

Mr. Secretary,

My name is Terry Morgan and I farm 22 miles south of Cheney in the Palouse region of Washington. I am a graduate of Washington State University with a BS in Horticulture. It is my privilege to serve on the Washington State Canola and Rapeseed Commission as Vice Chairman. Also, my partner and I are the co owners of Evergreen Renewable Technologies LLC. This company is the west coast distributor for Renewable Lubricants of Ohio. We also are in the process of arranging for the financing of a canola crushing and biodiesel processing facility to be located here in Eastern Washington. I have also served as a alternate on the Whitman County FSA Board.

With that background I have several interests in the current and future farm bills.

First: Cutting farmers at a time of record fuel and fertilizer costs is a disaster waiting to happen. As a farmer I see that the government cares more about a few large oil companies than it does about it's own farmers. After Katrina there was a need for federal assistance on the gulf coast. To pay for that some Senators looked first to farm subsidies. We are the only industry that does not have the ability to pass on our costs. We are at the mercy of many that do pass on every cost. My fuel, fertilizer and chemical costs were 40% of the total expenses for my farm last year and will easily exceed 50% this year. Those percentages do not include the transportation costs to the port for my grain. During the same year my sale price has dropped by 25% and last years price was not that good. We do not talk about profit, just how much equity we have left to run on. It is clear that if something does not change soon there will be a few large corporations running agriculture. Then they will dictate the price much like the oil companies do now.

Second: CRP : Should never compete with farmers for land. Prices being paid are too high. Also, NRCS should have more flexibility to manage the CRP in their area. The idea that native grasses should be used is not effective in this area. Most native grasses take 4 weeks or more to germinate and by then weeds take over and they die from lack of moisture. A stand is more important than planting native grasses. A wheat grass is much better for this area. Also, if CRP is allowed to be cut for biomass conversion to fuel or energy then there should be no reduction in payment. IT should be encouraged. Then NRCS should manage and oversee the cutting. Taking 100% of the material every 2 or 3 years, or between 30 and 50% every year would improve the stands and reduce the weed problems. It would also help local economies with the rural development that could be generated instead of killing our small towns. They could be cut between July 15<sup>th</sup> and Oct. 15<sup>th</sup> to allow for the nesting season and the chicks to become large enough to avoid the swather.

Third.: In the 2002 Farm Bill there was a provision to require that all Federal Agencies use at least 5 % bio products. That was not even implemented until a couple of years later when Sec. Venneman went out of office. I hope that it is being pushed now.

Fourth: The CCC payment for biofuels was funded at \$150 million and was supposed to run until 2007 but last year President Bush said that he was going to cut it by 50 million because it was not working. Don't make statements about renewable fuels and then cut one of the few support payments that you make. It is for producers of less than 65 million gallons per year. The industry



is growing rapidly and this is a needed source of support for them. Extend it and fully fund it. It is only a drop in the bucket compared to what the oil companies rake from the government. Expand the funds available for Rural Development

Lastly, the only way that farmers are going to survive is to value add their own products. The government will not do anything for us. They do not hesitate to help the large oil companies even as they reap record profits. Bills are passed to build new refineries but why should the government help them when they make billions every year?

It is not a one size fits all program. We are not the corn belt. We raise more wheat than any county in the US and have some of the highest yields, but we are not making money. A new farmer cannot get into the business. My yields on winter wheat have averaged nearly 120 bu per acre over the past 3 years and I still do not show a profit. I have not repaired equipment to avoid extra expense. Everything is cut to the bone. I do not have all of the answers, but I know that the path that we are on will not allow us to survive.

Thank you for your time,

Sincerely,

Terry Morgan

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