

UTICA GRAIN, INC.
P.O. BOX 1040
YANKTON, SD 57078
605-655-5770

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AUG 17 2018
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

August 13, 2018

Mr. Cody Chambliss
Director Grain Warehouse Division
Public Utility Commission
500 East Capital Avenue
Pierre, SD 57501

Re: Compliance and Plans

Dear Cody,

As a follow-up to the phone call Dave and I had with you and Jim last week, I wanted to summarize the commitments that I made to both of you. I fully understand the regulatory and statutory mandates that the PUC has for grain elevators and grain merchandisers. While none of our customers have ever had issues with payment, we will nonetheless comply with the rules established and laws passed governing the industry.

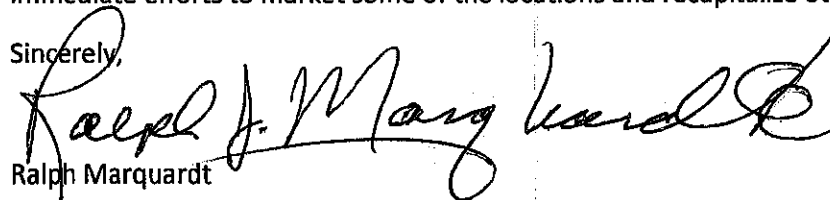
Jason Pearson has completed an updated balance sheet for you that more accurately depicts Utica Grain's position (see enclosed). As you can see, we have reclassified some income and expense items as well as the shareholder note and reclassified some fertilizer prepaids to inventory. These adjustments were made to more accurately conform to GAAP.

We are also taking steps to secure a buyer for our grain facilities in Meckling and Irene. As we explained, we have had preliminary conversations with an interested buyer who has grain facilities in the same region. The general manager of that entity has expressed strong interest in the potential transaction and intends to call a special meeting of his board to discuss the opportunity. We expect to have an answer or at least the level of interest within the next couple of weeks. At that time, we will follow up with you to more fully explain the potential sale.

It is also our plan to close our Utica location and dedicate it solely to Marquardt Farms as a storage facility. This location has been open at harvest to receive grain and serves as a large storage bunker. We may continue to recapitalize and operate Tabor with its feed mill, customer base, and the new bins and other upgrades we have completed.

We appreciate your concern in our operating entity and will endeavor to keep you fully advised as to immediate efforts to market some of the locations and recapitalize others.

Sincerely,



Ralph Marquardt
President