



Chris Nelson, Chairman
Kristie Fiegen, Vice Chairperson
Gary Hanson, Commissioner

South Dakota

**PUBLIC UTILITIES
COMMISSION**
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August 12, 2021

Atlantic Specialty Insurance Company
Attn: Surety Claims
605 Highway 169 North Suite 800
Plymouth, MN 55441

RE: Grain Buyer Bond Pipeline Foods, LLC

Dear Surety Claims:

This letter is intended as notice that the South Dakota Public Utilities is seeking the proceeds of bond number 962-019614/800020222. This bond was put in place as a requirement of the South Dakota Public Utilities Commission (Commission) prior to issuing a grain buyer license to Pipeline Foods, LLC (Pipeline).

On or about July 7, 2021, commission staff became aware that Pipeline filed for Chapter 11 Bankruptcy. As a result, Pipeline's Grain Buyer has been unable to obtain a current license after its license expired June 30, 2021. After becoming aware of the bankruptcy, Commission staff engaged in a remote electronic investigation of Pipeline's financials and purchases in South Dakota. The examination showed there are unpaid cash sales, contracted and delivered during the 2020-2021 licensing year, which ended June 30, 2021. SDCL 49-45-10 requires cash sales be paid in full within thirty-days after delivery. The examination shows that Pipeline is unable to pay these cash sales.

, Pursuant to 49-45-17, the Commission intends to institute proceedings to distribute the bond to valid claimants. It is clear to commission staff that the proceeds of the bond will not cover all the total value of the claims that we have identified through our examination of the books of Pipeline. We will recommend to the Commission that the bond be disbursed according to the requirements of SDCL 5-21-7 which will relieve Atlantic Specialty Insurance Company of any liability beyond the face value of the bond.

The bankruptcy has been docketed in US Bankruptcy Court for the District of Delaware as Case Number 21-11002 (KBO),

If you have any questions or require additional information please do not hesitate to contact me cody.chambliss@state.sd.us or our website.

Sincerely,

Cody Chambliss
Grain Warehouse Program Manager