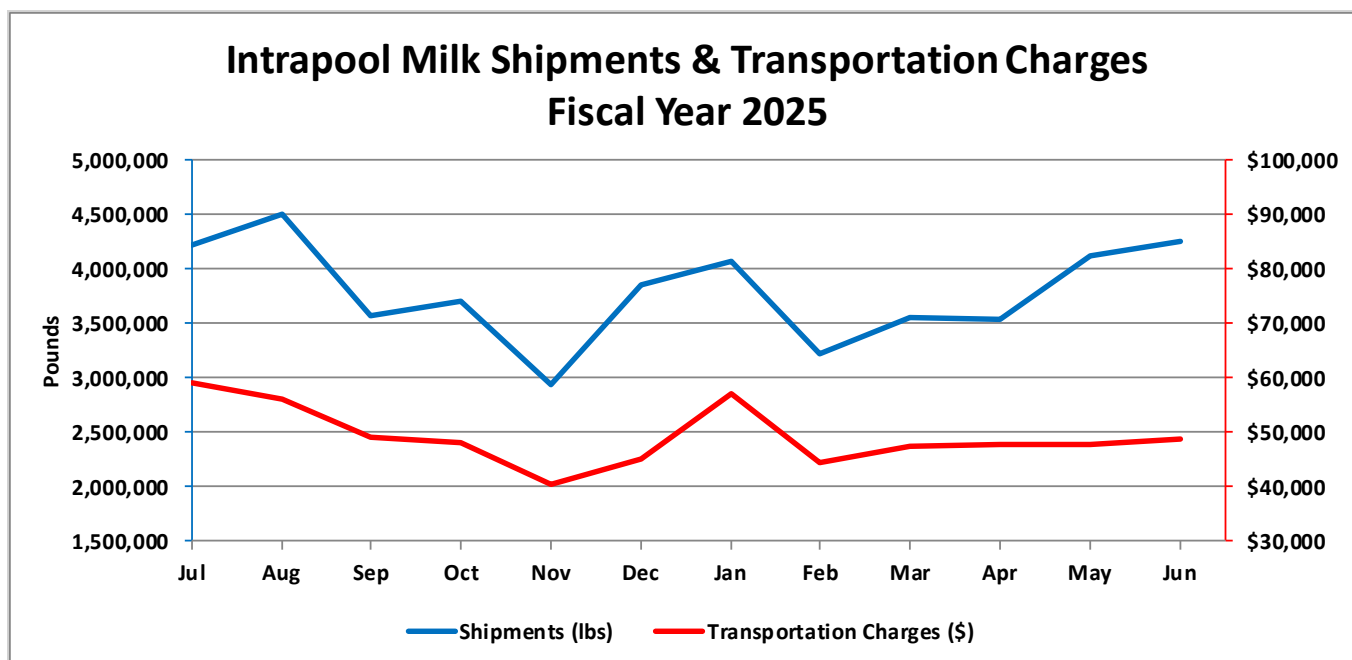
percentage of Montana Class I total pool production of 62.56% in Fiscal Year 2025 was a 9.01% increase from the 57.39% in Fiscal Year 2024. The increase in pool milk utilization percentage in Fiscal Year 2025 vs. Fiscal Year 2016 continues, as in the past fiscal years, because the total pool production decreased more than the Class I milk utilization decreased. Potential factors that may cause the continued decline in percentage of Class I pool milk consumed in Montana include: changes in the food distribution systems that have led to an increased imports of fluid milk by out-of-state distributors supplying Montana stores; an increased availability and possibly market share of ultra-pasteurized products (such as organic milk, lactose-free milk, and other specialty or branded products) that are imported into the state; and a loss of the market share to a myriad of other beverage products, including plant-based milk substitutes. The decrease in the amount of Class I pool milk consumed in Montana has resulted in an increase in Class I packaged surplus milk being exported to out-of-state markets.



Adjustment for Transportation Charges of Intrapool Milk Shipments

A negative adjustment to the skim milk utilization value is made for transportation charges for shipments of unprocessed pool milk between pool plants. In Fiscal Year 2025, the skim milk utilization value was reduced by \$592,850 for shipment of 45.6 million pounds of unprocessed pool milk (\$1.30/cwt average freight rate). Overall, the adjustment for intrapool milk shipments reduced the value of pool production by approximately \$0.32/cwt.

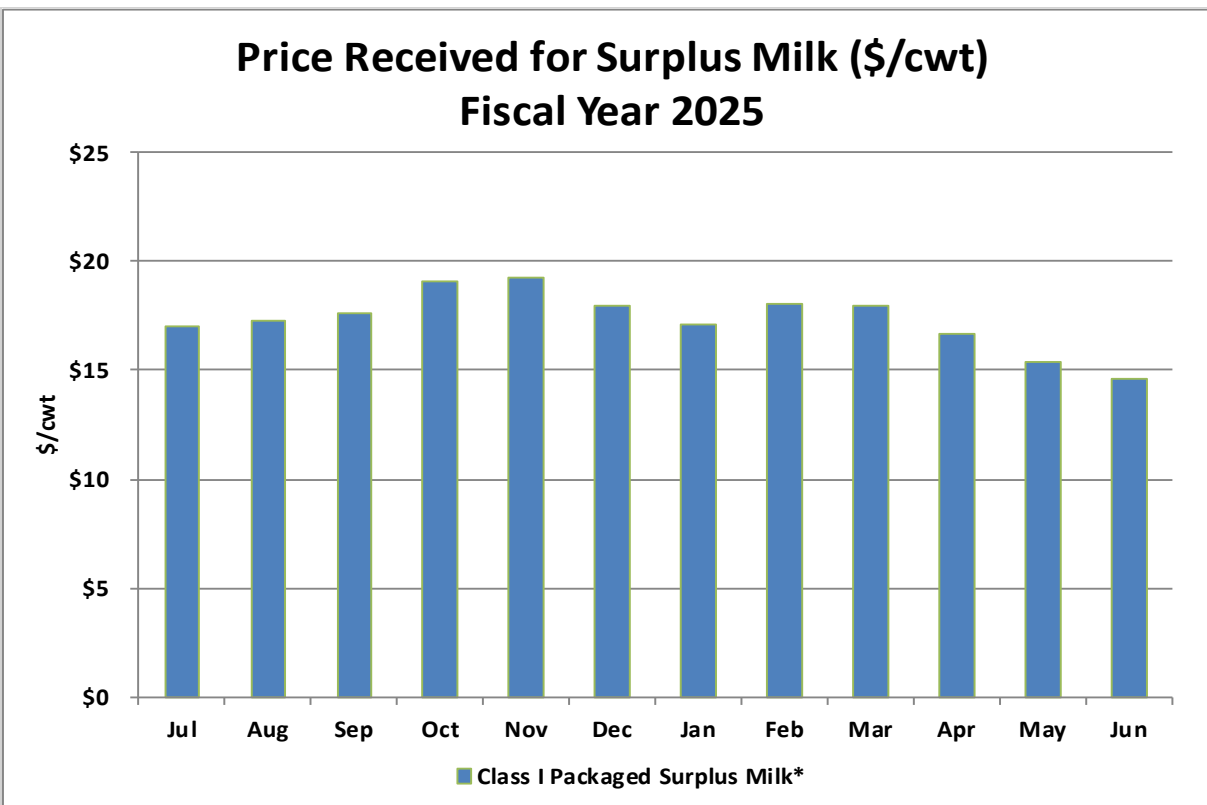
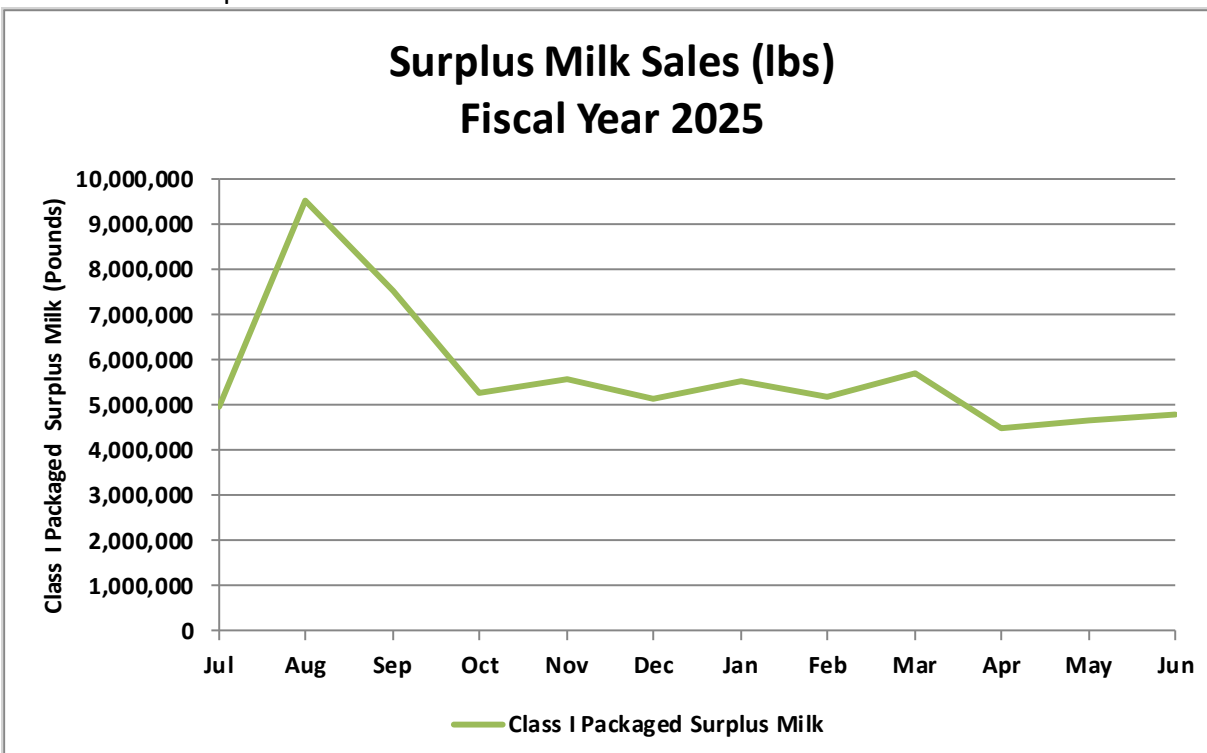
The following chart shows the volume of the intrapool shipments and total transportation charges for each month in Fiscal Year 2025. The charges were primarily driven by shipments from Meadow Gold – Great Falls to Meadow Gold – Billings. Intrapool shipments of unprocessed pool milk also occurred from Meadow Gold – Great Falls to Meadow Gold – Billings, from Meadow Gold - Billings to Darigold – Bozeman, and from Meadow Gold – Great Falls to Darigold – Bozeman. The shipments going to Darigold-Bozeman were mostly from the producer who moved to the Meadow Gold – Billings plant in February 2024. Because of the location of the dairy to the Darigold – Bozeman plant, no intrapool freight costs were charged to the pool. However, these pounds are included in the intrapool shipment pounds.



Sales of Surplus Milk

The following two charts show the monthly volume of sales of surplus milk by pool handlers and the unit price received for surplus milk sales after transportation expenses. All surplus milk sales in Fiscal Year 2025 were Class I packaged with Darigold – Bozeman having the bulk of sales. The average monthly utilization of Class I surplus milk for fiscal year 2025 was 5,686,945 pounds, a decrease of 3.65% from the Fiscal Year 2024 amount of 5,902,229. This can be attributed to the loss of Montana pooling dairies and Darigold – Bozeman losing one of their

major dairy producers to Meadow Gold – Billings causing the need for them to import more bulk milk to meet production for their out of state contracts.



*The price received for surplus Class I packaged milk excludes the value of associated cream and shrink.

Adjustments for Surplus Sales

Surplus milk is milk produced in Montana that is not consumed in Montana, excluding sales of cream to out-of-state markets, inventory, shrink, and dumped milk. Surplus sale factors allow for negative adjustments to the value of pool milk that reflect costs of marketing the surplus milk. Nearly all of the surplus milk is sold as Class I packaged milk to out-of-state markets. In the Fiscal Year 2025, the overall adjustment for Class I packaged milk surplus sales totaled \$1,379,955. This adjustment reduced the value of pool production by \$0.738/cwt.

Combined Adjustments to Pool Milk Utilization Value

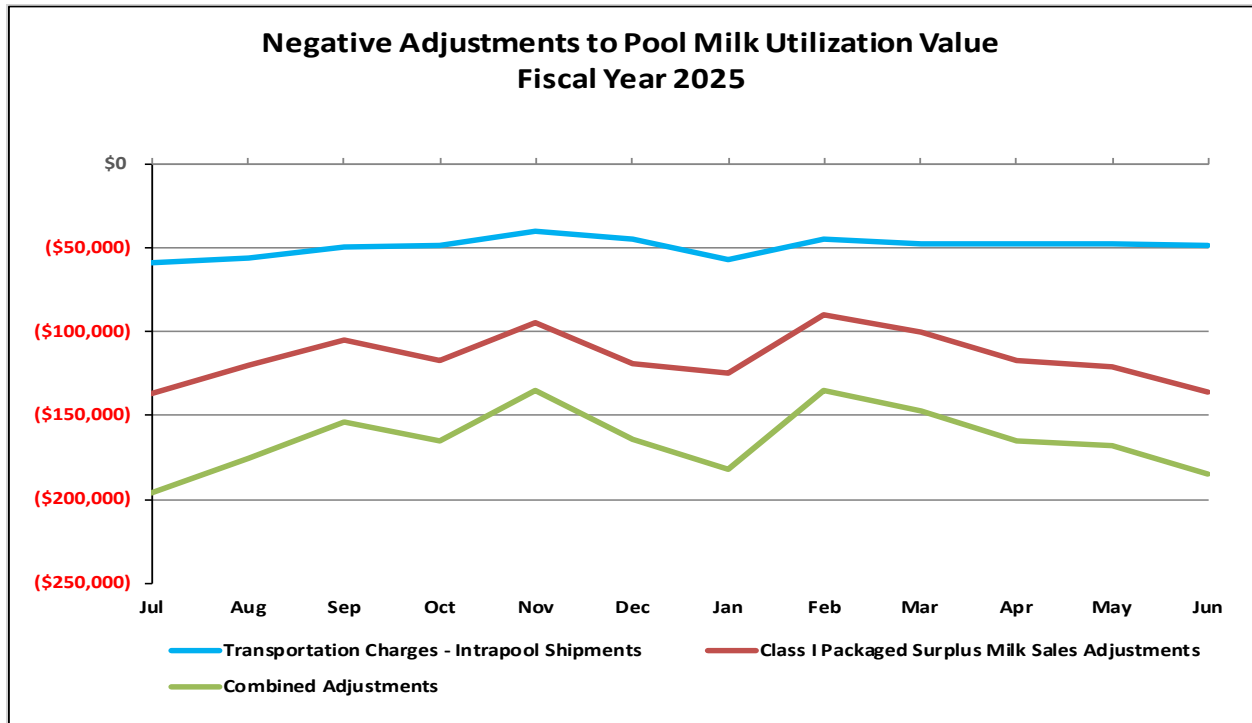
In Fiscal Year 2025, adjustments were made for transportation charges for shipments of unprocessed pool milk between pool plants and Class I packaged surplus milk sales. These adjustment reduced the pool value by about \$1.97 million (4.33%) or in other terms \$1.054/cwt. The table below shows the adjustments and their impact in terms of dollars per hundredweight of pool production and percentage of unadjusted utilization value.

Adjustments to Pool Milk Utilization Value in Fiscal Year 2025

Adjustment Description	Adjustment to Pool Milk Utilization Value (\$)	Adjustment to Pool Milk Utilization Value (\$/cwt of Pool Production)	Adjustment as a Percentage of Unadjusted Utilization Value
Transportation Charges - Intrapool	(\$592,850)	(\$0.3168)	(1.302%)
Class I Packaged Surplus Milk Sales	(\$1,379,955)	(\$0.7375)	(3.032%)
Subtotal	(\$1,972,805)	(\$1.0543)	(4.334%)

	Pool Milk Utilization Value (\$)	Pool Milk Utilization Value (\$/cwt at actual butterfat)
Unadjusted Value	\$45,519,542	\$24.3258
Adjustments	(\$ 1,972,805)	(\$1.0543)
Adjusted Value	\$43,546,737	\$23.2715

The following chart illustrates the adjustments made to the pool utilization value throughout Fiscal Year 2025.



APPENDIX A – BOARD OF MILK CONTROL & RELATIONSHIP WITH MONTANA DEPARTMENT OF LIVESTOCK

