



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

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AUG 23 2007

Mr. Roddy Hulett
P.O. Box 67
St. James, Louisiana 70086-0067

RE: South Louisiana Sugars Cooperative Reconsideration Request of August 6, 2007

Dear Roddy:

This is in response to your August 6, 2007, verbal request for reconsideration of Commodity Credit Corporation's (CCC) determination of June 4, 2007, that South Louisiana Sugar Cooperative's St. James factory is closed. Pursuant to the sugar program regulations at 7 C.F.R. § 1435.319, South Louisiana Sugar Cooperative had 10 days from date of the email, which announced the determination of closure, to file a written request for reconsideration. You did not file such a request. Accordingly, CCC will be permanently transferring the allocation associated with St. James factory in accordance with the provisions of the regulations with respect to the transfer of allocation, at 7 C.F.R. § 1435.308. Nonetheless, we will still address your concerns.

On May 30, 2007, I sent you an email requesting confirmation that the South Louisiana Sugar Cooperative was closed. On the same day you responded that while the membership voted to not run its St. James factory for the 2007 crop, South Louisiana Sugar Cooperative would still exist until its stockholders and Board of Directors voted on and finalized its liquidation plan. CCC then determined that the St. James factory was closed because it would not process sugarcane for the 2007 crop year.

On August 6, 2007, you orally requested that CCC reconsider its decision because the cooperative was in the process of negotiating a sale of its assets. You stated that while the St. James factory had been idle all summer and would not be ready for start up this coming harvest, the buyers hoped to run the factory for the 2008 crop year. Furthermore, although CCC had already received petitions from a majority of St. James' growers to move their allocation from St. James, and hence, deliver their sugarcane to other mills, you were optimistic that the cane supply could be regained in 2008. You asked that CCC temporarily close the factory and simply reassign its allocation to other processors for the 2007 crop year.

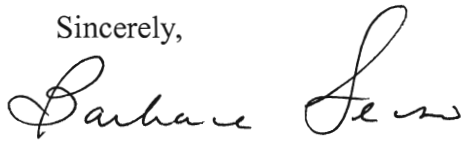
The regulations do not have provisions with respect to "temporary closures." Because South Louisiana Cooperative does not have a sugarcane supply or a viable processing facility for the 2007 crop year, it will be unable to commercially produce sugar for the upcoming allotment year.

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CCC must protect the interests of the growers. If circumstances change in the future, and South Louisiana Sugar Cooperative or its buyers believe they can demonstrate a reliable cane supply, a viable processing facility and the ability to market sugar, they may apply for an allocation as a new entrant. New entrants are eligible to receive a maximum of allocation of 50,000 tons in the first year of operation. This is close to the amount South Louisiana Sugar Cooperative was given initially for the 2006 crop year, based on its ability to market.

I regret that I cannot provide the answer you want to hear.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barbara Fecso".

Barbara Fecso
Dairy and Sweeteners Analysis
Economic and Policy Analysis Staff
Farm Service Agency