

■ HANLEY FALLS ■ MONTEVIDEO ■ COTTONWOOD ■  
 ■ MINNEOTA ■ GHENT ■  
**Farmers  
 Cooperative  
 Elevator Co.**  
 ■ TAUNTON ■ ELKTON ■  
 ■ GRANITE FALLS ■ ECHO ■ MINNESOTA FALLS ■

# FARMERS COOPERATIVE ELEVATOR CO.

P.O. BOX 59, Hanley Falls, MN 56245  
 P.O. BOX 108, Cottonwood, MN 56229

E-Mail: [fce@mvtvwireless.com](mailto:fce@mvtvwireless.com)  
 Web Site: [www.farmerscoopelevator.com](http://www.farmerscoopelevator.com)

September, 2006

**Hanley Falls:**  
 507-768-3448  
 800-626-2510  
**South Elevator:**  
 507-768-3602  
**Uptown Elevator:**  
 507-768-3484  
**Cottonwood:**  
 507-423-5412  
**Feed Mill:**  
 507-423-6235  
 800-423-6230  
**Elevator:**  
 507-423-6489  
**Hardware Store:**  
 507-423-6231

**Echo:**  
 507-925-4126  
**Ghent:**  
 507-428-3255  
**Granite Falls:**  
 320-564-3834  
**Minneota:**  
 507-872-6134  
**Minnesota Falls:**  
 320-564-3835  
 320-765-4100  
**Montevideo:**  
 320-269-6531  
**Taunton:**  
 507-872-6161

## From the Manager Grain harvest policies detailed

We again had an excellent turnout for our Customer Appreciation suppers. The pork chops were great. The bonus was that we got to see all of you.



By  
 Scott Dubbelde

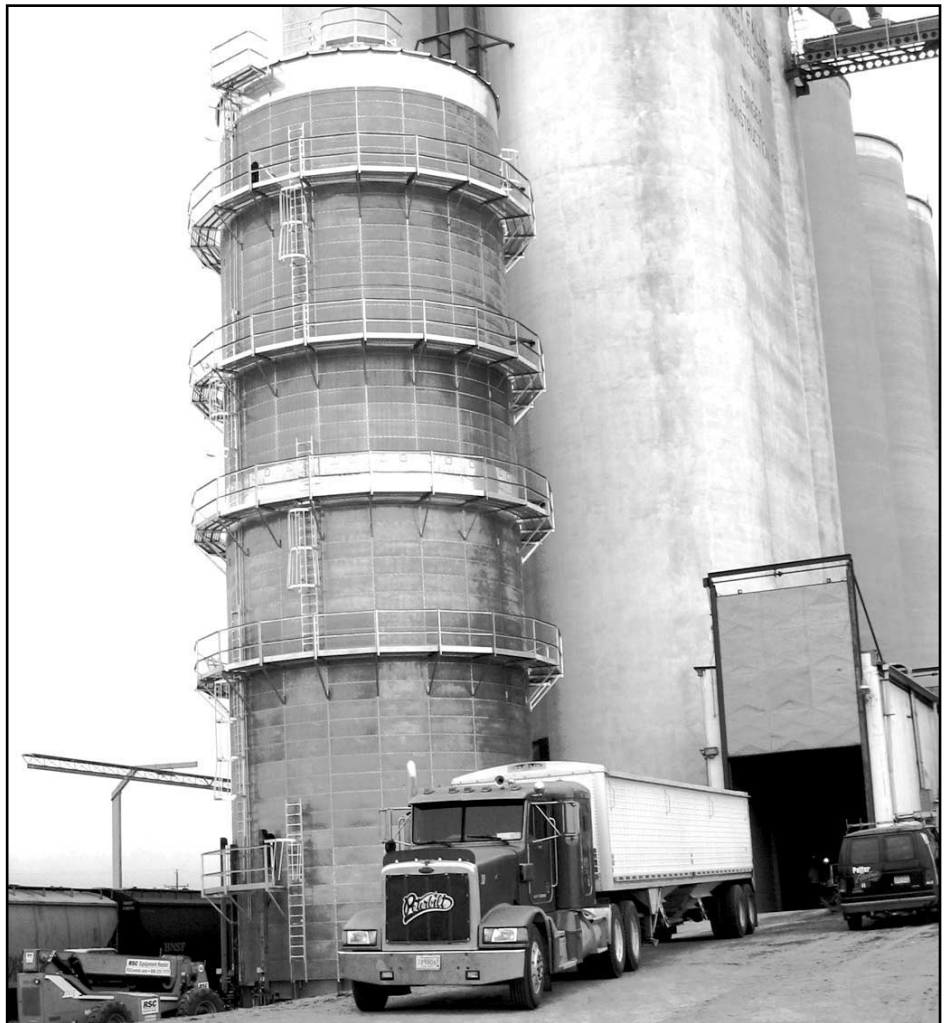
We've outlined our 2006 Grain Harvest Policies in this issue.

Each year we try to anticipate the market and crop size to be as fair as possible to our patrons and to also protect the risks that face FCE.

We believe that the "document fee" of 10-cents-a-bushel on our Price Later grain contracts and warehouse receipts, plus the 3-cent-a-bushel storage rate, does that. The details are published on Page 3 in this issue.

The harvest policies are also published on Page 3. They are virtually the same as last year's, including

SCOTT - CONTINUED ON PAGE 6



The new grain dryer at Hanley Falls will remove 5 points of moisture per hour from 10,000 bushels of grain. Wet and dry legs have been added to handle 20,000 bushels an hour.

## FCE anticipates fall storage needs

This year's corn carryout looks to be about two billion bushels, about the same as last year. FCE has made improvements to handle this carryover, plus what looks like a good crop this year.

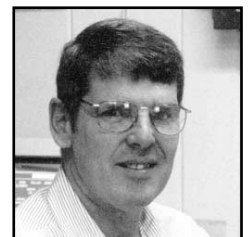
In Hanley Falls, a 10,000-bushel-per-hour dryer will be operational by corn harvest. This should elimi-

nate any problems with wet corn.

The dryer has the capacity to dry 200,000 bushels a day at five points moisture removal. To support this new unit, we've added new legs that can move 20,000 bushels an hour.

The corn bunker at Minnesota Falls has been expanded to hold

By  
 John Brandts  
 Grain  
 Merchandiser



3.5 million bushels. A tarp with a winch system will allow filling the

John - CONTINUED ON PAGE 5

# Bottom line in marketing is to keep a sharp eye on supply and demand

As the crop matures, we are seeing the true reflection of supply and demand affecting our current prices.

Corn was held in trading ranges since the beginning of the year due to the perception that we would not

By  
Bill Doyscher  
Risk  
Manager  
Coordinator



plant enough acres, and from Index Funds pouring speculative money into the market. Soybeans struggled to make last year's levels, but also held based on a smaller South American crop.

Regardless of the outside factors that push and pull our markets, in the end grain prices will ultimately reflect what the value is versus the availability of the supply. This is why as we near maturity, prices have dropped off.

Although we probably won't have a corn crop the same as last year, the total supply available to the market going into harvest is more than adequate. The ability of the supply to sustain the market into next spring and summer is suspect though, and should bring better prices and basis into those time frames.

It will also give us a market to look at into next year's harvest, as the demand side of the equation suggests we need to plant 85-86 million acres of corn next year. This supports corn at \$3.00 December futures very well.

Soybeans will suffer a slightly different fate than corn. Two years worth of over production in the U.S. has us floundering in terrible basis and futures levels. There is no quick fix to soybeans, as two crops per year, even with acreage reductions, cannot use the extra supply fast enough.

Bio-Diesel will help, but the public and industry acceptance is not at

the level of ethanol yet. When that comes around we will be able to justify better prices.

By keeping your focus on supply and demand, you can make good decisions in marketing.

An excellent example of this is the new generation contracts we offered last spring. Although many of the accumulators doubled, in the end they hold excellent prices against harvest levels. Within a matter of two weeks these contracts went from being under the market to looking like excellent sales.

That long term focus on supply and demand is what got us there.

Be sure to visit with Moose Zimmer, Ozzie Doom, or myself about our Risk Management Group. We can help you keep that focus. I can be contacted online at riskmanager@mvtvwireless.com.

**\*\* This information is taken from sources which we believe to be reliable, but is not guaranteed. This information is sent to you for informational purposes only. There is a risk of loss when trading commodity futures and options, and is not suitable for everyone. \*\***

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## Ode to the Horse

(Tired of high gas prices? This clipping was published in an August, 1903, cookbook.)

Oh, horse, you are a wondrous thing,  
No horns to honk, no bells to ring.  
No license-buying every year  
With plates to stick on front and rear.  
No sparks to miss, no gears to strip,  
You start yourself; no clutch to slip.  
No gas bills mounting every day  
To steal the joy of life away.

Your inner tubes are all o.k.  
And thank the Lord they stay that way.  
Your spark plugs never miss and fuss,  
Your motor never makes me cuss.  
Your frame is good for many a mile,  
Your body never changes style.  
Your wants are few and easy met,  
You've something on the auto yet.

## Time to contract FCE Beef Starters

Now is the time to contract FCE Beef Starter products.

FCE Beef Starter #5 is a high fiber starter when home grown feeds are less than ideal for a healthy start.

FCE Beef Starter #1 is a supplement when intake is not a challenge,

By  
Gene  
Goldenstein  
Feed  
Department  
Manager



with high quality home grown feed-stuffs.

FCE Beef Starter Premix #0.5 is a high quality premix designed when proper home grown ingredients or wet co-products are used.

Rumen Perk, a specialty product, has yeast culture to help with Rumen Function, Zinc Complex to reduce foot problems and stimulate immune system response, Thiamine to help prevent polio and high levels of Niacin, B vitamins, Vitamin A, E, and Selenium to help with immune response.

We also provide vaccine and implant strategies, farm feedstuff testing, lick tubs, silage bags, tarps, and a full line of preservatives.

**There are currently many opportunities** to raise livestock, and marketing programs for finished animals.

These programs are offered in both beef and pork. You can own the livestock, or custom feed them.

We have the details. Give us a call.

**The replacement of the distributor** went well and it is operating. We will have to do this once more (not able to make feed Friday or Monday) when we switch to the automated system this fall.

We'll keep you informed of the schedule.

Without the support from our customers through timely ordering these projects would not go as planned.

Thanks for the help.

# FARMERS COOP 2006-07 GRAIN POLICIES

## SOYBEANS

**MOISTURE DISCOUNT:** 1 percent for each 1/2 point of moisture from 13.1 to 15 percent; 2 percent for each 1/2 point of moisture from 15.1 percent and up.

**TEST WEIGHT:** 1 cent per each 1 pound under 54 pounds.

DAMAGE Discount	HEAT Per Bu.	TOTAL Per Bu.
.3 to .5%	2 cents	
.6 to 1.0%	4 cents	
1.1 to 1.5%	6 cents	
1.6 to 2.0%	8 cents	
2.1 to 2.5%	10 cents	3 cents
2.6 to 3.0%	12 cents	4 cents
3.1 to 3.5%	14 cents	5 cents
3.6 to 4.0%	16 cents	6 cents
4.1 to 4.5%	18 cents	7 cents
4.6 to 5.0%	20 cents	8 cents
5.1 to 5.5%	22 cents	9 cents
5.6 to 6.0%	24 cents	11 cents
6.1 to 6.5%	26 cents	13 cents
6.6 to 7.0%	28 cents	15 cents
7.1 to 7.5%	30 cents	17 cents
7.6 to 8.0%	32 cents	19 cents

**FM:** All FM over 1 percent will be considered shrink.

**MUSTY/SOUR:** 10 cents per bushel discount.

## CORN

**MOISTURE DISCOUNT:** Shrink is 1.5 percent per point of moisture over 13 percent for storage, 14 percent for Price Later Contracts and Grain Bank and 15 percent for selling.

**DRYING CHARGES:** Drying charges are 4 cents per point from 13 percent for storage, 14 percent for Price Later and Grain Bank and 15 percent for selling.

## TEST WEIGHT:

\* 53.9 to 52 pounds: 2 cents per pound.

\* 51.9 to 50 pounds: 3 cents per pound.

\* 49.9 pounds & below: 4 cents per pound.

## REGULAR DAMAGE:

\* 2 cents per 1 percent damage over 5 percent.

## HEAT DAMAGE:

\* 3 percent & more: 1 cent each 1/10th point.

## FOREIGN MATERIAL:

\* 3.1 to 4 percent: 3 cents per percent.

\* 4.1 to 5 percent: 4 cents per percent.

\* 5.1 percent & more: 4 cents per percent.

## MUSTY/SOUR: 5 cents.

## OATS

**MOISTURE DISCOUNT:** 2 cents per 1/2 point 13.5 to 14 percent; 1 cent per 1/10th point 14 to 15 percent.

ABOVE 15 PERCENT SUBJECT TO REJECTION.

## TEST WEIGHT:

\* 2 cents per pound from 37.9 to 34 pounds.

\* 3 cents per pound from 33.9 to 30 pounds.

\* 4 cents per pound from 29.9 and less.

## SPRING WHEAT

**MOISTURE DISCOUNT:** 1 percent for each 1/2 percent moisture over 13.5 percent.

**DRYING CHARGE:** 4 cents for each 1/2 point moisture over 15 percent.

**TEST WEIGHT:** 2 cents for each pound under 58 pounds down to 56 pounds; 4 cents for each pound under 56 pounds.

## DAMAGE:

\* 2 cents each 1 percent from 1.1 to 5 percent.

\* 3 cents each 1 percent from 5.1 to 10 percent.

\* Protein premiums or discounts subject to market. Base protein is 14 percent. Any other discounts subject to market.

**\*\*THESE POLICIES SUBJECT TO CHANGE  
AS MARKET CONDITIONS DICTATE\*\***

**\*\* ALL DISCOUNTS OR LIMITS SUBJECT TO REVISION \*\***

## DOCUMENT FEE

### for Price Later Contracts & Warehouse Receipts

FCE has initiated a 10-cent-per-bushel "document fee" on Price Later and Warehouse Receipt corn and soybeans if not sold by the delivery settlement date (on Page 6).

Regular storage charges will apply also, at the rate of 3 cents per bushel per month. This is calculated each day the grain is stored from the date of deposit. Thus, the total storage fee is 3-cents-per-bushel per month, plus the 10-cent document fee.

If you have any questions, contact any FCE office.

Wisdom doesn't automatically come with old age.

Nothing does, except wrinkles.

It's true some wines improve with age, but only if the grapes were good in the first place.

# Area crops looking good

As I travel around the FCE area calling on customers, the crop appears to be maturing nicely.

The soybeans look exceptional in

By  
Moose Zimmer  
Program  
Consultant



most of the area. Timely rains seem to have filled the pods.

If you need help in understanding contracts, FCE's grain policies or marketing information, feel free to contact me at 1-320-226-2096.

You can also contact your local office for information, or they will contact me and I'll come out and visit you.

It won't be very long until everyone is in the field, so be careful and have a safe harvest.

## HARDWARE HANK'S SEPTEMBER SPECIALS

### WD-40

Big Blast Can	
18 ounce	<b>\$4.48</b>
Smart Straw	
12 ounce	<b>\$3.49</b>
11 ounce	<b>\$2.49</b>
One Gallon	<b>\$12.88</b>

### LAVA PRO

1-Gallon	
Lotion Pump	<b>\$8.88</b>

<b>Ratchet Caulk Gun</b>	<b>\$2.99</b>
<b>2-Piece Paint Brush set</b>	<b>\$4.88</b>

### HANK'S

100% Clear	
Silicone	<b>\$2.88</b>
Industrial Grade	
White Silicone	<b>\$2.88</b>

<b>3-Piece Painting Kit</b>	<b>\$4.88</b>
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### QUICKIE

Sponge Mop	<b>\$7.77</b>
Scrub Brush	<b>\$1.97</b>

### TRIMLINE

Edger	
with wheels	<b>\$1.97</b>

Toilet Brush	
& Caddy	<b>\$3.57</b>

Dust Pan	
& Brush	<b>\$3.57</b>

# Check crops for next year's seed

Another growing season is quickly coming to a close. Take a close look at your yields, plant health and other factors so you can make some wise choices for next year's seed needs.

There are a lot of different programs being offered. Don't go signing some programs that you'll regret later.

Croplan will have about 18 new and old Triple Stack programs. Here are some new Triple Stack corn hybrids:

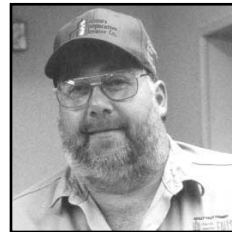
**364 TS \* 3824 TS \* 388 TS**  
**421 TS \* 4664 TS \* 4421 TS**  
**4801 TS \* 5002 RB**

If you're interested in ordering any of these, you should do so early before the seed sells out.

Croplan also has a 24-24 program.

A grower has to purchase 24 units of Triple Stack corn and then

By  
Steve Fry  
Seed Team  
Leader



receives a \$24-per-unit discount. That's \$576!!

This program is for all farmers to use.

One soybean variety that looks really good is RC 1516. Some old ones that continue to perform well are RC 1799 (for poor ground), RC 1820, RC 2020 and RT 2000.

### Plot tour

A good opportunity to check these and other seed characteristics and yields is during our plot tour.

It is scheduled for noon Wednesday, Sept. 6.

We will meet at the Al Stengel and Bill Sharkey farms, eight miles

west of Hanley Falls on County Road 18.

## Consumer is king

"The consumer with a car is the king of the food chain," notes Mark Imerman, Iowa State University economist.

"That's because consumers can shop for food just like they can for computers and houses. By looking for the lowest price, consumers take the margin out of groceries at the grocery store. Grocers, in turn, take the profit margin out of processors, meaning processors must then take margin away from farmers.

"Farmers," he says, "must be more efficient or obtain more of the margin from other parts of the food chain.

"That takes ingenuity and hard work. It also requires that farmers change the way they grow crops and raise livestock."



**The tasselled corn adjacent to the expanded bunker at Minnesota Falls frames the tarped grain pile already holding corn awaiting delivery to Granite Falls Energy. The bunker will hold 3.5 million bushels of corn that will flow into the facility under the winched tarp.**

**JOHN- CONTINUED FROM PAGE 1**

bunker with the tarp in place. This corn can then be held until needed at the ethanol plant in Granite Falls.

With this extra storage space and drying capacity, FCE will do our very best to handle your grain harvest needs.

**Wide basis**

We've been seeing a wide corn basis in the market.

The two-billion-bushel carryover is one factor. Another is the higher cost of fuel.

The wide basis levels and large spreads are the market's way of encouraging the grain industry to carry corn into the next marketing

year.

For the grain producer who has available storage space, selling the carry is the best way to take advantage of this type of market.

The December-July corn spread is currently 33 cents carry. For anyone with a December accumulator contract or a December hedge-to-arrive contract and space to hold this year's crop, selling this carry in the market will work quite well.

Whether forward contracting, selling a hedge-to-arrive or using new innovative contracts, FCE has the marketing program to help you take advantage of this type of market.

We encourage everyone to prac-

tice safety this harvest season and we wish you a profitable yield.

**FCE  
Plot Tour  
WEDNESDAY,  
SEPT. 6**

**We will meet at noon at the Al Stengel and Bill Sharkey farms, eight miles west of Hanley Falls on County Road 18.**

drying rates and discounts.

Our Grain Settlement Policy for Price Later Contracts and Warehouse Receipts is published on this page, and is also the same as last year's.

If you have any questions, stop in or call any of our locations or me.

### Grain Bank

After the first of the year we will implement a nominal Grain Bank charge.

If you use the maximum recommended amount of Grain Bank in the elevator — six month's worth — the average cost per bushel is 3 cents. This is not very expensive.

It's okay to treat our feed customers good. The feed department is an important part of our business.

### Good game plan

John has outlined the capital expenditures in the grain division that should help us serve you this fall.

We feel that we have a good game plan to serve you well.

### Dividend paid

Granite Falls Energy paid out a pre-fiscal year end dividend of more than 32 percent ROI. It's great to see the smiles on the stockholder's faces.

Just like any business, things keep changing. We'll do our best to keep you updated.

Meanwhile, we wish everyone a safe harvest.

The FCE Team once again will do our very best to serve you.

## New Grain Bank Storage Policy

Effective January, 2007, we will be charging out a 1-cent-a-bushel service charge on all grain bank balances at the end of each month.

For example, all grain in grain bank at the close of business on Jan. 31 will be billed a 1-cent-a-bushel service charge. Same will occur Feb. 28 and so on.

This service charge will be billed on grain whether it has been hauled in or purchased. The policy for grain sold out of grain bank remains the same as before, regular storage from date of deposit.

## GRAIN SETTLEMENT POLICY

Our Grain Settlement Policy is illustrated on the following chart:

<u>Grain Delivered</u>	<u>Storage starts at 5 p.m. on:</u>
Sept. 1 - 10	Sept. 15
Sept. 11 - 17	Sept. 22
Sept. 18 - 24	Sept. 29
Sept. 25 - Oct. 1	Oct. 6
Oct. 2 - 8	Oct. 13
Oct. 9 - 15	Oct. 20
Oct. 16 - 22	Oct. 27
Oct. 23 - 29	Nov. 3
Oct. 30 - Nov. 5	Nov. 10
Nov. 6 - 12	Nov. 17
Nov. 13 - 19	Nov. 24
Nov. 20 - 30	Dec. 8

Starting again on Dec. 1 and continuing until August of 2007, all open

assembling sheets will be stopped at the end of each month. Delayed Pricing contracts and/or Warehouse Receipts will be issued the 15th of the following month for all grain still not sold prior to that day. **Please sign and return the contract when it arrives.**

If you have any questions about this policy, feel free to call the Hanley Falls office at (507)768-3448.

Everyone at the Farmers Cooperative Elevator Company wishes each of you a safe and prosperous harvest season.

**Scott Dubbelde, General Manager**

### Farmers Cooperative Elevator Company

P.O. Box 59  
Hanley Falls, MN 56245

Presorted Standard  
U.S. POSTAGE  
**PAID**  
Hanley Falls, MN  
Permit No. 4