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NCC-PAC COMMITTEE INTERVIEWS STATE LEGISLATIVE CANDIDATES

The Nebraska Cooperative Council - Political Action Committee (NCC-PAC) conducted its election year legislative candidate interviews over four full days in July. NCC-PAC interviewed 27 legislative candidates during this period. The typical interview was approximately one hour in order to give the Committee and the candidates a full opportunity to learn about each other.

Interviews were held in North Platte on July 12, LaVista on July 19-20, and in Lincoln on July 21. Members of the committee are Chair Dean Thernes, Battle Creek; Britt Anderson, Gothenburg; Tom Hansen, Edison; Mary Kay Lyon, Holdrege; Doug Ohlson, Imperial; Bill Schuster, Aurora; Kent Taylor, Ainsworth; Ron Velder, Dorchester; and David Briggs, Alliance (ex-officio).

Dale Anderson of Hemingford was kind enough to join the Committee on short notice to fill in for other Committee members that had conflicts on various days.

The publication in April of the farmer owned cooperative economic impact study conducted by the University of Nebraska provided the Council an opportunity to update the materials and information shared with candidates to focus on the importance of



District 25 candidate Suzanne Geist of Lincoln (top right in white) listens as a producer on the NCC-PAC committee explains the importance of the cooperative to his farming operation.

Nebraska's farmer owned cooperatives in each legislative district and statewide. Economic impact information sheets for the cooperatives' economic impact statewide and for each individual cooperative member of the Council were prepared and distributed to the candidates. Each candidate was fully informed of the cooperative locations, number of employees, payrolls, patronage and equity redemption payments and property taxes paid by the cooperatives in their respective districts. The Council will be completing this new information for each legislative district to be delivered to each senator at the commencement of the next legislative session in January.



ABOVE: Thanking District 17 candidate Joni Albrecht of Thurston (center) for interviewing are NCC-PAC committee members Bill Schuster of Aurora Co-op (left) and Kent Taylor of Farmers/Ranchers Co-op in Ainsworth (right). BELOW: District 47 candidate Steve Erdman of Bayard (top left) answers the committee's questions.



In This Issue...

- NCC-PAC Interviews [1](#)
- President's Message [2](#)
- Big Data Meets Risk Analysis [2](#)
- Youth Education Update [3](#)
- New Members [3](#)
- OSHA PSM Standards [4](#)
- Testing for Anhydrous Facilities [5](#)
- Atrazine Comment Period [6](#)
- Calendar of Upcoming Events [6](#)



PRESIDENT'S MESSAGE



Yesterday morning was the first August morning fog here in Lincoln. This typically signals that summer is coming to an end, school will be starting and we can probably count on one hand the weeks until harvest slips into full swing.

In many ways, the activities of the Council have a seasonal nature as well. It is summer in an election year. In the middle two weeks of July, the NCC Political Action Committee (NCC-PAC) conducted four full days of legislative candidate interviews with 27 candidates. This process not only allows us to learn about the candidates, but to educate the candidates about farmer owned cooperatives and their issues and importance to the agricultural fabric and economy of Nebraska.

I view this process as integral to the success of the Council's legislative activities as the relationship building process begins with these interviews. When the snow and freezing temperatures of January greet the next legislative session, the seeds we planted this summer will bear fruit.

Even after decades of work with members of the Council on Council

activities, I am struck by the level of commitment of the managers and producer directors of our Member cooperatives that serve on our Board and various committees. The contributions of time and talent these companies and individuals are willing to make to advance and protect the common interests of farmer owned cooperatives are the foundation to the Council successfully accomplishing its mission.

In addition to formal Board or committee activities, this Membership always answers calls for information or participation on common issues. You are willing to have your employees engage with us so that we have the facts and tools we need to press your interests with legislators and regulators. Whether it be for communications to Congress on the OSHA-PSM issue, formal comments to the EPA on its efforts to ban atrazine and related chemicals, the development of legislation to attempt to reduce the administrative burdens of the annual licensing and taxing of fleet trailers, or four full days of NCC-PAC interviews, the level of voluntary support that we receive from all of you is critical to the success of our efforts.

All members of the Council contribute not only dollars, but time and talent to the Council to collectively advance

the interests of the farmer owned cooperatives. This reflects one of the prime attributes of the cooperative business model: Mutual Benefit.

In order to qualify as a Capper-Volstead cooperative, an entity must be operated for the mutual benefit of its members. This is the value that all of you demonstrate as cooperatives beginning with your support of your farmer owners and patrons that is reflected in the goods, services and opportunities provided to them and continuing with your dedicated support of the Council's mission and programs.

THANK YOU for this continuing opportunity to work with the dedicated and loyal people and organizations in this truly COOPERATIVE effort to advance and protect the interests of Nebraska's farmer owned cooperatives.

Cooperatively Yours,

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John Oehlerking Elmwood
Doug Ohlson.....Imperial
Randy Robeson.....Brainard
Tim Rowe.....Gothenburg

BIG DATA MEETS RISK ANALYSIS

NCC Supporting Member Arthur J. Gallagher & Co. has developed the Gallagher Ag Heat Map Survey. This is an online survey tool that allows management, board members and/or employees to rank their cooperative's business risks based on frequency of occurrence and degree of impact of specific risks in the following general areas: economic, casualty, corporate governance, employment and third party risks. Responses are placed on

a grid to provide your organization a tool for identifying and discussing risk and developing strategies for managing those risks. This tool also allows you to compare your risk analysis with the industry as a whole.

For more information contact Drew Ahrold, Senior Director, Food and Agri-Business Practice Group at: Drew_Ahrold@ajg.com or by phone at 515/309-6211 office or 515/321-7906 cell.

YOUTH EDUCATION UPDATE

NCC Education Foundation Scholarship Winners

The Nebraska Cooperative Council Education Foundation is pleased to announce their scholarship recipients for the 2016/17 academic year. Six \$2,500 scholarships have

been awarded to students at the University of Nebraska-Lincoln and one \$1,500 scholarship has been awarded to a student at the Nebraska College of Technical Agriculture at Curtis. This year's recipients are:

Eric Klitz, son of John & Alice Klitz of West Point - freshman at UNL majoring in agribusiness. The Klitz's are members of Central Valley Ag Co-op in York.

Andrew Bader, son of Gary & Dolores Bader of Gresham - junior at UNL majoring in agribusiness. The Bader's are members of Central Valley Ag Co-op in York and Farmers Co-op in Dorchester.

Erika Harms, daughter of Randy & Karla Harms of Glenvil - junior at UNL majoring in agribusiness. The Harms' are members of Fairfield N/S Co-op Fertilizer and Cooperative Producers Inc in Hastings.

Kyle Heithoff, son of Stan & Dorothy Heithoff of Elgin - sophomore at UNL majoring in agribusiness. The Heithoff's are members of Central Valley Ag Co-op in York.

Tyler Marotz, son of Erin & Nancy Marotz of Mead - junior at UNL majoring in agribusiness. The Marotz's are members of Frontier Co-op Co in Brainard.

Brandon Nichols, son of Dale & Tammi Nichols of Bridgeport - junior at UNL majoring in ag economics. The Nichols' are members of Panhandle Co-op in Scottsbluff and Crossroads Co-op in Sidney.

Riley Abbott, son of William & Sandra Abbott of Hay Springs - second year student at NCTA majoring in ag production systems. The Abbott's are members of WESTCO in Alliance and Farmers Co-op Elevator Co in Hemingford.

Co-ops 101 at Community Colleges

On April 27, Council staff presented Co-ops 101 presentations for 33 students at Northeast Community College-Norfolk. Dave Spencer and Chanda Goedken from Farmers Pride in Battle Creek joined in the presentation to provide current career opportunities in the co-op system.

On May 29, Council staff also conducted a Co-ops 101



Mike Carroll from Midwest Farmers Co-op-Elmwood spoke about the many career opportunities at cooperatives to students at the Special Early Agriculture Experience at Southeast East Community College-Lincoln on June 13.

presentation for 12 students at Southeast Community College-Beatrice.

On June 13, the Council provided support and information for Southeast Community College Career Academy ag students in Lincoln. Nine high school students were enrolled in a special Early Agriculture Experience program that lasted two days. During the program, students had the opportunity to learn about the many careers that agriculture has to offer. With a host of guest speakers and a number of field trips, students became much more aware of agricultural opportunities. The Council provided the opening presentation of the program. As part of that presentation, Mike Carroll from Midwest Farmers Co-op provided information about career opportunities in cooperatives.

Dave, Chanda, and Mike connected well with the students and we want to thank them for providing such a positive message regarding cooperative careers.

State Ag Teachers Conference

On June 8, Ed Woepel provided remarks at the State Ag Teachers Conference in Kearney. Ed highlighted the recent cooperative economic impact study and career opportunities in his remarks.

NEW 2015/16 MEMBER

The Council welcomes the following new members:

Livestock Marketing Agency:
America's Premium Pork dba Allied Producers Co-op
- Westside IA

Supporting Member:
United Benefits Group
- Kansas City, MO

CONGRESSIONAL EFFORTS UNDERWAY TO BLOCK OSHA'S REMOVAL OF RETAIL EXEMPTION FOR PSM STANDARDS

OSHA's 2015 decision to remove the retail exemption from its enforcement of its Process Safety Management (PSM) standards remains the overriding federal issue facing Nebraska's agricultural cooperative and agricultural producers.

On June 8, 2016, the Council held an OSHA-PSM Enforcement Conference in Kearney. Presenting were Jeff Wanko, OSHA Office of Chemical Safety Management and Enforcement and Jeff Funke, OSHA Omaha Area Director and the Omaha Area enforcement staff. It is clear that OSHA will begin enforcing PSM on retail anhydrous fertilizer facilities on October 1, 2016 absent action by Congress or the Courts. Further, it is clear that OSHA believes that its PSM standards place the burden on the employer to, in addition to all of the procedural and documentary requirements of PSM, prove that storage tanks and piping systems do not pose a threat to the health and safety of employees.

Following this Conference, Council President Rocky Weber attended the Washington Legislative Conference conducted by the National Council of Farmer Cooperatives. In addition to presentations on policy affecting agricultural cooperatives ranging from U.S. Trade Ambassador Michael Froman

on foreign trade issues, U.S. Representative Marcia Fudge on rural and urban interests in the upcoming debate on a new Farm Bill, Senate and House Ag Committee staff on GMO labeling and industry representatives on fertilizer and farm chemical issues, the NCFC made time available for congressional visits. During this time Weber met with Congressman Adrian Smith and the staffs of Senator Deb Fischer and Congressman Jeff Fortenberry primarily on the issue of OSHA-PSM. This follows the Council's March 2016 Congressional Fly-In addressing the OSHA-PSM issue.

Congressional efforts to block OSHA enforcement of PSM on retail anhydrous fertilizer facilities currently stand as follows:

1. H.R. 5213, introduced in the House on May 12, 2016 by Nebraska Representative Adrian Smith, titled the Fertilizer Access Responsible Management (FARM) Act would require OSHA to undergo formal rule making and an economic analysis of the impacts of the removal of the retail exemption from PSM as applied to anhydrous fertilizer facilities. The measure currently has 19 co-sponsors.

2. S. 3253, introduced in the Senate on July 14, 2016 by Nebraska Senator Deb Fischer as the FARM Act, is materially similar to H.R. 5213 and currently has 4 co-sponsors.

3. Senate Appropriations Sub-Committee Report Language that is nearly identical to the 2016 Omnibus Report Language that resulted in OSHA delaying enforcement until September 30, 2016 (which is the



One hundred individuals attended the Council's OSHA conference held on June 8 in Kearney.

end of the federal fiscal year).

4. House Appropriations Sub-Committee Report Language that is stronger than the 2016 Omnibus Report Language and states that:

"The revised enforcement policy relating to the exemption of retail facilities from coverage of the Process Safety Management of Highly Hazardous Chemicals standard.....issued by OSHA on July 22, 2015, shall not be enforced nor deemed by the Department of Labor to be in effect."

Because of the pending election, it is unlikely that any of these measures will be voted upon before October 1, 2016. In September, we are likely to see Congress adopt a Continuing Resolution (CR) that continues to fund the federal government until after the election. In that event, those impacted by OSHA's actions, which include every retailer and consumer of anhydrous ammonia fertilizer, need to be sure that the Report Language in the 2016 Omnibus, which has delayed OSHA enforcement of PSM against retail anhydrous fertilizer facilities, remains in place in any new CR. Late August and early September will require that we and your members impacted by this federal overreach continue to remind our congressional delegation of the need for their continued leadership on this issue.



While attending NCFC's Washington Conference in June, participants were given time to visit with their respective congressional representatives. Pictured above (L to R) are NCC President Rocky Weber; Congressman Adrian Smith, Dawn Caldwell with Aurora Co-op Elevator Co., and Jamey Nygren with Farm Credit Services of America.

INTEGRITY TESTING OF ANHYDROUS FACILITIES

The Council recently spoke with Shawn Zablocki, Industrial Program Leader at Olsson Associates, an NCC Supporting Member, about testing procedures for anhydrous fertilizer facilities to achieve compliance with OSHA Process Safety Management (PSM) Standards:

1. PSM as applied by OSHA to anhydrous ammonia facilities will require that employers be able to verify the structural integrity of the storage tanks and piping. How does one test tanks and underground or above ground piping for integrity?

OSHA does not specify a specific code or standard to follow for the inspection of tanks and piping systems, rather they put the burden on the employer to determine the appropriate approach using generally recognized good engineering practices. The American Petroleum Institute (API) has the most widely recognized standard for the inspection of pressure vessels and piping systems. API 510 is the standard for pressure vessels, and API 570 is the standard for piping systems. The standards allow for various approaches to be used for the actual inspection process; however, for pressure vessels the inspection will include thickness testing of

the tanks walls, inspection of the welds foundations and relief systems. The extent of inspection required will vary depending on the amount of baseline information the facility has on the tank. The less information a facility has, the more intensive the inspection will be. At the end of the day, the employer should identify a qualified inspection firm to assist in developing the mechanical integrity program for the inspection of their tanks and piping systems.

2. Is there a way to make underground piping available for periodic testing without having to expose all of the piping?

API 570 allows some flexibility on the approach the owner takes in the inspection of piping systems and does not require that 100% of the piping system be inspected. Again, it is up to the owner and the inspector to determine the best approach and that will largely be determined by the age of the system and materials of construction. Generally, for either above ground or underground systems the focus of the inspection will be on the higher risk areas such as joints and bends in the piping. For underground systems, it may be sufficient to expose only a small portion of the piping to get a good inspection and gauge of the overall condition of the piping.

3. Can piping be installed in an exposed lined trench with removable covers? What is the added cost?

The owner can install piping however they see fit. In some applications it is common to install piping systems in a lined trench to allow for easier inspection and containment of any leaks or releases. The systems are more common in petroleum systems or systems with hazardous liquid component where containment

of the liquid is as important if not more so than the actual inspection of the piping. The costs will vary, but owners may find that the cost of installing a trench system simply for the inspection of piping is prohibitive.

4. Do elbows, valves and other piping components wear at the same rate as the actual pipes?

Generally no, the elbows, valves and joints of the systems will wear at a faster rate than straight runs of pipe. This is why the inspections will focus on those areas more.

5. What are the metallurgical standards for piping and tank components used in anhydrous ammonia storage facilities?

The most common material used for Ammonia Pressure Vessels is SA-516 for the Shell and Heads. Many of the older tanks are made out of SA-455, but SA-516 is the recommended material used by ASME. For non-refrigeration material, such as use in co-ops, ASTM A-53 or A-106 Seamless should be used for Piping, ASTM A234 WPB Schedule 40 or 80 Fittings should be used for Butt Welds Connections, ASTM A-105 Fittings should be used for all threaded pipe connections, socket weld connections and flanges. All Valves should be A395 Ductile Iron, Bolt Material should be A193, Grade B7 Flange Stud Bolts A194, Grade 2H Flange Hex Nuts.

6. What are the industry standards for an allowable period of time between integrity testing of tanks and piping?

The inspection interval varies with the code or standard applied. API 510 for the inspection of pressure vessels and tanks requires an external inspection every 5 years and internal every 10 years. The interval for piping systems is determined by the hazard class of the piping system contents. However, the inspector may recommend more frequent testing

(continued on page 6)

TESTING FOR ANHYDROUS FACILITIES

(continued from page 5)

and inspections based upon the results of the inspection.

7. I am planning on building a new anhydrous ammonia storage and handling facility. What design features should I consider to make sure I am in compliance with PSM standards?

PSM requires that the design of new systems be in accordance with generally accepted good engineering practices. Pressure vessels must be built to current standards and registered with the National Board. Piping systems would ideally be above ground to allow for easier inspection and to minimize the potential for corrosion due to impacts from soil chemistry.

8. We have no documentation on some of our sites as to the quality of materials used or the actual design of the underground piping. Where do we start?

As noted above, the less information a site has the more intensive the inspection will need to be to be able to get the facility into compliance. If there is no information, a site will need to have a more thorough approach; however, a good inspection and overall thickness profile may allow the inspector and facility to make some conservative assumptions on the original material specifications. There are also methods for determining the materials of construction during inspection, but like anything there is a cost to those methods.

For more information Shawn may be contacted at: szablocki@olssonassociates.com, telephone: 402.341.1116; 402.938.2414 (direct); 402.350.7101 (cell).

NEBRASKA COOPERATIVE COUNCIL MISSION STATEMENT

To defend, protect and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues.

CALENDAR OF UPCOMING EVENTS

November 2016

- 17 Annual Meeting - Kearney, Holiday Inn
- 18 Director/Manager Workshop - Kearney, Holiday Inn

January 2017

- 4 Nebraska Legislature convenes
- 5-6 Director Certification Program - Kearney, Hampton Inn
- 23 NCC Legislative Advisory Committee meeting - Lincoln

February 2017

- 1 Cooperatives For Tomorrow Seminar - Lincoln, Embassy Suites
- 2 Cooperative Issues Symposium - Lincoln, Embassy Suites
- 23 Board Officers Seminar - LaVista, Embassy Suites

NCC RADIO SPOTS

The Nebraska Rural Radio Network provides the Council with complimentary network air time to present updates on current cooperative issues. These messages are aired every other Friday if there is information of significant importance to share.

The radio spots air at approximately 1:15pm MT on KNEB and at 2:17 pm CT on KRVN and KTIC.