

proceeds are based on market value for the damaged crops or to recover lost costs.

3. We adjusted the direct cost pool used to allocate variable and fixed overhead costs for cost respondents 1, 3, 4, 6, 8, 9, 11, 12, 14–16, 20, 21, and 22–26. Specifically, we excluded the cost of purchased livestock (whether expensed or amortized) and imputed labor from the direct cost pool.

4. We deducted imputed labor costs from the denominator used in the calculation of the G&A and financial expenses ratios. We then recalculated the ratio and applied the result to the per-unit cost of manufacture (“COM”), exclusive of imputed labor. This adjustment was made for cost respondents 1, 3–9, 11–18, and 20–26.

For detailed calculations of these adjustments for each cost respondent, see the COP/CV Adjustments Memorandum.

(B) Individual Cost Respondent Adjustments

Cost Respondent 1

We reduced cost respondent 1’s reported production volume by the amount of seed consumed in 2002.

Cost Respondent 3

We revised cost respondent 3’s allocation of land use cost to apportion an amount to pasture land used for grazing livestock.

Cost Respondent 5

We revised cost respondent 5’s reported per-unit COM by calculating the per-unit amount using the actual quantity of HRS wheat produced, instead of the quantity of HRS wheat delivered.

Cost Respondent 6

We revised cost respondent 6’s per-unit COM by calculating the per-unit amount using the actual quantity of HRS wheat produced. It appears that the cost respondent inadvertently used the incorrect production quantity.

Cost Respondent 7

We revised cost respondent 7’s reported cost of production to include the total amount expensed for corporate and partnership start-up costs, in accordance with the cost respondent’s normal books and records.

We also increased cost respondent 7’s reported cost of production to include labor costs related to bookkeeping services performed by an affiliate.

Cost Respondent 9

We adjusted cost respondent 9’s reported insurance costs to reflect the

accrued expense. Specifically, we included the total commodity insurance premiums, not only the actual insurance payments.

Cost Respondent 14

For cost respondent 14, we revised the direct cost pool used to allocate variable and fixed overhead costs as noted in the common cost respondent adjustment 3 above. In addition, we included certain expenses (*i.e.*, repairs and maintenance, fuel, etc.) in the direct cost pool that were excluded by the cost respondent.

We increased the numerator used to calculate the G&A expense ratio to include an amount for GST taxes that were deducted twice.

We also increased the numerator for the financial expense ratio by disallowing an offset for short-term interest income. Specifically, we found no evidence on the record in the cost respondent’s normal books and records where this income was actually earned and recorded.

Cost Respondent 16

We adjusted cost respondent 16’s allocation of custom work expenses.

Cost Respondent 17

We adjusted cost respondent 17’s labor to reflect the actual labor expense reported in the cost respondent’s normal books and records.

Cost Respondent 21

We disallowed the change in accounting method related to repairs and maintenance expenses. Specifically, for reporting purposes cost respondent 21 capitalized and amortized certain repairs and maintenance expenses. However, these amounts were expensed in the cost respondent’s normal books and records. Therefore, for the HRS wheat preliminary determination, we included the total amount expensed in the COP.

Cost Respondent 22

We reduced cost respondent 22’s reported production volume by the amount of seed consumed in 2002.

Cost Respondent 23

We revised cost respondent 23’s labor to reflect actual labor costs reported in the cost respondent’s normal books and records.

We disallowed cost respondent 23’s treatment of a secondary wheat product as a by-product offset. For the preliminary determination, we calculated one average cost of HRS wheat for the 2001 growing season. Thus, while we disallowed the offset to

HRS wheat costs, we did include the quantity of feed HRS wheat in the denominator of the calculation of the growing season’s average HRS wheat cost per ton.

Cost Respondent 25

We adjusted the reported land use cost for cost respondent 25 to include the amount of rent paid to the shareholders for land and to exclude the property taxes personally paid by the shareholders.

3. Test of Home Market Sales Prices

On a product-specific basis, we compared the adjusted weighted-average COP to the home market sales of HRS wheat, as required under section 773(b) of the Act, in order to determine whether the sale prices were below the COP. The prices were adjusted for any applicable freight revenue, interest charges/allowances, cleaning allowances, cost of moving charges, late shipment storage charges, rail freight allowances, movement charges, billing adjustments, and direct and indirect selling expenses. In determining whether to disregard home market sales made at prices less than their COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which did not permit the recovery of all costs within a reasonable period of time.

4. Results of the COP Test

Pursuant to section 773(b)(1), where less than 20 percent of the respondent’s sales of a given product are at prices less than the COP, we do not disregard any below-cost sales of that product, because we determine that in such instances the below-cost sales were not made in “substantial quantities.” Where 20 percent or more of a respondent’s sales of a given product are at prices less than the COP, we determine that the below-cost sales represent “substantial quantities” within an extended period of time, in accordance with section 773(b)(1)(A) of the Act. In such cases, we also determine whether such sales were made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act. If so, we disregard the below-cost sales.

We found that, for certain specific HRS products, more than 20 percent of the CWB’s home market sales within an extended period of time were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales, if any, as the