Example: Store and dry 85,000 bu of corn with a 100,000 bu bin storage capacity with a high temperature air recirculating (tower) dryer. Average moisture of corn harvested is 20% and dried to 16%. Harvest is conducted in September and stored until January (4 months stored). Current cash price at harvest is $3.35 and January future cash price is $3.75. The elevator discount schedule is 2.0% per point above 15%.

Example

<table>
<thead>
<tr>
<th>Your Farm</th>
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</thead>
</table>

**DRYING & STORING OPERATING COSTS**

**Energy Cost (refer to Table 1)**

\[ \text{Energy Cost ($/bu)} = 0.038 \times (20-16) \]

\[ = 0.15/\text{bu} \]

**Repair & Maintenance Cost**

\[ \text{Repair & Maintenance Cost ($/bu)} = \frac{50,000 \times 3\%}{85,000} \]

\[ = 0.02/\text{bu} \]

**Shrink Cost**

\[ \text{Shrink Cost ($/bu)} = 3.75 \times 1.25\% \]

\[ = 0.05/\text{bu} \]

**Hauling Cost**

\[ \text{Hauling Cost ($/bu)} = 0.015 \times 5 \text{ miles} \]

\[ = 0.08/\text{bu} \]

**Interest Cost**

\[ \text{Interest Cost ($/bu)} = 3.35 \times (100\% - 1.25\%) \]

\[ = 3.31/\text{bu} \]

\[ \times 5\% \]

\[ = 0.17/\text{bu} \]

\[ \times \frac{4 \text{ months}}{12 \text{ months}} \]

\[ = 0.06/\text{bu} \]

**Moisture Discount Cost**

\[ \text{Moisture Discount Cost ($/bu)} = 3.75 \times 2\% \times (16-15) \]

\[ = 0.08/\text{bu} \]

**HARVEST DELIVERY OPERATING COSTS**

**Moisture Discount Cost**

\[ \text{Moisture Discount Cost ($/bu)} = 3.35 \times 2\% \times (20-15) \]

\[ = 0.34/\text{bu} \]

**PRICES NET OPERATING COSTS FOR COMPARISON**

**Drying and Storing Net Price**

\[ 3.75 - 0.15 - 0.02 - 0.05 - 0.06 - 0.08 = 3.31 \]

**Harvest Delivery Net Price**

\[ 3.35 - 0.34 = 3.01/\text{bu} \]
PRICES NET OPERATING AND OWNERSHIP COSTS FOR COMPARISON

Drying and Storing Net Price
Net Price of Variable Costs Only = $3.31/bu
100,000 bu bin storage ownership costs (refer to Figure 1) = $0.10/bu
$50,000 dryer = $0.04/bu
Net Price of Operating and Ownership = $3.31 - $0.10 - $0.04 = $3.17/bu

Harvest Delivery Net Price
No bin or dryer ownership costs so the same as the price net of operating costs =
$3.01/bu