



August 2014

## From the president Ethanol plant investments offset corn price variations

Today's market circumstances provide a perfect example of why investing in Homeland Energy Solutions is good for area corn producers. While corn prices have fallen significantly from a few years ago, Homeland's board of directors has just declared a \$216 per unit midyear distribution based on the company's strong earnings through the first six months of the fiscal year.

In years like this, when corn prices are low, our members make their money with the value-added advantages of ethanol; when corn prices are high, they make their money in corn.

Indications this year are for a strong crop and yield nationwide. In a tour last week, ProFarmer Today estimated the 2014 U.S. corn crop to reach 14.093 billion bushels, with an average yield of 169.3 bu/acre. We expect to have a good crop in northeast Iowa, much better than it has been the last couple of years. This should make it easier for Homeland to fulfill its corn needs locally.

With the increase in corn production and corn exports drying up, where would agriculture be without ethanol production?

With regard to the EPA, the agency has finally submitted its final 2014 Renewable Fuel Standard Renew-

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## Grinder expansion adds needed capacity, ethanol yield potential

Construction has begun to add two additional hammermills to go along with the four existing mills in Homeland Energy's grinding operations.

Nelson Engineering out of Sioux Falls, S.D., is providing the engineering, design, and construction management for the project. J&D Construction out of Montevideo, Minn., is providing the mechanical/millright services, and Jake's Electric out of Clinton, Wis., will be handling the electrical portion.

The justification for adding these mills centered around being able to reduce our grind size while maintaining our throughput capacity.

Currently, with the plant running at the 140+ million gallon per year rate, we had to increase our grind size in order for our grinding capacity to keep up with the rest of the plant.

With the additional two mills, we will actually be able to reduce our grind size to allow the enzymes to do a more thorough job breaking down the starch. Also, the smaller particle size should liberate more corn oil.

In turn, both the ethanol yield (ethanol gallons produced per bushel of corn ground) and our corn oil yield (corn oil pounds produced per bushel of corn ground) should see a bump with all else remaining equal.

The option is also available to increase throughput of the grinding



system at the same grind size.

In order to take full advantage of the grinder expansion, additional capital would likely be required to maintain the efficiency and increase the capacity of the rest of the plant.

The management team is currently evaluating and determining what additional capital projects would generate the most return for the investment.

The hammermill project is on track to be completed by the end of September.

— **Kevin Howes**  
**Plant Manager**





