

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION BY SCS CARBON TRANSPORT LLC FOR A PERMIT TO
CONSTRUCT A CARBON DIOXIDE TRANSMISSION PIPELINE

SD PUC DOCKET HP22-001

PRE-FILED DIRECT TESTIMONY OF JIM SEURER
ON BEHALF OF GLACIAL LAKES ENERGY, LLC

June 16, 2023

1 **Q: Please state your name and business address for the record.**

2 **A:** My name is Jim Seurer and I am CEO of Glacial Lakes Energy (GLE) 301 20th Ave. SE in
3 Watertown, SD 57201.

4 **Q. Do you have testimony you would like to present the Commission in this docket.**

5 **A.** Yes.

6 **Q. Can you provide the Commission with information regarding your background.**

7 **A.** I am originally from Hoven and graduated with a Bachelor of Science degree from Northern
8 State University in December 1986. After a short stint in Pierre working for the State of South
9 Dakota, I moved to Colorado working in the credit union industry. In 2005, I moved back to
10 South Dakota taking a position as Chief Financial Officer for South Dakota Soybean Processors in
11 Volga. In 2007, I came to GLE for the same position and was later promoted to Chief Executive
12 Officer, a position I've held since October 2008. I hold an inactive CPA license issued by the
13 State of Colorado.

14 **Q. Can you provide the Commission with information regarding GLE.**

15 **A.** Glacial Lakes Energy, LLC is a wholly owned subsidiary of Glacial Lakes Corn Processors (GLCP), a
16 cooperative owned by 4,200 shareholders, 90% of which have South Dakota address. The
17 cooperative was founded in 2002 for the sole purpose to provide its shareholders a better
18 market for their corn production.

19 Glacial Lakes Corn Processors owns 4 plants located in Watertown, Huron, Aberdeen, and Mina,
20 about 12 miles west of Aberdeen. Annually, these plants combine to buy 125 million bushels of
21 corn and produce 360 million gallons of ethanol every year or 1.0 million gallons of ethanol
22 every day. We employ 190 team members with a highly competitive compensation and benefits
23 package averaging more than \$70,000 (prior to benefits) per year. Our rippling economic

24 impact, which benefits both rural and city areas alike, employs thousands more either directly or
25 indirectly in the ethanol industry or those who work in SD agriculture.

26 In our company's short 20-year lifespan, we have generated and returned \$330 million to our
27 shareholder-investors with \$63 million of that in the past year alone. These dividend payments
28 are circulated back into the communities where our shareholders live and throughout the state
29 of South Dakota in general. This industry is doing exactly what our founders had envisioned 20
30 years ago when they put their hard-earned dollars at risk to create a more robust market
31 demand for locally grown crops. I have attached hereto and incorporate into my testimony as
32 Exhibit 1 an estimate of the economic impact that we have on our trade area(s). Its noteworthy
33 that these are GLE-only statistics that would be duplicated around the state where other
34 ethanol production facilities exist.

35 **Q. Why are you supporting the permit application of Summit Carbon Solutions in this**
36 **Docket?**

37 **A.** The movement toward a greener environment is occurring all around us and it will
38 continue whether we like it or not. Our industry and agriculture, in general, is at a crossroads
39 because lower carbon initiatives are being required/demanded by major markets. If we fail to
40 lower our carbon footprint, we will see lucrative markets dry up and/or be served by
41 replacement or competing products. Last year, electric vehicles ("EVs") represented 6% of all
42 automobiles sold in the US and this trend will continue. Gasoline demand has peaked and is
43 headed downward and that spells trouble for ethanol demand. We cannot ignore these market
44 trends that are taking hold so quickly.

45 We remain optimistic if we can achieve a net zero carbon footprint, we'll have a chance to
46 survive. To do this, we need to lower our carbon intensity (CI) score. These CO2 sequestration
47 projects will slice our CI score in half and extend our ability to serve the lucrative markets which

48 are demanding a greener product. A lower CI score provides flexibility to our commodity-based
49 business model and anyone involved in commodity marketing understands that flexibility equals
50 better margins which produces better returns.

51 **Q. What else is GLE doing in this space?**

52 **A.** Our quest to lower our CI score does not end with this project. The GLE Board of Directors and
53 management team has approved two additional projects costing more than \$25.0 million for the
54 Mina production facility alone to help us achieve a “net zero” status. We are currently
55 evaluating other CI reduction projects for each of our other three plants. However, all of the
56 projects we are reviewing would lower our score by only a fraction of the amount of the CO
57 sequestration project. We, along with others in our industry, will each spend tens of millions of
58 dollars to clear the net zero hurdle spurring additional economic benefit and ensuring a return
59 for our shareholders and a presence in the local marketplace.

60 **Q. What happens to GLE if the Summit Carbon Project does not go forward?**

61 **A.** We could ignore all of this and hope it goes away or assume other markets will fill the void but
62 that would be extremely short sighted given the global movement that is occurring here. We
63 will not only miss out on better markets, but we will likely be tax, penalized, and regulated out
64 of existence because of our higher CI score. In other words, we view the current 45Q and 45Z
65 tax credits provided by the Inflation Reduction Act, the “carrot” versus the “stick” that will come
66 later.

67 Looking out into the future, whether we produce ethanol or jet fuel or chemicals for renewable
68 plastics, a lower CI score will be imperative. The current movement toward greener and more
69 environmentally friendly manufacturing is not going away, it will continue for generations to
70 come and the ethanol industry must adapt to survive. There are few business models or

71 agricultural methods that can ignore the marketplace and remain relevant. We are no
72 exception.

73 **Q. Is there anything else you would like the Commission to consider?**

74 **A.** Yes, I've attached to my testimony as Exhibit 2 the testimony of the Board Chairman for GLC,
75 Mark Schmidt, given earlier this year before a committee of the South Dakota legislature. I
76 would like to adopt and incorporate this testimony today in my prefiled testimony in this
77 docket.

78 And lastly, on behalf of the 4,200 shareholders at GLCP and our employee teams, thank you for
79 your attention and your consideration