

**Select Milk Producers, Inc.**  
**Testimony of Harmoni Campbell**  
**In Support of Proposal 11**

**1. Introduction**

My name is Harmoni Campbell. I am the Senior Accounting Manager for Select Milk Producers. I hold a bachelor's degree in accounting from Eastern New Mexico University. I have been employed as an Accounting Manager with Select for ten years. Before joining Select, I worked as an accounting manager for an exploration and production oil and gas company.

I oversee a seven-person department responsible for balancing milk receipts across plants, farms, and haulers. Our department is responsible for accounting for every single load of milk produced by our members or sold by Select to any customer. For every milk shipment, our accounting department will invoice the receiving plant, pay the hauler, and ultimately pay our producers. Within two to four days of milk leaving the farm, Select's accounting department will have received all necessary records from the supply chain, processed that data, analyzed it, and cleared any errors or discrepancies. Receipt balances are confirmed with every plant for the first 15 days of a month, the advance, and again at month end, the settlement, to confirm all shipments received at the plant for the entire month. Plants are also invoiced on these balanced totals for both the advance and settlement periods.

**2. Scope of Testimony**

I was asked by Chris Allen, Select's Director of Industry Relations and Analytics, to analyze Select's available data on milk shipments, including farm weights and plant weights. I was

asked to analyze this data to provide relevant information about the differences between farm and plant weights.

This data and analysis was performed by me, in conjunction with Chris Allen and additional Select staff. These analyses were prepared to support Select's proposal to change the yield factors used in the minimum price formulas. All the underlying data is regularly collected and maintained by Select's logistics department and accounting department as part of our regular operations. I am aware of the purpose of Select's proposal and that if adopted, it will impact the minimum prices paid to our members. But I am not an expert on federal order language and price formulas. The scope of my testimony is limited to describing the data and analysis performed by me or under my supervision to support Proposal 11.

I want to describe the data that Select collects and maintains. Select markets the milk of our member producers to multiple customers, primarily in the Southwest Milk Marketing Area (Order 126) and the Mideast Marketing Area (Order 33). In addition, some of our members' milk is marketed to customers in adjacent federal milk marketing areas. Select's customers include manufacturers of all classes of milk. In a typical month, Select member milk is delivered to approximately twenty customer plants, with spot milk being sold to several other plants. In a typical month, significant deliveries are made to plants manufacturing products in all four Classes.

For a typical load of milk produced by a Select member, a farm pickup is scheduled by Select through a contracted hauler. Select's logistic team is responsible for coordinating the pickup with the hauler and the farm. At pickup, the milk hauler scales in at the member farm, loads milk directly from the bulk tank, draws the required milk samples for analysis, tags the load, and then scales out. This farm scale weight provides the basis for Select's farm weights.

Among Select's customers, the procedures upon delivery vary. About half of Select's customers do not report any plant weights except when a significant discrepancy is observed. In a typical year, our accounting staff fields less than a dozen such inquiries. For the remainder of Select's customers, the receiving plant reports back to Select plant weights, which are input and confirmed, and any errors cleared.

### **3. Data Reviewed and Analysis Performed**

Select utilizes software and procedures to collect, process, and analyze producer milk production and shipments, milk composition, logistics data, quality information, and related data points. This integrated data management tool, Mobile Manifest, allows Select to track individual milk shipments from farm to plant. It also allows Select to analyze all the shipments from a particular farm, all shipments to a particular customer, all shipments through a specified hauler, all shipments within a given date or range of dates, and additional data points.

I utilized the Mobile Manifest data to perform several analyses related to the issue of farm-to-plant losses. These analyses are discussed further below. Two tables at the end of my statement summarize this information.

I pulled from Mobile Manifest a report of all Select milk shipments for the one-year period of August 1, 2022, through July 31, 2023. This report encompassed 171,240 distinct milk shipments with an aggregate manifest weight of approximately 9.8 billion pounds. Over that period, Select shipped milk to 88 distinct plants and utilized 27 different haulers. From that report, I was able to determine the percentage of shipments that had a corresponding plant weight. I found that a plant weight was reported back to Select on 89,899 loads (52.5%) and 81,341 (47.5%) had no reported plant weight.

Of all the loads with a reported plant weight, 39,337 (23.0%) reported no variance. Realistically, it is unlikely that the scale would report the exact weight as the farm. But this demonstrates that for most loads, the plant either accepts Select's farm weights outright without even reporting back or that the weights are so close to the farm weights as not to merit more precise measurement.

I then identified those loads of milk where the hauler or plant reported back a clearly erroneous weight. These clear errors included missing digits in a reported weight, a decimal point error, or where a plant weight weights off by an even thousand or ten thousand pounds, or reported weights so different that there is a clear error or other problem. These accounted for 1,121 loads (0.7%).

After removing these loads, I was left with a total of 49,442 loads of milk (28.9% of the annual loads of milk) with an actual reported plant weight reflecting a variance from farm weights. I analyzed the loads for positive and negative variances. Of those loads, 21,822 (44.1% of those with variances) showed a positive variance (where the plant weight exceeded the farm weight), and 27,619 (55.9% of those with variances) showed a negative variance (where the plant weight was less than the farm weight). I then summed the positive and negative variances for these loads. The total was a net negative variance of 1,331,434 pounds, representing a farm-to-plant shrink of 0.04% on the total volume of those 49,442 loads. On the whole, the weights of loads with reliable farm and plant weights were essentially equal.

I then reviewed those remaining shipments and removed another subset of shipments where there were known issues that affected the accuracy of the farm weight and plant weight comparison. My decision on which loads to place in this category was based on my judgment, as well as the experiences of my team. We identified one hauler and customer who has had issues

with the consistency of plant weight reports due to the use of a drop yard. All of those loads were excluded. Similar judgments were made with respect to other customers.

After removing these loads, I was left with 20,964 loads of milk (42.4% of the loads with an actual reported plant weight reflecting a variance from farm weights). I analyzed the loads for positive and negative variances. Of those loads, 41.0% showed a positive variance (where the plant weight exceeded the farm weight), and 59.0% showed a negative variance (where the plant weight was less than the farm weight). I then summed the positive and negative variances for these loads. The total was 1,191,125 pounds, representing losses of 0.07% on the total volume of those 20,964 loads.

I separated those loads into two categories. In the first category, I placed those whose plant weights were within 0.5% of the farm weight. This accounted for 15,579 loads. In the second category, I placed those loads with a variance that exceeded 0.5%. Those loads accounted for 5,385 loads. Variances over 0.5% could occur for multiple reasons, of which Cheslie Stehouwer from Continental Dairy Facilities will provide more context. In most instances, these discrepancies represent identifiable, fixable issues--many of which are wholly outside the producer's control or can be corrected by the producer.

<b>Table 1: Summary of Select Milk Producers Milk Shipments, August 2022-July 2023</b>		
	Number of Loads	Percentage of Total
Total Loads Marketed	171,240	100.0%
No Reported Plant Weight	81,341	47.5%
Plant Weight Identical to Farm Weight	39,337	23.0%
Clearly Erroneous Weights	1,121	0.7%
Analyzed Loads	49,441	28.9%

<b>Table 2: Summary of Select Milk Producers Analyzed Milk Shipments, August 2022-July 2023</b>		
	All Analyzed Loads	Loads Without Identifiable Issues
Number of Loads	49,441	20,954
Total Farm Weight	3,318,701,815	1,745,578,216
Total Variance to Plant Weight	1,331,434	1,191,225
Variance Per Load	26.9 pounds	39.7 pounds
Variance as Percentage of Farm Weight	0.04%	0.07%

#### **4. Conclusions**

- a. Most Select customers accept farm weights and tests and report no plant weight at all or log the farm weight as their plant weight.
- b. Of the minority of loads where a plant weight is reported, it is about as likely that the plant weight will exceed the farm weight as the farm weight exceeds the plant weight.
- c. Where the discrepancy between farm weight and plant weight is particularly larger, non-shrink factors are the cause in virtually every instance.
- d. Analysis of the subset of loads where variances remain, the net variance across all these loads is less than 0.1%.