



Exhibit G

of its claim. These loads were credited to CHS for a total staff calculated claim amount of \$319,684.44.

5. Staff determined that additional bills of lading totaling 2298.80 cwt were delivered out of state and calculated the value of this grain at \$72,557.64. Staff also determined that \$285,000 worth of grain was contracted but not delivered.

6. On October 9, 2012, I sent CHS a letter detailing the results of our audit. This letter was sent to the attention of Milton Handcock at Midwest Coop CHS Inc. 1919 East Sioux Ave. Pierre, SD 57501. The letter advised Mr. Handcock that if he did not agree with the findings of our audit and wished to challenge our findings at a hearing before the South Dakota Public Utilities Commission, he should send a written request for a hearing to our office by November 16, 2012. We did not receive any correspondence from Mr. Handcock or any other representative of CHS regarding the letter detailing staff findings and recommendations.

7. On January 15, 2013, at 11:46 a.m. I received an email from Jon R. Brakke on behalf of CHS. The email contained a letter disputing staff's findings and requesting an increase in the amount of the approved claim for CHS. The email also contained eight trucking contracts for which Mr. Brakke claimed CHS had not been paid. The commission meeting at which staff was scheduled to present findings and make a recommendation for bond disbursements was to begin at 2:30 p.m. that day. Due to the timing, staff declined to accommodate Mr. Brakke's request to increase the approved claim amount for CHS. We advised him that he could file his request formally and appear via telephone to make his request directly to the Commission. Mr. Brakke did file his request formally and appeared before the Commission via telephone. While we waited for our docket to come up on the agenda, I reviewed the additional information that was provided by CHS. I found that two of the shipping contracts had already been filed with

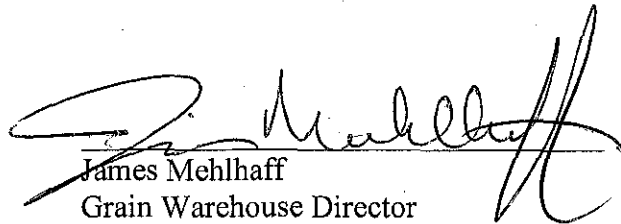
Exhibit G

CHS's claim and were credited to CHS in staff's original findings. The other six shipping contracts had nothing to indicate that the loads were delivered to Redfield. Mr. Brakke indicated in his letter and in his statements to the Commission that the location of the trucking companies contracted to haul the grain suggested that the grain was delivered to Redfield and for this reason should be included in the bond claim. The Commission declined the CHS request to increase its claim amount and approved staff's recommendations as presented.

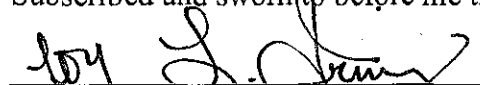
8. Since the time of the meeting I have examined the information provided by CHS in greater detail. As stated earlier, two of the trucking contracts were delivered to Redfield and I have been able to locate corresponding scale tickets for these loads. These loads are included in staff's recommendations to the Commission. I have also re-examined the scale ticket report for Anderson Seed's Redfield facility and have been unable to find any scale tickets that correspond with the other six trucking contracts provided by CHS. Furthermore, it appears that Schmidt & Sons Trucking is located in Kindred, ND which is located a short distance from the Anderson Seed receiving station in Durbin, ND. Schmidt & Sons Trucking hauled four of the loads for CHS. The proximity of the trucker to Durbin, ND and the fact that I have been unable to identify any corresponding scale tickets for these loads in Redfield, suggest that these four loads were delivered to the Durbin, ND facility. Bob-O Express out of Larimore, ND hauled one of the loads for CHS. Again I was unable to find a corresponding scale ticket for this load at the Redfield location. The lack of a corresponding scale ticket in Redfield and the proximity of Larimore to Mentor, MN suggest that this load was more than likely delivered to an Anderson facility in ND or Mentor, MN. I was unable to find a location for the final trucking contract, but again, I was unable to find a corresponding scale ticket that would indicate delivery to Redfield and the trucking contract appears to show that the truck is licensed in MN.

9. Finally, the scale ticket report that I examined from Anderson Seed Redfield did not have any gaps in the series in the days surrounding the shipping periods of the disputed loads, so it is unlikely that the disputed loads were delivered to Redfield and the corresponding scale tickets were lost. I would also point out that in the notes section of the trucking contracts for the six disputed loads, the driver wrote scale ticket numbers that do not fit in with the series of ticket numbers that were issued out of the Anderson Seed Redfield facility.

Dated this 11<sup>th</sup> day of March, 2013.

  
James Mehlhaff  
Grain Warehouse Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Subscribed and sworn to before me this 11 day of March, 2013.

 (Notary Public)

My Commission expires: 07.24.13