

# Monitor energy costs this year

**Y**ES indeed, 2012 was a volatile year for agriculture. We can do our best to learn from it and prepare for the future, including a serious look at managing farm energy costs. After all, who can say what the coming years may have in store?

Before closing the books on 2012, take a look back at the last decade. Did your recorded expenses for propane, electricity, diesel or gasoline used on the farm change noticeably during any of those years? Are the increases or decreases primarily due to fluctuations in your energy consumption? Changes in the market price? Other factors?

“Fluctuating energy prices can be troublesome,” says Mark Hanna, ag engineer with Iowa State University Extension and Outreach. “Knowing whether energy costs are related to changing prices or specific changes in your energy needs is a useful first step to cutting expenses.”

Weather offers an explanation for some of the variations you will find. Undoubtedly, your grain drying costs the past few years will reflect weather conditions, with fluctuations in your farm’s demand for propane, electricity or natural gas. However, adding a little more detail in your records may help you to manage the potential risks of farm energy expenses, come rain or come shine.

This winter, begin by reviewing your monthly and yearly accounting records to ensure they are up to date. Many of the farmers I met this past year explained that, generally speaking, they know their total monthly electricity or diesel costs. Their bills are entered each month into the farm’s financial records, but that’s often as far as it goes. Once a bill is paid, well, “Out of sight, out of mind” is how one farmer describes it.

## Keep a farm energy log

As you’re getting your bills in order, consider entering the information from them into a farm energy log. A simple Microsoft Excel version is available under the Farm Energy Publications link on our website, [farmenergy.exnet.iastate.edu](http://farmenergy.exnet.iastate.edu). Look for the fact sheet “Tracking the Energy Use on Your Farm,” PM 2089C, and the corresponding farm energy log. This form can be customized to fit your needs, using formulas or additional worksheets.

When monthly energy consumption and cost are entered into the form, the cost per unit is automatically calculated. As an example, consider your farm’s electric bill. By entering this month’s kilowatt-hours and total cost from your statement, the energy log will calculate your cost per kWh. For fuel sources such as diesel, gasoline or propane, the form will calculate the price per gallon. Previous or future bills also can be added to show changes in cost and volume over time.

“Using an energy log not only shows the total energy expenses, but also how the number of gallons or kilowatt-hours used is changing during the year,” says Hanna. “This allows meaningful comparison of energy consumption from year to year.”

## Review your monthly results

Whether you use our farm energy log or create one that suits your needs, enter your information from each monthly bill and review the results. Try to get a better



## Farm Energy

By DANA PETERSEN

sense of the fluctuations in your farm’s energy demands from season to season

and year to year. This information can help you minimize your short-term expenses with management techniques to reduce propane or electricity consumption, such as adjusting grain drying temperature or hog confinement ventilation settings. Observing yearly trends over the long run may also help you identify the optimal time to replace your equipment or implement energy-efficient upgrades for buildings.

Chase away cabin fever this winter by looking over the books and considering your farm energy strategy for the future. To learn more about farm energy efficiency for any season, follow us on *Twitter* @ *ISU\_Farm\_Energy* or visit our website [farmenergy.exnet.iastate.edu](http://farmenergy.exnet.iastate.edu).

Petersen is program coordinator for *ISU Farm Energy* in collaboration with the *Iowa Energy Center*.

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