

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

May 13, 1999

LB 605

Let's help them along, and that's kind of the way I feel about the York facility. You can...you can pass the Raikes amendment but I think it's being a little picky. And so it's not a big deal for me if it passes, that's fine. Let's go on with LB 605 and keep going. But I would like to see the plant be viable and remain there, and I think they're struggling a little now. And so from that standpoint, I would like to help them out.

PRESIDENT MAURSTAD: Thank you, Senator Schrock. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I did want to respond a little bit to Senator Stuhr's comments. She mentioned that there...that there may be more than one plant that would be affected by this amendment, I didn't...or this section of the bill, I didn't realize that and...however it doesn't change my opinion about what should be done here. She talked specifically about High Plains and I want to give you the view that I have and, hopefully, it's correct. High Plains did not maximize benefits because they did not produce ethanol. In particular, they chose instead to sell corn contracts for a profit, \$14 million I think is what I saw, and close their plant. They closed it for about a 5-month period. This was very similar to commodity speculation. They did not convert grain to ethanol during this period and, actually, during this period, they didn't do any expansion. They talked about an expansion but they didn't begin the expansion until after they'd already begun again to produce ethanol. And, in fact, the year earlier they talked about, well, In fact, expansion may be the wrong term. The information I have is that they converted their facility from fuel grade ethanol to an industrial grade ethanol. And I think any expansion was simply incidental to that. They, in the course of this time, they laid off 45 employees and, as I mentioned, well, in fact, I can read from their annual report. However, thanks to far-sighted planning and having appropriate risk-management policies in place, we purchased forward corn contracts early to lock in favorable prices. In early May, we decided that it was no longer the best economical choice to maintain production with the high cost of grain, even though we had forward contracted the grain. We could have continued producing with small profits as we consumed the corn feedstock we had under contract. We