



## CME Group's Variable Storage Rate Proposal Adopted

Following expiration of an original 45-day period for consideration, extended by two weeks to allow views on an amended proposal, the Commodity Futures Trading Commission (CFTC) took no action on the CME Group's proposal to implement a variable storage rate for the CBOT wheat futures contract – thereby allowing it to be adopted and implemented with the July 2010 contract.

Under the CFTC's rules for review of contract changes, the agency is not required to formally approve such proposals. Rather, as long as the CFTC does not take action to disapprove a proposal, contract changes are considered to take effect. The CFTC informed the CME Group in a Nov. 30 letter that the proposal had become effective upon expiration of the review period on Nov. 27.

As reported previously in the *NGFA Newsletter*, the CME Group on Nov. 10 had submitted a revision to its original proposal that advanced implementation of the variable storage rate forward from the September 2010 contract to the July 2010 contract. In its letter to the CFTC explaining the amended proposal, the CME Group acknowledged that, "most market participants that support (the proposal) desire to see the concept implemented as soon as possible." But the CME Group letter contended that, "implementation prior to the July 2010 contract would result in a material contract change on contracts with significant open interest...."

The NGFA, along with major national producer organizations

and the CFTC's own Subcommittee on Convergence, had advocated a more aggressive implementation schedule – recommending December 2009. Because the variable storage rate's mechanism to increase rates is limited to no more than an approximately 3-cent-per-bushel-per-month increase in any given contract period, some industry experts believe the concept will take some time to enhance convergence once implemented in July 2010. More details on the NGFA's comments to the CFTC on the CME Group proposal, as well as the joint letter signed by the NGFA and four national producer groups, are reported in the accompanying edition of *NGFA Issues and Actions*.

The seasonal storage rate currently in place for the CBOT wheat futures contract will remain in effect until July 18, when the variable storage rate is implemented. The seasonal rate will adjust downward on Dec. 18, 2009 from approximately 8 cents per bushel per month to about 5 cents, remaining at that level until then. At that point, it is possible the rate will revert to 8 cents per bushel per month if the variable storage rate's trigger of 80 percent of full carry is met. The variable storage rate can continue to escalate each contract month, with no upper limit on the storage rate, as long as the 80 percent trigger is reached. If the variable storage rate full-carry calculation declines to less than 50 percent, the storage rate will decline, but in no case to less than 5 cents per bushel per month.

The final version of the CME Group's variable storage rate plan will function as follows:

*(Continued on page 2)*

## Senate Floor Action on Major Food/Feed Safety Bill Likely Delayed until Early 2010

Senate floor action on the major food/feed safety legislation (S. 510) likely will be delayed until early 2010 as the Senate devotes extensive time to the debate over health care reform.

The bill was approved by voice vote on Nov. 18 by the Senate Health, Education, Labor and Pensions Committee. The NGFA continues to work to secure additional improvements to the bill prior to it reaching the Senate floor. Once adopted by the Senate, a joint House-Senate conference committee may need to meet to resolve the considerable differences that exist between the two measures.

The NGFA succeeded in securing several significant, beneficial changes to the bill prior to the Senate committee's consideration. The Senate version adopts a more science- and risk-based approach than the competing version (H.R. 2749) approved by the House on July 29, and was improved further by the inclusion of three NGFA- authored and supported changes included in the substitute version of the bill offered by Sens. Tom Harkin, D-Iowa, and Michael Enzi, R-Wyo., the chairman and ranking member of the Senate committee. The changes were made after several weeks of meetings with Senate staff members leading up to the committee's consideration of the measure.

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*("Wheat Futures Contract Changes" continued from page 1)*

The premium charges on wheat shall be determined prior to the nearby contract delivery period. The exchange shall measure the nearby spread relative to financial full carry each business day from the 19<sup>th</sup> calendar day of the delivery month of the contract that expires prior to the nearby contract until the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month. For example, for a September expiration, the exchange would measure the September-December spread relative to financial full carry each business day from July 19 until the last Friday in August which precedes by at least two business days the last business day in August. Financial full carry will be determined by the following formula:

$$N * [(i/360) * FP + P]$$

Where:

N = Number of calendar days from the first delivery day in the nearby contract to the first delivery day in the contract that follows the nearby contract

i = 3-month LIBOR rate + 200 basis points

FP = Settlement price for the nearby futures contract

P = Current daily premium charge

The percentage of the nearby spread to financial full carry is calculated each business day during the calculation period and a running average of each of these daily values is calculated. At the end of the calculation period (the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month), should the running average be 80 percent of financial full carry or greater, then the daily premium charge shall increase 10/100ths of 1 cent per bushel on the 18<sup>th</sup> calendar day of the nearby contract delivery month. Should the running average carry be 50 percent of the financial full carry or less, then the daily premium charge shall decrease 10/100ths of 1 cent per bushel on the 18<sup>th</sup> calendar day of the nearby contract delivery month.

Premium charges shall not be reduced below 16.5/100ths of one cent per bushel per day.

The CME Group has told the NGFA that the running average full-carry calculation will be posted daily on the CME Group website. [Click here](#) to access additional information in a "Special Executive Report" published by the CME Group. [Click here](#) to access a CME Group white paper entitled, "An Introduction to Variable Storage Rates in Wheat Futures."



## EPA Delays Decision on E-15 Ethanol Waiver Request

The U.S. Environmental Protection Agency (EPA) on Dec. 1 announced that it likely will be mid-2010 before the necessary motor vehicle tests are completed to allow it to determine whether to allow the use of up to 15 percent ethanol in gasoline.

Under the Clean Air Act, EPA was required to respond by Dec. 1 to a petition filed in March by Growth Energy, a renewable fuels advocacy organization, to allow for up to 15 percent ethanol in gasoline. In a letter dated Nov. 30 to Growth Energy, EPA said tests being conducted by the U.S. Department of Energy that have been completed thus far indicates that "robust fuel, engine and emission-control systems on newer vehicles (likely 2001 and newer model years) likely will be able to accommodate higher ethanol blends, such as E-15." But the agency said tests still were underway on 19 other different motor vehicles to determine the "long-term emission impacts" on the durability of these components to burn fuel containing up to 15 percent ethanol over many thousands of miles.

Currently, EPA said, these long-term data are available on only two vehicles, with results on the other vehicles delayed by limited testing capacity. Data on another 12 vehicles are expected by the end of May, EPA said, which should

give it "a significant amount of the total data" by mid-June. "Should the test results remain supportive and provide the necessary basis, we would be in a position to approve E-15 for 2001 and newer vehicles in the mid-year timeframe," EPA's letter stated. However, the agency said that if those data highlight potential problems, its decision may be delayed until the results of all 19 tests – due to be completed in August – are received and reviewed.

While awaiting the test results, EPA said it was forming a working group to address the gasoline pump labeling issues that need to be resolved if E-15 ethanol blends ultimately are approved. The labeling requirements would be designed to alert consumers to utilize the proper ethanol fuel level for their vehicles and other gasoline-powered equipment, such as lawn mowers and boats.

EPA's letter, authored by Assistant Administrator Gina McCarthy, opened by stating it was "vitaly important" that the United States increase the use of renewable fuels, and noting that the country would not be able to meet the 36-billion-gallon level of renewable fuels by 2022 mandated under the energy law

*(Continued on page 3)*



unless ethanol were able to be blended into gasoline at levels greater than the current 10 percent limit.

Opponents of the E-15 waiver, including the National Marine Manufacturers Association, Grocery Manufacturers Association, Natural Resources Defense Council, the Outdoor Power Equipment Institute, the Environmental Working Group and the National Petrochemical and Refiners Association, conducted a press conference commending EPA for delaying its decision. Two of the groups said they did not believe EPA had the authority under the Clean Air Act to carve out a waiver solely for newer automobile engines.

Meanwhile, Secretary of Agriculture Tom Vilsack issued a statement saying USDA was "very encouraged" about the

positive test results thus far, and said EPA's intent to develop a labeling rule for such fuels "sends a strong signal about the future viability of the biofuels industry." He added, "this commitment reflects the Obama administration's support for a strong biofuels industry helping to increase income for farmers and jobs in rural America."

But Sen. Charles Grassley, R-Iowa, was less charitable, stating that it was "unfortunate that given the overwhelming scientific evidence supporting higher (ethanol) blends, EPA has chosen to obstruct a move that would immediately lower our dependence on dirty, imported fossil fuels." Grassley urged that the administration act on his request to implement an intermediate E-12 ethanol blend.

## In Memoriam – Norman D. Houser



*Norman Houser (right) then-director of the U.S. Department of Agriculture's Kansas City Commodity Office, is shown during a 1986 meeting with what then was the NGFA's Terminal Elevator Committee discussing changes to the Uniform Grain Storage Agreement contract. Also pictured are (from left) Bruce Benschoter, then vice president of Bunge Corp., Kansas City, Mo., who chaired the NGFA committee, and the late Ralph Klopfenstein, then USDA's deputy administrator for commodity operations.*

The NGFA was saddened this week to learn of the death on Dec. 1 of **Norman D. Houser**, who served with distinction as director of the U.S. Department of Agriculture's (USDA) Kansas City Commodity Office (KCCO) for 15 years.

Houser began his USDA career in Cincinnati, Ohio, in the early 1960s before transferring in 1963 to what at the time was its processed commodities office in Minneapolis, Minn. He served a two-year stint in the U.S. Army from 1963-65, serving in Vietnam and other countries in Southeast Asia. He was transferred to KCCO in 1975 when USDA merged its processed commodities and grains offices, eventually serving as deputy director and then as director from 1981-96. During that time, he presided over some of the most momentous periods of USDA's grain programs, including the payment-in-kind (PIK) programs in the 1980s and the liquidation of billions of bushels of CCC-owned grain inventories in the mid 1980s through a catalog-redemption

process that he largely devised. The NGFA worked closely with Houser and his staff during that momentous period.

Former NGFA Chairman and current Executive Committee member Rick Calhoun, vice president, grain and oilseed supply chain for Cargill Inc., Minneapolis, Minn., called Houser an "unforgettable figure," particularly for those working in the industry in the 1980s. "CCC was the biggest game in town for most of the industry," Calhoun recalled. "Norman rode herd over huge stocks buildups and liquidations. His involvement in the development and execution of the posted county price system, the PIK programs and a multitude of other government programs was critical to both government and industry. He was a unique man and a truly charismatic character. There will never be another Norm Houser."

NGFA President Kendell Keith and Vice President for Communications and Government Relations Randy Gordon said Houser's intelligence, honesty, integrity and sense of fairness were a perfect combination for the mission USDA was engaged in during that era. "He could be tough as nails when he needed to be, but was always fair minded and a very caring person who appreciated the role industry could play in helping the government achieve its policy objectives," Keith said. Gordon recalled that when Houser retired from USDA, he asked to remain on the *NGFA Newsletter* list to be kept abreast of the challenges facing USDA and the industry. "I always got a call around Christmastime from Norm thanking us for keeping him on the list, and asking how things were going," Gordon said. "And in 2006, he sent us a lengthy, hand-written letter offering suggestions and arguments to support NGFA's efforts to reform the Conservation Reserve Program. He was a unique human being who contributed so much."



# Feed Facts

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("Food/Feed Safety Bill" continued from page 1)

The NGFA-advocated policy changes adopted in the committee-passed bill include the following:

► **Exemption/Modifications for Grain-Handling Facilities:** In a significant change, a provision was added that **authorizes FDA to exempt from or modify the bill's hazard analysis, preventive controls and written food safety plan requirements as they apply to grain elevators and other warehouses that store raw agricultural commodities (except fruits and vegetables)**. The Senate bill **already applied this NGFA-supported flexibility for facilities manufacturing animal feed and feed ingredients**. This provision is important so that grain elevators, feed mills and feed ingredient manufacturers are **not** subject to requirements in the bill that are irrelevant to their operations, such as having procedures in place to ensure the sanitation of food-contact surfaces, allergen controls, radiological controls and drug residues. Further, if this provision is retained in the final bill, it will give the NGFA significant leverage to urge that any FDA regulations be practical and achievable for raw grain and oilseed handlers, as well as feed and feed ingredient manufacturers.

► **Compliance with Trade Agreements:** Also included was an NGFA-drafted new section that states that implementation of the bill shall be consistent with the World Trade Organization's rules, as well as "any other treaty or international agreement" entered into by the United States. This is an important safeguard, given that several provisions of the bill apply to the safety of imported products and create a system under which FDA would be authorized to accredit (and conversely, revoke the accreditation of) foreign governments and independent third parties to certify the safety of imported products. But the NGFA will continue to work to correct provisions of the bill that may create potential trade retaliation against U.S. exporters.

► **Appeal of FDA Suspensions of Facility Registrations:** The Senate bill, like the House version, authorizes FDA to suspend a facility's registration – in effect, shutting down its operations for food or feed safety problems. But the NGFA-drafted provision contains a higher threshold FDA would be required to meet: A requirement that it first demonstrate that the products being manufactured, processed, packed or stored at the facility has a "**reasonable probability**" of causing serious adverse health consequences or death to humans or animals – a significantly higher threshold than the House-passed bill. Under both the Senate and House versions, a facility would have the right to request a hearing to appeal such an FDA action within two business days. But a provision authored and supported by the NGFA was added to the Senate bill to allow the facility to avail itself of such a hearing later than two business days after FDA's suspension action if it needs additional time to compile information or evidence to challenge FDA's suspension action as unwarranted.

The NGFA also was successful in the Senate committee-

passed bill of opposing the inclusion of these most onerous provisions of the House-passed version. Those ill-considered House provisions **not** found in the Senate bill would: 1) impose a one-size-fits-all \$500-per-year registration fee on all facilities registered with FDA under the Bioterrorism Act, with a cap of \$175,000 per facility; 2) lower the current threshold that allows FDA to access all records related to food/feed safety; 3) delegate authority to FDA district offices to issue mandatory recall orders, mandate product-specific preventive controls and issue subpoenas; 4) mandate that FDA implement a product-tracing system and regulations that allow the agency to determine the origin of a product-contamination incident within two business days – much more stringent than the current Bioterrorism Act requirement; 5) lower the legal threshold under which FDA would be allowed to suspend a facility's registration, in essence shutting down its operations; 6) authorize FDA to require facilities to implement preventive controls through guidance documents, thereby short-circuiting the regulatory process; 7) create a relatively low threshold under which FDA could stop distribution of commodities and create expansive authority for FDA to quarantine products; 8) impose country-of-origin labeling requirements on all imported raw and processed agricultural commodities; 9) require facilities to guarantee that adulterated products do not enter commerce if they find deficiencies in preventive controls; and 10) create hefty civil monetary penalties, even for minor or unintentional violations that do not pose a danger to human or animal health.

The NGFA and American Farm Bureau Federation continue to expand major efforts to coordinate leadership of a large group of more than 30 agricultural producer and agribusiness organizations working together on the food/feed safety legislation.



## Calendar

- Dec. 6, 2009:* NGFA Country Elevator Committee  
Hyatt Regency Crown Center, Kansas City, Mo
- Dec. 6-8, 2009:* NGFA Country Elevator/Feed Industry  
Conference & Trade Show  
Hyatt Regency Crown Center, Kansas City, Mo.
- Dec. 7, 2009:* NGFA Feed Roundtable  
Hyatt Regency Crown Center, Kansas City, Mo.
- Dec. 8, 2009:* NGFA Membership and Marketing Committee  
Hyatt Regency Crown Center, Kansas City, Mo.
- Dec. 8, 2009:* NGFA Safety, Health and Environmental  
Quality Committee  
Hyatt Regency Crown Center, Kansas City, Mo.
- Dec. 8-9, 2009:* NGFA Executive Committee  
Hyatt Regency Crown Center, Kansas City, Mo.
- March 3-5, 2010:* NGFA 114th Annual Convention  
Westin Maui, Lahaina, Maui, Hawaii





## House Ag Subcommittee Conducts Hearings on Impact of Climate-Change Bill on Ag

### ...USDA Releases Expanded Economic Analysis on Cap-and-Trade

The House Agriculture Committee's Subcommittee on Conservation, Credit, Energy and Research today (Dec. 3) wrapped up two consecutive days of hearings to review the potential impacts on the farm sector of the House-passed version of climate-change legislation (H.R. 2454).

Joe Glauber, chief economist at the U.S. Department of Agriculture (USDA), testified both days and released an expanded USDA economic analysis that claims farmers actually would benefit economically from a cap-and-trade system, despite a potential 10 percent increase in production costs over a 50-year period. USDA's analysis estimates that corn production cost increases would be \$1.19 per acre in the short term, mitigated in part by rebates the bill would provide for fertilizer. But corn production costs would expand to \$25.19 per acre in the long term, USDA's analysis found. The USDA study indicates that those costs would be exceeded by the benefits associated with farmers' participation in the carbon-offset trading markets.

In discussing USDA's new analysis, Secretary of Agriculture Tom Vilsack stated, "the bottom line is, we think this is a net benefit for farmers and ranchers." Vilsack maintained that costs would be outstripped by potential offset cash flow of \$10 billion to \$20 billion to the U.S. farm sector. Vilsack admitted that not all farm sectors are likely to benefit, but that "more farmers benefit than not."

But Glauber and other economists testifying before the subcommittee underscored the uncertainties in the study's economic modeling and noted that more analysis is being done. Several subcommittee members, notably Reps. Jerry Moran, R-Kan., and Bob Goodlatte, R-Va., questioned the notion that agricultural producers and the agriculture sector broadly would benefit if the climate-change legislation were enacted. Meanwhile, in a statement issued following the hearing, Subcommittee Chairman Tim Holden, D-Pa., underscored concerns expressed by most subcommittee members attending the hearing: "It is clear...that there is still a lot of uncertainty with some of the modeling assumptions and data used to estimate the potential impact of climate change and climate-change legislation on agriculture."

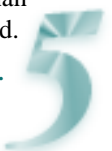
Glauber's Dec. 2 testimony focused specifically on how changes in energy prices from the House-passed bill would affect U.S. agriculture. Without including the supposed benefits of an offset program and using the Environmental Protection Agency (EPA) price scenario for carbon, USDA estimated a net reduction of 133,000 planted acres from 2012-18 based upon the carbon bill, with the most significant acreage losses emanating from corn

(27,000 acres) and wheat (63,000). Soybeans were projected to gain a net of 4,000 acres. But using another yardstick – the Energy Information Agency (EIA) pricing scenarios – planted acres would decline by 354,000 over the same time period and show a net loss of 89,000 acres for corn and 176,000 acres for wheat. Under this scenario, soybean acres would increase by 19,000.

Without considering the income potential of offsets, USDA's analysis indicated a reduction in net farm income of 0.9 percent under the EPA scenario and 1.72 percent under the EIA scenario for the 2012-18 time period. Projected to assess medium- and long-term impacts, net farm income would decline by 2.4 percent and 4.9 percent, respectively. Income losses primarily would be attributable to increased energy costs as power companies comply with greenhouse gas emission reduction targets and increasing fossil fuel prices hike agricultural input costs. Glauber noted that this would affect farm plantings and production decisions, as well as the livestock sector through higher feed costs. He indicated that energy costs as a percent of total operating costs would be greatest for wheat and feed grains, making those commodities susceptible to increased costs. Glauber cautioned that factors such as yield productivity, development of energy-saving technologies and weather all could have major effects on supply, demand and price outcomes, thus mitigating or exacerbating the projected effects.

**Impact of Carbon Trading:** Today's hearing examined carbon-offset programs and how the agricultural sector might benefit to mitigate the increased costs incurred through caps on carbon emissions. Importantly, those benefits, as outlined by Glauber, are based primarily upon projected higher commodity prices resulting from an **overall 35 percent reduction in U.S. cropland and 24 million acres in pastureland by 2050**. Those acres would be converted to forestland to realize the greatest level of greenhouse gas emissions reduction, the economist projected. The USDA analysis estimates that the overall value of farm income, when offsets are included, would increase by \$22 billion, **78 percent of which would be derived from higher commodity prices attributable to afforestation of cropland**. Only 22 percent would originate from actual monetary payments for carbon-offset activities.

At a carbon price as low as \$13 per ton (the estimated price in 2015), USDA projected afforestation would occur on about 8 million acres – primarily derived from pastureland. But as carbon prices increase to an estimated \$27 per ton by 2030, the afforestation figure would increase to 27 million acres, with more than half of that total expected to come from converted cropland.





By 2050, USDA estimated, converted land to afforestation would increase to nearly 60 million acres – 35 million from cropland and 24 million from pastureland – with the greatest impact in the Corn Belt. In responding to questions from subcommittee members, Glauber noted that exports also likely would decline considerably.

### U.S. Ag Production Under Carbon-Offsets Program in House Climate-Change Bill (H.R. 2454) (Percent Change)

Crop	2015	2020	2025	2030	2035	2040	2045	2050
Cotton (bales)	1.2	-3.9	-3.6	-1.5	-2.7	-5.3	-14.1	-12.5
Corn (bushels)	-1.4	-2.8	-5.5	-7.2	-9.6	-8.8	-13.6	-21.9
Soybeans (bushels)	-3.5	-5.0	-7.3	-9.0	-14.1	-17.7	-25.7	-28.8
Wheat (bushels)	0.0	-0.4	-1.5	-1.8	-2.6	-3.8	-4.8	-10.2
Sorghum (bushels)	12.7	2.6	1.3	2.8	-1.4	-13.7	-16.9	-24.5
Rice (cwt)	-13.1	-11.4	-14.5	-19.2	-18.0	-21.7	-25.3	-25.1
Oats (bushels)	11.4	6.0	-3.8	-5.1	-18.1	-26.1	-27.2	-31.5
Barley (bushels)	4.8	0.8	-1.1	-1.0	-8.4	-10.1	-6.2	-15.2

The commodity price impact would be felt acutely in the livestock sector, USDA projected, because of increased feed costs. USDA’s analysis pegs a 7 percent reduction in hog slaughter by 2030 and a 3 percent reduction in fed beef slaughter over the same time period. By 2050, the full realization of cropland conversion would be felt by livestock producers, with an estimated 23 percent reduction in hog slaughter and 10 percent reduction in fed beef slaughter. Milk production would decline by 7 percent in 2030 and 17 percent in 2050, USDA projected. The analysis projected a lesser impact on broiler, turkey and egg production: 1) broiler production projected to decline 1.6 percent reduction in 2030 and 7.3 percent by 2050; 2) turkey production by 8.2 percent in 2030 and 7.6 percent in 2050; and 3) egg production by 0.6 percent in 2030 and by 2.1 percent by 2050.

The USDA analysis also reviewed potential impacts on consumer prices, estimating that the food Consumer Price Index (CPI) would increase by 0.5 to 1 percent in 2015 and by 2.6 to 4.6 percent by 2050 because of higher commodity and energy prices.

House Agriculture Committee Chairman Collin Peterson, D-Minn., was outspoken in his view that the modeling used by EPA is faulty and that better models need to be generated to truly understand the full impact of cap-and-trade legislation on U.S. farmers and ranchers. Glauber indicated that USDA had contracted with a number of researchers to conduct additional analysis and modeling, but warned that such models may be as long as a year away from completion.



## GIPSA Initiates Rulemaking on Changes to U.S. Wheat Standards

The U.S. Department of Agriculture’s Grain Inspection, Packers and Stockyards Administration (GIPSA) has initiated a rulemaking on whether to change the U.S. wheat standards.

In a Nov. 27 *Federal Register* announcement, GIPSA stated that since the official U.S. standards for wheat were last revised in 2006, “numerous changes have occurred in the breeding and production practices of wheat; the technology used to harvest, process and test wheat; and wheat marketing.” The agency said it was inviting interested parties to “submit comments, ideas and suggestions on all aspects of the U.S. wheat standards and inspection procedures.”

Once it reviews the comments received in response to its advance notice of proposed rulemaking, GIPSA will determine whether to issue specific proposed changes to the U.S. wheat standards. The NGFA is aware that U.S. Wheat

Associates, a wheat producer advocacy group, is considering urging wide-ranging changes, including: 1) changes to the grade line for white wheat; 2) quality assurance programs for wheat exports, which also could affect the official standards for other grains; 3) food defense issues related to wheat exports; and 4) biotechnology-enhanced wheat. The NGFA and North American Export Grain Association are planning to meet with U.S. Wheat Associates officials prior to the comment deadline to discuss its potential recommendations and downsides.

The GIPSA rulemaking will be reviewed by the NGFA’s Grain Grades and Weights Committee, which will be developing comments on behalf of the association. Individual NGFA-member companies also may wish to submit their views by the Feb. 25 comment deadline. Comments should be submitted by email to: [comments.gipsa@usda.gov](mailto:comments.gipsa@usda.gov).





## OSHA Cites Grain Elevator, Feed Plant for Major Violations

The Occupational Safety and Health Administration (OSHA) in recent weeks has issued notices announcing significant proposed fines of a grain elevator and feed plant for alleged violations of agency standards.

A Wiley, Colo., grain elevator was cited on Nov. 23 by both OSHA and the U.S. Department of Labor's Wage and Hour Division for \$1.6 million in proposed fines following the death on May 29 of a teenage worker at the company's Haswell, Colo., grain storage operation. The teenager suffocated after being engulfed in grain in one of the facility's bins. The federal agencies also cited the company for allegedly "exposing three other teenage workers to the cited hazards."

Following its investigation, OSHA proposed \$1.592 million in fines for 22 alleged willful and 13 alleged serious violations. The willful citations included allegations that the company did not have an emergency action plan for bin entry, failed to train workers on safe bin-entry procedures, lacked grain-engulfment personal protective equipment; failed to shut off and lock out equipment while personnel were working in the bin; lacked rescue equipment; and allowed hazardous levels of grain dust to accumulate. The serious citations levied by OSHA included alleged unguarded conveyors, fall hazards, a lack of first aid supplies and trained medical personnel, incomplete fire extinguisher inspections, using extension cords instead of permanent wiring and failing to inspect electrical equipment.

The company was given 15 days to comply, request an informal conference with OSHA's area director, or contest the findings.

Meanwhile the Department of Labor's Wage and Hour Division conducted a separate investigation of the elevator that detected 77 alleged child labor violations involving 15 underage employees, teenagers working longer than allowed under the Fair Labor Standards Act and minors allowed to work at jobs prohibited by the act's occupation standards and the department's hazardous occupation orders.

The feed plant cited by OSHA was in Upper Sandusky, Ohio, and was involved in recycling waste food products into feed ingredients. OSHA proposed a \$473,000 fine against the firm for allegedly exposing workers to hazardous dusts. The company was cited for six alleged willful violations, including an alleged lack of explosion protection, failure to equip process equipment with combustible-dust collection systems, hazardous accumulation of grain dust and using unsafe electrical equipment in areas with combustible-dust accumulations.

OSHA said it inspected the plant beginning in early June and then again in July after receiving reports from the local fire department about several alleged fires at the plant. As in the grain elevator incident, the feed plant was given 15 business days to comply, request a conference or contest OSHA's findings.

## NGFA Convention Hotel Reduces Rates!

The NGFA is pleased to announce that the Westin Maui Hotel, headquarters for the NGFA's 114<sup>th</sup> annual convention on March 3-5, has just reduced its room rates!

NGFA convention registrants now can book a garden/mountain-view room for \$270 per night, \$20 less than the previous rate. A limited number of full ocean-view rooms are available now at \$320 per night. A limited number of partial ocean view rooms, with the ocean visible from the balcony, are available at \$290 per night.

For those who already have made their convention hotel reservation, the Westin Maui will be contacting you directly

regarding the changes. Those who have booked the garden/mountain-view rooms will have the option of either reducing their current room rate or selecting a partial ocean-view room on a space-available basis.

But don't delay, as more than half of the NGFA's convention hotel room block already is booked!

Members receiving the *NGFA Newsletter* electronically may [click here](#) to access NGFA website's convention information section, which includes online hotel reservation and convention registration forms.



## Membership Recruiting Update – Another Good Year!

### ...Contest Continues – Grand Prize Drawing on Jan. 4...

How do you follow up on a year when 147 new member companies joined the NGFA – the best in more than 20 years?

The NGFA's membership recruiters are answering that question resoundingly by continuing to sign up new member firms by the score! While the numbers since the March 2009 convention in Orlando, Fla., are slightly behind last year's sizzling pace, the NGFA still is well-positioned to break the century mark for new members again.

Current statistics in the 2009-10 membership year-to-date are:

- ▶ New Members: 47
- ▶ Non-Renewals: 19

Spearheaded by the challenge issued at the NGFA Board of Directors September meeting by Membership and Marketing Committee Chairman Mark Avery, publisher of *Grain Journal*, Decatur, Ill., new members continue to roll in. To incentivize Board members, NGFA committee chairs and all other recruiters, a major membership recruiting drive is underway. All successful recruiters through the end of 2009 qualify for a random prize drawing for...

#### *A Washington Weekend!*

- ▶ Airfare for two to Washington, D.C.
- ▶ Two complimentary nights at the luxurious L'Enfant Plaza Hotel, just off the National Mall.
- ▶ Drinks and unparalleled views of monumental DC at the rooftop "POV" lounge at the W Hotel overlooking the White House.
- ▶ Dinner at the W Hotel's "J&G Steakhouse," one of Washington's hot new dining destinations.

The 2009 recruiting drive will serve as a springboard for continued aggressive recruiting into the New Year. Typically, more than half of the NGFA membership year's recruiting totals occur between Jan. 1 and the March annual convention.

Wondering how to get involved? Just identify a company that is not yet a member of the NGFA and tell your story about why your company is! Contact NGFA Director of Marketing/Treasurer Todd Kemp for details on recruiting strategies and high-priority membership targets.



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**TIME SENSITIVE**

