Husker Ag LLC

Plainview, Neb.

Husker Ag used a Value-Added Producer Grant to help make its dried distillers grains more marketable. DDG and other co-products have contributed an additional $6 million to the producer-owned business' bottom line so far this year. Photo courtesy Husker Ag

Type of Business:

Husker Ag LLC, Plainview, Neb., is a majority producer-controlled ethanol venture.

Business Objective:

The traditional operating procedure of ethanol plants for processing dried distillers grains (DDG) is to mechanically dry this byproduct (or co-product) from a 70-percent moisture content down to 10 percent, and then market it as livestock feed. This drying process consumes large amounts of natural gas. Husker Ag will market its DDG co-product as a "modified" product containing about 55 percent moisture, thereby reducing the amount of natural gas consumed and netting a substantial annual decrease in energy costs. Air emissions will also be reduced.

Annual Sales:

As a fuel-grade ethanol production plant, Husker Ag LLC processes 8.5 million bushels of corn annually into more than 20 million gallons of fuel-grade ethyl alcohol (ethanol). A secondary product produced is dried distillers grains, which are the corn components that remain after the starch is converted to ethanol.

Ethanol production is presently in excess of 25 million gallons per year, an output which exceeds the facility's estimated projections. Co-product revenues have contributed more than $6 million year to date.

Number of members & employees:

Husker Ag has more than 500 members, about 70 percent of whom are agricultural producers. Employment has increased from 30 to 32 employees, thanks to the development of the new co-product.

How USDA Helped:

Husker Ag received a $226,850 Value-Added Producer Grant (VAPG) from USDA Rural Development, which was matched by Husker Ag. The money is being used for working capital to further the development of the value-added processes for area corn.

Leader's comment:

"The USDA Rural Development grant will allow us to employ a co-products merchandiser and to supplement the salaries of the plant maintenance manager and plant lab manager to proceed with our distillers grain production," says Seth Harder, general manager for Husker Ag. "This will benefit area feedlots and member-producers. Additionally, these funds will help to purchase corn inventory for production purposes.

"Feedlots will benefit from the co-product produced, as it is an excellent source of protein and energy for livestock," he continues. "The plant will have the capacity to produce co-product to feed 80,000 head of livestock."

The Results:

The ethanol plant has increased the local demand for corn, resulting in a higher local corn price. Farmers used to be paid only a wholesale commodity price for their corn which, in turn, was shipped out of the immediate area. Currently, Husker Ag pays an average of 5-to-10 cents per bushel over the prevailing corn market price. Since the plant is located closer to the producers' operations than other traditional markets, local farmers haul their own corn vs. having it trucked for them, saving on trucking costs and increasing their income.

Major Challenge/ Opportunity Facing Co-op:

"The biggest challenge facing co-ops today is finding a nitch to guarantee profitability and market share in a rapidly growing industry," says Harder.

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