# C MAGAZINE

## Sorghum on the Rise

More export options spell opportunity

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**ON THE COVER:** Sydney Swanson scouts developing crops in central South Dakota. Swanson is a sales agronomist with CHS River Plains and is based in Philip, S.D.

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For editorial requests, email cmagazine@chsinc.com.




*Jay Debertin, president and CEO, CHS*

# Global Connections

There's no greater demonstration of creating connections to empower agriculture than in our cooperative system's growing global footprint.

At CHS, we know that to effectively serve U.S. farmers and our member cooperatives, we must be a year-round supplier to grain customers around the world. Vital to those efforts is our expansive domestic grain supply chain, which includes our export terminals strategically located in Myrtle Grove, La., and Superior, Wis., and the export terminals included in our TEMCO joint venture with Cargill at Portland, Ore.; Houston, Texas; and Kalama and Tacoma, Wash.

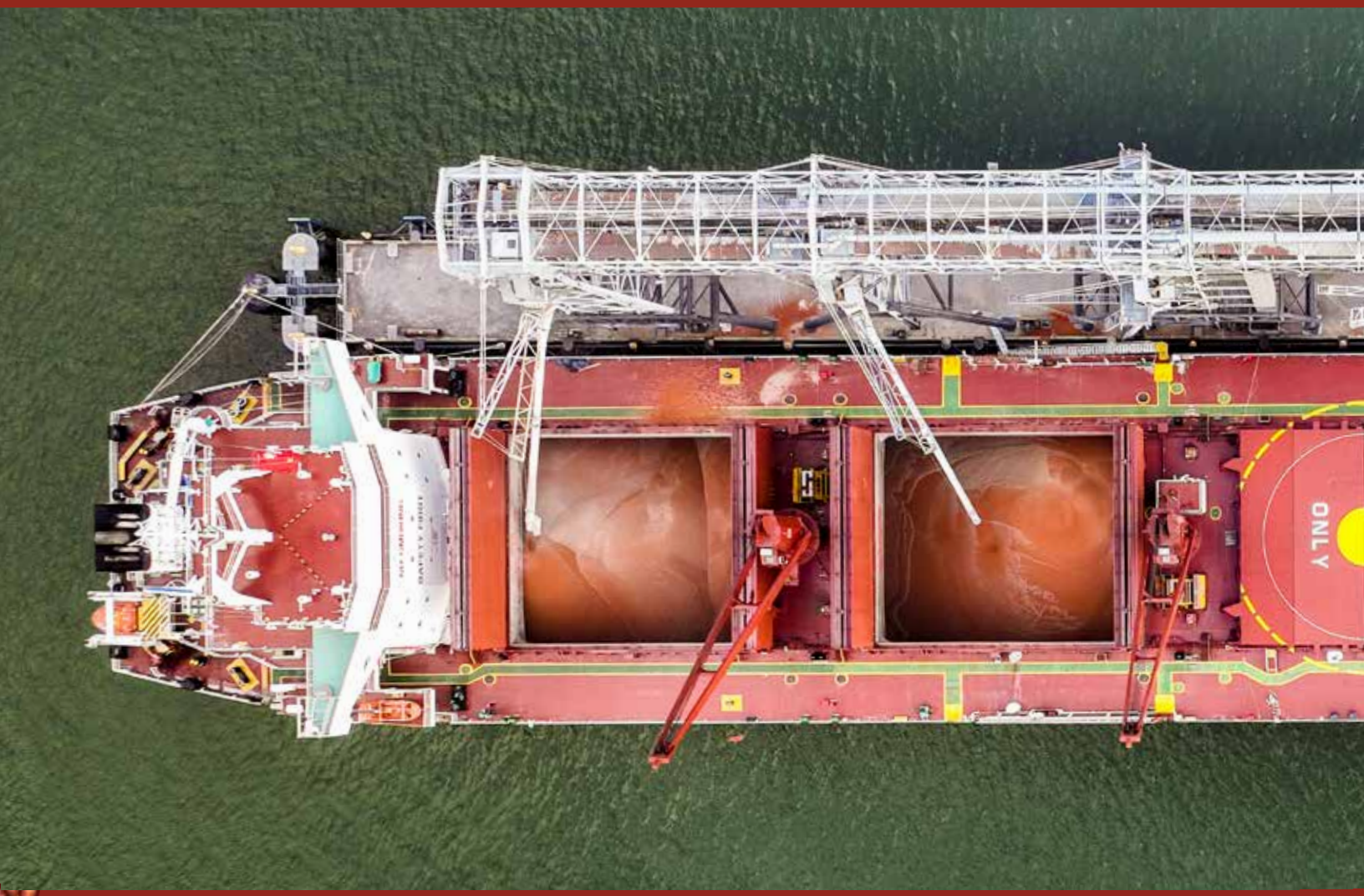
In this issue, you'll read about our significant increase in sorghum origination and exports. A key rotational crop in the Southern Plains, sorghum — also called milo — fills the need for a low-input crop and is increasingly valued by buyers across the globe. Building out our southern U.S. grain corridor means we are able to send significantly more of the sorghum raised in Nebraska and points south through the Port of Houston to customers in Asia and other regions.

While most of the grain CHS handles is corn, soybeans and wheat, the sheer breadth of our ownership base and constant changes in trade conditions and customer needs means sorghum and other secondary crops, as well as byproducts such as DDGS and soybean meal, will always be an important part of our overall grain portfolio.

We will continue working to build market access for the crops our owners market through CHS. That emphasis includes collaborating with U.S. policymakers and international organizations to help ensure U.S. crops have access to global markets through fair and open trade.

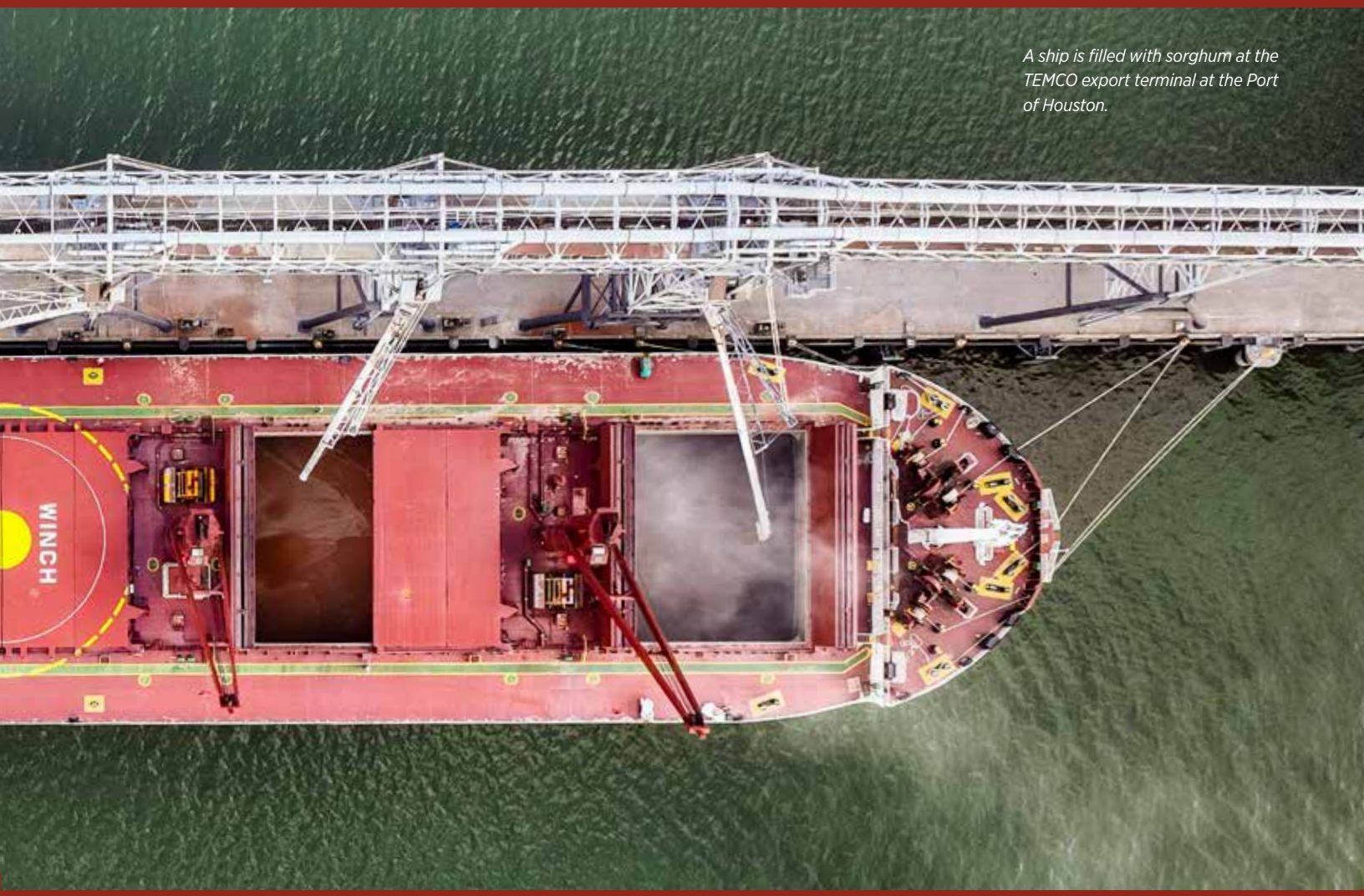
The cooperative system is feeding the world. Thank you for your commitment to working with us as we create connections here and around the world.

Have a question or feedback for the CHS management team? Get in touch with us at feedback@chsinc.com.



# SORGHUM

Expanding export options improve demand and profit potential.




*A ship is filled with sorghum at the TEMCO export terminal at the Port of Houston.*

# SOARS

*By Matthew Wilde*

The excitement David Schemm felt when TEMCO added an export facility at the Port of Houston in early 2023 ranks right up there with skyrocketing sorghum prices and a bumper crop at harvest.

Grain grown in the Southern Plains naturally flows to the Texas Gulf for export. Since most sorghum grown in the region and U.S. is sold overseas — 80% in 2023, according to the U.S. Department of Agriculture (USDA) — the Kansas farmer and cooperative owner anticipates more demand and better profit potential for the popular cereal grain.

"Access to the export facility in Houston through the cooperative system ramps up our ability to get sorghum out of the country so we can tap into existing global markets and develop new ones," Schemm says. "There's a lot more net benefit for producers."

## Business Boom

TEMCO, a joint venture between CHS and Cargill, also has three terminals in the Pacific Northwest (PNW). Wheat, soybeans and corn have been handled by TEMCO for years. Add sorghum to that list with the Port of Houston expansion.

The Southern Plains, led by Kansas and Texas, produces 80% of the U.S. sorghum crop, which amounted to 318 million bushels in 2023, according to USDA.

CHS has become an aggressive sorghum buyer, working to fill export demand through the Texas Gulf.

"Joint ventures have opened doors for us to pursue opportunities >

> in sorghum," says Kealan Griffin, CHS lead sorghum trader. "This helps farmers and the entire cooperative system by adding value to the crop."

Expansion of a grain marketing alliance called Producer Ag in early 2023 also helped maximize complementary assets and connect cooperative- and farmer-owners with customers around the world by leveraging the new TEMCO terminal. Producer Ag is a joint venture between CHS and member cooperative Mid-Kansas Cooperative (MKC).

TEMCO at Houston and Producer Ag are part of the CHS Southern Plains strategy to be more competitive buying and selling grain in the region, says Brian Schouvieller, who represents CHS on the TEMCO board of governors. A nearly fourfold increase in CHS sorghum receipts in fiscal year 2024 indicates the strategy is working.

From September 2023 through April 2024, CHS grain facilities from Illinois to Texas handled more than 10.6 million bushels of sorghum compared to just under 3 million bushels in fiscal year 2023. Griffin says in fiscal year 2024, which ends Aug. 31, sorghum volumes may reach 13 million bushels.

He projects CHS will export about 40 million bushels of sorghum in fiscal year 2024, which includes 18 million to 20 million bushels sourced by member cooperatives within the CHS cooperative system. Nearly all of it will be shipped to China, the largest importer in the world.

"CHS is building its capabilities to originate, market, transport and export grain in the region to meet customer needs," Schouvieller says. "We have all those assets within our control, which allows us to buy grain in advance.

"We're able to offer more consistent, competitive bids every day because we can ship directly to customers, which reduces potential margin losses caused by using third parties."

## Sorghum Central

More than 70% of the sorghum CHS sources in fiscal year 2024 will have been grown in the Southern Plains. All bushels destined for export will go through TEMCO facilities.

CHS United Plains Ag in west-central Kansas had the largest year-over-year increase of sorghum receipts of all CHS facilities. The retail unit sourced nearly 6.3 million bushels during the first eight months of fiscal year 2024 compared to 917,000 bushels in fiscal year 2023.

Evan Fust, general manager of CHS United Plains Ag, based in Sharon Springs, Kan., and CHS High Plains, based in Yuma,

CHS has grown its market share of U.S. sorghum exports from zero to about 17% in the past 10 years.

*— Guoqiang Liu*

*David Schemm checks young sorghum plants for signs of disease, insects and nutrient deficiency on his farm near Sharon Springs, Kan.*

*Sorghum holds value as a livestock feed ingredient and requires fewer inputs than other feed grains.*

Colo., credits the dramatic jump in sorghum volume to improved marketing and demand that led to stronger bids. At times, he says bids were as much as $1 per bushel better than competitors' bids.

"That's money back in our owners' pockets, along with better patronage checks down the road," Fust says.

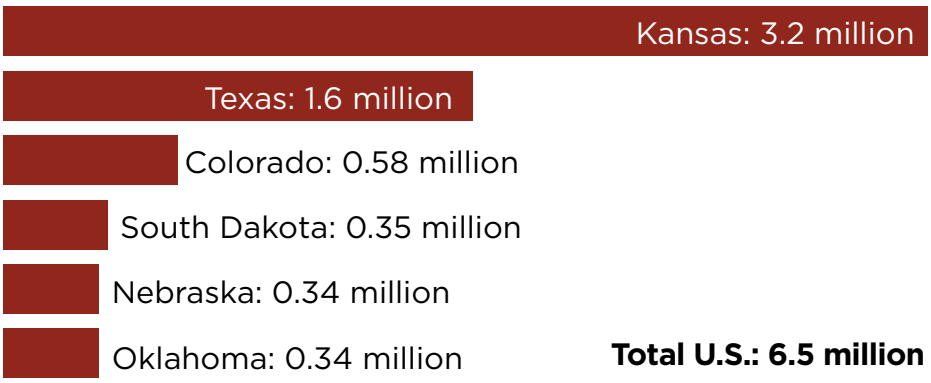
CHS sorghum bids have increased 20 to 30 cents per bushel on average since early 2023, Griffin estimates.

Schemm markets 100,000 to 200,000 bushels of sorghum a year through CHS United Plains Ag. He confirms local cash prices have improved, which has benefited his bottom line.

"Better access to export customers provides a better return for producers," he says.

Schemm planted 2,600 acres of sorghum this spring. He also grows corn and hard red winter wheat, which each >

**Sorghum Acres Planted, 2024**




**Total U.S.: 6.5 million**

*Source: USDA Acreage Report, June 28, 2024*

# Milo Champions

On the vast, challenging plains of northeastern Colorado, where farming is both an art and a science, Jim Diamond is a passionate advocate for grain sorghum, or milo. His operation, Milo Farms LLC, near Akron, Colo., is a testament to his commitment to sustainable, cost-effective farming practices.

Diamond's roots in farming date back to 1893, when his family began cultivating the land under the Homestead Act. Today, he and his wife, Sally, continue the tradition. As director of the Colorado State University Crops Testing Program, she brings valuable insights to the farm from her work in ag research and outreach.

In 2010, fresh out of college, Diamond made the strategic decision to focus on milo. "Milo is drought-hardy and can withstand more mid-summer heat than corn before losing yield potential," he explains. He notes the crop's versatility and adaptability, since it can be drilled or planted, adding to its appeal in a no-till operation.

One of milo's advantages is significantly lower input costs compared to other crops, he says. "The biggest difference for inputs is the seed cost. Corn seed costs around $35 to $40 per acre, while milo seed ranges from $7 to $24 for herbicide-tolerant hybrids." The savings allow him to allocate resources more effectively, enhancing overall farm profitability.

To help manage highly erodible soils, Diamond is considering drilling or planting milo in narrow rows to enhance weed control and soil coverage. "Milo takes a long time to reach full canopy, so narrow rows would help," he notes. To handle challenges like lodging, Diamond uses combine header attachments and conversion kits to maximize yield capture at harvest.

> "Typically, milo is priced at 90% of corn due to its feed value, but can be higher if the export market is strong."
>
> — *Jim Diamond*

The economic returns from milo are promising, although Diamond says they fluctuate with market conditions. Local buyers provide a stable market, including pork production operations and bird seed plants. "Typically, milo is priced at 90% of corn due to its feed value, but can be higher if the export market is strong."

Milo has become a viable alternative to corn and millet in the region, especially in areas with limited crop options.

Diamond says he aims to expand his farming operation and increase milo acreage, capitalizing on its drought tolerance. He advises farmers considering milo to explore the market and understand the crop's requirements. "Think of milo like growing conventional corn," he says, starting clean with residual herbicides for effective weed control.

*— Abigail Rogers*

*Jim and Sally Diamond evaluate root structure and stalk strength of developing milo plants.*

typically account for one-quarter to one-third of his acres. Schemm says he may plant more sorghum in the future based on market and climatic conditions and he expects other farmers to follow suit.

Compared to corn, sorghum is more heat- and drought-tolerant and requires less input investment. USDA estimates the 2024 cost of corn production at about $870 per acre compared to sorghum at $431 per acre and projects the average farm price of 2024 sorghum and corn to both come in at $4.30 per bushel.

"All farmers are aware of the farm economy with the downturn in prices and high input costs," Schemm says. "Sorghum has an advantage being a lower-cost, hardy crop. And now it can be a higher-value crop. I think farmers are going to realize that and we'll see acres creep up."

## Demand Outlook

Chinese demand for U.S. sorghum drives the global market. Guoqiang Liu, the CHS operations director based in Shanghai, says he expects demand to remain stable and possibly increase in the near future, barring trade or policy changes between the two countries.

USDA projects the U.S. will export 245 million bushels of sorghum during the 2024–2025 marketing year and Liu predicts more than 90% of that total will go to China. While annual export volume fluctuates due to crop size, demand, politics and price, the percentage of U.S. sorghum exports going to China has remained steady.

> "Joint ventures have opened doors for us to pursue opportunities in sorghum. This helps farmers and the entire cooperative system by adding value to the crop."
>
> — *Kealan Griffin*

According to USDA projections, China will import nearly 315 million bushels of sorghum during the 2024–2025 marketing year. CHS has grown its market share of U.S. sorghum exports in the past 10 years from zero to about 17%, Liu says.

About 80% of sorghum used in China feeds livestock, primarily pigs and poultry. The rest is used to make baijiu, the most widely consumed liquor in the world.

To support domestic corn production, China has an import quota on corn at 7.2 million metric tons (283 million bushels) in 2024. Sorghum is often an affordable alternative to corn for livestock feed, Liu says.

"China must import feed grains to account for its domestic deficit.

*Sorghum growers Jim and Sally Diamond walk through Colorado State University sorghum trials at Akron, Colo. She leads the crop testing program.*

> Sorghum demand to make baijiu is also growing," he adds.

## Emerging Markets

Today, 20 countries import U.S. sorghum, according to USDA. The United Sorghum Checkoff Program and U.S. Grains Council are working to expand exports and market access to other nations. Mexico imported nearly 79 million bushels of U.S. sorghum during the 2023–2024 marketing year, far behind China.

**USDA projects the U.S. will export 245 MILLION BUSHELS of sorghum during the 2024–2025 marketing year.**

Schemm, who serves on the United Sorghum Checkoff Program board of directors, is optimistic new buyers will emerge. India, for example, is the world's second most populous country at just over 1.4 billion people, according to the U.S. Census Bureau, and its population is growing while China's is shrinking.

"I'm excited about going to India soon to develop that market and show potential buyers the diverse uses of grain sorghum, from livestock feed to human consumption," he says. "If we can show them the benefits, that could open up a big market."

## Flexibility Advantage

Multiple TEMCO locations — Houston, Kalama and Tacoma, Wash., and Portland, Ore. — provide shipping flexibility that grain buyers appreciate, Griffin says, which has helped grow CHS sorghum export market share. Having export facilities on two coasts offers risk mitigation against weather delays, logistics problems and operational challenges.

"The ability to ship sorghum from the Texas Gulf or the PNW provides a huge advantage," he says. "CHS representatives in China are talking to feed and liquor manufacturers daily, providing information to help them make buying decisions."

Most years, Griffin says 75% of U.S. sorghum is exported from the Texas Gulf because of proximity to the primary production region and lower inland transit costs to ports. But shipping traffic through the Panama Canal has been restricted since mid-2023 by low water levels. Freight rates from the Texas Gulf to China have increased due to high costs going through the canal and longer transit times across the Atlantic Ocean.

"The flexibility to shift export locations when markets dictate adds value to the supply chain and gives buyers confidence that CHS is an economical and dependable supplier," says Griffin.

Liu says cost-conscious Chinese buyers like having the option to choose between multiple export facilities to find the lowest ocean and rail freight rates. "We're confident, especially with the Houston port as part of the sorghum program, that we can maintain and possibly grow our market share."

Being able to originate sorghum from multiple country elevators to meet buyer needs is an advantage of the cooperative system, says Fust. CHS added grain facilities in early 2024 in Cheyenne Wells and Byers, Colo., with a combined 11 million bushels of storage space. The Cheyenne Wells area is known for sorghum production, solidifying the system's sorghum origination base.

"That's the value of a co-op," says Fust, "adding value to your crop." ■

**LEARN MORE: Get more information on the CHS global grain supply chain at chsinc.com/c.**

**Top 10 Sorghum-Importing Countries, 2023**

| | Country | % Global Imports | Imports (1,000 metric tons) |
|---|---|---|---|
| 1 | China | 87 | 7,500 |
| 2 | Japan | 2 | 190 |
| 3 | Mexico | 2 | 175 |
| 4 | Kenya | 1 | 100 |
| 5 | South Africa | 1 | 100 |
| 6 | Eritrea | <1 | 70 |
| 7 | Somalia | <1 | 50 |
| 8 | South Sudan | <1 | 50 |
| 9 | Sudan | <1 | 50 |
| 10 | Taiwan | <1 | 50 |
| **U.S. Export Total** | | | **8,669** |

*Source: USDA*

*Most of the sorghum exported from the U.S. is destined for China.*

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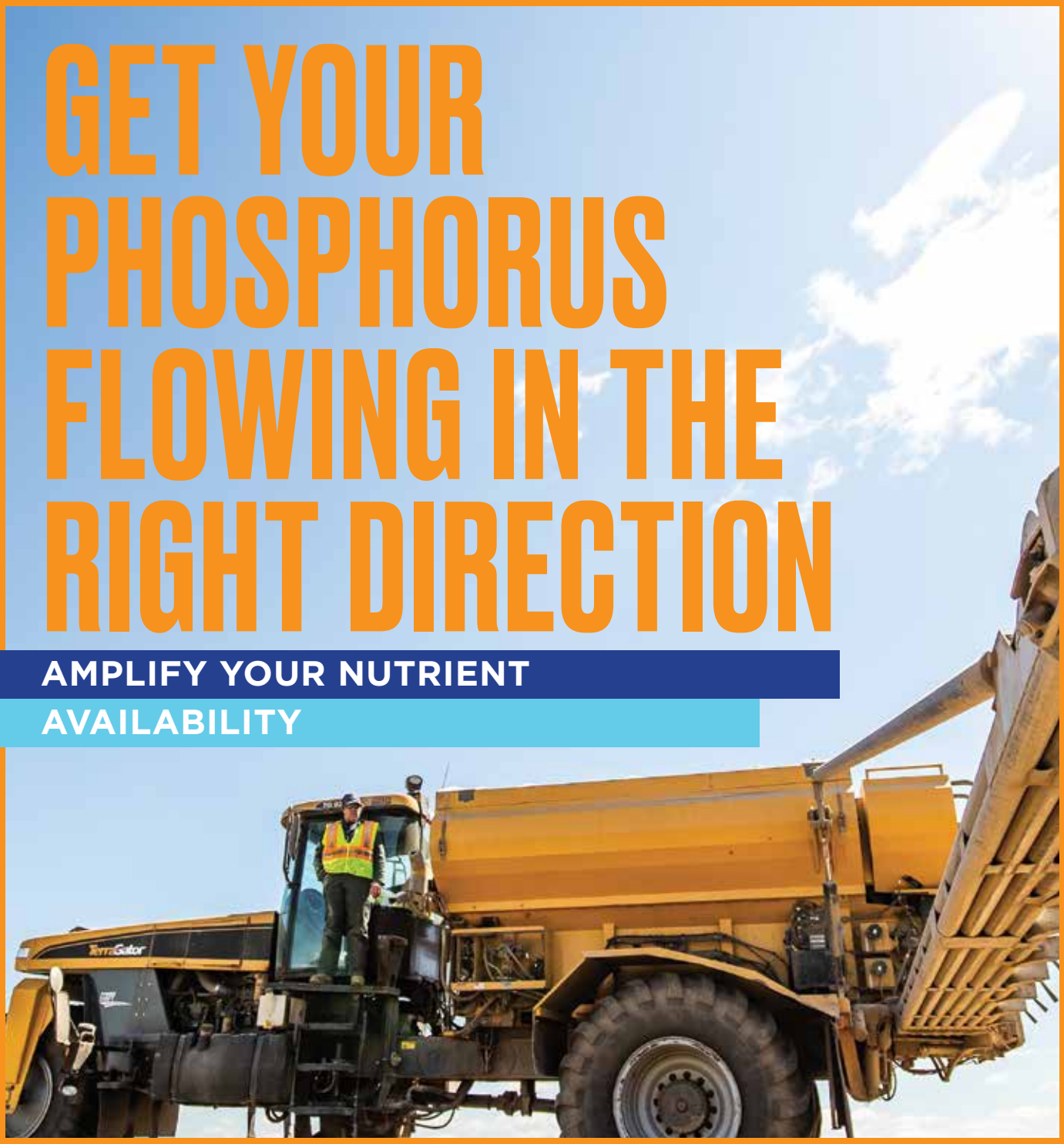

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# The Path to 270

## Understanding election process basics points out why every vote matters.

*By the CHS government affairs team*

Every four years, U.S. citizens engage in a months-long process to determine who will sit in the Oval Office and assume the responsibilities of executive power. You've likely taken part in this process as a voter in the general presidential election, which helps determine the popular vote, but another critical component propels a candidate to the White House: the Electoral College.

Let's dig into key components of the Electoral College system and how its tipping point — 270 votes — determines the next U.S. president and vice president.

### Electoral College

Our country's founders wanted a representative government, a system to answer the question of whether Congress or citizens should choose the president. Here are the essential points:

**Electoral votes:** The American presidential election isn't really about nationwide popular vote tallies; the key is electoral votes. When citizens

cast their ballots for president in the popular vote, they elect a slate of electors. Those electors cast the votes that decide who becomes U.S. president during a separate event shortly after the general election. Elector votes align with each state's popular vote and are distributed based on each state's representation in Congress: 435 members in the House of Representatives and 100 senators. Washington, D.C., also receives three electoral votes, bringing the total to 538. To win the presidency, a candidate needs a simple majority of electoral votes: 270.

**State weight:** Each state's electoral votes reflect its population. California, with 55 votes, wields significant influence, while Wyoming, with just three votes, represents the other end of the spectrum. To calculate how many electors (and electoral votes) a state has, total its number of congressional representatives plus two senators.

**Swing states:** A handful of states have outsized importance in determining the election due to shifting political views of their citizens. Traditionally, these states cycle back and forth between voting blue (Democratic) or red (Republican). Their unpredictable position draws intense focus for presidential candidates as they work to win electoral votes.

When a state swings from red to blue or vice versa, one or more of the following things have typically happened:

- ***Voter turnout:*** When voters are highly motivated to turn out or are dissuaded from showing up at the polls, the results can significantly swing election results.
- ***Population changes:*** States with growing or shrinking populations often see changes in voting patterns, which can be exaggerated during presidential election cycles.
- ***Moderate leanings:*** Moderate political beliefs often make for a long-standing swing state because voters are less likely to be aligned with one party. Moderate voters weigh the candidates' policies and often split the ticket across political lines.

Swing states get attention during an election year. Not only will the candidates campaign across those states, but they often send campaigners to share messages and discuss policies on their behalf. Those efforts, plus media reporting, campaign advertising, polling and third-party engagement, put battleground states at the epicenter of political chatter during an election cycle.

The following are possible swing states in the 2024 election, although the situation could change.

Changing demographics make **Arizona** a battleground. Candidates vie for support from retirees in Sun City, tech-savvy professionals in Phoenix and Hispanic communities across the state.

The power of demographic changes is obvious in **Georgia**, where urban centers like Atlanta, with its diverse population, play a pivotal role.

Rust Belt cities including Detroit and Grand Rapids are key campaign stops in **Michigan**.

**Nevada**'s diverse population — ranging from the Las Vegas metro area to rural mining towns — means every vote counts.

Candidates engage with voters in the suburbs, military communities and university towns in **North Carolina**.

From Pittsburgh steel mills to Philadelphia suburbs, **Pennsylvania** is a microcosm of America's political landscape.

**Wisconsin** is often the bellwether state, aligning with the ultimate winner in recent elections. Candidates crisscross dairy farms, manufacturing towns and college campuses.

## Campaign Trail

Key points in the run-up to the election can indicate strengths and weaknesses of each party's platform.

**Primaries and caucuses:** These early contests set the stage last fall, narrowing the field of candidates until only a chosen few remained to move on to the general election. Iowa, New Hampshire and South Carolina typically take the spotlight, since they are first in the nation to conduct their contests.

**National conventions:** Each political party conducts its own convention, where delegates gather to nominate the candidate who will represent the party in the general election. The intent is for the conventions to rally the party's base and introduce the candidates to the wider electorate. Conventions are particularly influential because the candidate who secures the political party's endorsement can tap into party resources to help fund a campaign.

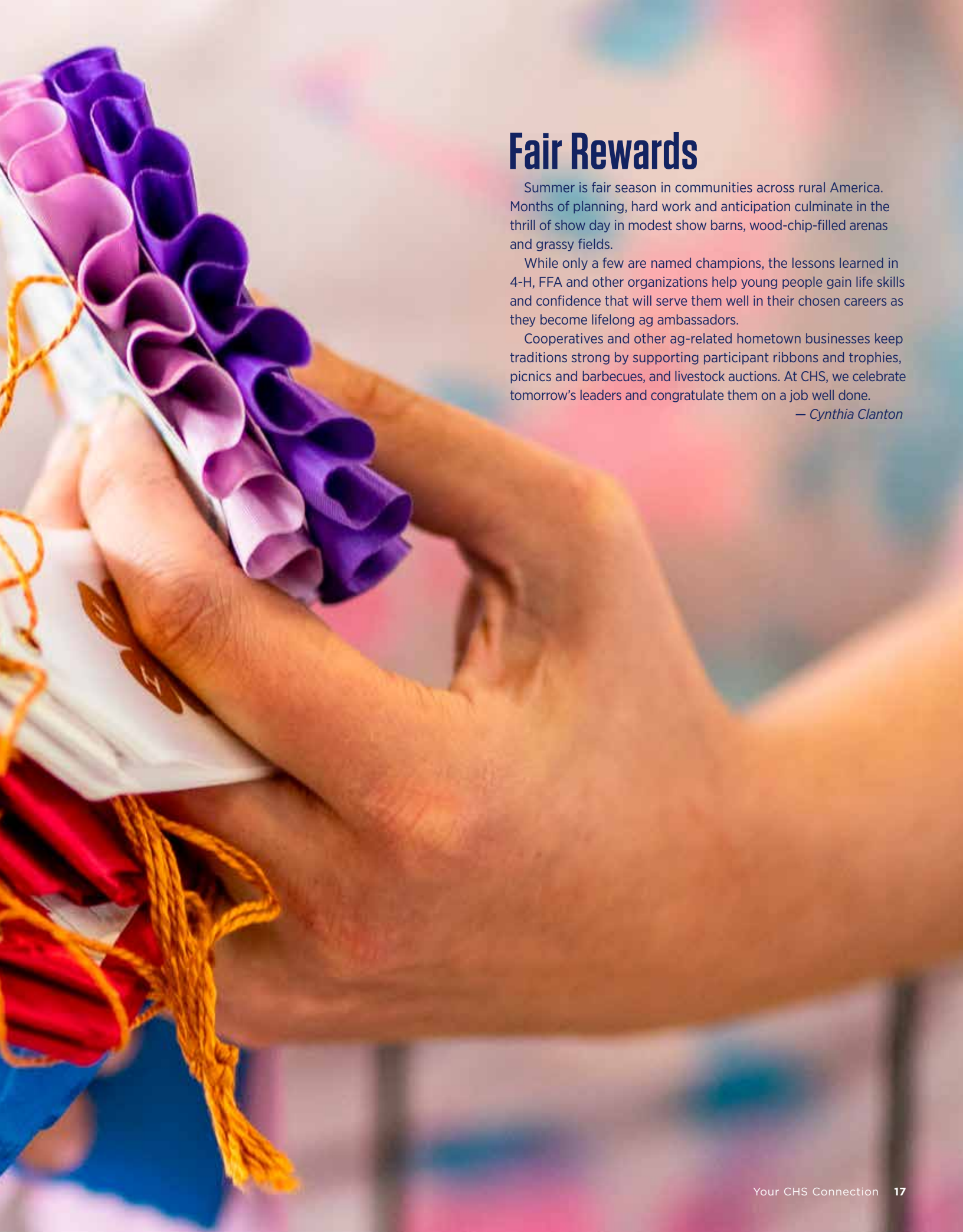
**Debates:** Questions posed during televised debates typically reflect relevant policy issues and current events. Whether presented in a town hall format or the more traditional face-off, debates are an opportunity to showcase a candidate's policies and approaches.

**Election Day:** While some states allow advance voting and voting by mail, Election Day is the first day votes can be tallied. Once votes are counted and reported, the public can get an idea of who has secured the electoral votes of a state and, in turn, the presidency.

## Cast Your Vote

On Election Day, you have a say in every level of government, from vacancies in Congress to governors and school board elections. Regardless of the number of electoral votes your state has, voting is fundamental to democracy and shaping the world around you to align with your values. Be sure to cast your ballot in November. ■

**LEARN MORE:** Find information on policy priorities at chsinc.com/advocacy.



# Fair Rewards

Summer is fair season in communities across rural America. Months of planning, hard work and anticipation culminate in the thrill of show day in modest show barns, wood-chip-filled arenas and grassy fields.

While only a few are named champions, the lessons learned in 4-H, FFA and other organizations help young people gain life skills and confidence that will serve them well in their chosen careers as they become lifelong ag ambassadors.

Cooperatives and other ag-related hometown businesses keep traditions strong by supporting participant ribbons and trophies, picnics and barbecues, and livestock auctions. At CHS, we celebrate tomorrow's leaders and congratulate them on a job well done.

*— Cynthia Clanton*

*The Lower Monumental Lock and Dam on the Snake River near Kahlotus, Wash., is one of four locks and dams on the river that make commercial navigation possible.*

*By Matthew Wilde*

# Saving Snake River Dams

**Farmers and co-ops fight to preserve a vital transportation waterway.**

Mike Hand is scouting one of his fields of soft white winter wheat nestled in the rolling hills near Walla Walla, Wash., with Chris Peha, general manager of Northwest Grain Growers (NWGG). It's time to discuss a marketing plan for the crop they agree could top 100 bushels per acre.

Hand produces 600,000 to 700,000 bushels of soft white wheat annually, marketing all of it through NWGG. The cooperative annually sources nearly 40 million bushels of wheat — soft white, hard red winter and hard red spring — from 2,200 farmer-owners. Nearly all the wheat is exported, half by CHS.

It doesn't take long for Hand and Peha to delve into one of the hottest topics in the region: the possible removal of four dams on the lower Snake River in eastern Washington.

Farmers and cooperatives in the Pacific Northwest (PNW) rely on the Snake River, which flows into the Columbia River, to move grain by barge to export facilities on the West Coast. The four sets of locks and dams allow barges to navigate the river.

Dam removal, Hand and Peha say, would have a devastating ripple effect on agriculture and communities.

"We didn't think there was any way this could happen, but the push to remove the dams is gaining traction," Hand says.

## Dam Impact

The U.S. Army Corps of Engineers built the dams between 1955 and 1975 to provide safe, efficient river navigation; clean, renewable hydropower; irrigation; and recreation opportunities. The dams generate enough electricity to power 540,000 homes, according to the Corps. >


SILVER

*Chris Peha, left, general manager of Northwest Grain Growers, and Mike Hand estimate yield potential of Hand's soft white wheat crop near Walla Walla, Wash.*

> But the dams have also contributed to a drop in salmon and steelhead populations in the Columbia River Basin, which includes the Snake River, according to the National Oceanic and Atmospheric Administration National Marine Fisheries Service. This has occurred despite efforts to help fish migrate from the ocean upstream to spawn and back again, including constructing fish ladders at the dams.

A decades-old battle over whether to remove the dams to improve fish populations intensified in early 2024. A federal judge agreed to stay a National Wildlife Federation Endangered Species Act lawsuit over operation of the dams when federal, state and tribal officials signed a $1 billion agreement to fund fish restoration and clean energy projects and analyze alternatives to transportation, recreation and irrigation provided by the structures. The agreement, which may pave the way for dam removal, will keep the structures in place for at least five and possibly 10 years to allow implementation of the initiative.

If the dams are breached, which would take an act of Congress, Hand says he fears that "It would end wheat farming in the region as we know it."

Peha agrees. He describes grain transportation as a three-legged stool: truck, rail and barge. If one is removed, the system will collapse.

## Barge Benefits

Barge is by far the most efficient, reliable and economical way to transport large amounts of grain long distances, Peha says. A four-barge tow on the Snake River carries 490,000 bushels of wheat (122,500 bushels per barge, although some are larger), according to the Pacific Northwest Waterways Association (PNWA). That's equivalent to 1½ 100-car unit trains and more than 580 trucks.

**More than 60% of U.S. wheat exports flow through PNW terminals.**

— Pacific Northwest Waterways Association

Peha says NWGG's infrastructure, like other co-ops in the area, was built to accommodate barges as the primary mode of grain transportation. A 2022 study on the pros and cons of breaching the dams commissioned by the state of Washington found barge rates average 30 cents to 45 cents per bushel of wheat versus 50 cents to 75 cents per bushel for transport by rail.

> Grain transportation is a three-legged stool: truck, rail and barge. If one is removed, the system will collapse.
>
> — *Chris Peha*

NWGG has four barge-loading facilities and one shuttle-train terminal. Its 35 country elevators truck grain destined for export to barge terminals. If barge access were eliminated, Peha says hundreds of millions of dollars would need to be invested in new grain facilities, rail and trucks, and the region's hills and rock cliffs limit where shuttle train terminals and rail lines could be built.

Peha estimates grain transportation costs to export terminals would jump by $1 per bushel or more if growers and cooperatives were required to rely on truck and rail alone to move grain to the coast. That would be reflected in lower bids to farmers.

"Without barges, crops will be worth significantly less, resulting in devaluing of farmland," Peha explains. "It would have a negative cascading effect, with less tax revenue collected, which means less money for emergency services and schools."

## Community Impact

Andrew Schafer, a producer board member of CHS SunBasin Growers based in Quincy, Wash., produces soft white wheat seed near Pasco, Wash. His crop is trucked to a local seed processor, but that doesn't lessen his concerns about the fate of the dams.

An environmental impact statement commissioned by several federal agencies, including the U.S. Army Corps of Engineers, indicates removing the dams and their hydroelectric power capability could increase electricity rates by up to 25%.

"There's a push for clean energy, yet a great source of it would be eliminated [if the dams were removed], leading to higher electric rates from converting to other sources like wind and solar," Schafer says.

"There would be a lot more trucks hauling wheat, causing safety concerns and more wear and tear on roads and air pollution.

"There would be a tremendous amount of negative impact from removing the dams, not only locally, but nationwide."

## River Value

CHS, an industry leader in wheat exports through the PNW, relies on the Snake and Columbia rivers to deliver grain to TEMCO grain terminals in Portland, Ore., and Tacoma and Kalama, Wash. TEMCO is a joint venture between CHS and Cargill.

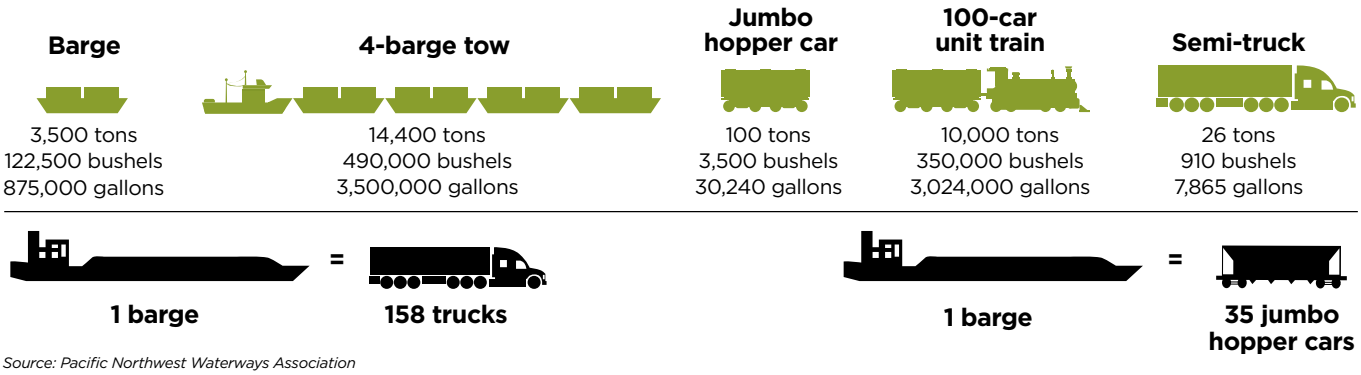
The U.S. is projected to export 825 million bushels of wheat during the 2024–2025 marketing year, according to the U.S. Department of Agriculture. (USDA). The PNWA says more than 60% of U.S. wheat exports flow through PNW terminals. About 10% of total annual U.S. wheat exports are transported on the Snake River. The river system also transports large quantities of corn and soybeans.

"The rivers are lifelines to get crops to market," says Chris Guess, CHS SunBasin Growers senior director of operations. The ag retail business unit loads 80 to 100 barges of wheat annually at facilities on the Columbia River in Kennewick, Wash., and on the Snake River near the Lower Monumental Lock and Dam. "Could you imagine trucking or railing all the wheat to ports on the coast? It would stress the system and truck and rail rates would skyrocket well beyond the PNW. U.S. wheat would be less competitive globally."

**About 10% of total annual U.S. wheat exports are transported on the Snake River.**

About 185 million bushels of soft white wheat will be exported by the U.S. during the 2024–2025 marketing year, according to USDA. It's the largest class of wheat CHS exports, says Ryan Boese, >

### Freight Comparison: Barges, Trains and Trucks



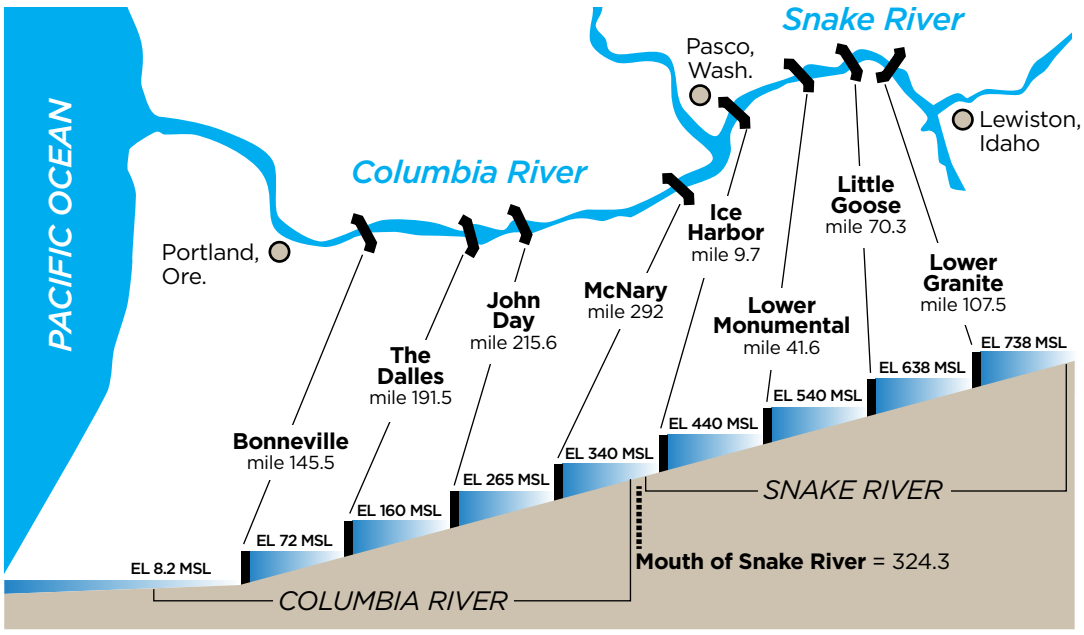

*Source: Pacific Northwest Waterways Association*

*A two-barge tow enters the lock at Ice Harbor Lock and Dam near Pasco, Wash.*

"There would be a tremendous amount of negative impact from removing the dams, not only locally, but nationwide."

— *Andrew Schafer*

## PNW Locks and Dams




*Source: Pacific Northwest Waterways Association*

**MSL** = mean sea level
**EL** = elevation

*Chris Guess, left, CHS SunBasin Growers senior director of operations, and Andrew Schafer, a member of the CHS SunBasin Growers producer board, scout Schafer's soft white wheat seed crop.*

> TEMCO lead wheat trader. Roughly two-thirds of all soft white wheat, predominantly grown in the PNW, arrives at PNW terminals via the river system.

Most importers want to load "grocery boats" with multiple classes of wheat, Boese says. About 75% of ships destined for export contain soft white wheat.

Customers in Southeast Asia crave soft white wheat for its baking qualities to make pastries and cakes. Hard red winter wheat and hard red spring wheat are made into bread, noodles and other foods.

"Soft white wheat is the backbone of the PNW and the CHS wheat program. If we can't get it to port efficiently and economically, buyers could turn elsewhere," Boese says.

### Dam Preservation Efforts

The CHS government affairs team in Washington, D.C., and PNW cooperative leaders are advocating for a responsible solution to help the Snake River ecosystem while preserving the dams.

CHS is working with industry partners, such as the PNWA and commodity organizations, to demonstrate that river commerce and clean energy production are vital to agriculture and local residents.

"A coalition of support is growing," says Will Stafford, a member of the CHS government affairs team. "In the past, it was viewed as a PNW issue and only members of Congress from that region knew about it.

"Since the authority and funding to breach the dams would be authorized by Congress, we're talking with congressional members from Minnesota, Iowa and other states to explain how breaching the dams would affect their constituents."

As cooperative owners, Hand and Schafer say they know their interests are represented. "I may not farm a lot of acres, but I know my voice is being heard," Schafer adds. ■

**LEARN MORE:** Watch a video at chsinc.com/c.

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# Play It Fuel Safe

A few easy steps can minimize risk and help maintain safety while handling fuel on the farm.

*By Megan Gosch*

Operating heavy machinery, combatting weather or handling livestock — running a farm or ranch comes with safety risks.

While he can't eliminate on-farm risks, Dan Harjes is on a mission to keep farmers and ranchers safe when handling the fuel their operations depend on. Harjes, a senior transportation safety specialist with CHS, works with cooperatives and truck drivers on fuel safety protocols, training fuel handlers how to recognize and prevent fuel safety incidents. He also demonstrates fuel safety for farmers and other users.

"Many producers began handling fuel at a young age. It's so routine and such an ordinary part of their day-to-day lives that they may not realize just how much risk they're exposed to or the simple steps that can reduce potential danger to themselves, their operations and their communities," he says.

Harjes shares simple steps you can use to stay safe while handling fuel.

## Stop Static

When filling a vehicle fuel tank or external gas cans, static electricity transferred throughout the fueling process has the potential to ignite a spark.

"When handling gasoline, fumes and vapors hovering around the fuel are prone to ignite with static electricity," says Harjes. "Grounding yourself will neutralize the static electricity and keep surprise sparks away from open fumes."

To avoid a potential static spark while filling your vehicle or external tank, he offers the following advice:

- Always turn off your vehicle while refueling.
- Remain outside your vehicle while fueling. Getting in and out of your vehicle can generate static.
- Touch your vehicle or something metal before touching the gas nozzle. This helps dissipate any static electricity your body is carrying before exposing the charge to fuel fumes.

> "The gasoline may be long gone, but the fumes will still carry a threat."
>
> — *Dan Harjes*

- When the tank is full, touch your vehicle or something metal again to ensure any static charge has been neutralized before removing the nozzle from the tank.
- When filling gas cans, place them on the ground and keep the pump nozzle in contact with the container while filling.

## Protect Each Pour

The 5-gallon gas cans found on most operations harbor hidden potential to ignite with each pour, says Harjes.

"Gasoline vapors are heavier than air and hang around the fuel like a shroud. A tremendous amount of vapor comes through the spout when you pour fuel from a can, putting you at high risk, especially if you're fueling up a motor that's running or hot."

He advises installing a simple, inexpensive flame arrestor in the spout of each can to ensure flames are contained and prevented from reaching your body if a spark should ignite.

"These simple gadgets are cheap, easy to install and could prevent life-threatening injury to you or damage to your operation," says Harjes.

## Better with Bonding

Bonded fuel hoses can also prevent static sparks when handling fuel, especially when


hauling and pumping bulk fuel.

"Most new hoses have a wire attached at the nozzle, screwed into the fitting on the tank. The wire is braided throughout the entire hose and bonds the fuel tank when fuel starts flowing to keep the liquid equalized, preventing potentially dangerous electric charges."

When using older fuel pump hoses without bonded wire, Harjes advises following the same grounding procedures used at the gas pump. Make sure to touch your vehicle or something metal before grabbing the nozzle to dissipate any electric charge.

## Switch Fuels Carefully

Harjes advises being wary when repurposing used fuel cans. "Even when filling an older gas can with diesel fuel, which is relatively safe and more forgiving since it has a much higher flashpoint, you still need to be careful of gasoline fumes trapped inside the can. The gasoline may be long gone, but the fumes will still carry a threat."

When diesel fuel is poured into a container that once held gasoline, gas fumes will linger at the top of the can until they're forced out by displacement.

"As you pour diesel, those volatile fumes will be forced out toward you and hold the potential to be ignited by a spark," says Harjes. "Whenever possible, it's best to avoid switching fuel in cans to avoid risk." ■

**LEARN MORE:** Find more fuel safety tips in an Around the Table podcast at chsinc.com/news-and-stories/podcasts.

# CHS REPORTS THIRD QUARTER FISCAL YEAR 2024 EARNINGS

CHS Inc. has reported net income of $297.3 million and revenues of $9.6 billion for the third quarter of fiscal year 2024, which ended May 31, 2024. Those results compare to net income of $547.5 million and revenues of $12.0 billion in the third quarter of fiscal year 2023.

For the first nine months of fiscal year 2024, the company reported net income of $990.5 million and revenues of $30.1 billion compared to record net income of $1.6 billion and record revenues of $36.1 billion in the first nine months of fiscal year 2023.

Third quarter fiscal year 2024 highlights:

- Financial performance was solid across our segments, although earnings were down from historically strong results in fiscal year 2023.
- Revenues decreased due to weaker commodity prices.
- Weaker grain and oilseed demand led to an earnings decline in our Ag segment compared to the prior year.
- More challenging market conditions, including less favorable refining margins, led to lower earnings in our Energy segment versus the previous year.
- Our equity method investments, led by our CF Nitrogen investment, performed well in evolving market conditions.

"Through the first nine months of our fiscal year, we have delivered strong financial results, including the third highest net income in our history," says Jay Debertin, president and CEO of CHS. "Although we continue to feel the adverse impacts of softening margins for ag and energy commodities, CHS is well positioned to navigate this commodity cycle downturn through a strong focus on cost control and efficiency. We are performing well and our supply chain investments enable us to connect farmers and member cooperatives with the inputs and services they need to help feed a growing global population."

**Energy:** Pretax earnings of $97.9 million for the third quarter of fiscal year 2024 represent a $101.1 million decrease versus the prior year period and reflect:

- Decreased refining margins due to higher industry capacity utilization rates bringing additional refined fuel supply to the market, partially offset by lower costs for renewable fuel credits
- Higher costs for heavy Canadian crude oil

**Ag:** Pretax earnings of $108.5 million represent a $125.0 million decrease versus the prior year period and reflect:

- Lower crush margins in oilseed processing due to weaker meal and oil demand
- Decreased margins for wholesale and retail agronomy products, partly offset by higher volumes sold
- Compressed margins for our grain and oilseed product category caused by softer demand for U.S. commodities as trade flows shift as a result of a competitive global grain market

**Nitrogen Production:** Pretax earnings of $52.4 million represent a $3.9 million decrease versus the prior year period, attributed to decreased market prices for urea and UAN.

**Corporate and Other:** Pretax earnings of $51.1 million represent an $18.2 million decrease versus the prior year period, primarily reflecting lower equity income from Ventura Foods, which experienced less favorable market conditions for oil-based food products.

**CHS INC. EARNINGS* BY SEGMENT** (in thousands $)

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **May 31, 2024** | **May 31, 2023** | **May 31, 2024** | **May 31, 2023** |
| Energy | $97,850 | $198,995 | $416,264 | $860,411 |
| Ag | 108,535 | 233,515 | 335,106 | 439,248 |
| Nitrogen Production | 52,366 | 56,263 | 125,834 | 234,869 |
| Corporate and Other | 51,117 | 69,347 | 135,168 | 154,084 |
| Income before income taxes | 309,868 | 558,120 | 1,012,372 | 1,688,612 |
| Income tax expense | 12,613 | 10,777 | 21,416 | 66,305 |
| Net income | 297,255 | 547,343 | 990,956 | 1,622,307 |
| Net (loss) attributable to noncontrolling interests | (19) | (156) | 452 | (111) |
| **Net income attributable to CHS Inc.** | **$297,274** | **$547,499** | **$990,504** | **$1,622,418** |

**Earnings is defined as income (loss) before income taxes.*

**GET MORE:** Sign up to receive CHS press releases by email at chsinc.com/about-us#news.

## CHS IS GRAND FARM PARTNER

CHS has announced its partnership with North Dakota's Grand Farm Initiative, which was created to solve the biggest problems facing agriculture. The partnership will allow Grand Farm and CHS to collaborate on the mutual goal of solving problems for farmers and advancing technology to enable agriculture to feed the world.

Grand Farm's Innovation Campus will provide the space, technology and research needed to further solutions for challenges in agriculture using autonomy, artificial intelligence, robotics and drones.

"At CHS, we invest in research and technologies that have an opportunity to provide value to our customers and owners," says David Black, executive vice president and chief information officer at CHS. "Our partnership with Grand Farm supports our commitment to developing and testing the next generation of innovation that farmers and agribusinesses will use to feed the world well into the future."

Learn more at **grandfarm.com**.

*The Grand Farm Innovation Campus near Casselton, N.D., will be used for collaboration, research and demonstrations.*

## COOPERATIVE VENTURES INVESTS IN FARM ACCOUNTING TECH

Cooperative Ventures, a joint venture between CHS and GROWMARK, has joined a $10 million Series A round of investment in Traction Ag, Inc., a leader in farm accounting technology and developer of the first cloud-based accounting software delivering solutions to farmers across the U.S. Plymouth Growth and existing investors also supplied financing to the company.

Traction Ag provides farmers and ranchers with the functionality and data they need to make critical decisions on the farm and improve profitability.

"Together with GROWMARK, we believe this investment will equip our owners and customers with essential tools for their businesses," says Ben Van Straten, CHS innovation director.

Learn more at **cooperativeventuresllc.com**.

## PLAN TO ATTEND OWNERS EVENTS

### 2024 CHS New Leaders Forum

**Dec. 3-4, Minneapolis, Minn.**

Cooperatives are invited to nominate emerging leaders 45 years of age and younger to gain personal skills and learn about the cooperative system and how they can help their co-ops and communities thrive. Registration will open Oct. 9, 2024, in conjunction with 2024 CHS Annual Meeting registration. Find details at **chsinc.com/new-leaders**.

### 2024 CHS Annual Meeting

**Dec. 5-6, Minneapolis, Minn.**

The CHS Board of Directors and company leaders will share business insights, financial updates and progress on initiatives. Owners can participate in CHS governance, create connections, ask questions and provide input. Registration will open Oct. 9, 2024. Find details at **chsinc.com/owner-events**.

## CHS, WEST CENTRAL AG SERVICES MOVE TO STRENGTHEN PARTNERSHIP

CHS and West Central Ag Services, a cooperative based in Ulen, Minn., have signed a nonbinding letter of intent for West Central Ag Services to join CHS to better serve owners and customers and position the cooperative system for future growth.

The proposed transaction aligns with strategic investments for CHS to provide end-to-end value and enhanced market access for the cooperative system.

"CHS and West Central Ag Services have a longstanding, strong relationship based on mutual trust and respect, as evidenced by our joint venture Central Plains Ag Services," says Rick Dusek, executive vice president of ag retail, distribution and transportation at CHS. "Better connecting the global agriculture supply chain and investing in the speed and space of our assets provides better market access and creates more value for farmer-owners."

CHS and West Central Ag Services are conducting due diligence on the proposed transaction, which is subject to necessary approvals.

# Rising to the Challenge

## Recovering from tragedy builds strength, desire to help others.

*By Cynthia Clanton*

Running a 6,000-acre farming operation is a challenge. Learning overnight that it's yours to run with no access to the previous manager — that's overwhelming.

Pribyl Hay & Straw, based near Hazel in northwestern Minnesota, started small in 1992, with Mike Pribyl and his sons Troy and Tom buying baled hay, then selling and hauling it to customers. Soon they were renting hay acres and baling and marketing it themselves. Running more acres and rotating from alfalfa to other crops added wheat and straw, corn and soybeans.

### Different Plan

Cayla Blackburn, Troy Pribyl's daughter, says farming was not her life's goal. "I grew up on a tractor. Our whole family was always in the field working together." While it was a rewarding childhood, she says, "It was not my dream job. I'm not afraid of hard work, but I always saw the struggles and long hours. I wanted to explore other >

*Uncle and niece, Tom Pribyl and Cayla Blackburn have learned significant lessons in farm succession planning the hard way — by having to take over managing their farm when no succession plan was in place.*

> opportunities, but if I have learned anything, it's that life usually has a different plan."

After earning business management and teaching degrees, she set out on a career path that has included working in and managing a salon, working at a bank and substitute teaching.

As the Pribyls expanded their operation, older brother Troy took the lead on crop management decisions, determining work flow and scheduling and working with customers and suppliers.

That balance was destroyed in an instant in early March 2016, when the family learned Troy had died by suicide. He was 44 years old.

"We looked at each other and asked, 'Do we want to keep the farm going?' We agreed that we did," says Blackburn. "So I said, 'OK, I'll take the paperwork. Mike and Tom, you figure out what we're doing for planting and all that.' And we just did it."

## Finding Help

As the family members coped with grief, they were also forced to take over the tasks Troy had always handled, from answering customer questions to ordering inputs and paying bills.

"The paperwork was a painful mess," says Blackburn. "There was land and equipment in my dad's name and not under the farm. And there was no will."

Straightening out all the details took about three years, she says, and the tax implications are just now coming to a close.

> "Farming is such a proud profession. Asking for help is tough."
>
> — *Cayla Blackburn*

"No one teaches you this kind of stuff. Now I'm the one saying, 'This has got to be done right, because we're not doing this again.' "

The farm was changed from a general partnership to a limited liability company with all assets in the farm's name. "That way, if someone passes away or doesn't want to farm anymore, it's a lot simpler to sell things or make changes," says Pribyl. "It's more fair to everyone involved and there's less confusion.

"It's also important to have a will," he adds. "Nobody wants to talk about that, but it needs to be done because it's hard to grieve and handle [resolving legal issues] at the same time."

Blackburn and Pribyl say they were fortunate to find a law firm that understands agriculture and quickly learned their operation, and they relied on a longstanding relationship with the farm's accountant. Other support came from the local Farm Service Agency team, crop insurance agents and their cooperative.

Because Troy had handled all the grain marketing and crop inputs, Blackburn and Pribyl turned to the CHS Northern Grain cooperative team to help with planning and advice.

"I was always the one out spreading fertilizer or making applications," says Pribyl. "I never had to deal with deciding how much to put down or what types of fertilizer to use — Troy made all those decisions. The co-op agronomy team was good about helping with that."

While Blackburn and Pribyl are quick to say the journey has not been easy, they have found a rhythm that allows both to use their skills while learning every day. Mike Pribyl still works on the farm and long-time employees have helped maintain operations.

"I let Tom do what he's good at and he lets me do what I'm good at," says Blackburn. "People give us a weird look when they learn we are an uncle and niece owning the operation, but we work well together.

"We couldn't do it without Mike, Tom's son, Carter, and our loyal employees," she adds. "Some of them have been with us since I was little and they are like family. I also couldn't do it without the support of my husband, Derek. Keeping this business going to support all our families is what's most rewarding for me."

## Helping Others

While they have learned to successfully take the farm reins in the eight years since Troy's death, Blackburn says it's still hard to slow down so others can learn how to step in if needed.

"With farming, everything is always in such a hurry," says Blackburn. "You don't really sit down to explain to someone else what you're doing and why you're doing it. Even now, we should be teaching more than one person to do certain things, but we're always battling weather and time."

Blackburn and Pribyl want to

# Minding Mental Health

The pressures of running a farm or ranch may feel overwhelming at times. Uncontrollable external factors like weather and markets, the complexities of working with family, working alone — all can take a toll on mental health.

"Farmers, especially men, are accustomed to solving problems on their own," says ag mental health counselor and consultant Monica McConkey. "They are physically strong, they pull themselves up by their bootstraps — it's been ingrained in them for many years, even generations. So for them to admit they are having difficulty managing stress, are anxious or feel depressed, that can be perceived as a sign of weakness or they may worry that talking about it will make it worse.

"But it's no different than seeking help for a medical condition. At some point, we all need help. It's important to recognize that it's no sign of failure to reach out to talk to someone."

Adding pressure on many older farmers or ranchers is the need to transition the operation to the next generation, she says. "For the older generation, those decisions can bring a sense of grief and loss. They may think, 'Who will I be if I'm not farming anymore? What purpose will I have?'

"There's so much fulfillment in agriculture," says McConkey. "But is there enough stress to go around? Yes, absolutely."

## Steps Toward Help

McConkey offers suggestions for minding your mental health.

"If people around you are noticing things and stating concern, it's important to hear that and take a look inside." She suggests asking yourself these questions:

- Is my functioning being impacted?
- Am I on edge?
- Am I withdrawing from people?
- Am I drinking more?
- Is it hard for me to make decisions?
- Is it hard to get up in the morning?

"If you can't get the unhelpful thoughts to stop and you're not finding joy in life, it's important to talk with someone," she advises. If it's too uncomfortable to seek out a mental health specialist, McConkey suggests reaching out to your doctor, pastor or priest, a trusted friend or a mentor. "Find someone who will hear you and can help you change your thinking patterns so you can cope in a positive way."

Focus on the things you can control, she says. "Make a plan. List things that are going right. That helps keep your rational brain turned on versus letting your emotional brain take over and run amok."

*Monica McConkey is an ag mental health counselor and consultant.*

Spending time with positive people and maintaining your physical health are other helpful strategies, she adds.

If you are noticing signs of distress in a family member or friend, be that listening ear, encourages McConkey. "If you're concerned about someone, let them know what you're seeing and ask how you can help. It can be as simple as saying, 'I'm worried about you and want to make sure you're OK.' "

When pressures are great, it's hard to maintain perspective, she acknowledges. "Our lives are bigger than the farm or ranch, even though it doesn't always feel like it. The sooner you can identify that you're struggling and reach out for help, the faster you'll get back to a place where you're feeling good and functioning the way you want to be."

fight the stigma of suicide.

"Farming is such a proud profession," says Blackburn. "Asking for help is tough." She volunteers with the HOPE Coalition, a group of individuals, businesses and agencies working together to end death by suicide in northwestern Minnesota. Free training programs offered by the coalition help identify warning signs so those in distress can find help.

"I'm part of the HOPE Coalition to use my dad's story to encourage others to get help because he never asked for help," says Blackburn. "He didn't know how." ■

**LEARN MORE:** Get information on the HOPE Coalition at mnhopecoalition.org.

**NEED HELP?** If you or a family member or friend are in suicide crisis or emotional distress, call or text 988, the Suicide & Crisis Lifeline.

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## C TOMORROW

### Liquid Fertilizer Loading Saves Time, Trouble

A self-loading system helps busy North Dakota farmers move liquid fertilizer to fields faster.

"The automated system allows growers to self-load liquid fertilizer tanks quickly and efficiently, 24/7," says Brennen Boll, location manager at CHS Dakota Plains Ag in Mooreton, N.D.

Here's how it works: Drivers enter a loading bay and punch in a load number at a kiosk, connect the spout to the tank and receive their liquid fertilizer. The transaction prints at the kiosk. Two loading bays await drivers — one for growers taking smaller loads and a wholesale bay that loads 25 tons of liquid fertilizer in about 10 minutes.

The CHS ag retail location at Mooreton is a dual-purpose facility with a 15,000-ton dry fertilizer plant alongside the multi-functioning, 2 million gallon liquid fertilizer facility. The liquid fertilizer facility features ample storage and fertilizer meltdown capabilities for preparing standard and custom liquid formulations.

Boll anticipates growth in liquid fertilizer volumes due to grower interest in better nutrient availability and easy handling.

*— Amy Herman*