

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE STIPULATION AND )</b>		
<b>SETTLEMENT AGREEMENT BETWEEN )</b>		<b>STIPULATION AND</b>
<b>AMERICAN EDGE GRAIN dba MADISON )</b>		<b>SETTLEMENT AGREEMENT</b>
<b>BIN CITY (AEG) AND PUC STAFF )</b>		
<b>)</b>		<b>GW14-001</b>

This Settlement Agreement is made and entered into between the Grain Warehouse Division of the Public Utilities Commission (Staff) and American Edge Grain dba Madison Bin City (AEG).

The current licensing period for grain warehouse facilities in South Dakota began on July 1, 2014. AEG did not renew its warehouse license for that period. Therefore, as of July 1, 2014, AEG no longer held a grain warehouse license. The reason for the failure to renew the license was AEG's inability to obtain the requisite bond.

On July 25, 2014, AEG began receiving grain at the Madison Bin City facility and stored that grain in the facility, thus acting as a grain warehouse under South Dakota law. A grain warehouse inspector from Staff conducted an inspection of the facility on August 12, 2014. At that time, customer owned grain was stored at the facility. On August 14, 2014 the grain was purchased by an AEG investor who also holds a South Dakota Grain Buyers License. Staff has confirmed that the producer has been paid. The penalties for operating a grain warehouse without a license are described in SDCL 49-43-4.2, and include a civil fine of \$1,000 per day, up to a maximum of \$20,000.

In addition, management of AEG failed to notify the Public Utilities Commission (Commission) that it was in a negative working capital position in December of 2013. SDCL 49-43-62 requires a grain warehouse operator to immediately notify the Commission if at any time during the licensing period the operator becomes aware that it is not in compliance with financial standards. The penalties for failure to provide this notification are described in SDCL 49-43-62 and include a civil fine of \$1,000 per day, up to a maximum of \$20,000.

Staff and AEG stipulate to the facts below and agree to resolve this matter as follows:

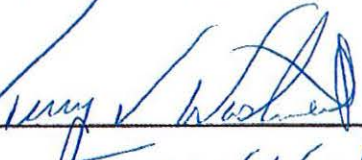
1. The facility has been operating as a public grain warehouse in Madison, South Dakota since July 25, 2014.
2. The facility is subject to licensure as required by SDCL 49-42-5.1.
3. AEG failed to obtain a license for the period beginning July 1, 2014.
4. Both Staff and AEG acknowledge that the facility is subject to the maximum penalties allowed under the law for operating without a license. However, due to the circumstances in this matter, neither feels that the maximum penalty is appropriate. Staff and AEG both believe a penalty of \$1,600 should be paid by AEG for this violation. This amount represents a percentage of the maximum fine comparable to

the percentage of the licensing period AEG operated without a license.

5. For the failure AEG to report their non-compliance with financial licensing standards, Staff and AEG agree that the failure was not willful and no penalty should be assessed.
6. AEG agrees that it will abide by all applicable licensing rules and regulations.
7. AEG agrees that it will make payment of the civil fine within thirty days of receipt of the Commission Order.
8. Staff agrees this Stipulation and Settlement Agreement, if approved by the Commission, represents the final disposition of the issues specified herein.

American Edge Grain dba Madison Bin City  
(AEG)

BY:

  
\_\_\_\_\_  
Terry V. Wastweet

TITLE:

President  
\_\_\_\_\_

DATE:

8/22/14  
\_\_\_\_\_

Grain Warehouse Division of the South Dakota  
Public Utilities Commission

BY:

  
\_\_\_\_\_  
James Mehlhaff

TITLE:

Grain Warehouse Director  
\_\_\_\_\_

DATE:

8-25-14  
\_\_\_\_\_