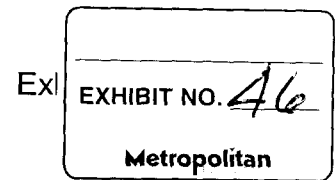


Proposal No. 14

Proposed by the Central Order Market Administrator



"This proposal would require payments from the producer settlement fund to be made no later than the next business day after the due date for payments into the producer settlement fund."

Revise § 1032.72 to read as follows:

**§ 1032.72 Payments from the producer settlement fund.** No later than the next business day following the due date for payments to the producer-settlement fund (§ 1032.71), the market administrator shall pay to each handler the amount, if any, by which the amount computed pursuant to § 1032.71(b) exceeds the amount computed pursuant to § 1032.71(a). If, at such time, the balance in the producer-settlement fund is insufficient to make all payments pursuant to this section, the market administrator shall reduce uniformly such payments and shall complete the payments as soon as the funds are available.

Statement Submitted by Market Administrator's Office in support for Proposal No. 14:

The current order language for payments into and out of the producer settlement fund (PSF) contain provisions which at various times during each year result in the requirement that "funds in" and "funds out" are due on the same day. The attached calendars illustrate that this same-day payment in and out occurred during four months in 2004 and will occur during two months in 2005.

The order language allows the Market Administrator to uniformly reduce PSF payments if the PSF balance is insufficient to make all payments. The Market Administrator must consider reducing PSF payments anytime one handler does not have a payment posted to the PSF before payments out are made. These occurrences could have the potential to adversely affect handler payments to producers in a timely manner.

Each Central order regulated handler who makes payments into the PSF has unique circumstances which affect each transaction in a different manner.

Some handlers may place a wire order in the morning, but the funds don't actually transfer until the afternoon at a time they cannot control. Other handlers who use ACH wires place a wire order on one day and the funds do not transfer until the next day. This can be especially troublesome if there are handler errors and no time to correct the wire until after the due date.

Given the large geographic area of the Central federal order marketing area, some handlers are located in a different time zone than the Market Administrator's office. The time zone difference can result in funds being posted to the PSF as late as 5 pm (Market Administrator time) on the due date. Late postings of incoming funds have a direct effect on when outgoing funds can be wired from the Market Administrator's office and still transact during the same business day. Since the order stipulates the date of payments from the PSF, there are times that the Market Administrator must consider reducing payments from the PSF as allowed by the order.

In almost all other months, the Market Administrator office is able to initiate wire transfers during the morning on the day after payments are due to the PSF. Stipulating that payments are due out of the PSF the day after the incoming payments are due, eliminates the potential for pro-rata payments from the PSF except in the event of a "real" nonpayment.

The implementation of this proposal would also reduce the pressure on regulated handlers to meet arbitrary and inconsistent wire times that occur due to time zones, local bank policies, and in many cases, their own corporate accounting policies. As evidenced by the calendars, the request to change the order language does not significantly affect or change the PSF payment due dates during the majority of the months in any given year.

# 2004

JANUARY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14 IN	15 OUT	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16 BOTH	17 P-OUT	18	19	20	21
22	23	24	25	26	27	28
29						

MARCH						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15 BOTH	16 P-OUT	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14 IN	15 OUT	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14 IN	15
16	17 OUT	18	19	20	21	22
23/30	24/31	25	26	27	28	29

JUNE						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14 IN	15 OUT	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14 IN	15 OUT	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16 BOTH	17 P-OUT	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14 IN	15 OUT	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14 IN	15 OUT	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

NOVEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15 BOTH	16 P-OUT	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14 IN	15 OUT	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

# 2005

**JANUARY**

S	M	T	W	T	F	S
						1
	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

**FEBRUARY**

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

**MARCH**

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**APRIL**

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**MAY**

S	M	T	W	T	F	S
		3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**JUNE**

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**JULY**

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

**AUGUST**

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**SEPTEMBER**

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**OCTOBER**

S	M	T	W	T	F	S
						1
	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

**NOVEMBER**

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

**DECEMBER**

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31