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Tri State Seed Co Fall 2014 Newsletter

This newsletter is our chance to interact with many of you we don't see every day. Our intended message is directed toward giving you options that are both common sense and profitable alternatives to what you may have already been thinking. In some cases, our comments are very simply reaffirming what you already know - maybe just giving a new perspective on older more well established practices. In every case, we are always putting your interests first, both financial and agronomic. In this regard, please read the sections of this narrative that most apply to your operation and skip over the rest. Our clientele is very diverse and we try to have thoughtful comments that apply to all of you.

Is Your Cup Half Empty or Half Full?

Dry farming takes on a new meaning when you don't have enough moisture to seed your crop. Both Craig and I have had meaningful conversations with many of you regarding the state of our cropping prospects for the coming year. A couple of you, myself included, had not seen this type of extended drought, ever! I came home to the family farm on February 12th, 1977, with a new wife and high hopes. Those first few years were challenging to say the least, because of the lack of meaningful moisture. There were a couple of crops in the 80's that weren't much fun either. And it seems like the poor crops are always the most expensive ones with extra weed control and some reseeding expenses. We would offer the thought that our job as farmers is not necessarily to always raise the most wheat we can on every acre. Rather our ultimate job is to maximize the amount of net revenue per acre for our families and farms. This year that may very well come from another source, federal crop insurance. This safety net was put in place for a reason, so we can keep our operations solvent in times of catastrophic loss. Get real familiar with the crop insurance folks this year, and if you don't get the answers you want, go visit with another one. Become your own expert; you will make money educating yourself on the nuances of the program.

I can't resist the opportunity to put in a plug for the organization responsible for lobbying for this program on your behalf in Washington DC, that being the Washington Association of Wheat Growers. They have been successful recently in raising the county average in many counties where both dryland and irrigated production are practiced. This is a big deal for those of us where irrigated agriculture and dryland agriculture coexist. Remember, you pay your premiums on your proven yield but your claims can be adjusted on the county average. One other USDA item that was a last minute insertion in the farm bill is a provision that you may see put into practice soon, which is the ability to drop out a catastrophic loss year from your APH average. Attend your local county meetings, or a state board meeting, or a Wheat Commission Meeting for that matter. It took me too many years to figure out you will make a lot more money working from the neck up, than from the neck down!

Late Seeding Options for the Dry Country

The primary issue to consider this year is how to maximize the amount of crop we can expect given the small amount of moisture we have to work with and the late planting date. Most of the early seeding varietal choices we would normally consider are poor choices in our mind. They are designed to gather their genetic yield capacity from a longer maturity. Here is a good example, the Eltan type wheat selections like Xerpha,

Otto, ORCF 103, most recently Curiosity and Mela all have Eltan as a base parent. Eltan gets its yield capacity from its later maturity. Therefore these “Eltan types” have longer maturity than some others. We are not sure you want to consider a variety with a longer filling period this year, simply because we may not have enough moisture to support the plant’s long fill time.

What makes more sense to us are varieties like Sprinter, Clearstone, and AP503 CL on the HRW side of the equation. And for the white selections, Coda, Madsen, SY Ovation and Skiles make the most sense. We don’t carry many of the white varieties. The other suggestion is why not plant winter barley? Wintmalt, Glacier and Strider make the most sense to us. They use less moisture, less nutrients and mature much earlier than any of the suggestions we listed above.

The other option to consider is the prevented planting clause in your crop insurance policy. Approach this carefully; it may take RMA a while to consider your claim so do your homework well and document everything. I think I would get an opinion, written of course, from RMA on their parameters for accepting a prevented planted claim. We keep asking ourselves what is wrong with double summer fallowing this crop. If the prospects for raising a crop are bleak this year, just remember the stubble from the crop we just harvested is in even worse shape. Double summerfallow both sides of the farm? I told you guys to think outside the box. So think about chem fallow. At least the ground won’t blow away. Why are you turning up the dirt when you have no moisture? Reduce you inputs as far as you can. Remember it is going to take a while to accumulate enough moisture to get back into a normal rotation of wheat and fallow. Our guess is at least two years.

The Wheat Price Sucks so Why Plant Wheat on Irrigated Ground?

The answer to this question is actually quite simple – Wheat markets are just like everything else, they cycle up and down depending on a lot of things. The external issues affecting the market are always in flux. Weather changes somewhere in the world, someone else has a poor crop, Canada gets too wet to plant spring wheat, and on and on! Right now, DNS is carrying over a \$2.00 premium to Soft white and Hard Red Winter. Fall planted Express DNS is a good risk management tool today. This variety will yield 150 bu/ac on decent ground with good management. I have seen it go as high as 162 bu/ac. Want some referrals? Just call either one of us for those examples. Want a little less risk from the possibility of winter damage or disease pressure? Esperia HRW is our pick. This perennial favorite has several attributes worth noting. It is 10 days ahead of NW 553 in maturity. It has the genetic capacity to fix protein at a rate 1% higher than most all competitors, and it is more winter hardy and shorter statured than NW553. We licensed this little gem from Italy and it is the best kept secret in the basin. The folks that developed Esperia at Produccitori Sementi in Italy are sending us the replacement for Esperia this fall for testing; they tell us it’s better. We’ll see.

Update on TSS the Company

Recently we celebrated Nathan Robert getting his official notification that he is a genuine licensed Certified Public Accountant. Nathan has been working for TSS for several years and in between coaching track at Chiawana High school, being a husband, a dad of two daughters, and working at TSS, he has studied his buns off and has now made it official. I guess that means I can still ask him dumb questions about my computer; it is just going to cost more every time I do. Congrats Nathan!!

George Ortiz and Andres Garcia have assumed more responsibility as our work load increases. They are making steady progress in their supervisory training and are really coming into their own as a more valuable part of our management team.

Michael Dixon has his CDL and is ramping up his product knowledge quickly. He and I attended a plot tour in Hereford, Texas last month to review our options for Sorghum products with a supplier that produces processes and wholesales many of the warm season grass products we use in the Columbia Basin. We are focusing on regional distribution opportunities for these products in the near future.

We have recently upgraded our computer system and increased our internet capacity and speed. The next big step is to ramp up our accounting system so we can be more responsive to your requests for information and simplify data retrieval and compliance and reporting issues associated with licensed varieties.

Craig has been busy designing new efficiencies into our system of treating and making totes. As a greater percentage of our business is driven by totes, he researched and developed a way for the crew to make totes faster and to have them all weigh the same. Our crew can now tote off a 70,000 lb. semi load of seed in 28 minutes with each one weighing 2500 lbs plus or minus 10 lbs. Craig has also improved our treating system by creating another mixing chamber for treating Red Wheat. This means we can switch back and forth between red and white wheat seed without cleaning the entire system every time a truck comes in. This alone has made a huge difference in how fast we can turn your trucks around and get them back to the field.

AgCelerate

Please pay attention to this announcement. As more and more of the cereal and alfalfa varieties we handle become trait driven or licensed by their providers, we must comply with the rules of reporting these transactions to the license holders. Remember you are planting their invention, their intellectual property, and they have a right to know that you are being a good steward of their genetics. Being a good steward generally means that you are not saving their seed for propagation or resale. Our part of the process is the ability to report the sale in a timely manner. In fact, in many cases we will not be able to sell you the seed until you have registered your name and farm on the AgCelerate data base.

This is a centralized data base adopted by almost all of the seed providers selling seed in the PNW. The good thing about this is that you only have to register once to have access to most of the royalty driven and traited (in the case of alfalfa and corn Round Up Ready) varieties we have available. All seed companies providing products that are licensed or traited must do this. Please take the time to go on the AgCelerate web site, www.AgCelerate.com and register your farm if you plan on seeding privately held varieties, or public varieties that are licensed.

Low Lignin Alfalfa – Game Changer?

Low lignin alfalfa has been a priority with dairy farmers and exporters for some time. Monsanto has been working on a GMO system to reduce the lignin or indigestible fiber in the plant for some time. At the world dairy conference last week in Madison WI, Dow Agrosience announced the release of two conventional low lignin varieties. Dr. David Johnson has been working on this non-GMO lower lignin plant for about ten years using conventional breeding techniques. He came to Dow through Dow's acquisition of CalWest Seeds about a year ago. Both Craig and I have visited Dr. Johnson several times in the last couple of years; that is how we pick our alfalfa varieties, by visiting the breeding programs and evaluating side by side trials over multiple years.

Dr. Johnson can reduce the lignin to the point that the plant will fall over when it gets ready to harvest. The "sweet spot" seems to be about a 10% reduction in lignin. At this level of reduced lignin the plant maintains good standability while still performing at a level that is statistically significant when you evaluate the quality of the finished product. In replicated testing over several years the research is showing that cows fed these



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varieties of lower lignin alfalfa produce 2 ½ pounds more milk per day over the control ration. For the commercial hay farmer this means lower ADF's and higher Relative Feed Value numbers. The Midwest uses Relative Feed Quality, but both are nutritional algorithms that measure feed efficiency in the animal. If you get paid on a quality test, you need to pay attention to this research.

As a producer you can take advantage of this technology one other way. If you are used to cutting on a 28 to 30 day schedule, you will have much higher RFV's. But if you wait another week to swath your alfalfa will test the same as non-reduced lignin hay at 28 days. The company has released a fall dormancy 3 and a fall dormancy 6 alfalfa for planting the spring of 2015. Watch for information regarding Hi Gest 360 and Hi Gest 660. We just happen to be your local dealer for these products. For more information please call Craig, Michael or myself for the details outlining the agronomics and pricing.

Thanks as always for your continued patronage of Tri State Seed Co. We have a keen appreciation of just who it is that makes our business successful. Stay safe!

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