



United States
Department of
Agriculture

NOTICE TO THE INDUSTRY - BCD-22

Farm and Foreign
Agricultural Services DATE: July 25, 2002

Farm Service Agency TO: All Warehouse Operators Approved Under the Uniform Grain and
Rice Storage Agreement (UGRSA)

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

SUBJECT: Emergency and Temporary Storage Space

Background.

Commodity Credit Corporation (CCC) anticipates that grain production may exceed available commercial storage space in certain areas. Therefore, warehouse operators may request CCC approval of short-term emergency (e.g., ground piles) and temporary storage space.

Emergency Storage Requirements.

Warehouse operators requesting emergency storage space must:

- C Receive the appropriate licensing authority approval, State or Federal, for the emergency storage space;
- C Meet CCC's security, net worth, bonding, and insurance requirements as required for conventional storage space;
- C Provide written justification to CCC that a need for emergency storage exists in the local area including the exact location and quantity requested;
- C Meet CCC's requirement that emergency storage space be accessible for examination purposes;
- C Receive CCC's approval for the emergency storage space prior to using such space;
- C Maintain a separate inventory record of all grain stored in emergency storage space as well as account for such grain in the Daily Position Record; and
- C Agree that all grain will be removed from the emergency storage space by January 31, 2003.

Temporary Storage Requirements.

CCC will continue to authorize the use of temporary storage space. Such space may be used from the time of initial approval until May 1, 2003. See Warehouse Operator's Handbook, Part 2, Section 1, No. 25, for licensing and approval requirements of temporary storage structures.

(over)

Application for Emergency and Temporary Storage.

U.S. Warehouse Act (USWA) Licenses. If operating under a USWA license, direct your questions regarding the use of emergency and temporary storage to Richard Olsen at:

Warehouse Licensing and Examination Division-Licensing Branch
Kansas City Commodity Office STOP 9148 Telephone: (816) 823-1128
P.O. Box 419205 Facsimile: (816) 926-1548
Kansas City, Missouri 64141-6205 E-mail: rolsen@kcc.usda.gov

State Licenses. If operating under a State license, contact the applicable State licensing authority to determine its requirements for the use of emergency and temporary storage.

UGRSA Requests. After approval by the appropriate licensing authority, or for warehouses operators who operate in States with no licensing authority, submit a written justification to Paul Rodriguez, for emergency storage, or Paul Overman, for temporary storage at:

Bulk Commodities Division-Storage Contract Branch
Kansas City Commodity Office STOP 8748 Telephone: (816) 926-6446
P.O. Box 419205 Facsimile: (816) 926-1426
Kansas City, Missouri 64141-6205 E-mail: pdrodriguez@kcc.usda.gov
proverman@kcc.usda.gov

CCC Rates.

The storage and handling rates currently approved under the UGRSA will apply. CCC will not pay any additional handling charges for grain moved into or out of emergency and temporary storage.

Warehouse operator's liability.

The authorization to use emergency and temporary storage space does not relieve warehouse operators of their obligations under the USWA, State licensing authority (as applicable), or the UGRSA. CCC-owned grain or grain pledged as collateral for CCC marketing assistance loans may be placed in emergency and temporary storage space after the use of such space has been approved by CCC.

Warehouse operators are responsible for the quantity and quality of grain stored in emergency and temporary storage space to the same extent as their liability for conventional storage space. All grain stored in emergency and temporary space is considered a part of the commingled inventory.

The Department of Agriculture strongly recommends that you review the security plans of your warehouse and conduct a prudent risk assessment in connection with the application of emergency and temporary storage space. You may want to pay particular attention to threats that you may not have considered significant in the past and might consider restricting access to your facilities to authorized personnel only.

Limitation.

Emergency and temporary storage is limited to wheat, corn, and other feed grains unless otherwise allowed by the warehouse operator's licensing authority.

Notice expiration.

This notice expires May 1, 2003, and may be disposed of at that time.

George Aldaya
Director