



August 11, 2011

"You cannot escape the responsibility of tomorrow by evading it today." Abraham Lincoln

Chairwoman Stabenow and Ranking Member Roberts, and members of the committee, we would like to thank you for allowing us to share our thoughts in regards to the upcoming farm bill. We also appreciate the opportunity to share our story from rural America on what previous farm bills have done to our local economy and our own business.

About WindRiver Grain, L.L.C.:

WindRiver Grain is a commercial grain loader and unloader located in Garden City – Southwest Kansas. Our company was established in 1997 as a joint venture between the cooperative system and Cargill. The mission of the company was to bring world markets to southwest Kansas wheat and feed grain producers. Initially our main focus was shipping 110 car unit wheat trains to the Texas gulf on the main line BNSF railroad. As a startup company, our owner's allowed us to act independently which in turn gave us the ability to cultivate our entrepreneurial spirit. Although inexperienced, our optimistic attitude allowed us to explore options that perhaps others may have viewed as impossible.

The BNSF railroad has been an incredible partner in helping us look for additional opportunities from the very beginning. Early on, we saw there were opportunities for unit trains into Mexico and also explored shipping split trains of wheat and milo. This concept entails loading 55 cars of wheat and 55 cars of milo. We were also able to develop an opportunity into the California flour mills which we call destination efficiency trains. This concept allows us to ship full trains into California and then break them into smaller units to service 3 or 4 flour mills which don't have the rail track capacity to handle 110 car units. Most of this was accomplished because we took an approach of partnering with our customers.

In 2007, Conestoga BioEnergy chose to build a 55 million gallon ethanol plant next to our facility in Garden City. Again, the relationship we have developed with the BNSF rail road was one of the biggest reasons Bonanza Energy decided to build next to us. Overnight, this growth doubled the size of WindRiver Grain and provided good jobs for Kansans. This growth has added approximately 39 good paying jobs between the ethanol plant, the Kansas Grain Exchange (a new support business at our facility) and WindRiver Grain. This has also created economic growth in the surrounding communities from trucking companies who buy fuel, equipment and other services. This multiplier effect has been huge for rural communities like ours. It is similar to how the auto industry multiplies jobs in Michigan.

Farm Policy Impacts on Southwest Kansas:

The policies which were put into place in the 2008 farm bill were the catalyst which allowed us to see this economic growth in rural America. With our current federal deficit many of our business sectors have suffered from a stagnant economy. We sympathize with these businesses and the families affected by it. We feel it is important to communicate how the bio-fuels industry has created commerce, jobs, and opportunities in our communities. Rural America today is made up of resilient people who have labored for generations to provide food and feed to the world. Production agriculture has been a relatively low margin business throughout history. Most producers have never experienced the current positive economic climate we have seen in the last several years. However, despite the higher commodity

prices, there is tremendous risk every year of drought and other natural disasters that cannot be predicted or controlled. We support the use of crop insurance as a means of protecting producers from these natural disasters. This program has been a vital safety net for producers and a means for them to continue production agriculture even in tough years. The commodity business is a cyclical business based on supply and demand and very dependent on the weather and farm policies and programs.

We would also like to commend you on thinking outside the box and trying to be proactive in developing opportunities for rural agriculture to thrive and prosper. Never in our life times have we seen prices for our products at such historically high levels. Demand for our products as food and feed has never been greater. How we navigate these prosperous times will say much about what rural America is all about. Continuing to be able to feed a growing global population over the next 40 years will take a coordinated effort from all of us.

The 2008 farm bill which supported biofuels development of new generation ethanol plants has had an extremely positive impact on rural American. This tied production agriculture to the energy market, thus creating an economic impact which has rippled throughout our economy in southwest Kansas and other rural communities. Our company went from a facility which historically handled between 15 and 17 million bushels of grain annually to a company which today handles between 43 to 48 million bushels of grain annually. This is a little over a twofold growth from 4 years ago. What does 47.5 million bushels of grain delivered to one facility look like? Picture a rural country elevator which is unloading approximately 50,000 trucks annually or 192 trucks per day, 5 days a week for the entire year. This equated to annual gross sales of \$263 million to our local economy. This doesn't take into account the 65 independent trucking firms and their families we work with to transport our commodities. These trucking firms buy fuel, tires, repairs, food, etc. in our local community. Last fiscal year we paid out nearly \$6.4 million to independent trucking firms from Windriver alone. This does not include the truck freight paid by Bonanza Energies on their outbound DDG shipments.

In addition, the ethanol plant annually ships approximately 19,500 truckloads of wet distillers feed, co-products of ethanol production. The co-products go to local livestock feeding operations. The ethanol plant also ships 1,980 rail car loads of outbound ethanol per year. These two products account for another \$190 million of economic activity within our local community. This entire economic growth in the farm belt has created a multiplier effect which has been a catalyst for our local economy. In total, this has created an estimated 39 direct jobs between the ethanol plant and WindRiver grain plus an additional 90 to 100 jobs from independent service providers. This wouldn't have been possible without the creation of the renewable fuels standard which helped to create this economic engine and nurtured this new growth industry.

Other Economic Effects:

These close relationships and partnerships between Bonanza BioEnergy, our local cooperatives, independent elevators, the BNSF rail road and WindRiver have created incredible opportunities for growth. It has also increased efficiencies for all parties involved. Examples would include using the same inbound truck scale to sharing main line rail switches with each other. It has created an economic incentive for the BNSF rail road to work with us in developing more inbound and outbound grain movement to our local end users or export customers. The possibilities are endless when all parties are looking to create Win/Win opportunities which have a positive impact on one another's businesses. This has truly been one of the hidden gems to creating this economic engine which has taken our company to a level few would have ever imagined. We have realized how important it is to work as a combined team, thinking beyond ourselves to create opportunities for everyone involved. We have also realized some opportunities are better off missed if they don't align with our Win/Win philosophy of doing business.

Current Regulatory Effects:

We need to use a common sense approach in how our industry is regulated. It appears to us out in rural America that the regulation encroachments on our businesses are over reaching. Case in point, the OSHA requirement on sweep auger bin entry is unrealistic. Those involved in business, whether it is in agriculture or the auto industry, realize safety is important, but also understand you can't eliminate all risk. We also feel the EPA is over reaching with proposed dust regulations on farming.

The Positive Effects of Ethanol in Rural America:

Production agriculture has been incentivized by ethanol demand. Two decades ago the US produced roughly eight billion bushels of corn. One decade ago that number had grown to ten billion bushels with some overproduction. Today, US farmers produce over thirteen billion bushels of corn because ethanol demand was introduced in the middle of this decade. Ethanol production became a part of the national energy policy. Today, ethanol demand uses roughly five billion bushels of corn, which is the increase in corn production from two decades ago. What has happened is the corn production pie has gotten larger due to the marketplace providing the incentives for increased seed research, fertilizer efficiency and increased water and land conservation efforts. The net result in western Kansas has been corn grown on land that was normally producing a wheat crop every two years. For example, we used to see a wheat fallow crop rotation. Today, due to improved farming practices along with new seed technology we have increased the productivity of our farm land. We complement Senator Pat Robert's foresight in giving farmers a market based flexible farm program starting with the 1996 Freedom to Farm legislation. We believe the policies of the past farm bills, which tied production agriculture to energy markets, have been a positive driver of the economy in rural America. We believe the insight of congress, to promote this initiative, will lead us to becoming a more energy independent country. We further believe that becoming more energy independent will aid in our national security. Isn't it time to forge our own identity with energy independence leading the way?

Blender Pumps:

Currently this year, USDA, through the Rural Development's Regional Energy for America Program (REAP), has provided aid for the installation of blender flex-fuel pumps in rural areas. We fully support this program and hope that it can be continued and expanded to include urban areas as well. This program has the potential to greatly assist in rural development and energy independence providing the mechanism for market access for mid-level ethanol blends and the means to overcome the current E-10 wall.

Grain Sorghum Defined As An Advanced Biofuel:

We are fully in support of continuing to include such a definition in the Farm Bill's energy title. We encourage USDA to fully support efforts to achieve approval of a similar advanced biofuels pathway with US EPA in the RFS 2. Promoting sorghum production is also a means of reducing the demand on our precious water supply in southwest Kansas.

Crop Insurance:

This is a vital program to production agriculture that needs to be a priority for funding. If there are choices to be made, crop insurance is one that needs to continue to be strengthened. This is a farm safety net that preserves and increases rural development for future generations. Producers and lenders have come to rely on this tool to manage risk in years of production variability.

CRP Issues:

We are advocates of scaling back the number of acres put into CRP in an effort to increase the number of quality acres that should be in production today. Environmentally sensitive ground should remain in CRP while productive ground in CRP should be allowed a market based early exit strategy from contracts.

Ag's Future:

We need a free market based flexible farm program that can address the changes that take place quickly in the world marketplace, while maintaining an environmentally sound approach. Americans farmers can meet this demand if given the proper market signals and common sense government policies. In order to meet the future global food demand, we cannot afford overregulation and legislation that stifles production agriculture. We are going to need research coming from the land grant universities working with industry and production agriculture to meet the food and fiber needs of our growing world population.

Closing Statements:

Again we thank you for giving us the opportunity to share with the committee a little about our business in rural America. We feel very blessed to work among so many wonderful hard-working Americans. We also appreciate the fact we live in a free country due to the sacrifices of those who have fought and died for the opportunities we have today.

We realize there are going to be reductions in all areas of government spending. We understand and commend you on taking necessary actions. We would just ask each of you that we have elected to bear in mind that rural America is a vital part of the success of our great nation.

We would like to leave you with this thought: America was founded on principles of hard work, freedom, liberty, and a faith that God will guide and protect those who seek his wisdom. May God guide and bless each of you as you lead our country. Thank you.

Sincerely,

Robert A Tempel, COO
WindRiver Grain, L.L.C.