



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

Beacon Facility -
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November 25, 2014

INFORMATIONAL MEMORANDUM: PM-14-055

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Tim B. Witt */s/Tim B. Witt*
Deputy Administrator

SUBJECT: 2015 Crop Year Organic Practice Prices for Grain Sorghum, Organic Cotton Price Premium, and Popcorn Revenue Factors

BACKGROUND:

Organic Grain Sorghum Prices

Beginning in the 2015 crop year (CY), the Risk Management Agency (RMA) will offer distinct grain sorghum organic practice prices (projected and harvest) for the following plans of insurance: Yield Protection; Area Yield Protection; Revenue Protection; Area Revenue Protection; Revenue Protection with Harvest Price Exclusion; and Area Revenue Protection with Harvest Price Exclusion.

The definitions and specifications for the grain sorghum organic practice prices are provided in the 'Commodity Exchange Price Provisions (CEPP) Section II: Grain Sorghum' document:

<http://www.rma.usda.gov/policies/2015/15ceppgrainsorghum.pdf>

The methodology for deriving the grain sorghum organic practice prices can be accessed at the following location:

<http://www.rma.usda.gov/pubs/index.html#priceelection>

Organic Cotton Price Premium

The 'Commodity Exchange Price Provisions (CEPP) Section II: Cotton' document authorizes RMA to derive organic practice cotton prices for the Yield Protection, Area Yield Protection, Revenue Protection, Area Revenue Protection, Revenue Protection with Harvest Price Exclusion and Area Revenue with Harvest Price Exclusion plans of insurance.

The methodology used to calculate these prices is posted on the RMA website under the publications tab at www.rma.usda.gov/pubs/. The amount will be added to the conventional cotton prices as determined in accordance with the CEPP. The following price premium is applicable for the 2015 CY Cotton Provisions:

- Organic Cotton Price Premium \$ 0.55 per pound

Popcorn Revenue Factors

The Popcorn Revenue Coverage (Pilot) Crop Provisions specify the projected and harvest prices shall be the “price for grain type corn determined in accordance with the [CEPP] multiplied by a factor...” The factor converts the conventional per bushel corn price into a per pound popcorn price for Area Yield Protection; Revenue Protection; Area Revenue Protection; Revenue Protection with Harvest Price Exclusion; and Area Revenue Protection with Harvest Price Exclusion plans of insurance. The Special Provisions of Insurance contains similar language for the projected price for the Yield Protection plan of insurance.

The factor will be available in the Price Discovery Reporting Application, located on the RMA website at <http://www.rma.usda.gov/tools/pricediscovery.html> when the initial 2015 CY CEPP price discovery period for corn begins. The following conversion factor is applicable for the 2015 CY Popcorn Crop Provisions:

- Popcorn Conversion Factor 0.0431

Beginning in the 2015 CY, RMA will offer a distinct organic practice price for popcorn. This price will be derived by multiplying the discovered popcorn price determined using the conversion factor above, by an organic popcorn price factor. The factor will be available in the Price Discovery Reporting Application, located on the RMA website at <http://www.rma.usda.gov/tools/pricediscovery.html> when the initial 2015 CY CEPP price discovery period for corn begins. The organic popcorn price factor for the 2015 CY is:

- Organic Popcorn Price Factor 1.44

DISPOSAL DATE:

December 31, 2015