



News & Views

A Monthly Publication Dedicated to the Feed, Seed, Grain and Farm Supply Industries of Wisconsin

Somebody Asked ■

Q.: I recently received an email from a company which sells software that they said was needed to comply with the Food Safety Enhancement Act of 2009. I haven't heard of this rule, but the letter was very serious and pointed out all the things that I needed to do. Have you heard of this and do I need to buy their software?

A.: You may get the feeling sometimes we are always telling you have to do something or the other, but we can also let you know what you don't have to do, or even, what you shouldn't. In this case, it is the latter.

Yes, we have heard of this, however the seller is misrepresenting the facts and scaring you into thinking you have to buy their product. There is a bill by that name which relates to feed safety which has passed the US House of Representatives. It is NOT currently law. While the House version does contain some problematic issues, the Senate version, which is still being debated, does modify many, but not all, of the problem issues. The Senate bill still needs to be voted on and then, the two bill versions go to a conference committee to consolidate the two versions into a single bill.

Here is a viewpoint on the timing of that process from WASA's national affiliate, the American Feed Industry Association (AFIA):

Given the Senate leadership's apparent zeal to pass any form of health-care reform legislation it can before recessing for the rest of the year, all other issues—with the exception of certain spending bills—are taking a back seat.

Generally, key Senate staff members on the food safety issue also are handling health-care reform, so meetings and discussions about food

safety are delayed until after the health-care bill is voted on.

S. 510, the bill marked up last month by the Senate Health, Education, Labor and Pensions Committee, continues to be a work in progress. The thinking is that the bill with the least controversy associated with it could be moved to the Senate floor sooner rather than later.

(AFIA and WASA) continue to work for refinements to the bill to ensure animal feed is regulated appropriately. We know that no substantive discussions on changes are occurring among Senate staff, but food safety is not expected to be a priority until some time in February or March, given that the Senate is not expected to resume business until Jan. 19, 2010. And in talks with staff of the House Energy and Commerce Committee, it is clear very little pre-conference discussions have taken place with their counterparts in the Senate.

Nothing will be moving to completion in all likelihood before late winter, so the email is a very premature scare sales tactic. Our advice is to ignore solicitations such as these and if you have questions to please contact the Association.

On the tail of handling this situation, we received a second inquiry from another member regarding another email from the same company which was selling software to comply with the FDA's Reportable Food Registry. (We have written extensively about the Registry and compliance with it in the August and September '09 issues of *News & Views*. In this case, the Registry *is* in place and FDA is expecting compliance.) The point regarding the solicitation which made this episode so poor was the company implied you needed their software in order to comply with reports to the Registry. This is

absolutely false. Reports made to the Registry are made solely via the free FDA website using the on-line forms provided by the FDA. There are no other means of compliance with this specific rule, and external software is not needed in order to comply.

Again, if you receive a solicitation of which you are not certain, please contact us. If we don't know the answer immediately, we will find out the facts and let you know.

Sources: *AFIA and Steve Kopperud*

Renew Energy Update

Earlier this month, if you haven't heard, Valero Energy was the high bidder at a price of \$72.1 million for Renew Energy, the Jefferson ethanol plant which filed Chapter 11 bankruptcy last January. The sale has yet to be approved by federal antitrust officials. Pending approval, the sale is expected to be finalized sometime early next year.

In addition to the Renew purchase, Valero also purchased two other ethanol plants for \$200 million from ASA Ethanol Holdings LLC, which ASA had bought earlier as part of the VeraSun bankruptcy auction. Each of these plants, which are located in Linden, Indiana, and Bloomingburg, Ohio, has an annual production capacity of 110 million gallons.

A little background for you, again if you weren't already aware. Valero Renewable Energy, a subsidiary of Valero Energy, currently operates seven ethanol plants in Iowa, Minnesota, South Dakota and Nebraska. The plants are (again) former VeraSun plants which the company won at a bankruptcy auction earlier this year. In addition, Valero is the nation's largest independent oil refiner and operates 16 refineries with a total throughput capacity of 2.99 million barrels a day in the U.S., Canada, and Aruba. The company also distributes refined products through 5,800 retail fuel outlets primarily in the southern tier of the US. The three ethanol plant purchases, if approved, will put Valero at a combined ethanol production capacity of 1.1 billion gallons per year. This would put them slightly ahead of the current largest ethanol producer, ADM. The 1.1 billion production figure would equate to about 8.4% of total US ethanol

production. And one more point, the combined purchase price for the three plants is about 41 percent of the plants' replacement cost.

How Jefferson will handle their corn procurement, assuming anti-trust approval, is what everyone is asking. We don't know for certain, but speaking with folks in Iowa who have experience dealing with both former VeraSun and current Valero plants; Valero kept the procurement staff that was in place. That situation doesn't translate exactly to the situation which existed with Renew in that large portions of the corn buying went through Olson's Crop Service for delivery to Renew. We should also point out this sale has no direct impact on, or the operation of the affiliated ethanol plant, Utica Energy, located just outside Oshkosh.

We'll keep you informed as more information becomes available.

Convention Update

Given the year we have experienced problems ranging from grain quality and grain drying both operating lines and customer credit issues, this year we are presenting a program that will provide information and insight at every session.

The opening day starts off with a national television taping of Orion Samuelson and Max Armstrong's "This Week in Agriculture." Their program will include market insights, long-range weather forecasts and much more. It's always entertaining with Orion and Max and the program will be spotlighting our show for a national audience. And incidentally, this is Orion's 50th year in broadcasting.

We will follow that with breakout sessions covering a wide variety of important topics including:

- Dr. Brian Holmes of UW-Madison on grain storage and handling issues. What you need to know now to maintain quality in the bin and to mitigate any problems;
- Dr. Randy Shaver, also of UW-Madison, speaking on the issues of which you need to know in the feeding of low quality or

damaged grains, especially noting the concerns regarding mycotoxins and feeding;

- Dr. Shaver will also present the new Feed Grain Evaluation program designed to analyze the principal components affecting digestibility and nutritional performance of dairy cows;
- Staff from the Michael Best & Friedrich law firm will discuss handling of accounts receivable and how to position your business to maximize collections;
- Senior staff from Badgerland Financial will present their view of the upcoming credit and lending climate and what you need to be doing now to best position your operation;
- Jess McCluer, Director of Regulatory Affairs of the National Grain and Feed Association, will present on the topics of chromium and manganese emission mitigation, as well as new combustible dust standards for feed mills;
- All this and more, including CEU's for Certified Crop Advisors have been applied for in the areas of professional development and crop management.

And in case you were wondering, we will also have a repeat of the hit, Ag States-sponsored, WASA-only reception following the excellent Pork Producers' Taste of Elegance. This will be a great evening of great food, good friends and colleagues.

It's sure going to be an information-loaded, exciting time. Use the enclosed form to register now and don't forget to make your reservations now before the Kalahari sells out! See you there!

Various Updates■

- We've received a few questions regarding whether the proposed changes put forward by DATCP addressing higher thresholds for required CPA audits have been addressed. Unfortunately, they have not. The required legislation is still "in the mill" with the State Assembly and Senate. The Department's schedule was thrown off by intervening events earlier this year, and legislative schedules never were able to sync back up. Hopefully, (and the

plan is) the legislation will be passed and signed sometime this spring in time to save businesses with May 31-year ends some auditing expenses.

- WASA worked with the Wisconsin Propane Gas Assn. and the Cooperative Network to successfully receive hours of service (HOS) exemptions from Governor Doyle this fall. While the granted HOS exemptions didn't solve the propane shortage problems, they certainly didn't add to it. While the situation in Wisconsin has loosened up a bit in terms of both supply and truck wait lines at terminals, we are hearing the situation is as bad as ever in Iowa. That situation may spill back into Wisconsin and require yet another exemption.
- WASA, working through DATCP, was able to successfully extend the calendar-based harvest overweight rule past the November 30 end date, which Governor Doyle again made possible via executive order. We will be working this coming year to permanently change the rule to allow corn and soybean overweight loads past the November 30 end date into December. We'll keep you updated.

WASA Directory Update■

The following updates should be made to your WASA Directory.

New:

Timpte, Inc.
5368 Hutton Dr
Urbana, IA 52345
Phone: (866) 865-0992
Fax: (319) 443-4107

Looking Down the Road■

Jan. 27 **WASA Safety Day**
Kalahari Resort, Wisconsin Dells

Jan. 28-29 **WASA Convention and Trade**
Show, held in conjunction with the
Corn/Soy Expo
Kalahari Resort, Wisconsin Dells