



The Cotton Chronicle

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www.ccgga.org

June 2015

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Industry Calendar

Ginner Owned
Gins Mtg
—July 28

Supima Annual
Mtg
—Sept 3rd

Grower Board
Mtg
—Sept 9th

Ginners Board
Mtg
—Sept 16th

(Visit web calendar
for details)

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Special Ginners Annual Meeting Edition

CCGGA Leadership Regulatory & Legislative Trip

From Tuesday, May 19 to Wednesday, May 20 California Cotton Ginners and Growers board members and staff traveled to Sacramento to meet with regulators and legislatures in regards to pending issues relevant to the cotton growing and ginning industry. From the California Cotton Ginners Association Chairman **Greg Gillard** and board members **Stan Creelman** and **Kirk Gilkey** were present. From the California Cotton Growers Association Chairman **Steve Wilbur**, Second Vice Chairman **Bryan Bone** and board member **Gary Martin** attended. President **Roger Isom**, Director of Technical Service **Chris McGlothlin** and Director of Regulatory Affairs **Jodi Raley** accompanied the leadership of the two associations. Day one visits were with regulatory entities including **Scott Smithline** of Cal Recycle, Secretary **Karen Ross** of the California Department of Food and Agriculture, Executive Officers of the Central Valley Water Quality Control Board, Division Chief **Erik White** and



staff of the Air Resources Board. Issues covered included clarification on CalRecycle's composting regulations, ensuring that materials generated on-site and seed being stored for the purpose of feed sales would not fall under

regulatory restrictions outlined in their latest "Ag By-Products" amendments to their composting regulations. Secretary **Karen Ross** fielded concerns of the diminishing acreage of cotton

production in California and was made aware of the closures of gins resulting in the loss of jobs and overall production. The Central Valley Water Quality Control Board discussed the Irrigated Lands program, compliance difficulties and the CV-SALTS (Salinity Alternatives for Long-Term Sustainability) initiative. The regulatory meetings were concluded with the Air Resources board where discussion occurred revolving around Green House Gas regulations and the push for reductions, the Sustainable Freight Strategy near-term and long-term actions including the LSI Rule which would impact forklift use on operations and economic case studies being attained from Cal Poly in an effort

to maximize incentives for the Farm Equipment Rule. The evening was concluded when board members and CCGGA staff were joined by Assembly Member **Luis Alejo** and Senator **Bob Wieckowski** for a reception and dinner. The second day of the trip began with a breakfast at the century-old Sutter Club with Assembly Member **Frank Bigelow** and Assembly Member **James Gallagher**. **Gallagher and Bigelow** emphasized the importance of forming unlikely partnerships in tackling issues and bills in Sacramento, while **Bigelow** additionally shared how the drought has impacted his personal ranching and farming operation. Board members and staff occupied a room in the State Capitol and were visited throughout the day by Assembly Member **Henry T. Perea**, Senator **Andy Vidak**, Assembly Republican Leader Kristin Olsen, Senator Tom Berryhill and staff of the Assembly Speaker **Toni Atkins**. These legislatures, many of which have been allies of the cotton and agriculture industry, provided updates to projects they were focusing their efforts on and listened to the stories of how issues like labor and lack of water allocations have had an effect on operations across the state. The trip provide an opportunity for education for members and staff as to the upcoming issues to be aware of, education to the legislatures of the status of cotton and ginning operations as well as the formation of relationships with assembly members and senators alike.

Preliminary Pink Bollworm Numbers Are In - Acreages Lower than Expected –

The preliminary acreages as determined by the California Department of Food and Agriculture’s Pink Bollworm Program are in and slightly lower than predicted back in March. The current estimate is now at a total of 160,000 acres statewide with 153,410 acres in the San Joaquin Valley, 4,755 acres in Southern California and an estimated 2,819 acres in the Sacramento Valley. The breakdown in the San Joaquin Valley is as follows:

Fresno County -	38,140
Kern County -	20,845
Kings County -	51,385
Madera County -	735
Merced County -	31,955
<u>Tulare County -</u>	<u>9,900</u>
Total =	160,806

In Southern California, the breakdown is as follows:

Imperial County -	1,262
<u>Riverside County -</u>	<u>3,315</u>
Total =	4,577

In Northern California, acres are estimated to be at 2,819 in total. In terms of variety, the pima vs. upland/acala has yet to be determined. We will notify everyone when that becomes available. Please be advised that the acres listed are based on Pink Bollworm Program field mapping techniques are intended for use on PBW Program detection and control activities and are not assumed to represent exact cotton acreage planted in California.

PG&E Natural Gas Case Update

At the end of 2013, Pacific Gas and Electric (PG&E) filed a Gas Transmission and Storage rate case application requesting an unprecedented increase. PG&E’s proposed change in base revenues from the present level of \$715 million in 2014 to the proposed level of \$1.516 billion in 2017 represents a 112 percent increase over the currently authorized levels. PG&E cites safety concerns as the main justification for the massive increases. The application was met with significant concern from ratepayer advocates, manufacturers and other groups who see the increase as beyond excessive. Association President/CEO **Roger Isom** testified at a hearing blasting PG&E for the proposed increase and demanding that the burden to fix this not be placed on the ratepayers. There is general consensus among parties that PG&E significantly failed to meet statutory requirements outlining rate justification requirements. Parties argue that the increased costs in this rate case are the consequences of PG&E’s deferred maintenance or “other negligent actions regarding safety” and should be not be paid by ratepayers, but rather shareholders. This proceeding has been significantly delayed for several reasons. First, this issue is included in the broader proceeding to consider the penalties PG&E must face after the San Bruno disaster, which took significant time to settle. Additionally, this case got delayed after emails between PG&E and a CPUC commissioner were discovered that show that PG&E and the commissioner communicated about changing the judge assigned to the proceeding and other inappropriate actions. *[Reprinted in part w/ permission from AECA May, 2015 Management Report.]*

Maddy Report - Association's Isom Talks Implications of Climate Change



The Maddy Report recently held a discussion on their weekly radio and television program entitled “*Adapting to Climate Change: Implications for the Valley.*” Guests **Carol D’Elia**, Executive Director of California’s Little Hoover Commission, discussed climate change with Maddy Institute Executive Director **Mark Keppler**, and California Fresh Fruit Association President **Barry Bedwell**. On the radio portion, commentary was provided by **Roger Isom**, President of the California Cotton Ginners & Growers Association and President & CEO of the Western Agricultural Processors Association, and Fresno Bee Environmental Reporter **Mark Grossi**. To hear the report on the internet, please visit <http://www.maddyinstitute.com/adapting-to-climate-change-implications-for-the-valley/>.

Southern California Edison General Rate Case Update

The Southern California Edison (SCE) General Rate Case is now underway, in which SCE is seeking a base revenue requirement of \$6.462 billion, a \$206 million increase in 2015, another \$318 million in 2016 and an additional \$317 million in 2017. SCE cites electric line undergrounding, reinforcing the system for load growth, infrastructure replacement, and distribution pole replacement as the primary basis for the significant requested increase. The Phase Two proposal submitted by SCE requests a 6.2% increase for the Ag and Water Pumping class. Specifically TOU-PA 2 (small pumpers) has a 3.6% proposed increase and TOU-PA 3 (large pumpers) has an 11.2% proposed increase (by far the largest increase of any class). The Ag Energy Consumers Association (AECA) submitted testimony and is focusing discussions following issues, in addition to reducing to rate increases:

- **Marginal cost calculation improvements: AECA submitted evidence that the cost calculations are not correctly calculated and that the ag and pumping class overpays.**
- **“Undergrounding” and other urban reliability issues: The ag and pumping class pays for these “improvements”, but none of the improvements are**

made in rural areas and provide no benefits to ag customers.

- **Water scarcity impacts: SCE assumes that ever year is a “normal” water year, which makes the revenue allocations to the ag and pumping class incorrect because there few, if any, “normal” water years.**
- **Volatility of cost estimates: Wild swings in ag cost calculations suggest methodology is flawed.**
- **Rate stability: The ag and pumping class needs stable rates to plan irrigation schedules and make investment decisions. Constant changes in the way rates are calculated makes that impossible.**
- **Drought impacts on ag: Because of the increased water pumping, SCE is over collecting revenues from the ag class which means farm customers are paying way too much.**

The Association is a member of AECA, and Association President/CEO **Roger Isom**, is also President of AECA.

The California Cotton Ginners and Growers Association is now on Twitter!

The Twitter account is to work in combination with our existing Facebook and LinkedIn profiles to provide up-to-date information on the Association’s events, industry issues and regulatory updates. Follow CCGGA on Twitter @CaliCotton.



Port Labor Agreement Ratified

West Coast Longshore workers have overwhelmingly voted to ratify a tentative contract agreement reached in February with employers represented by the Pacific Maritime Association. Members of the International Longshore and Warehouse Union (ILWU) voted 82% in favor of approving the new 5-year agreement that will expire on July 1, 2019. The previous contract was ratified in 2008 with a vote of 75% in favor. Voting results were certified by the ILWU’s Coast Balloting Committee, which was chosen by Coast Longshore Caucus delegates elected from each of the 29 West Coast ports. According to sources involved, the new agreement provides approximately 20,000 good-paying jobs in 29 West Coast port communities. The contract will maintain health benefits,

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improve wages, pensions and job safety protections; limit outsourcing of jobs and provide an improved system for resolving job disputes. Now while this is finally behind us, the long term implications are not! Recently, **U.S. Department of Labor Secretary Thomas E. Perez** met with sev-

eral agricultural organizations this week to discuss several issues, including the recent port debacle, immigration, hot goods and Trade Promotion Authority (TPA). The meeting was held at the CCGGA offices in Fresno and occurred at the request of **Congressman Jim Costa**, who took the opportunity of the Secretary's visit to meet with agriculture officials on these important issues.

Association President/CEO Roger Isom focused on the impact of the port situation on the cotton industry, and reminded the Secretary of the importance of addressing the issue moving forward to prevent it from happening again. Isom thanked the Secretary for his critical assis-

tance in helping bring the negotiations to a close. Also, in the discussions, the Secretary agreed and emphasized the need to get the parties together again to work on a permanent long term solution. Besides immigration, ICE audits and the impact of Hot Goods, there was discussion on TPA and the importance to many in the agricultural community for that to move forward. Included in the



Congressman Jim Costa, US DOL Secretary Thomas Perez and CCGGA President/CEO Roger Isom share a lighter moment during Labor Meeting at CCGGA Offices

meeting were the California Fresh Fruit Association, Cali-

Ginners Annual Meeting 2015 Highlights

Patterson Receives Association's Ginner of the Year Award



The California Cotton Ginners Association is pleased to announce that **Russell Patterson** has been named as the recipient of the **2015 Ginner of the Year**. The award is given each year to honor and recognize an individual who has provided dedication, knowledge, and special service to this Association as well as the ginning industry. This year's recipient graduated from Fresno State University in December 1978 with a Bachelor of Science Degree in Business Administration, with an emphasis in Finance. He began his banking career with Bank of America in January 1979. During his 22 years with Bank of America, he held positions as a General Lending Officer, performing consumer and small business loans. In 2001, Russ was employed by Tech Ag Financial Group, where for the last 14 years he has provided crop financing as a tool to obtain business for our Chemical, Fertilizer and Ginning business. In 2007, he was asked to

include as part of his duty to Manage Buttonwillow Gin for one year until a replacement was found. According to Steve Houchin, he did such an outstanding job we convinced him to manage the Gin for the next 7 years. From the Association's perspective, he has played an active role from his first day as a board member, all the way up to becoming the 2nd Vice President. He is the first one to show up at every board meeting, never misses a board meeting and has even traveled to Sacramento numerous times for Association activities. Congratulations Russell Patterson!

Curlee Receives Association's Distinguished Service Award

The California Cotton Ginners Association is pleased to announce that **Jesse Curlee of Supima** has been named as the recipient of the **2015 Distinguished Service Award**. The award is given each year to honor and recognize an individual outside the Ginners Association that have made significant contributions to the Ginners Association and/or the cotton ginning industry. This year's recipient is a graduate of Texas A&M with a degree in marketing. He began his business career in 1968 with Armstrong World Industries. 1973, he joined the U.S. textile industry as Executive Secretary of the Georgia Textile Manufacturers Association. In 1979, he was named General Manager of Supima in Phoenix, Arizona, and in 1981 he was named President of the organization. Jesse fostered the introduction of Supima to the fashion industry in a major way with the start of its now recognized and respected annual runway fashion show during the September fashion week in New York City. Under Curlee's leadership, Supima began a licensing program for customers wanting to use the Supima name. Supima now licenses the name and trademark worldwide to textile/apparel manufacturers, brands and retailers with 370 licensees in 32 countries. Under Curlee's leadership, the Supima name has grown to worldwide recognition as the finest cotton fiber in the world. As evidence by the demand of many of the world's top designers and brand name retailers in their growing use and loyalty to the Supima name! He has held a long and distinguished career, and there is absolutely no doubt the pima industry would not be what it is today without the leadership of Jesse Curlee. Congratulations to Jesse Curlee!



The California Cotton Ginners Association Announces the Election of New Officers

The California Cotton Ginners Association is pleased to announce its new slate of officers. **Tom Pires**, of West Island Cotton Growers, Inc., was elected as Chairman of the Board. **Mike Davis**, of Dos Palos Cooperative Gin, Inc., was elected as 1st Vice Chairman. **Tom Gaffney**, of the J.G. Boswell Company, will serve as 2nd Vice Chairman, and **Matt Toste**, of Huron Ginning Company, will assume the role of Secretary/Treasurer. Officer's terms are for two (2) years. The Board of Directors currently consists of 13 board members that includes **John Colbert**, Modern Ginning Company; **Stan Creelman**, Mid Valley Cotton Growers, Inc.; **Michael Hooper**, Farmers Cooperative Gin, Inc.; **Don Van Schuyver**, Semi Tropic Cooperative Gin, Inc.; **Wayne Gilbert**, Broadview Cooperative Gin, Inc.; **Kirk Gilkey**, Cross Creek Ginning Company; **Ron Nimmo**, Pacific Ginning Company, LLC; **Louie Colombini**, Westside Farmers Co-op Gin; and Immediate Past Chairman **Greg Gillard**, Olam Cotton.

Attendance Increase at Ginners 42nd Annual Meeting

The 2015 California Cotton Ginners Association 42nd annual meeting was a huge success! Attendance at the Monterey Plaza Hotel and Spa was the highest that it has been in over 10 years. The Annual Meeting was kicked off with a cocktail hour on Wednesday May 27th, followed by the golf tournament at the famous Bayonet Golf Course on Thursday. After the golf tournament was complete, members and guests attended dinner where golf prizes were distributed. The meeting on Friday May 29th included speakers like **Levin Lynch**, President of the National Cotton Ginners Association, **Ed Hughes**, Research Leader with USDA-ARS, **Roger Alldredge**, Area Assistant Director with USDA AMS, and **Jesse Curlee**, Supima President. Jesse gave an update to on the uses of Supima as well as the efforts to reduce the amount the fraud being used by some marketers in the sale of fake Supima cotton. Ed Hughes provided an update on the technology being developed through ARS to help with the cotton ginning season. Roger Alldredge provided notification on upcoming cotton classing events. **George Soares** deviated from the typical Sacramento update to provide encouraging words on the ability of farmers to adapt, and to stay positive during tough times. An industry update was provided by **Roger Isom** and **Chris McGlothlin** of the Association, and was followed by closing remarks made by new Ginners Chairman, **Tom Pires**. All in all, it was a great meeting and we look forward to next year's festivities. The Association would like to thank this year's sponsors for making the Annual meeting one to remember:

2015 Sponsors	
5 Bale Sponsor	Zenith Agribusiness Solutions Samuel Strapping
2 Bale Sponsor	Bayer Crop Science Penny-Newman Grain, Inc. Calcot, Ltd.
1 Bale Sponsor	Langston Companies, Inc. Lummus Corporation Ranchers Cotton Oil L.P. Brown/IFP Robinson's Sheet Metal Kern Insurance Agency