

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF YIELD10
BIOSCIENCE, INC OF WOBURN,
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**DIRECT TESTIMONY OF CODY
CHAMBLISS**

GW24-001

Q. Can you please introduce yourself?

A. My name is Cody Chambliss. I am the Grain Warehouse Manager at the South Dakota Public Utilities Commission (PUC).

Q. Provide details about what you do in your position as Grain Warehouse Manager.

A. As the Grain Warehouse Program manager I oversee approximately 190 companies with 370 locations. Companies must meet the financial minimums, provide quarterly financials if they are a Class A grain buyer, provide proof of insurance, acquire a bond, and submit an annual application. I also oversee 3 inspectors that inspect each facility at least once per year per statute.

Q. Describe the inspection process for companies licensed to purchase grain in South Dakota.

A. Every inspection is a little different depending on whether the company holds a warehouse or a grain buyer license. Generally during an inspection, scale tickets, and contracts are reviewed and we verify that producers have been paid for their grain. All open grain payables are documented and verified, contracts reviewed, and the company's financial statements are also reviewed. A Class A grain buyer has the ability to offer Voluntary Credit Sales (VCS), or contracts where payment is deferred or the price of the grain may not yet be determined. A Class A grain buyer licensed in licensing year ending June 30, 2024 (licensing year 2024), was required to have \$100,000 equity and positive working capital per administrative rule 20:10:12:15. During licensing year 2024, a Class A grain buyer was also required to submit quarterly financials per statute SDCL 49-45-22.

Q. Are you familiar with a company called Yield10 Bioscience, Inc.?

A. Yes.

Q. How are you familiar with this company?

A. Yield10 held a Class A grain buyer license in South Dakota from September 22, 2022, until the license was surrendered on April 10, 2024, and has been subject to multiple inspections by the PUC as all grain licensees are inspected at least once per licensing period.

Q. Describe the inspections that you conducted on Yield10.

A. On February 28, 2024, during a routine review of quarterly financials, Staff became aware that Yield10 was operating with insufficient working capital and negative equity. Upon discovering Yield10's financial condition, Staff began an examination on February 28, 2024, and requested information pursuant to SDCL 49-45-25 and 49-45-26 with a statutory response deadline of March 6, 2024. This can be seen in Exhibit A. Additionally, Staff became aware of a November 14, 2023 filing in which Yield10 submitted its 10-Q to the SEC. This can be seen in Exhibit B. The 10-Q showed that Yield10 had negative working capital for the quarter ending September 30, 2023. This can be seen on page 3 of Exhibit C. On March 6, 2024, Commission Staff sent a reminder to Yield10 to provide the requested information and informed Yield10 of the statutes relating to inspector requests. This can be seen in Exhibit A. By March 7, 2024, we still had not received the information.

Q. At any time between November 14, 2023, when Yield10 filed its 10-Q, and February 1, 2024, when Yield10 submitted its quarterly financials, did Yield10 contact Grain Staff about its financial condition?

A. No.

Q. Describe any further actions that Staff took at this point.

A. With not having received the requested information, we were concerned about the possibility of South Dakota producers being harmed. After March 6, 2024, there were several communications between Staff and Yield10 in which Yield10 indicated that it would surrender its grain license and that it had not purchased any grain in South Dakota. However, when Staff asked for confirmation of these statements, Yield10 was largely nonresponsive and left Staff in the dark. This correspondence can be found in Exhibit D.

Q. What did you do next?

A. By April 4, 2024, which is twenty working days since the deadline of March 6, 2024, we still had not received the requested information. Because of our concerns, Staff filed a Complaint asking the Commission to suspend Yield10's class A grain buyer license for a failure to submit to an inspection request of a commission inspector. This can be seen in Exhibit E. This Complaint was sent electronically to Yield10 and was also sent to Yield10 by certified mail, as can be seen in Exhibit F. Exhibit F also contains a receipt of certified mail for the notice of this evidentiary hearing.

Q. What happened next?

A. After Staff filed its Complaint with the Commission, Yield10 began communicating with Staff. Prior to the hearing of Staff's Complaint, Yield10 voluntarily surrendered its grain buyer license. This can be seen in Exhibit G.


Q. At what point did Staff receive the information that was requested in Staff's February 28, 2024, inspection request?

A. Staff did not receive the information for the February 28, 2024, inspection requests except for the answer to one question, which was whether or not Yield10 had purchased grain in South Dakota. On April 9, 2024, Yield10 confirmed it had not purchased grain in South Dakota and provided an Accounts Payable Report for the previous six months. Staff reviewed this report and found it did not show any South Dakota purchases.

Q. Is there anything else you would like to say about this matter?

A. The importance of SDCL 49-45-26 is to get information quickly when a matter arises. When a company is in financial distress and South Dakota producers are potentially at risk it is imperative that information be gathered quickly and efficiently to limit the overall harm or impact of an insolvency. These laws are in place to help protect South Dakota producers and licensed companies and it is my job and my inspector's jobs to do our best to prevent losses to the citizens of South Dakota.

Dated this 17th day of July, 2024.


Cody Chambliss


Mikayla Frick
exp. 10/27/28

