NAU Country
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RPG Revenue Power Guide
Issue: 171409N

Welcome to RPowerD™

December 19, 2017

RPowerD™ Additional Price Coverage

Producers can manage their price risk by using any or all of the following methods:

- Lock in current Market Price and have until midnight the next day to buy the estimate or raise the trigger.
- Establish a guaranteed **Additional Price Coverage** to the Projected Price.
- Expand opportunity to achieve the highest possible Minimum Revenue Trigger by choosing up to twelve Alternative Price Discovery Periods in full or half month intervals now through August 2018.

The Price used to establish the Minimum Revenue Trigger will be calculated using the higher of the Revenue Protection Projected Price, the Market Price chosen, the Additional Price Coverage selected, or the highest of any Alternative Price Discovery Periods elected.

Adding Additional Price Coverage guarantees the policy holder their RPowerD Revenue Trigger will exceed their indicated RP policy Revenue Guarantee by the APC amount chosen. The amount of APC available on each crop is indicated in the RPowerD estimator.

Producers can choose an APC amount in conjunction with Market Price and/or Alternative Discovery Period Intervals or APC can be elected by itself at the time the RPowerD policy is purchased. Additionally APC can be added to any existing RPowerD policy through RPowerD's sales closing date.

Applications for APC worth noting for producers who forward contract are:

1. APC money can offset cancelation fees charged by grain companies should a producer fall short on forward contracts. For instance, a common cancelation fee of 10 cts/bu is charged on contracted corn that cannot be delivered to an elevator on a forward contract. The additional APC revenue can cover this fee where as a straight RP policy does not.
2. APC money will mitigate a producer's basis price movement risks in the event a producer falls short on forward contracts. For instance, in a short crop year there may be a locally stronger harvest basis as buyers compete for limited supply of the short crop. The additional APC premium can cover a like amount of basis movement risk the RP policy does not cover.

Let's look at a comparison example where 25 cts/bu of APC™ was purchased by one producer but not another:

No APC	25 ct/bu APC
192 bu/ac approved yield	192 bu/ac approved yield
x $3.80 Projected Price	x $4.05 APC Price
x 85% RP Policy	x 85% RP Policy
= $620/ac Min. Rev. Gte	= $661/ac Min. Rev. Gte

25 ct/bu of APC – over the projected price = $40.80/acre of additional Minimum Revenue Guarantee.

Guaranteed Additional Price Coverage	RMA Projected Price
$4.0500	$3.80

N/A	Value of APC at Coverage Level of 85%
$0.00	$0.00
$0.05	$8.16
$0.10	$16.32
$0.15	$24.48
$0.20	$32.64
$0.25	$40.80

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Preserving Farm Wealth.

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