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Pioneer Flour Mills
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RECEIVED
C.F.T.C.

Richard R. DeGregorio
President
Pioneer Flour Mills

August 28, 1998

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OFFICE OF THE SECRETARY

COMMENT

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Ms. Webb:

RE: CBT Wheat Futures Contract Vomitoxin Proposal

Pioneer Flour Mills objects to the proposal by the Chicago Board of Trade (CBOT) to establish a tolerance of 5 parts per million (ppm) of vomitoxin on delivery wheat contracts.

We are bound by FDA rules that require 1 ppm or less in the flour that we produce. To achieve this level, we have specified that wheat received at our elevators contain no more than 1 ppm per 500 grams. In this manner, we can produce and deliver a safe, wholesome product to our consumers. It would be impossible to meet FDA rules if we were to receive 5 ppm vomitoxin in our inbound wheat.

Pioneer uses the futures markets to hedge positions from the risks of price fluctuation and unacceptable quality. These hedges give us the option of taking delivery of a milling grade of wheat that can be used to make food grade flour. Should the 5 ppm proposal be implemented, it would undermine the viability of wheat futures as a direct hedge. Basically, the CBOT wheat contract would define a feed grade commodity. That is unacceptable.

Pioneer Flour Mills feels very strongly that the CBOT should not implement the proposal to allow 5 ppm vomitoxin on delivery wheat contracts.

Respectfully,

Richard R. DeGregorio

RRD:pda

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