

ENCOMPASS

Spirits 'Storage Blend' Recipe Type

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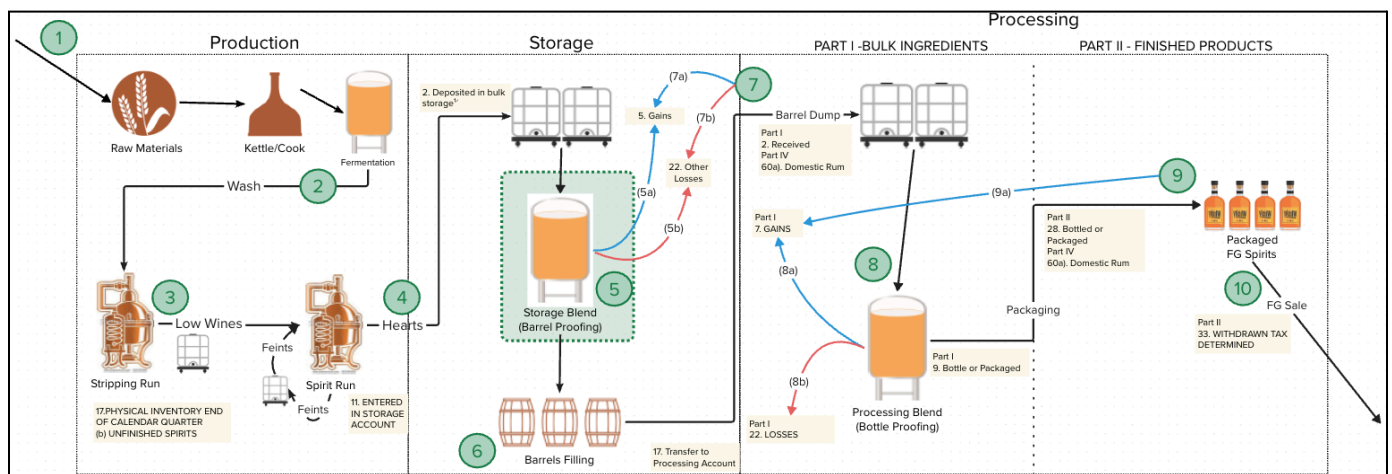
This document explains how the new 'Storage Blend' Recipe Type works, how the proof gallons data reports on the TTB DRO, and how to set up Storage Blend Recipes.

Problem Statement

The spirit production process includes a step where the finished spirit coming off the still is diluted down to a lower target proof for various reasons. This spirit blending step is common when preparing spirits for barrel aging, which is formally called 'barrel proofing'.

The TTB DRO classifies this spirit blending activity as occurring in the *DRO Storage Report*. Using the 'Storage Blend' Recipe Type will ensure that the spirit blending activity is reported on the DRO Storage Report, and that any proof gallon gain or loss during the blend are captured and reported on the DRO Storage Report correctly.

Example: Rum comes off the still at 160 proof, but needs to be diluted to 120 proof prior to barrel filling. As a result, the 'barrel proofing' step will use the new 'Storage Blend' Recipe Type.





The Solution

Introducing the 'Storage Blend' Recipe Type. The 'Storage Blend' Recipe Type should be used by spirits producers who are diluting high proof spirits down to a target proof while keeping the spirit in the DRO Storage Account.

In order to be TTB DRO compliant, 'Storage Blend' Recipes assist the user in ensuring no proof gallons are lost during the spirit blending process. This is accomplished by comparing the input proof gallons to the output proof gallons, and asking the user to complete a write-off/write-in for any proof gallon gains or losses during the blend.

How it Works

'Storage Blend' Recipe Setup

* Recipe Stage	* Stage Type	Sequence	* Planned Units	* Proof	UoM	Turnable
Barrel Proofing - Dark Rum - South	Barrel Proofing	1	53	120	Gallons	☐

Product	Memo	* Planned Units	UoM	Timing	Sequence	Laid-In Cost	Total Cost
1343 Dark Rum Hearts		39.75	Gallons	0 Minutes	0	\$12.90	\$512.59
363 Water		13.25	Gallons	0 Minutes	0	\$0.00	\$0.00

Setup & Configuration:

- 'Storage Blend' Recipes require the use of Production Stage Types with Stage Class = Spirits. Stage Class = Spirits enforces the collection of proof data when processing the PdO. The 'Stage Type' dropdown in Recipe Management will be auto-filtered down to

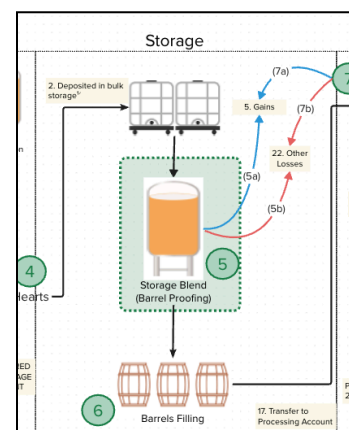


only those Production Stage Types with Stage Class = Spirits.

- 'Storage Blend' Recipes are typically going to be single stage recipes; however, multi-stage recipes are allowed.
- Every Recipe Stage in a 'Storage Blend' Recipe should have an Inventory Adjustment Customer set on the Recipe Stage.
 - The Inventory Adjustment Customer is used to record proof gallon gains or losses during the blend.
 - The Inventory Adjustment Customer used must have TTB Tax Code = *DRO Storage Loss/Gain*. This ensures that all proof gallon gains or losses are reported on the DRO Storage Report.

* Recipe Stage	* Stage Type	Sequence	* Planned Units	* Proof	UoM	Turnable
Barrel Proofing - Dark Rum - South	Barrel Proofing	1	53	120	Gallons	☐
Lead Time	Transfer When Complete	Memo				
3 Hours	☒					
Product	Memo	* Planned Units	UoM	Timing	Sequence	Laid-In Cost
1343 Dark Rum Hearts		39.75	Gallons	0 Minutes	0	\$12.90
363 Water		13.25	Gallons	0 Minutes	0	\$0.00

- When the Storage Blend Recipe Stage Inventory Adjustment Customer has TTB Tax Code = *DRO Storage Loss/Gain*:
 - Proof gallon gains are reported on the DRO Storage Report Line 5. Gains
 - Proof gallon losses are reported on the DRO Storage Report Line 22. Other Losses
- The input spirit Product being consumed in a Recipe Component must share the same Brand TTB Category as the output spirit Product being produced.
 - This is because the DRO Storage Report does NOT support the transformation of spirit type in storage. Spirit TTB Category





transformation occurs in the DRO Processing Report using 'Processing Blend' Recipe Types.

- 'Spirit Blend' Recipe Type does not allow adding a Recipe Component (input Product) where the Product's Brand TTB Category does not match the output Product.

The software does not allow adding an input spirit Product with a different Brand TTB Category as the output spirit Product.
Gin <> Rum

Add Recipe Component

*Product Search: Gin Hearts
No Similar Records Found Like 'Gin Hearts'

Add Related Record

Cancel Save Save and Add Another

Storage Blend PdO Processing – Proof Gallon Loss

How to Use:

1. Scheduling 'Storage Blend' Recipe Type PdO's happens from the Batch Management page, which is the same as all other Recipe Types.
2. Click 'Assign' to select the spirit liquid being consumed in the storage blend.
 - a. The user can clearly see how many proof gallons are being consumed when assigning and consuming spirit liquid.



Production Processing

[Edit Production Order](#) [Log QC](#) [Batch Management](#) [Production Orders](#)

Batch	Production Order ID	Product	Status	Planned Start Time	Actual Start Time	Planned End Time	Actual End Time	UoM	Planned Units	Completed Units	Proof
Test: Spirit Storage Blend	3512	144 Barrel Proof - Dark Rum	Planned	1/11/2024 11:06 AM		1/11/2024 2:07 PM		Gallons	53	0	120

[Collapse All](#)

Stage Name **Equipment** **Status** **UoM** **Planned Units** **Completed Units** **Proof** **Proof Gallons**

Barrel Proofing - Dark Rum - South **Drum 8** **New** **Gallons** **53** **0** **120** **0** [Auto Assign and Consume](#) [Log QC](#)

Planned Start Time
1/11/2024 11:07 AM

Product **End Time**

1343 Dark Rum Hearts 1/11/2024 11:07 AM

363 Water 1/11/2024 11:07 AM

Attach Documents

[Upload Files](#) or [Drop Files](#)

Lot Selection

Product	Bin	Batch Code	Received Date	Exp Date	Quantity	Proof Gallons	Available Quantity	UoM	Proof
1343 Dark Rum Hearts	Tote 016		1/11/2023	5/2/2023		0	272	Gallons	161.5
1343 Dark Rum Hearts	Tote 018	0	11/1/2023	5/2/2023		0	117	Gallons	153.1
1343 Dark Rum Hearts	Tote1857		1/10/2024	3/25/2024	39.75	63.60	250	Gallons	160

39.75 / 39.75 Planned

[Cancel](#) [Save](#)

3. After assigning all of the ingredients, enter the Completed Units and Proof being produced.
 - a. The total proof gallons consumed will be compared against the total proof gallons produced to determine any proof gallon gains or losses in the Storage Blend.

Production Processing

[Edit Production Order](#) [Log QC](#) [Batch Management](#) [Production Orders](#)

Batch	Production Order ID	Product	Status	Planned Start Time	Actual Start Time	Planned End Time	Actual End Time	UoM	Planned Units	Completed Units	Proof
Test: Spirit Storage Blend	3512	144 Barrel Proof - Dark Rum	In Process	1/11/2024 11:06 AM	12/6/2023 11:07 AM	1/11/2024 2:07 PM		Gallons	53	0	120

[Collapse All](#)

Stage Name **Equipment** **Status** **UoM** **Planned Units** **Completed Units** **Proof** **Proof Gallons**

Barrel Proofing - Dark Rum - South **Drum 8** **In Process** **Gallons** **53** **52** **120** **62.4** [Auto Assign and Consume](#) [Complete](#) [Log QC](#)

Planned Start Time **Actual Start Time** **Lead Time** **Planned End Time** **Actual End Time**

1/11/2024 11:07 AM 12/6/2023 11:07 AM 3 Hours 1/11/2024 2:07 PM

Product **End Time** **Status** **Memo** **UoM** **Planned Units** **Completed Units** **Proof Gallons**

1343 Dark Rum Hearts 12/6/2023 11:07 AM In Process Gallons 39.75 39.75 63.6 [Assign](#) [Auto Assign and Consume](#)

363 Water 12/6/2023 11:07 AM In Process Gallons 13.25 13.25 [Assign](#) [Auto Assign and Consume](#)

Attach Documents

[Upload Files](#) or [Drop Files](#)

63.6 - 62.4 = 1.2 PG loss

4. The user is notified when a proof gallon loss is calculated. The system will auto-select the Inventory Adjustment Customer set on the Recipe Stage, so all



the user has to do is click 'Write Off'.

Production Processing

[Edit Production Order](#) [Log QC](#) [Batch Management](#) [Production Orders](#)

Batch	Production Order ID	Product	Status	Planned Start Time	Actual Start Time	Planned End Time	Actual End Time	UoM	Planned Units	Completed Units	Proof
Test: Spirit Storage Blend	3512	144 Barrel Proof - Dark Rum	In Process	1/11/2024 11:06 AM	12/6/2023 11:07 AM	1/11/2024 2:07 PM		Gallons	53	0	120

[Collapse All](#)

Stage Name	Equipment	Status	UoM	Planned Units	Completed Units	Proof	Proof Gallons	
Barrel Proofing - Dark Rum - South	Drum 8	In Process	Gallons	53	52	120	62.4	Auto Assign and Consume Complete Log QC
Planned Start Time 1/11/2024 11:07 AM Actual Start Time 12/6/2023 11:07 AM Lead Time 3 Hours Planned End Time 1/11/2024 2:07 PM								

Product	End Time	Status	Memo	UoM	Planned Units	Completed Units	Proof Gallons	
1343 Dark Rum Hearts	12/6/2023 11:07 AM	In Process		Gallons	39.75	39.75	63.6	Assign Auto Assign and Consume
363 Water	12/6/2023 11:07 AM	In Process		Gallons	13.25	13.25		Assign Auto Assign and Consume

Attach Documents

[Upload Files](#) or [Drop Files](#)

Spirits Blending Error

Consumed proof gallons must equal produced proof gallons when blending spirits.

63.60 proof gallons were consumed in this blend.
62.40 proof gallons were produced in this blend.
This results in a 1.20 proof gallon loss.

You can either close this prompt and fix the data resulting in this proof gallon loss, or write-off the proof gallon difference as a loss.

* Customer

DRO Storage Loss/Gain -

[Close](#) [Write Off](#)

5. Confirm the PdO's end time/date after confirming the PG loss.

a. This completion date will be applied to the PdO and the associated PG loss. Meaning, this is the date that the Storage Blend activity and the PG loss will report on the TTB DRO.

6. Since the DRO Storage Loss/Gain Inventory Adjustment Customer was used, the PG loss is mapped to the DRO Storage Report Line 22. Other Losses.

11. Transfer to foreign-trade zone	0	0	0	0	0
12. Transfer to CMBW	0	0	0	0	0
13. Use as supplies on vessels and aircraft	0	0	0	0	0
14. Transfer to bonded winery			0	0	
15. Transfer to CBW	0	0	0	0	0
16. Research, development, or testing	0	0	0	0	0
17. Transferred to processing account	0	0	0	0	0
18. Transferred to production account*	0	0	0	0	0
19. Transferred to other bonded premises	0	0	0	0	0
20. Destroyed	0	0	0	0	0
21.	0	0	0	0	0
22. Other Losses**	0	0	0	0	1.2
23. On hand end of month	451.8	0	0	0	5,070.67
24. TOTAL (Lines 7 through 23)	0	0	0	0	0

FOOTNOTES

*From production or by transfer in bond. *In the case of imported spirits or spirits from Puerto Rico and the U.S. Virgin Islands, applicable only to spirits of 185 degrees or more of proof. (2) dumping (3) emptying (4) includes don't report in col. (c) reported in col. (4).

**Does not include spirits withdrawn for experimental or research use under 26 U.S.C. 5312; such spirits should be reported and identified at Line 21. (1) withdrawal

Withdrawals under 26 U.S.C. 5214(a)(10) or 5373(b)

Storage Blend PdO Processing – Proof Gallon Gain

How to Use:

- Scheduling 'Storage Blend' Recipe Type PdO's happens from the Batch Management page, which is the same as all other Recipe Types.
- Click 'Assign' to select the spirit liquid being consumed in the storage blend.



3. After assigning all of the ingredients, enter the Completed Units and Proof being produced.
 - a. The total proof gallons consumed will be compared against the total proof gallons produced to determine any proof gallon gains or losses in the Storage Blend.
4. The user is notified when a proof gallon gain is calculated.
 - a. The system will auto-select the Inventory Adjustment Customer set on the Recipe Stage, so all the user has to do is click 'Write Off'.

Production Processing

[Edit Production Order](#) [Log QC](#) [Batch Management](#) [Production Orders](#)

Batch	Production Order ID	Product	Status	Planned Start Time	Actual Start Time	Planned End Time	Actual End Time	UoM	Planned Units	Completed Units	Proof
Test: Spirit Storage Blend	3513	144 Barrel Proof - Dark Rum	In Process	1/10/2024 11:11 AM	12/6/2023 11:11 AM	1/10/2024 2:12 PM		Gallons	53	0	120

Collapse All

Stage Name	Equipment	Status	UoM	Planned Units	Completed Units	Proof	Proof Gallons	
Barrel Proofing - Dark Rum - South	Drum 8	In Process	Gallons	53	54	120	64.8	Auto Assign and Consume Complete Log QC
				Planned Start Time	Actual Start Time	Lead Time	Planned End Time	Actual End Time
				1/10/2024 11:12 AM	12/6/2023 11:11 AM	3 Hours	1/10/2024 2:12 PM	

Product	End Time	Status	Memo	UoM	Planned Units	Completed Units	Proof Gallons	
1343 Dark Rum Hearts	12/6/2023 11:11 AM	In Process		Gallons	39.75	39.75	63.6	Assign Auto Assign and Consume
363 Water	12/6/2023 11:11 AM	In Process		Gallons	13.25	13.25		Assign Auto Assign and Consume

Attach Documents

[Upload Files](#) or [Drop Files](#)

Spirits Blending Error

Consumed proof gallons must equal produced proof gallons when blending spirits.

63.60 proof gallons were consumed in this blend.
64.80 proof gallons were produced in this blend.
This leaves a 1.20 proof gallon gain.

You can either close this prompt and fix the data resulting in this proof gallon gain, or write-off the proof gallon difference as a gain.

* Customer

[Close](#) [Write Off](#)

5. Confirm the PdO's end time/date after confirming the PG gain.
 - a. This completion date will be applied to the PdO and the associated PG gain. Meaning, this is the date that the Storage Blend activity and the PG gain will report on the TTB DRO.
6. Since the DRO Storage Loss/Gain Inventory Adjustment Customer was used, the PG gain is mapped to the DRO Storage Report Line 5. Gains.

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) MONTHLY REPORT OF STORAGE OPERATIONS						REPORT COVERS	
INSTRUCTIONS Every proprietor as a warehouseman must prepare this form monthly, indicate, Forward the original to the Director, National Revenue Center 550 Main St. Ste 8002, Cincinnati, OH 45202-5215, not later than the 15th day of the month following that for which the report is rendered.						☐ DOMESTIC	NA
						☐ PUERTO RICO	LC
						PROOF GALLONS	
TRANSACTION (a)	WHISKY DISTILLED AT 160° AND UNDER (b)	DISTILLED AT OVER 160° (c)	BRANDY DISTILLED AT 170° AND UNDER (d)	DISTILLED AT OVER 170° (e)	RUM (f)	GIN (g)	
1. On hand first of month	451.8	0	0	0	4,670.67	2,16	
2. Deposited in bulk storage	0	0	0	0	400		
3. Received from Customs custody	0	0	0	0	0		
4. Returned to bulk storage	0	0	0	0	0		
5. Gains	0	0	0	0	1.2		
6. TOTAL (Lines 1 through 5)	0	0	0	0	0		



FAQs

Why can't I select my desired *spirit Product* when adding a Recipe Component to a 'Storage Blend' Recipe?

The spirit Product added as a Recipe Component in a Storage Blend Recipe Type must match Recipe's output Product's -> Brands.TTBCategory2. This restriction is put in place because all proof gallons associated with Storage Blend Recipes is reported on the TTB DRO Storage Report, and this report does not support the transformation from one spirit type (Brands.TTBCategory2) to another spirit type.

For example, the transformation from GNS (Alcohol & Spirits 190° AND OVER) to Vodka through the act of dilution cannot occur in the TTB DRO Storage Report. Instead, this transformation happens in the TTB DRO Processing Report, using a 'Processing Blend' Recipe Type.

Does the Equipment used in the Storage Blend have any impact on TTB DRO reporting?

No, Equipment does not directly relate to TTB DRO reporting in any way. The proof gallons associated with Storage Blend PdO's is reported on the TTB DRO Storage Report. Any proof gallon gains or losses will also be reported on the TTB DRO Storage Report so long as the Inventory Adjustment Customer used to write-off/write-in the proof gallons has TTB Tax Code = DRO Storage Loss/Gain.