



Chris Nelson, Chair
Kristie Fiegen, Vice Chair
Gary Hanson, Commissioner

**SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

500 East Capitol Avenue
Pierre, South Dakota 57501-5070
www.puc.sd.gov

Exhibit A

Capitol Office
(605) 773-3201
1-866-757-6031 fax

Grain Warehouse
(605) 773-5280
(605) 773-3225 fax

Consumer Hotline
1-800-332-1782

February 7, 2012

Ron Anderson
Anderson Seed Co. Inc.
PO Box 201
Mentor, MN 56736

Dear Mr. Anderson:

I am sending this letter as a follow-up to our conversation this morning regarding the financial situation of Anderson Seed and the ability of the company to pay for grain that has been received at the location in Redfield, S.D. As you relayed to Staff Attorney Kara Semmler and me, Anderson Seed is struggling financially due to losses incurred when grain suppliers failed to honor contracts to deliver grain to your company. As a result, Anderson Seed incurred losses in excess of six million dollars. In an effort to emerge from the current situation, the company is attempting to re-finance debt and take on additional investors. As you affirmed, you have no intention of filing for bankruptcy.

As we also discussed, Anderson Seed is subject to suspension of their Class A grain buyer license number 1988, pursuant to SDCL 49-45-16. However, we have agreed to hold off taking action on the license if Anderson Seed agrees to refrain from taking delivery of any grain until you have sufficient working capital to pay for the grain received. If we find evidence that Anderson Seed has purchased grain without prior notice and approval, we will take action.

In the meantime, Anderson Seed has agreed to provide the commission with the following information:

1. A spreadsheet with an accurate, detailed depiction of all grain payables associated with your S.D. grain buyer license.
2. Copies of your in-house monthly financial statements for Nov. and Dec. 2011.
3. A copy of your audited quarterly financial statements for the quarter ending Dec. 31, 2011, as soon as available.
4. Contacts we may make regarding your account at US Bank, your lending institution.

It will be necessary for our office to be in close contact with you and other officers at Anderson Seed as you work through this financial crisis. We are hopeful that Anderson Seed will survive the current situation as you outlined with your plan. However, we must ensure that no more S.D. producers be at risk as you work through your issues.

Sincerely,

Jim Mehlhaff
Grain Warehouse Division Director