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February 20, 2009

Douglas A. Christensen
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Sue Richter
North Dakota Public Service Commission

Re: Public Service Commission vs. Northwood Mills, LLLP
and Travelers Casualty & Surety Company of America

Dear Ms. Richter:

First, the \$50,000 to be paid to the Public Service Commission is money which will be borrowed from American Federal which is Northwood Mills, LLLP lead lender.

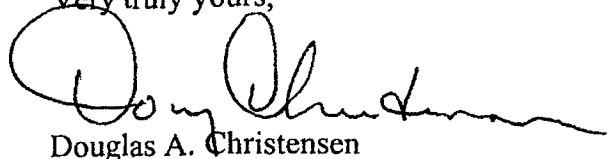
Paul Sproule and his wife are guarantors of the bond posted by Travelers Casualty and the Sproules and Clarence Lishide and his wife are guarantors of the American Federal line of credit which is the source of funds which Paul Sproule hopes to access to pay \$50,000 to the PSC. If Northwood Mills does not reopen the Sproules and the Lishides will be required to honor the terms of their personal guarantees as to this line of credit.

Second, I do not believe there is much probability that Northwood Mills will file a Chapter 7 bankruptcy for a Chapter 7 filing would simply mean there is no hope for Northwood Mills and the assets which are owned by Northwood Mills would then be seized by its secured lenders.

Third, the board of directors of Northwood Mills recognizes if Northwood Mills is going to resume doing business in the state of North Dakota Northwood Mills will have to obtain another bond before Northwood Mills can purchase grain and the Board recognizes any future bond will be far in excess of \$50,000 in light of what has happened.

If members of the Public Service Commission wish to discuss this matter personally with me tomorrow during their work session I will be available. Thank you.

Very truly yours,



Douglas A. Christensen

DAC:mkb
c: Northwood Mills, LLLP

15 **GE-09-31** Filed: 2/20/2009 Pages: 1
Letter Proving Additional Info re. Respondents
Intention to Deliver \$50,000 to PSC

Doug Christensen