

Lies & Bullis

Attorneys at Law

Wahpeton Office:

610 Second Avenue North
P.O. Box 275
Wahpeton, ND 58074-0275
Telephone: (701) 642-8055
Fax: (701) 642-1449

Steven J. Lies
John Bullis
Jenna E. Howell

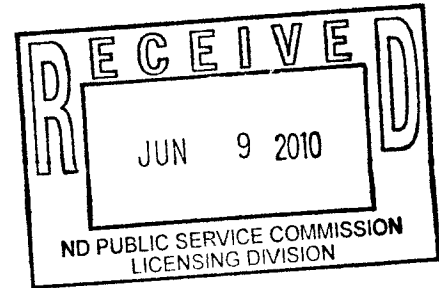
Hankinson Office:

327 Main Avenue South
P.O. Box 325
Hankinson, ND 58041-0325
Telephone: (701) 242-7522
Fax: (701) 242-7204

Please Reply to Wahpeton Office

June 8, 2010

Ms. Sue Richter
North Dakota Public Service Commission
600 E Boulevard, Dept. 408
Bismarck, ND 58505-0480



RE: Public Service Commission vs. VeraSun Hankinson, LLC
Case No. GE-09-104; Civil No. 39-9-C-462-1

Dear Sue:

Enclosed please find the fully executed Second Supplemental Affidavit of Keith Saunders in Support of Nonpayment of Grain Claim of Keith Saunders.

Thank you and please let me know of any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bullis".

John Bullis

JB/amf
Enclosure

STATE OF NORTH DAKOTA

IN DISTRICT COURT

COUNTY OF RICHLAND

SOUTHEAST JUDICIAL DISTRICT

_____)

Public Service Commission,)

)

Petitioner,)

)

vs.)

)

VeraSun Hankinson, LLC,)

)

Respondent.)

_____)

_____)

PSC Case No. GE-09-104)

_____)

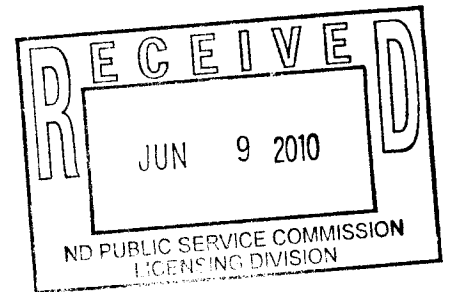
Civil No. 39-9-C-462-1

**SECOND SUPPLEMENTAL
AFFIDAVIT OF KEITH SAUNDERS
IN SUPPORT OF NONPAYMENT
OF GRAIN CLAIM OF
KEITH SAUNDERS**

STATE OF NORTH DAKOTA)

) SS

COUNTY OF RICHLAND)



Keith Saunders states under oath as follows:

1. I am making this Second Supplemental Affidavit to give context to and hopefully answer questions relating to previous statements contained in prior affidavits filed in this matter including an Affidavit made by me dated March 11, 2010 and a Supplemental Affidavit made by me dated May 5, 2010.
2. I am a 49 year old self-employed farmer residing in eastern Sargent County, North Dakota. I began farming in 1978 with my father, John Saunders, who retired ten years ago this fall. Although retired, my father still helps me with various light work on the farm which, each year, is becoming less and less due to his advancing age. He is currently 75 years old.
3. I presently farm approximately 2,800 acres. I own 675 acres and the balance is leased. I raise soybeans, corn and spring wheat. In addition to help from my father, I hire seasonal

help for both planting and harvesting. For planting I usually hire one person and during the harvest I usually hire two people.

4. In addition to myself, my father and the part-time people I hire each year, my wife also assists me on the farm. My wife works off the farm as a cook at the Lidgerwood, North Dakota school so her help is generally limited to assisting me with the book work. Although my wife helps with the book work, I make all of the decisions relating to marketing of our crops. I primarily sell my crops to the Lidgerwood Farmers Cooperative Elevator in Lidgerwood, North Dakota. I have sold some corn to VeraSun and also a little bit of corn to the Cargill plant in Wahpeton, North Dakota. On occasion I have sold crops on deferred contracts and have also done some risk management with a hedge account although that has been very little. Generally most all of my crop is sold on cash contracts.
5. The only job I have ever had is working on a farm. I am a high school graduate with no college. Initially, I began working on the family farm for my father and later we farmed together. For the last ten years I have been farming on my own.
6. My farm bank account is located at Dakota Bank in Sisseton, South Dakota. Initially I did my farm banking at a bank in Lidgerwood, North Dakota but when my loan officer left a few years ago to take a new job at Dakota Bank in Sisseton, I followed her to that location and have been at that bank ever since.
7. In March of 2008 I entered into two cash contracts to sell corn to the VeraSun plant in Hankinson, North Dakota. The first contract was to sell 5,000 bushels of corn in July of 2008 and the other was to sell 5,000 bushels of corn in October of 2008. Both contracts were

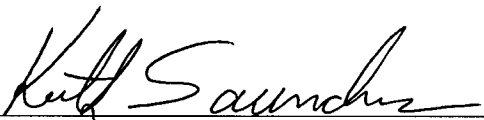
cash contracts and I never had any intention, either when I entered into the contracts, or at any later time, to convert them to deferred contracts or credit sales.

8. In July of 2008 I delivered several loads of corn to VeraSun at its Hankinson plant as per the contracts. When I entered into the contracts with VeraSun I opened up a file folder relating to the sales. When checks began arriving from VeraSun in July of 2008 I began placing the checks into the VeraSun file folder as it was my intention to wait until I received all of the checks for the contract before driving to Sisseton to make my deposit. By the time that I received the last July check I was getting ready for the spring wheat harvest. Although the spring wheat harvest at my farm isn't as intense as either the soybean or corn harvest, it is, nevertheless, a fairly busy time. Although I intended on driving the 45 miles to Sisseton in July to deposit the three July checks, in the rush of getting busy for the harvest I cleaned off the kitchen table and put the file folder back in the filing cabinet. As my business intensified during the late summer and fall I simply forgot about the VeraSun checks that I had placed in the file folder.
9. As soon as I finished the spring wheat harvest I began preparing for the soybean harvest. In addition, my wife, who had suffered a torn rotator cuff injury, was scheduled to have surgery in September. In late September and October things became extremely hectic at my house. Not only was my wife hospitalized for her surgery and then recovering at home, I was beginning the soybean harvest and still had to deliver another 5,000 bushels to fulfill my second contract with VeraSun. I was able to make delivery of the corn between harvesting fields of soybeans but my mail was again stacking up on my kitchen table. Because of weather conditions in the fall of 2008 the soybean harvest took longer than anticipated and

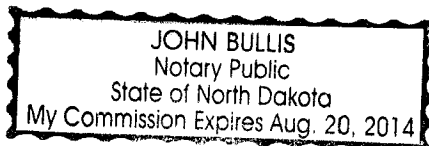
we were not actually able to finish the soybean harvest until the corn harvest was already underway.

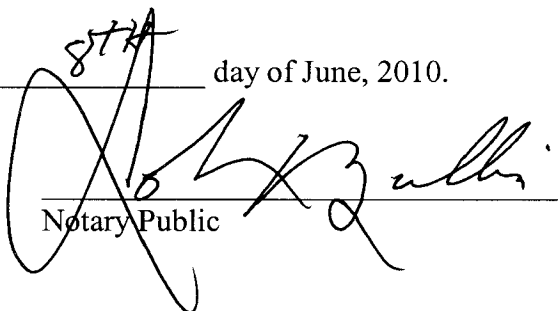
10. Under normal circumstances my wife would have been helping me during the harvest by, among other things, helping me keep up with the book work and banking, etc. In October of 2008; however, she was in no condition to help me and instead I was relying upon my elderly father and two part-time hired men. On or around November 1; however, I heard that VeraSun was having financial troubles and I thought that I had better get those October checks deposited. I located the envelopes from VeraSun on my kitchen table and opened them. There was additional paperwork from VeraSun which I had received, i.e. scale tickets, etc., and I was going to put that paperwork in the file folder located in the filing cabinet. When I retrieved the folder to put the other paperwork into the folder I saw the three checks from July and at that point remembered that they hadn't been deposited. The next day, despite being in the middle of the corn harvest, I drove to my bank in Sisseton and attempted to deposit the checks. Unfortunately, they were not honored by VeraSun's bank.

Dated this 8 day of June, 2010.


Keith Saunders

Subscribed and sworn to before me this 8th day of June, 2010.




Notary Public