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February 2, 2024

Patricia Van Gerpen
Executive Director
Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501

RE: RM23-001 In the Matter of the Adoption of Administrative Rules

Ms. Van Gerpen,

Attached for filing in Docket RM23-001, please find Commission Staff's proposed amendments to the updated proposed rules posted on January 31, 2024, specifically ARSD 20:10:12:15. This amendment strikes duplicative language shown in red text on the following page. The phrase "and show current assets greater than current liabilities" in the first paragraph of the rule refers to class B license applicants. This phrase is unnecessary because the final paragraph of the rule encompasses both class A and class B license applicants by stating "The balance sheet for a class A or class B applicant must show current assets greater than current liabilities."

Additionally, Staff has attached two graphs which can be found on page 3. These graphs represent the equity of all grain buyer applicants for the 2023 and 2024 licensing periods. In the current licensing period, only four Class B companies have equity of less than \$100,000. In the current licensing period, only three Class A companies have equity of less than \$500,000. Of those three companies, one will not be renewing its license. The other two companies offer voluntary credit sales (VCS) contracts and will need to infuse capital to bring their equity above \$500,000 in order to continue offering VCS contracts.

Sincerely,

Cody Chambliss
Grain Warehouse Program Manager
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20:10:12:15. Financial criteria for licensing. ~~At a minimum, for~~ For a class A license, the applicant's balance sheet must show a positive net worth of ~~\$100,000~~ at least \$250,000. However, to offer voluntary credit sale contracts, a class A license applicant's balance sheet must show a positive net worth of at least \$500,000. ~~At a minimum, for~~ For a class B license the applicant's balance sheet must show a ~~positive net worth of at least \$100,000~~ and show current assets greater than current liabilities. In determining net worth and working capital for a class A or class B applicant, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over ~~180~~ one hundred eighty days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

~~At a minimum, the~~ The balance sheet for a class A or class B applicant must show current assets greater than current liabilities. ~~In determining working capital, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:~~

- ~~(1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;~~
- ~~(2) Accounts receivable over 180 days old;~~
- ~~(3) Investments or equities in cooperatives; or~~
- ~~(4) Goodwill.~~

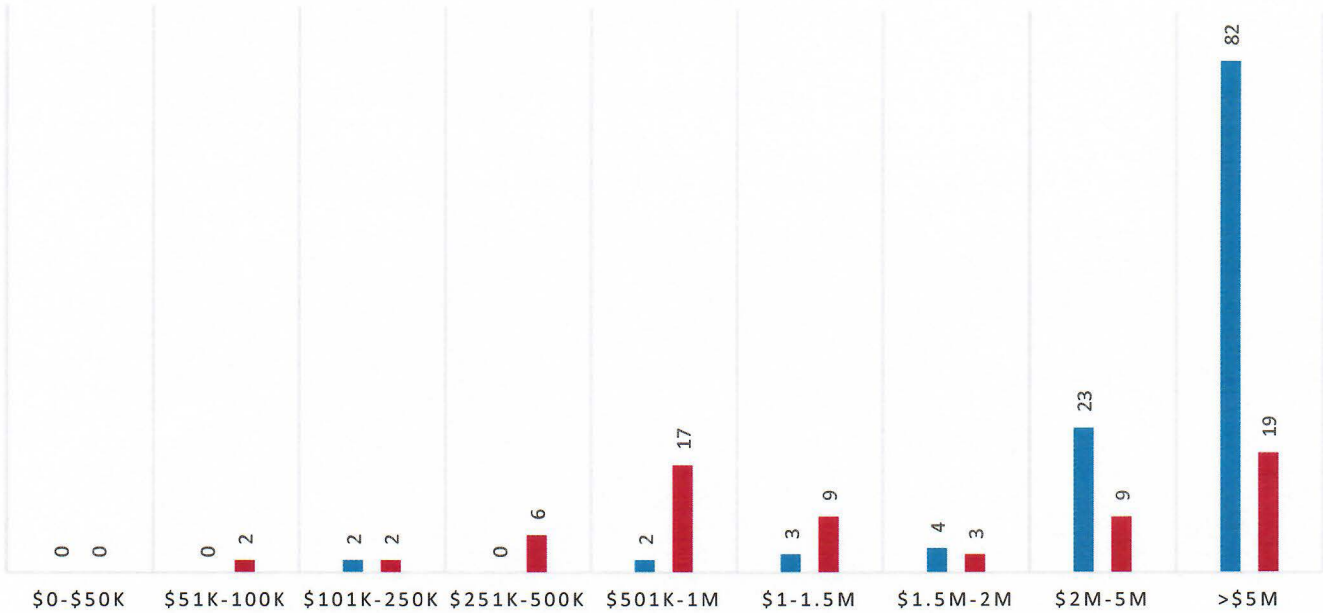
Source: 24 SDR 190, effective July 15, 1998; 40 SDR 39, effective September 9, 2013.

General Authority: SDCL 49-45-6(5).

Law Implemented: SDCL 49-45-7.

LICENSING YEAR 2022-2023 NUMBER OF LICENSEES PER EQUITY LEVEL

■ Class A ■ Class B



LICENSING YEAR 2023-2024 NUMBER OF LICENSEES PER EQUITY LEVEL

■ Class A ■ Class B

