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THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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IN THE MATTER OF GREGORY FARMERS ELEVATOR GW13-001
COMPANY

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Transcript of Proceedings
April 23, 2013

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BEFORE THE PUBLIC UTILITIES COMMISSION,
GARY HANSON, CHAIRMAN
CHRIS NELSON, VICE CHAIRMAN
KRISTIE FIEGEN, COMMISSIONER

COMMISSION STAFF
Rolayne Ailts Wiest
John Smith
Karen Cremer
Kristen Edwards
Dave Jacobson
Brian Rounds
Patrick Steffensen
Brittany Mehlhaff
Jim Mehlhaff
Darren Kearney
Matthew Tysdal
Cindy Kemnitz
Deb Gregg
Sherry Dickerson

Reported By Cheri McComsey Wittler, RPR, CRR

1 TRANSCRIPT OF PROCEEDINGS, held in the
2 above-entitled matter, at the South Dakota State Capitol
3 Building, 500 East Capitol Avenue, Pierre, South Dakota,
4 on the 23rd day of April, 2013, commencing at 9:30 a.m.

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1 CHAIRMAN HANSON: GW13-001, In the matter of
2 Gregory Farmers Elevator Company.

3 The question before the Commission is today
4 shall the Commission revoke GFEC's grain buyer and
5 warehouse licenses? Otherwise, how shall the Commission
6 proceed?

7 Mr. Mehlhaff.

8 MR. MEHLHAFF: Thank you, Mr. Chairman.

9 Jim Mehlhaff from Staff. We did suspend the
10 license on April 4. We have not received any requests
11 for a hearing or reconsideration on that.

12 We have Sherman Vomacka and Alysia Adams and
13 possibly Frank Fulrighter [phonetic] with Gregory Farmers
14 Elevator on the line. If they wish to add anything to
15 the conversation now, perhaps they could speak on it as
16 well.

17 CHAIRMAN HANSON: Thank you, Mr. Mehlhaff.

18 Yes, we would like to hear from you folks. Who
19 is first in line there?

20 MR. VOMACKA: Yes. This is Sherman Vomacka. We
21 have no objections to the revocation pursuing the
22 liquidation at this time.

23 CHAIRMAN HANSON: Thank you.

24 Ms. Edwards, did you have something? Is Kristen
25 here?

1 MS. EDWARDS: Other than to echo what Jim said,
2 we would just recommend that the Commission revoke the
3 grain warehouse licenses at this time and pursue no
4 further action as far as receivership. At this time
5 Staff does not feel that would be prudent.

6 CHAIRMAN HANSON: Thank you.

7 Commission questions.

8 Is there a Motion?

9 COMMISSIONER FIEGEN: First of all, could you
10 give us an update, Mr. Mehlhaff, on where we're at on
11 farmers that haven't been paid and -- I think I saw in
12 the paper that they were up for sale and et cetera.

13 Could you just give us an update on that?

14 MR. MEHLHAFF: Yes. This is Jim Mehlhaff from
15 Staff. And currently there are three known creditors of
16 Gregory Farmers Elevator. One is their lender, and there
17 are two producers who are still owed money. And beyond
18 those three, that is all that we're aware of.

19 COMMISSIONER FIEGEN: If I can continue,
20 Chairman.

21 CHAIRMAN HANSON: Please.

22 COMMISSIONER FIEGEN: So the person from
23 Rapid City has been paid that was outstanding?

24 MR. MEHLHAFF: That's correct. Yes.

25 COMMISSIONER FIEGEN: There were two farmers

1 that are board members that had volunteer credit sales,
2 and I think one of them agreed to take stock in the
3 company or something or --

4 MR. MEHLHAFF: Those were some negotiations that
5 were kind of going on up until the suspension hearing.
6 The option of signing over the voluntary credit sale
7 contracts in return for preferred stock or debenture
8 notes were all part of the negotiations leading up to the
9 suspension where they were trying to raise the working
10 capital to remain a going concern.

11 Those actions never resulted in raising the
12 necessary working capital. So when the license was
13 suspended there were those two. One of them is a current
14 board member, and the other is a former board member who
15 are still holding voluntary credit sales, and those are
16 the two creditors.

17 COMMISSIONER FIEGEN: So the bond, there is no
18 claims on the bond because those were volunteer credit
19 sales?

20 MR. MEHLHAFF: There is a load of grain that
21 could possibly be a bond claim, depending on the results
22 of the liquidation actions. So there is a possibility
23 of a single bond claim, which would be for less than
24 \$5,000.

25 COMMISSIONER FIEGEN: And has there been any

1 interest in buying the facility from anyone?

2 MR. MEHLHAFF: If it would be all right if I
3 could allow the board members to speak to that?

4 MR. VOMACKA: Yes. There has been some
5 interest, and at this time we're still negotiating with
6 the bank and then the other people that are interested.

7 COMMISSIONER FIEGEN: Thank you.

8 CHAIRMAN HANSON: Any further questions?
9 Is there a Motion?

10 COMMISSIONER NELSON: I move at this time that
11 the Commission revoke Gregory Farmers Elevator Company
12 grain buyer and grain warehouse license.

13 CHAIRMAN HANSON: Discussion on the Motion?

14 COMMISSIONER NELSON: This is a statutory
15 requirement that following 15 days after suspension that
16 we must revoke in the case where there's not a request
17 for a hearing, and we've had no request so, therefore, I
18 would encourage supporting this.

19 CHAIRMAN HANSON: Thank you.

20 Any discussion on the Motion?

21 Hearing none, Commissioner Fiegen.

22 COMMISSIONER FIEGEN: Fiegen votes aye.

23 CHAIRMAN HANSON: Commissioner Nelson.

24 COMMISSIONER NELSON: Aye.

25 CHAIRMAN HANSON: Hanson votes aye. Motion

1 carries.

2 (The proceeding is concluded)

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1 STATE OF SOUTH DAKOTA)

2 :SS CERTIFICATE

3 COUNTY OF SULLY)

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5 I, CHERI MCCOMSEY WITTLER, a Registered
6 Professional Reporter, Certified Realtime Reporter and
7 Notary Public in and for the State of South Dakota:

8 DO HEREBY CERTIFY that as the duly-appointed
9 shorthand reporter, I took in shorthand the proceedings
10 had in the above-entitled matter on the 23rd day of
11 April, 2013, and that the attached is a true and correct
12 transcription of the proceedings so taken.

13 Dated at Onida, South Dakota this 9th day of
14 May, 2013.

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Cheri McComsey Wittler,
Notary Public and
Registered Professional Reporter
Certified Realtime Reporter

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