

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Parts 422 and 457

Potato Crop Insurance Regulations and Common Crop Insurance Regulations

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes specific crop provisions for the insurance of potatoes. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions, which contain standard terms and conditions common to most crops. The intended effect of this action is to provide policy changes to better meet the needs of the insured, include the current potato crop insurance regulations with the Common Crop Insurance Policy for ease of use and consistency of terms, and to restrict the effect of the current potato crop insurance regulations to the 1997 and prior crop years.

DATES: Written comments, data, and opinions on this proposed rule will be accepted until close of business May 23, 1997 and will be considered when the rule is to be made final.

ADDRESSES: Interested persons are invited to submit written comments to the Director, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131.

FOR FURTHER INFORMATION CONTACT: Rob Coultis, Insurance Management Specialist, Product Development Division, Federal Crop Insurance Corporation, at the Kansas City, MO, address listed above, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order No. 12866

The Office of Management and Budget (OMB) has determined this rule to be exempt for the purposes of Executive Order No. 12866, and, therefore, this rule has not been reviewed by OMB.

Paperwork Reduction Act of 1995

The information collection requirements contained in the potato crop insurance regulations were previously approved by OMB pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35) under OMB control number 0563-0003 through September 30, 1998.

The amendments set forth in this proposed rule, however, revise the information required to be collected when a producer elects the new Northern Potato Crop Insurance Storage Endorsement. Producers must indicate an additional option code on either the application or contract change form to select this endorsement, an insignificant modification for the purposes of paperwork reduction. Other amendments set forth in this rule not contain additional information collections that require clearance by OMB under the provisions of 44 U.S.C. chapter 35.

The title of this information collection is "Catastrophic Risk Protection Plan and Related Requirements including, Common Crop Insurance Regulations; Northern Potato Crop Insurance Provisions; Central and Southern Potato Crop Insurance Provisions; Northern Potato Quality Endorsement Crop Insurance Provisions; Northern Processing Potato Quality Endorsement Crop Insurance Provisions; Certified Seed Potato Endorsement Crop Insurance Provisions; and Northern Potato Storage Endorsement Crop Insurance Provisions." The information to be collected includes a crop insurance application and an acreage report. Information collected from the application and acreage report is electronically submitted to FCIC by the reinsured companies. Potential respondents to this information collection are producers of potatoes that are eligible for Federal crop insurance.

The information requested is necessary for the reinsured companies and FCIC to provide insurance and reinsurance, determine eligibility, determine the correct parties to the

agreement or contract, determine and collect premiums or other monetary amounts, and pay benefits.

All information is reported annually. The reporting burden for this collection of information on crop insurance programs is estimated to average 16.9 minutes per response for each of the 3.6 responses from approximately 1,755,015 respondents. The total annual burden on the public for this information collection is 2,676,932 hours.

FCIC is requesting comments on the following: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information gathering technology.

Comments regarding paperwork reduction should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

OMB is required to make a decision concerning the collections of information contained in these proposed regulations between 30 and 60 days after submission to OMB. Therefore, a comment to OMB is best assured of having full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the proposed regulation.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order No. 12612

It has been determined under section 6(a) of Executive Order No. 12612, Federalism, that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment. The provisions contained in this rule will not have a substantial direct effect on States or their political subdivisions, or on the distribution of power and responsibilities among the various levels of government.

Regulatory Flexibility Act

This regulation will not have a significant impact on a substantial number of small entities. New provisions included in this rule will not impact small entities to a greater extent than large entities. Under the current regulations, a producer is required to complete an application and acreage report. If the crop is damaged or destroyed, the insured is required to give notice of loss and provide the necessary information to complete a claim for indemnity.

The insured must also annually certify to the previous years production if adequate records are available to support the certification. The producer must maintain the production records to support the certified information for at least three years. This regulation does not alter those requirements.

The amount of work required of the insurance companies delivering and servicing these policies will not increase significantly from the amount of work currently required. This rule does not have any greater or lesser impact on the producer. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order No. 12372

This program is not subject to the provisions of Executive Order No. 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order No. 12988

This proposed rule has been reviewed under the provisions of Executive Order 12988. The provisions of this rule will not have a retroactive effect prior to the effective date. The provisions of this rule will preempt State and local laws to the extent such State and local laws

are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

National Performance Review

This regulatory action is being taken as part of the National Performance Review Initiative to eliminate unnecessary or duplicative regulations and improve those that remain in force.

Background

FCIC proposes to add to the Common Crop Insurance Regulations (7 CFR part 457), new sections: 7 CFR § 457.142, Northern Potato Crop Insurance Provisions; 7 CFR § 457.143, Northern Potato Quality Endorsement Crop Insurance Provisions; 7 CFR § 457.144, Northern Processing Potato Quality Endorsement Crop Insurance Provisions; 7 CFR § 457.145, Certified Seed Potato Endorsement Crop Insurance Provisions; 7 CFR § 457.146, Northern Potato Storage Endorsement Crop Insurance Provisions; and 7 CFR § 457.147, Central and Southern Potato Crop Insurance Provisions. The new provisions will be effective for the 1998 and succeeding crop years. These provisions will replace and supersede the current provisions for insuring potatoes found at 7 CFR part 422 (Potato Crop Insurance Regulations). FCIC also proposes to amend 7 CFR part 422 to limit its effect to the 1997 and prior crop years.

This action will revise the potato crop insurance regulations by providing separate crop provisions for areas in which it is common to store potatoes after harvest (northern areas) and areas in which storage of production is less common (central and southern areas). It also will make available a new endorsement (Northern Potato Storage Endorsement) to provide coverage for damage that occurs within the insurance period but does not become evident until a later time. This rule also makes minor editorial and format changes to improve the Potato Crop Insurance Regulations' compatibility with the Common Crop Insurance Policy. In addition, FCIC is proposing substantive changes in the provisions for insuring potatoes as follows.

Northern Potato Crop Provisions

1. Remove the definition of "county" to default to the definition contained in the Basic Provisions (§ 457.8). The current definition includes land identified by an FSA farm serial number for the county that is physically located in another county the new definition does not. This change will require land in another county to be insured using the actuarial materials for the county where the land is located and make this provision consistent with most other crops. Add definitions for "certified seed," "days," "discard," "FSA," "final planting date," "good farming practices," "grade inspection," "hundredweight," "interplanted," "irrigated practice," "local market," "planted acreage," "practical to replant," "processor contract," "production guarantee (per acre)," "replanting," "timely planted," and "written agreement" for clarification.

2. Section 2—Clarify the guidelines under which basic units may be divided into optional units to be consistent with most other crops.

3. Section 3(a)—Clarify that an insured may select only one price election for all potatoes insured in a county, unless the Special Provisions provide for separate price elections by type, in which case the insured may select one price election for each type designated in the Special Provisions.

4. Sections 3(b) and (c)—Reduce the price used to determine the amount of an indemnity for unharvested acreage to 80 percent of the price election elected by the insured. This will take into account those costs not incurred by the insured when the crop is not harvested.

5. Section 4—Change the contract change date to November 30 for all counties to maintain an adequate time period between this date and the revised cancellation dates (see item 6 below).

6. Section 5—Change the cancellation and termination dates from April 15 to March 15. These changes are made to standardize the cancellation and termination date with the sales closing date. The sales closing dates were previously amended to comply with the requirement of the Federal Crop Insurance Reform Act of 1994 that spring planted crop sales closing dates be moved 30 days earlier.

7. Section 8(b)—Provide that any acreage damaged prior to the final planting date, to the extent that the majority of growers in the area would not normally further care for the crop, must be replanted unless the insurer agrees that it is not practical to replant. This makes these provisions consistent with most other crops.

8. Section 9—The end of the insurance period is changed from:

(a) October 31 to October 15 in Nevada;

(b) October 31 for Russet Burbanks and October 15 for all other types to a single date of October 20 in Maine; and

(c) October 15 to October 31 in Ohio; Rhode Island; Humboldt, Modoc, and Siskiyou Counties, California; and for potato types other than Russets in Idaho, Oregon, and Washington.

These changes were made to more accurately reflect the normal period in which potatoes are grown in the affected states or counties.

9. Section 12(d)(1)(iii)—Increases the amount of production to count when production is harvested prior to full maturity. The production to count will be increased by 2% of harvested production per day for every day the potatoes were harvested prior to full maturity. This percentage is based on University studies of average bulking factors. This adjustment will not be made if production is harvested early to prevent a loss in quantity or quality of production due to disease. These changes will give consistency to the procedure for determining production lost to early harvest.

10. Sections 12 (e) and (f)—Incorporate quality adjustment for production damaged by freeze or other causes that result in soft rot, wet breakdown, or other tuber rot condition into the crop provisions. Previously, such quality adjustments were optional.

11. Section 13—Provides insurance coverage by written agreement in certain instances. FCIC has a long standing policy of permitting certain modifications of the insurance contract by written agreement for some policies. This amendment allows FCIC to tailor the policy to a specific insured in certain instances. The new section will cover the procedures and duration of written agreements.

Central and Southern Potato Crop Provisions

1. Remove the definition of "county" to default to the definition contained in the Basic Provisions (§ 457.8). The current definition includes land identified by an FSA farm serial number for the county that is physically located in another county the new definition does not. This change will require land in another county to be insured using the actuarial materials for the county where the land is located and make this provision consistent with most other crops. Add definitions for "certified seed," "days," "discard," "FSA," "final planting date," "good farming practices," "grade inspection,"

"hundredweight," "interplanted," "irrigated practice," "marketable lot," "planted acreage," "planting period," "practical to replant," "production guarantee (per acre)," "replanting," "timely planted," and "written agreement" for clarification.

2. Clarify the guidelines under which basic units may be divided into optional units, including for planting periods if allowed by the Special Provisions.

3. Section 3(a)—Clarify that an insured may select only one price election for all potatoes insured in a county, unless the Special Provisions provide for separate price elections by type, in which case, the insured may select one price election for each type designated in the Special Provisions.

4. Sections 3 (b) and (c)—Reduce the price used to determine the amount of an indemnity for unharvested acreage to 80 percent of the price election elected by the insured. This will take into account those costs not incurred by the insured when the crop is not harvested.

5. Section 4—The contract change date has been changed to November 30 in Oklahoma and Haskell County, Texas, and in all counties with a March 15 cancellation date, to maintain an adequate time period between these dates and the revised cancellation dates (see item 6 below).

6. Section 5—The cancellation and termination dates have been changed to February 28 in Oklahoma and Haskell County, Texas to more accurately reflect the period in which potatoes are grown in these locations. The cancellation and termination dates have been changed to March 15 for those counties that currently have an April 15 date. These changes are made to standardize the cancellation and termination date with the sales closing date. The sales closing dates were previously amended to comply with the requirement of the Federal Crop Insurance Reform Act of 1994 that spring planted crop sales closing dates be moved 30 days earlier.

7. Section 8(b)—Provides that any acreage damaged prior to the final planting date (on or before the last day of the applicable planting period in counties for which the Special Provisions designate separate planting periods), to the extent that the majority of growers in the area would not normally further care for the crop, must be replanted unless the insurer agrees that it is not practical to replant. This makes this provision consistent with most other crops.

8. Section 12(d)(1)(iii)—Increases the amount of production to count when production is harvested prior to full maturity. This adjustment will not be made if production is harvested early to

prevent a loss in quantity or quality of production due to disease.

9. Section 13—Provides insurance coverage by written agreement in certain instances. FCIC has a long standing policy of permitting certain modifications of the insurance contract by written agreement for some policies. This amendment allows FCIC to tailor the policy to a specific insured in certain instances. The new section will cover the procedures for and duration of written agreements.

Northern Potato Quality Endorsement

1. Section 3(b)—Exclude coverage for acreage grown for the production of seed. Such acreage often is grown under management practices designed to produce potatoes smaller than those required by grading standards for fresh or processing use. These management practices are incompatible with the protection provided under the Potato Quality Endorsement against under-sized production.

2. Section 4(a)—Provide additional quality adjustment for production with internal defects that cannot be sorted from undamaged production. Current provisions do not provide adequate, or in some cases, any adjustment when the entire crop is not marketable due to internal defects and has to be destroyed.

3. Section 5—Clarify that production which is harvested or appraised prior to reaching full maturity that does not grade U.S. No. 2 solely as a result of size will be considered to grade U.S. No. 2.

Northern Processing Potato Quality Endorsement

1. The Processing Quality Endorsement has been rewritten so that it will attach to and amend the Quality Endorsement. This allows removal of duplicative provisions since the primary difference between the two endorsements is the coverage provided for low specific gravity and dark fry color in the processing endorsement. The combination will also result in quality protection for all of a producer's acreage, not just the acreage covered by the processor contract.

2. Section 6(a)(1)(i)—Change the value of undamaged production from the highest price election to the base contract price in order to more accurately reflect lost value.

Certified Seed Potato Endorsement

1. Section 4—Limit the insurable certified seed acreage to not greater than 125% of the average number of acres entered into the state certification program in the three previous years, unless a written agreement allows more acreage to be insured. This change is

made to reduce vulnerability to program abuse caused by persons declaring large acreages insured for seed but intending to produce potatoes for human consumption.

2. Rotation requirements and standards for parent seed have been removed from the endorsement. These requirements are established and administered by individual state certification authorities and vary by state.

List of Subjects in 7 CFR Parts 422 and 457

Crop insurance, Potato crop insurance regulations, Potatoes.

Proposed Rule

Accordingly, for the reasons set forth in the preamble, the Federal Crop Insurance Corporation hereby proposes to amend 7 CFR parts 422 and 457 as follows:

PART 422—POTATO CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR part 422 is revised to read as follows:

Authority: 7 U.S.C. 1506(i), 1506(p).

2. The subpart heading preceding § 422.1 is revised to read as follows:

Subpart—Regulations for the 1986 through 1997 Crop Years (1987 through 1997 Crop Years in Certain California Counties and Florida)

3. Section 422.7 is amended by revising the introductory text of paragraph (d) to read as follows:

§ 422.7 The application and policy.

* * * * *

(d) The application for the 1986 and succeeding crop years is found at subpart D of part 400—General Administrative Regulations (7 CFR 400.37, 400.38). The provisions of the Potato Crop Insurance Policy for the 1986 through 1997 crop years (1987 through 1997 crop years in certain California counties and Florida) are as follows:

* * * * *

PART 457—COMMON CROP INSURANCE REGULATIONS; REGULATIONS FOR THE 1994 AND SUBSEQUENT CONTRACT YEARS

4. The authority citation for 7 CFR part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(l), 1506(p).

5. Section 457.142 is added to read as follows:

§ 457.142 Northern Potato Crop Insurance Provisions.

The Northern Potato Crop Insurance Provisions for the 1998 and succeeding crop years are as follows:

FCIC policies:

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Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

NORTHERN POTATO CROP PROVISIONS

These provisions will be applicable in: Alaska; Humboldt, Modoc, and Siskiyou Counties, California; Colorado; Connecticut; Idaho; Indiana; Iowa; Maine; Massachusetts; Michigan; Minnesota; Montana; Nebraska; Nevada; New York; North Dakota; Ohio; Oregon; Pennsylvania; Rhode Island; South Dakota; Utah; Washington; Wisconsin; and Wyoming.

If a conflict exists among the Basic Provisions (§ 457.8), these Crop Provisions, and the Special Provisions; the Special Provisions will control these Crop Provisions and the Basic Provisions; and these Crop Provisions will control the Basic Provisions.

1. Definitions

Certified seed—Potatoes for planting a potato crop in a subsequent crop year that have been found to meet the standards of the public agency that is responsible for the seed certification process within the state in which they were grown.

Days—Calendar days.

Discard—Disposal of production by you, or a person acting for you, without receiving any value for it.

FSA—The Farm Service Agency, an agency of the United States Department of Agriculture, or a successor agency.

Final planting date—The date contained in the Special Provisions for the insured crop by which the crop must initially be planted in order to be insured for the full production guarantee.

Good farming practices—The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee, and are those recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

Grade inspection—An inspection prior to the sale, storage, or disposal of any lot of potatoes, or any portion of a lot, in which the potatoes are evaluated and quality (grade) determinations are made by us, a laboratory approved by us, or a potato grader licensed or certified by the applicable State or the United States Department of Agriculture.

Harvest—The digging of potatoes.

Hundredweight—One hundred (100) pounds avoirdupois.

Interplanted—Acreage on which two or more crops are planted in a manner that does not permit separate agronomic maintenance or harvest of the insured crop.

Irrigated practice—A method of producing a crop by which water is artificially applied

during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee on the irrigated acreage planted to the insured crop.

Local market—The area in which the insured potatoes are normally sold.

Planted acreage—Land in which seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions or by written agreement.

Practical to replant—In lieu of the definition of “Practical to replant” contained in section 1 of the Basic Provisions (§ 457.8), practical to replant is defined as our determination, after loss or damage to the insured crop, based on factors, including but not limited to moisture availability, condition of the field, marketing windows, and time to crop maturity, that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. It will not be considered practical to replant after the end of the late planting period unless replanting is generally occurring in the area.

Processor contract—A written agreement between the producer and a processor, containing at a minimum:

(a) The producer's commitment to plant and grow potatoes, and to deliver the potato production to the processor;

(b) The processor's commitment to purchase the production stated in the contract; and

(c) A price that will be paid to the producer for the production stated in the contract.

Production guarantee (per acre)—The number of hundredweights determined by multiplying the approved actual production history yield per acre by the coverage level percentage you elect.

Replanting—Performing the cultural practices necessary to prepare the land to replace the potato seed and then replacing the potato seed in the insured acreage with the expectation of growing a successful crop.

Timely planted—Planted on or before the final planting date designated in the Special Provisions for the insured crop in the county.

Written agreement—A written document that alters designated terms of this policy in accordance with section 13 of these Crop Provisions.

2. Unit Division

(a) Unless limited by the Special Provisions, a unit as defined in section 1 (Definitions) of the Basic Provisions (§ 457.8) (basic unit) may be divided into optional units only if, for each optional unit, you meet all the conditions of this section or if a written agreement to such division exists.

(b) Basic units may not be divided into optional units on any basis including, but not limited to, production practice, type, variety, and planting period, other than as described in this section.

(c) If you do not comply fully with these provisions, we will combine all optional

units that are not in compliance with these provisions into the basic unit from which they were formed. We will combine the optional units at any time we discover that you have failed to comply with these provisions. If failure to comply with these provisions is determined to be inadvertent, and the optional units are combined into a basic unit, that portion of the additional premium paid for the optional units that have been combined will be refunded to you.

(d) All optional units you selected for a crop year must be identified on the acreage report for that crop year.

(e) The following requirements must be met for each optional unit:

(1) You must have provided records by the production reporting date, which can be independently verified, of planted acreage and production for each optional unit for at least the last crop year used to determine your production guarantee;

(2) You must plant the crop in a manner that results in a clear and discernable break in the planting pattern at the boundaries of each optional unit;

(3) You must have records of marketed production or measurement of stored production from each optional unit maintained in such a manner that permits us to verify the production from each optional unit, or the production from each unit must be kept separate until loss adjustment is completed by us; and

(4) Each optional unit must meet one or more of the following criteria, as applicable:

(i) *Optional Units by Section, Section Equivalent, or FSA Farm Serial Number:* Optional units may be established if each optional unit is located in a separate legally identified section. In the absence of sections, we may consider parcels of land legally identified by other methods of measure including, but not limited to Spanish grants, railroad surveys, leagues, labors, or Virginia Military Lands, as the equivalent of sections for unit purposes. In areas that have not been surveyed using the systems identified above, or another system approved by us, or in areas where such systems exist but boundaries are not readily discernable, each optional unit must be located in a separate farm identified by a single FSA farm serial number.

(ii) *Optional Units on Acreage Including Both Irrigated and Non-irrigated Practices:* In addition to, or instead of, establishing optional units by section, section equivalent, or FSA farm serial number, optional units may be based on irrigated acreage or non-irrigated acreage if both are located in the same section, section equivalent or FSA farm serial number. To qualify as separate irrigated and non-irrigated optional units, the non-irrigated acreage may not continue into the irrigated acreage in the same rows or planting pattern. The irrigated acreage may not extend beyond the point at which the irrigation system can deliver the quantity of water needed to produce the yield on which the guarantee is based, except the corners of a field in which a center-pivot irrigation system is used will be considered as irrigated acreage if separate acceptable records of production from the corners are not provided. If the corners of a field in which a center-pivot irrigation system is used do

not qualify as a separate non-irrigated optional unit, they will be a part of the unit containing the irrigated acreage. However, non-irrigated acreage that is not a part of a field in which a center-pivot irrigation system is used may qualify as a separate optional unit provided that all requirements of this section are met.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

(a) In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions (§ 457.8), you may select only one price election for all the potatoes in the county insured under this policy unless the Special Provisions provide different price elections by type, in which case you may select one price election for each potato type designated in the Special Provisions. The price elections you choose for each type must have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent of the maximum price election for one type, you must also choose 100 percent of the maximum price election for all other types.

(b) If any acreage of the insured crop is not harvested, the price used to determine whether or not an indemnity is owed for such acreage will be 80 percent of your price election.

(c) Any acreage of potatoes damaged to the extent that the majority of producers in the area would not normally further care for the potatoes will be deemed to have been destroyed even though you may continue to care for it. The price election for unharvested acreage will apply to such acreage.

4. Contract Changes

In accordance with section 4 (Contract Changes) of the Basic Provisions (§ 457.8), the contract change date is November 30 preceding the cancellation date.

5. Cancellation and Termination Dates

In accordance with section 2 (Life of Policy, Cancellation, and Termination) of the Basic Provisions (§ 457.8), the cancellation and termination dates are March 15.

6. Annual Premium

In lieu of the premium computation method contained in section 7 (Annual Premium) of the Basic Provisions (§ 457.8), the annual premium amount is computed by multiplying the production guarantee by the price election for harvested acreage, the premium rate, the insured acreage, your share at the time of planting, and any applicable premium adjustment factors contained in the Actuarial Table.

7. Insured Crop

In accordance with section 8 (Insured Crop) of the Basic Provisions (§ 457.8), the crop insured will be all the potatoes in the county for which a premium rate is provided by the Actuarial Table:

- (a) In which you have a share;
- (b) Planted with certified seed unless otherwise permitted by the Special Provisions;
- (c) Planted for harvest as certified seed stock, or for human consumption, unless specified otherwise in the Special Provisions;

(d) That are not (unless allowed by the Special Provisions or by written agreement):

- (1) Interplanted with another crop; or
- (2) Planted into an established grass or legume.

8. Insurable Acreage

In addition to the provisions of section 9 (Insurable Acreage) of the Basic Provisions (§ 457.8), we will not insure any acreage that:

- (a) Does not meet the rotation requirements shown in the Special Provisions; or
- (b) Is damaged before the final planting date to the extent that the majority of producers in the area would normally not further care for it, unless it is replanted or we agree that it is not practical to replant.

9. Insurance Period

In accordance with the provisions of section 11 (Insurance Period) of the Basic Provisions (§ 457.8), the calendar date for the end of the insurance period is the date immediately following planting as follows (exceptions for specific counties, varieties or types as may be contained in the Special Provisions):

- (a) October 1 in Alaska;
- (b) October 10 in Nebraska and Wyoming;
- (c) October 15 in Colorado; Indiana; Iowa; Michigan; Minnesota; Montana; Nevada; North Dakota; South Dakota; Utah; and Wisconsin;
- (d) October 20 in Maine; and
- (e) October 31 in Humboldt, Modoc, and Siskiyou Counties, California; Connecticut; Idaho; Massachusetts; New York; Ohio; Oregon; Pennsylvania; Rhode Island; and Washington.

10. Causes of Loss

(a) In accordance with the provisions of section 12 (Causes of Loss) of the Basic Provisions (§ 457.8), insurance is provided only against the following causes of loss that occur within the insurance period:

- (1) Adverse weather conditions;
- (2) Fire;
- (3) Insects, but not damage due to insufficient or improper application of pest control measures;
- (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (5) Wildlife;
- (6) Earthquake;
- (7) Volcanic eruption; or
- (8) Failure of the irrigation water supply, if caused by an insured peril listed in section 10(a) (1) through (7) that occurs during the insurance period.

(b) In addition to the causes of loss not insured against as listed in section 12 of the Basic Provisions (§ 457.8), we will not insure against any loss of production due to:

- (1) Damage that occurs or becomes evident after the end of the insurance period, including, but not limited to, damage that occurs or becomes evident in storage; or
- (2) Causes, such as freeze after certain dates, that are limited by the Special Provisions.

11. Duties in the Event of Damage or Loss

(a) In accordance with the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions (§ 457.8), the representative samples of the unharvested

crop must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.

(b) We must be given the opportunity to perform a grade inspection on any unit for which you have given notice of damage.

12. Settlement of Claim

(a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records:

(1) For any optional units, we will combine all optional units for which acceptable production records were not provided; or

(2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.

(b) In the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage by its respective production guarantee;

(2) Multiplying each result in section 12(b)(1) by the respective price election;

(3) Totaling the results of section 12(b)(2);

(4) Multiplying the total production to be counted of each type, if applicable, (see section 12(d)) by the respective price election;

(5) Totaling the results of section 12(b)(4);

(6) Subtracting the results of section 12(b)(5) from the result in section 12(b)(3); and

(7) Multiplying the result of section 12(b)(6) by your share.

(c) The extent of any loss must be determined no later than the time the potatoes are placed in storage, if the production is stored prior to sale, or the date they are delivered to a buyer, wholesaler, packer, broker, or other handler if production is not stored.

(d) The total production to count (in hundredweight) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee per acre for acreage:

(A) That is abandoned;

(B) That is put to another use without our consent;

(C) That is damaged solely by uninsured causes;

(D) From which any production is disposed of without a grade inspection; or

(E) For which you fail to provide acceptable production records;

(ii) Production lost due to uninsured causes;

(iii) Production lost due to harvest prior to full maturity. Production to count from such acreage will be determined by increasing the amount of harvested production by 2 percent per day for each day the potatoes were harvested prior to the date the potatoes would have reached full maturity. The date the potatoes would have reached full maturity will be determined using the normal number of days to full maturity for the variety, growing area, and planting date. This adjustment will not be made if the potatoes are damaged by an insurable cause of loss, and leaving the crop in the field would either reduce production or decrease quality;

(iv) Unharvested production (unharvested production may be adjusted in accordance with sections 12 (e), (f), and (g)); and

(v) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

(A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us, (The stage guarantee will be limited as specified in section 3 even if the representative samples are harvested; and the amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count); or

(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and

(2) All harvested production from the insurable acreage (the amount of production prior to the sorting or discarding of any production).

(e) Potato production is eligible for quality adjustment if:

(1) The potatoes have freeze damage, soft rot or wet breakdown, or other tuber rot conditions as defined in the United States Standards for Grades of Potatoes;

(2) Freeze damage, soft rot, wet breakdown, or other tuber rot condition is present at or prior to the end of the insurance period;

(3) The amount (percentage) of damage is determined no later than the end of the insurance period; and

(4) A grade inspection is performed.

(f) Potato production that is eligible for quality adjustment, as specified in section 12(e), with 5 percent damage (by weight) or less will be adjusted 0.1 percent for each 0.1 percent of damage through 5.0 percent.

(g) Potato production that is eligible for quality adjustment, as specified in section 12(e), with 5.1 percent damage (by weight) or more will be adjusted as follows:

(1) For potatoes damaged by freeze, production will be reduced 0.1 percent for each 0.1 percent of damage through 5.0 percent, 0.5 percent for each 0.1 percent of damage in from 5.1 through 15.0 percent, and by 1.0 percent for each 0.1 percent of damage from 15.1 through 19.5 percent.

(2) For potatoes that have soft rot, wet breakdown or other tuber rot conditions due to late blight or any other insurable cause (except freeze), production to count will be determined as follows:

(i) For potatoes sold within 7 days of harvest, by dividing the price received per hundredweight by the highest price election

designated in the Special Provisions for the insured potato type, and multiplying the result (not to exceed 1.0) by the number of hundredweight of sold production. If production is sold for a price lower than the value appropriate and representative of the local market, we will determine the value of the production based on the price you could have received in the local market;

(ii) For harvested potatoes discarded within 7 days of harvest and appraised unharvested production that could:

(A) Not have been sold, the production to count will be zero; or

(B) Have been sold, the production will be reduced as follows (all percentage points of damage will be rounded to the nearest 0.1 percent):

(1) 0.1 percent for each 0.1 percent of damage through 5.0 percent;

(2) 0.5 percent for each 0.1 percent of damage from 5.1 percent through 6.0 percent;

(3) 1.0 percent for each 0.1 percent of damage from 6.1 through 8.0 percent;

(4) 2.0 percent for each 0.1 percent of damage from 8.1 through 9.0 percent; and

(5) 2.5 percent for each 0.1 percent of damage from 9.1 through 11.0 percent.

(iii) For potatoes remaining in storage 8 or more days after harvest, adjustment will be made in accordance section 12(g)(2)(ii)(B).

13. Written Agreements

Designated terms of this policy may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 13(e);

(b) The application for a written agreement must contain all variable terms of the contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved, the written agreement will include all variable terms of the contract, including, but not limited to, crop type or variety, the guarantee, premium rate, and price election;

(d) Each written agreement will only be valid for one year (If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with the printed policy); and

(e) An application for a written agreement submitted after the sales closing date may be approved if, after our physical inspection of the acreage, it is determined that no loss has occurred and the crop is insurable in accordance with the policy and written agreement provisions.

6. Section 457.147 is added to read as follows:

§ 457.147 Central and Southern Potato Crop Insurance Provisions.

The Central and Southern Potato Crop Insurance Provisions for the 1998 and succeeding crop years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

CENTRAL AND SOUTHERN POTATO CROP PROVISIONS

These provisions will be applicable in: Alabama; all California counties except Humboldt, Modoc and Siskiyou; Delaware; Florida; Maryland; Missouri; New Jersey; New Mexico; North Carolina; Oklahoma; Texas; and Virginia.

If a conflict exists among the Basic Provisions (§ 457.8), these Crop Provisions, and the Special Provisions; the Special Provisions will control these Crop Provisions and the Basic Provisions; and these Crop Provisions will control the Basic Provisions.

1. Definitions

Certified seed—Potatoes for planting a potato crop in a subsequent crop year that have been found to meet the standards of the public agency that is responsible for the seed certification process within the State in which they were grown.

Days—Calendar days.

Discard—Disposal of production by you, or a person acting for you, without receiving any value for it.

FSA—The Farm Service Agency, an agency of the United States Department of Agriculture, or a successor agency.

Final planting date—The date contained in the Special Provisions for the insured crop by which the crop must initially be planted in order to be insured for the full production guarantee.

Good farming practices—The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee, and are those recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

Grade inspection—An inspection prior to the sale, storage, or disposal of any lot of potatoes, or any portion of a lot, in which the potatoes are evaluated and quality (grade) determinations are made by us, a laboratory approved by us, or a potato grader licensed or certified by the applicable State or the United States Department of Agriculture.

Harvest—The digging of potatoes.

Hundredweight—One hundred (100) pounds avoirdupois.

Interplanted—Acreage on which two or more crops are planted in a manner that does not permit separate agronomic maintenance or harvest of the insured crop.

Irrigated practice—A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee on the irrigated acreage planted to the insured crop.

Marketable lot—A quantity of production that can be separated from other quantities of production by grade characteristics, load, location or another distinctive feature.

Planted acreage—Land in which seed has been placed in the soil by a machine appropriate for the insured crop and planting

method, at the correct depth, into a seedbed which has been properly prepared for the planting method and production practice. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions or by written agreement.

Planting period—The period of time between the calendar dates designated in the Special Provisions for the planting of spring-planted, summer-planted, fall-planted, or winter-planted potatoes.

Practical to replant—In lieu of the definition of "Practical to replant" contained in section one of the Basic Provisions (§ 457.8), practical to replant is defined as our determination, after loss or damage to the insured crop, based on factors, including but not limited to moisture availability, condition of the field, marketing windows, and time to crop maturity, that replanting to the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. It will not be considered practical to replant after the end of the late planting period, or the end of the planting period in which initial planting took place in counties for which the Special Provisions designates separate planting periods, unless replanting is generally occurring in the area.

Production guarantee (per acre)—The number of hundredweights determined by multiplying the approved actual production history yield per acre by the coverage level percentage you elect.

Replanting—Performing the cultural practices necessary to prepare the land to replace the potato seed and then replacing the potato seed in the insured acreage with the expectation of growing a successful crop.

Timely planted—Planted on or before the final planting date designated in the Special Provisions for the insured crop in the county.

Written agreement—A written document that alters designated terms of this policy in accordance with section 13 of these crop provisions.

2. Unit Division

(a) Unless limited by the Special Provisions, in addition to the provisions defining a unit in section 1 (Definitions) of the Basic Provisions (§ 457.8), (basic unit) each planting in an area where the Special Provisions allow separate planting periods will be considered to be a separate basic unit.

(b) Basic units may be divided into optional units if, for each optional unit you meet all the conditions of this section or if a written agreement to such division exists.

(c) Basic units may not be divided into optional units on any basis including, but not limited to, production practice, type, and variety, other than as described under this section.

(d) If you do not comply fully with these provisions, we will combine all optional units that are not in compliance with these provisions into the basic unit from which they were formed. We will combine the optional units at any time we discover that you have failed to comply with these provisions. If failure to comply with these provisions is determined to be inadvertent, and the optional units are combined into a basic unit, that portion of the additional

premium paid for the optional units that have been combined will be refunded to you.

(e) All optional units you selected for a crop year must be identified on the acreage report for that crop year.

(f) The following requirements must be met for each optional unit:

(1) You must have provided records by the production reporting date, which can be independently verified, of planted acreage and production for each optional unit for at least the last crop year used to determine your production guarantee;

(2) You must plant the crop in a manner that results in a clear and discernable break in the planting pattern at the boundaries of each optional unit;

(3) You must have records of marketed production or measurement of stored production from each optional unit maintained in such a manner that permits us to verify the production from each optional unit, or the production from each unit must be kept separate until after loss adjustment is completed by us; and

(4) Each optional unit must meet one or more of the following criteria, as applicable:

(i) **Optional Units by Section, Section Equivalent, or FSA Farm Serial Number:** Optional units may be established if each optional unit is located in a separate legally identified section. In the absence of sections, we may consider parcels of land legally identified by other methods of measure including, but not limited to Spanish grants, railroad surveys, leagues, labors, or Virginia Military Lands, as the equivalent of sections for unit purposes. In areas that have not been surveyed using the systems identified above, or another system approved by us, or in areas where such systems exist but boundaries are not readily discernable, each optional unit must be located in a separate farm identified by a single FSA farm serial number.

(ii) **Optional Units on Acreage Including Both Irrigated and Non-irrigated Practices:** In addition to, or instead of, establishing optional units by section, section equivalent, or FSA farm serial number, optional units may be based on irrigated acreage or non-irrigated acreage if both are located in the same section, section equivalent, or FSA farm serial number. To qualify as separate irrigated and non-irrigated optional units, the non-irrigated acreage may not continue into the irrigated acreage in the same rows or planting pattern. The irrigated acreage may not extend beyond the point at which your irrigation system can deliver the quantity of water needed to produce the yield on which the guarantee is based, except the corners of a field in which a center-pivot irrigation system is used will be considered as irrigated acreage if separate acceptable records of production from the corners are not provided. If the corners of a field in which a center-pivot irrigation system is used do not qualify as a separate non-irrigated optional unit, they will be a part of the unit containing the irrigated acreage. However, non-irrigated acreage that is not a part of a field in which a center-pivot irrigation system is used may qualify as a separate optional unit provided that all requirements of this section are met.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

(a) In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions (§ 457.8), you may select only one price election for all the potatoes in the county insured under this policy unless the Special Provisions provide different price elections by type, in which case you may select one price election for each potato type designated in the Special Provisions. The price elections you choose for each type must have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent of the maximum price election for one type, you must also choose 100 percent of the maximum price election for all other types.

(b) If any acreage of the insured crop is not harvested, the price used to determine whether or not an indemnity is owed for such acreage will be 80 percent of your price election.

(c) Any acreage of potatoes damaged to the extent that the majority of producers in the area would not normally further care for the potatoes will be deemed to have been destroyed even though you may continue to care for it. The price election for unharvested acreage will apply to such acreage.

4. Contract Changes

In accordance with section 4 (Contract Changes) of the Basic Provisions (§ 457.8), the contract change date is:

(a) June 30 preceding the cancellation date for counties with a September 30 cancellation date;

(b) September 30 preceding the cancellation date for counties with a November 30 or December 31 cancellation date; and

(c) November 30 preceding the cancellation date for counties with a February 28 or March 15 cancellation date.

5. Cancellation and Termination Dates

In accordance with section 2 (Life of Policy, Cancellation, and Termination) of the Basic Provisions (§ 457.8), the cancellation and termination dates are:

State and county	Dates
Manatee, Hardee, Highlands, Okeechobee, and St. Lucie Counties, Florida, and all Florida counties lying south thereof.	September 30.
All California; and all Texas counties except Bailey, Castro, Dallam, Deaf Smith, Floyd, Gaines, Hale, Hartley, Haskell, Knox, Lamb, Parmer, Swisher, and Yoakum.	November 30.

State and county	Dates
Alabama; Delaware; Maryland; Missouri; New Jersey; North Carolina; Virginia; and all Florida Counties except Manatee, Hardee, Highlands, Okeechobee, and St. Lucie Counties, Florida, and all Florida counties lying south thereof.	December 31.
Oklahoma; Haskell and Knox County, Texas.	February 28.
Bailey, Castro, Dallam, Deaf Smith, Floyd, Gaines, Hale, Hartley, Lamb, Parmer, Swisher, and Yoakum counties, Texas; and New Mexico.	March 15.

6. Annual Premium

In lieu of the premium computation method contained in section 7 (Annual Premium) of the Basic Provisions (§ 457.8), the annual premium amount is computed by multiplying the production guarantee by the price election for harvested acreage, the premium rate, the insured acreage, your share at the time of planting, and any applicable premium adjustment factors contained in the Actuarial Table.

7. Insured Crop

In accordance with section 8 (Insured Crop) of the Basic Provisions (§ 457.8), the crop insured will be all the potatoes in the county for which a premium rate is provided by the Actuarial Table:

- (a) In which you have a share;
- (b) Planted with certified seed unless otherwise permitted by the Special Provisions;
- (c) Planted for harvest as certified seed stock, or for human consumption, unless specified otherwise in the Special Provisions;
- (d) That are not (unless allowed by the Special Provisions or by written agreement):
 - (1) Interplanted with another crop; or
 - (2) Planted into an established grass or legume.

8. Insurable Acreage

In addition to the provisions of section 9 (Insurable Acreage) of the Basic Provisions (§ 457.8), we will not insure any acreage that:

- (a) Does not meet the rotation requirements shown in the Special Provisions; or
- (b) Is damaged before the final planting date or before the end of the applicable planting period in counties for which the Special Provisions designate separate planting periods, to the extent that the majority of producers in the area would normally not further care for it, unless it is replanted or we agree that it is not practical to replant.

9. Insurance Period

In accordance with the provisions of section 11 (Insurance Period) of the Basic Provisions (§ 457.8), the calendar date for the end of the insurance period is the date immediately following planting as follows (exceptions for specific counties, varieties or types may be contained in the Special Provisions):

(a) July 15 in Missouri; North Carolina; and all Texas counties except Bailey, Castro, Dallam, Deaf Smith, Floyd, Gaines, Hale, Haskell, Hartley, Knox, Lamb, Parmer, Swisher, and Yoakum.

(b) July 25 in Virginia.

(c) August 15 in Oklahoma; and Haskell and Knox Counties, Texas.

(d) In Alabama; California; and Florida, the dates established by the Special Provisions for each planting period; and

(e) October 15 in Bailey, Castro, Dallam, Deaf Smith, Floyd, Gaines, Hale, Hartley, Lamb, Parmer, Swisher, and Yoakum Counties, Texas; Delaware; Maryland; New Jersey; and New Mexico.

10. Causes of Loss

(a) In accordance with the provisions of section 12 (Causes of Loss) of the Basic Provisions (§ 457.8), insurance is provided only against the following causes of loss which occur within the insurance period:

- (1) Adverse weather conditions;
- (2) Fire;
- (3) Insects, but not damage due to insufficient or improper application of pest control measures;
- (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (5) Wildlife;
- (6) Earthquake;
- (7) Volcanic eruption; or
- (8) Failure of the irrigation water supply, if caused by an insured peril listed in section 10(a) (1) through (7) that occurs during the insurance period.

(b) In addition to the causes of loss not insured against as listed in section 12 (Causes of Loss) of the Basic Provisions (§ 457.8), we will not insure against any loss of production due to:

- (1) Damage that occurs or becomes evident after the end of the insurance period, including, but not limited to, damage that occurs after potatoes have been placed in storage; or
- (2) Causes, such as freeze after certain dates, that are limited by the Special Provisions.

11. Duties in the Event of Damage or Loss

(a) In accordance with the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions (§ 457.8), the representative samples of the unharvested crop must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.

(b) We must be given the opportunity to perform a grade inspection on any unit for which you have given notice of damage.

12. Settlement of Claim

(a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records:

- (1) For any optional units, we will combine all optional units for which acceptable production records were not provided; or
- (2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.

(b) In the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage by its respective production guarantee;

(2) Multiplying each result in section 12(b)(1) by the respective price election;

(3) Totaling the results of section 12(b)(2);

(4) Multiplying the total production to be counted of each type, if applicable (see section 12(d)), by the respective price election;

(5) Totaling the results of section 12(b)(4);

(6) Subtracting the results of section 12(b)(5) from the result in section 12(b)(3); and

(7) Multiplying the result of section 12(b)(6) by your share.

(c) The extent of any loss must be determined no later than the time potatoes are placed in storage, if the production is stored prior to sale, or the date they are delivered to a buyer, wholesaler, packer, broker, or other handler if production is not stored.

(d) The total production to count (in hundredweight) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee per acre for acreage:

(A) That is abandoned;

(B) That is put to another use without our consent;

(C) That is damaged solely by uninsured causes;

(D) From which any production is disposed of without a grade inspection; or

(E) For which you fail to provide acceptable production records;

(ii) Production lost due to uninsured causes;

(iii) Production lost due to harvest prior to full maturity. Production to count from such acreage will be determined by increasing the amount of harvested production by 2 percent per day for each day the potatoes were harvested prior to the date the potatoes would have reached full maturity as determined by us. The date the potatoes would have reached full maturity will be determined using the normal number of days to full maturity for the variety, growing area, and planting date. This adjustment will not be made if the potatoes are damaged by an insurable cause of loss, and leaving the crop in the field would either reduce production or decrease quality.

(iv) Unharvested production (unharvested production may be adjusted in accordance with section 12(e)); and

(v) Potential production on insured acreage that you intend to put to another use or abandon and no longer care for, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end if when put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

(A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us, (The stage

guarantee will be limited as specified in section 3 even if the representative samples are harvested; and the amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count); or

(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and

(2) All harvested production from the insurable acreage determined in accordance with section 12(e).

(e) With the exception of production with external defects, only marketable lots of mature potatoes will be production to count for loss adjustment purposes. Production not meeting the standards for grading U.S. No. 2 due to external defects will be determined on an individual potato basis for all unharvested potatoes and for any harvested potatoes if we determine it is practical to separate the damaged production. All determinations must be based upon a grade inspection.

(1) Marketable lots of potatoes will include:

(i) Those that are stored;

(ii) Those sold as seed;

(iii) Those sold for human consumption; and

(iv) All unsold harvested and appraised production meeting the standards for grading U.S. No. 2 or better on a sample basis.

(2) Marketable lots will also include any potatoes that we determine:

(i) Could have been sold for seed or human consumption in the general marketing area;

(ii) Were not sold as a result of uninsured causes including, but not limited to, failure to meet chipper or processor standards for fry color or specific gravity; or

(iii) Were disposed of without our prior written consent and such disposition prevented our determination of marketability.

(3) Unless included in section 12(e) (1) or (2), a potato lot will not be considered marketable if, due to insurable causes of damage, it:

(i) Is partially damaged, and is salvageable only for starch, alcohol, or livestock feed;

(ii) Is discarded;

(iii) Is left unharvested and does not meet the standards for grading U.S. No. 2 or better due to internal defects; or

(iv) Does not meet the standards for grading U.S. No. 2 or better due to external defects, is harvested, and from which we determine it is not practical to separate the damaged production.

13. Written Agreements

Designated terms of this policy may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 13(e);

(b) The application for a written agreement must contain all variable terms of the

contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved, the written agreement will include all variable terms of the contract, including, but not limited to, crop type or variety, the guarantee, premium rate, and price election;

(d) Each written agreement will only be valid for one year (If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with the printed policy); and

(e) An application for a written agreement submitted after the sales closing date may be approved if, after our physical inspection of the acreage, it is determined that no loss has occurred and the crop is insurable in accordance with the policy and written agreement provisions.

7. Section 457.143 is added to read as follows:

§ 457.143 Northern potato crop insurance—quality endorsement.

The Northern Potato Crop Insurance Quality Endorsement provisions for the 1998 and succeeding years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

NORTHERN POTATO CROP INSURANCE

QUALITY ENDORSEMENT

1. In return for payment of the additional premium designated in the Actuarial Table, this endorsement is attached to and made part of your Northern Potato Crop Provisions (§ 457.142) subject to the terms and conditions described herein.

2. You must elect this endorsement on or before the sales closing date for the initial crop year in which you wish to insure your potatoes under this endorsement. This endorsement will continue in effect until canceled. It may be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date.

3. All acreage of potatoes insured under the Northern Potato Crop Provisions (§ 457.142) will be insured under this endorsement except:

(a) Any acreage specifically excluded by the Actuarial Table; and

(b) Any acreage grown for seed.

4. We will adjust production to count (determined in accordance with section 15 of the Basic Provisions (§ 457.8) and section 11 of the Northern Potato Crop Provisions (§ 457.142)) from (1) unharvested acreage; (2) harvested acreage that is stored after a grade inspection; or (3) that is marketed after a grade inspection and contains potatoes that grade less than U.S. No. 2 due to:

(a) Internal defects (the number of potatoes with such defects must be in excess of the tolerance allowed for U.S. No. 2 grade

potatoes on a lot basis and must not be separable from undamaged production using methods normally used by potato packers or processors), will be adjusted as follows:

(1) For potatoes sold within 7 days of harvest, by multiplying the production to count by the factor (not to exceed 1.0) that results from dividing the market value per hundredweight of the damaged production by the highest available price election. If production is sold for a price lower than the value appropriate and representative of the local market, we will determine the value of the production based on the price you could have received in the local market.

(2) For harvested potatoes discarded within 7 days of harvest and appraised unharvested production that could:

(i) Not have been sold, the production to count will be zero; or

(ii) Have been sold, the production to count will be determined in accordance with section 4(a)(1).

(3) For potatoes remaining in storage 8 or more days after harvest, production to count will be determined in accordance with section 4(b).

(b) Factors other than those specified in section 4(a), by multiplying by a factor (not to exceed 1.0) that is determined as follows:

(1) Production damaged by freeze or a cause that results in soft rot or wet breakdown will be removed from representative samples of the production;

(2) The percentage of remaining potatoes that grade U.S. No. 2 or better will be determined by dividing the weight of potatoes that grade U.S. No. 2 or better in the remainder of section 4(b)(1) by the total weight of the remainder of section 4(b)(1); and

(3) The percentage determined in section 4(b)(2) above will be divided by the applicable percentage factor contained in the Special Provisions.

5. Potatoes harvested or appraised prior to full maturity that do not grade U.S. No. 2 due solely to size will be considered to have met U.S. No. 2 standards unless the potatoes are damaged by an insurable cause of loss, and leaving the crop in the field would either reduce production or decrease quality.

6. Production to count for potatoes destroyed, stored or marketed without a grade inspection will be 100 percent of the gross weight of such potatoes.

7. All determinations must be based upon a grade inspection.

8. The Actuarial Table may provide "U.S. No. 1" in place of "U.S. No. 2" as used in this endorsement.

8. Section 457.144 is added to read as follows:

§ 457.144 Northern potato crop insurance—processing quality endorsement.

The Northern Potato Crop Insurance Processing Quality Endorsement provisions for the 1998 and succeeding crop years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

NORTHERN POTATO CROP INSURANCE

PROCESSING QUALITY ENDORSEMENT

1. In return for payment of the additional premium designated in the Actuarial Table, this endorsement is attached to and made part of your Northern Potato Crop Provisions (§ 457.142) and Quality Endorsement (§ 457.143) subject to the terms and conditions described herein.

2. You must have a Northern Potato Quality Endorsement (§ 457.143) in place and elect this endorsement on or before the sales closing date for the initial crop year in which you wish to insure your potatoes under this endorsement. This endorsement may be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date.

3. All terms of the Northern Potato Quality Endorsement (§ 457.143) not modified by this endorsement will be applicable to acreage covered under this endorsement.

4. A processor contract must be executed with a potato processor for the potato types insured under this endorsement and a copy submitted to us on or before the acreage reporting date for potatoes. If you elect this endorsement, all insurable acreage of production under contract with the processor must be insured under this endorsement.

5. When the processor contract requires the processor to purchase a stated amount of production, rather than all of the production from a stated number of acres, the insured acreage will be determined by dividing the stated amount of production by the approved yield for the acreage.

6. In lieu of the provisions contained in section 4 of the Northern Potato Quality Endorsement (7 CFR § 457.143), production that is rejected by the processor will be adjusted as follows:

(a) Production to count (determined in accordance with section 15 of the Basic Provisions (§ 457.8) and section 11 of the Northern Potato Crop Provisions (§ 457.142)) from (1) unharvested acreage; (2) harvested acreage that is stored after a grade inspection; or (3) that is marketed after a grade inspection and contains potatoes that:

(1) Grade less than U.S. No. 2 due to internal defects, a specific gravity of less than 1.070, or a fry color of No. 3 or darker due to either sugar exceeding 10 percent or sugar ends exceeding 19 percent (the number of potatoes with such defects must be in excess of the tolerance allowed for U.S. No. 2 grade potatoes on a lot basis and must not be separable from undamaged production using methods normally used by potato processors), will be adjusted as follows:

(i) For potatoes sold within 7 days of harvest, by multiplying the production to count by the factor (not to exceed 1.0) that results from dividing the market value per hundredweight of the damaged production by the base contract price. If production is

sold for a price lower than the value appropriate and representative of the local market, we will determine the value of the production based on the price you could have received in the local market.

(ii) For harvested potatoes discarded within 7 days of harvest and appraised unharvested production that could:

(A) Not have been sold, the production to count will be zero; or

(B) Have been sold, the production to count will be determined in accordance with section 6(a)(1)(i).

(iii) For potatoes remaining in storage 8 or more days after harvest, production to count will be determined in accordance with section 6(b).

(b) Grade less than U.S. No. 2 due to factors other than those specified in section 6(a) will be multiplied by a factor (not to exceed 1.0) that is determined as follows:

(1) Production damaged by freeze or a cause that results in soft rot or wet breakdown will be removed from representative samples of the production;

(2) The percentage of remaining potatoes that grade U.S. No. 2 or better will be determined by dividing the weight of potatoes that grade U.S. No. 2 or better in the remainder of section 6(b)(1) by the total weight of the remainder of section 6(b)(1); and

(3) The percentage determined in section 6(b)(2) above will be divided by the applicable percentage factor contained in the Special Provisions.

7. All grade determinations for the purposes of this endorsement will be made using the United States Standards for Grades of Potatoes for Processing or Chipping.

8. All determinations must be based upon a grade inspection.

9. The Actuarial Table may provide "U.S. No. 1" in place of "U.S. No. 2" as used in this endorsement.

9. Section 457.145 is added to read as follows:

§ 457.145 Potato crop insurance—certified seed endorsement.

The Potato Crop Insurance Certified Seed Endorsement provisions for the 1998 and succeeding years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

POTATO CROP INSURANCE

CERTIFIED SEED ENDORSEMENT

1. In return for payment of the additional premium designated in the Actuarial Table, this endorsement is attached to and made part of your Northern Potato Crop Provisions subject to the terms and conditions described herein.

2. You must elect this endorsement on or before the sales closing date for the initial crop year you wish to insure your potatoes under this endorsement. This endorsement

will continue in effect until canceled. It may be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date.

3. All potatoes grown on insurable acreage and that are entered into the potato seed certification program administered by the state in which the seed is grown must be insured unless limited by section 4 below.

4. The certified seed acreage you insure in the current crop year cannot be greater than 125 percent of the average number of acres grown for seed in the three previous years unless we agree otherwise in writing. If you enter more than this number of acres into the certification program, your certified seed production guarantee for the current crop year will be reduced as follows:

(a) Multiply the average number of acres grown for certified seed the 3 previous years by 1.25 and divide this result by the number of acres grown for certified seed in the current crop year; and

(b) Multiply the result of section 4(a) (not to exceed 1.0) by the production guarantee for certified seed for the current crop year.

5. You must provide acceptable records of your certified seed potato acreage and production for the previous three years. These records must clearly indicate the number of acres entered into the potato seed certification program administered by the state in which the seed is grown.

6. All potatoes insured for certified seed production must be produced and managed in accordance with standards, practices, and procedures required for certification by the state's certifying agency and applicable regulations.

7. If, due to insurable causes occurring within the insurance period, potato production does not qualify as certified seed on any insured certified seed potato acreage within a unit, we will pay you the dollar amount per hundredweight shown in the Special Provisions, multiplied by your production guarantee for such acreage, and multiplied by your share. Any production that does not qualify as certified seed because of varietal mixing or your failure to follow the standard practices and procedures required for certification will be considered as lost due to uninsured causes.

8. You must notify us of any loss under this endorsement not later than 14 days after you receive notice from the state certification agency that any acreage has failed certification.

10. Section 457.146 is added to read as follows:

§ 457.146 Northern potato crop insurance—storage coverage endorsement.

The Northern Potato Crop Insurance Storage Coverage Endorsement provisions for the 1998 and succeeding years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

NORTHERN POTATO CROP INSURANCE STORAGE COVERAGE ENDORSEMENT

1. In return for payment of the required additional premium specified on the Actuarial Table, this endorsement is attached to and made part of your Northern Potato Crop Provisions subject to the terms and conditions described herein.

2. You must elect this endorsement on or before the sales closing date for the initial crop year in which you wish to insure your potatoes under this endorsement. This endorsement will continue in effect until canceled. It may be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date.

3. Potato production grown under a contract that requires the production to be delivered to a buyer within three days of harvest will not be insured under this endorsement. All other potato production insured under the Northern Potato Crop Provisions must be insured under this endorsement unless the Special Provisions allow you to exclude certain potato varieties, types, or groups from insurance under this endorsement, and you elect to exercise this option. Such exclusions, if allowed, must be shown annually on your acreage report and will be applicable to all acreage of the excluded varieties, types, or groups for the crop year.

4. When production from separate insurance units, basic or optional, is commingled in storage, the production to count for each unit will be allocated prorata based on the production placed in storage from each unit. For example, if 500 hundredweight from one unit are commingled with 1,500 hundredweight from another unit and the production to count from the stored production is 1,000 hundredweight, 250 hundredweight of production to count will be allocated to the unit originally contributing 500 hundredweight to the stored production. This provision does not eliminate or change any other requirement contained in this policy to provide or maintain separate records of acreage or production by unit.

5. Production will be adjusted in accordance with this endorsement only if:

(a) The potatoes are damaged by an insured cause other than freeze that later results in soft rot or wet breakdown as defined in the United States Standards for Grades of Potatoes, or other tuber rot condition, to the extent that five percent (by weight) or more of the insured production is affected;

(b) You notify us within 72 hours of your initial discovery of any damage that has or that may later result in soft rot or wet breakdown;

(c) Damage is the result of an insured cause other than freeze that occurs prior to the end of the insurance period;

(d) The percentage of potatoes having soft rot, wet breakdown, or other tuber rot condition is determined no later than 60 days after harvest; and

(e) A grade inspection is performed.

6. Production to count for production that qualifies under the terms of this endorsement will be determined as follows:

(a) For potatoes sold within 60 days of harvest, by dividing the price received per hundredweight by the highest price election designated in the Special Provisions for the insured potato type, and multiplying the result (not to exceed 1.0) by the number of hundredweight of sold production. If production is sold for a price lower than the value appropriate and representative of the local market, we will determine the value of the production based on the price that we determine you could have received in the local market;

(b) For potatoes discarded within 60 days of harvest that could:

(1) Not have been sold, the production to count will be zero; or

(2) Have been sold, the production will be reduced as follows (all percents of damage will be rounded to the nearest 0.1 percent):

(i) 0.1 percentage point for each 0.1 percent of damage through 5.0 percent;

(ii) 0.5 percentage point for each 0.1 percent of damage from 5.1 percent through 6.0 percent;

(iii) 1.0 percentage point for each 0.1 percent of damage from 6.1 through 8.0 percent;

(iv) 2.0 percentage point for each 0.1 percent of damage from 8.1 through 9.0 percent; and

(v) 2.5 percentage point for each 0.1 percent of damage from 9.1 through 11.0 percent.

(c) For potatoes stored more than 60 days after harvest, adjustment will be made in accordance with subsection 6(b)(2) of this endorsement.

Signed in Washington, DC, on April 17, 1997.

Kenneth D. Ackerman,

Manager, Federal Crop Insurance Corporation.

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DEPARTMENT OF ENERGY

10 CFR Part 490

Office of Energy Efficiency and Renewable Energy

[Docket No. EE-RM-96-200]

Alternative Fueled Vehicle Acquisition Requirements for Private and Local Government Fleets

AGENCY: Department of Energy (DOE)

ACTION: Notice of termination of proposed rule.

SUMMARY: The Department of Energy (DOE) will not promulgate regulations to implement alternative fueled vehicle (AFV) acquisition requirements for certain private and local government fleets according to the early schedule of section 507(a)(1) of the Energy Policy Act of 1992 (EPACT).

ADDRESSES: The docket file material has been filed under "EE-RM-96-200."