



Public Service Commission

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23 August 2011

The Honorable M. Richard Geiger
District Court Judge
Walsh County Courthouse
600 Cooper Avenue
Grafton, ND 58237-1542

RE: Public Service Commission
vs. Grabanski Grain LLC and Platte River Insurance Company
CIVIL NO. 50-2011-CV-00029

PSC Case No. GE-10-498

Dear Judge Geiger:

This letter is to update the Court on the anticipated time frame for the Commission to process the captioned matter, an insolvency case for Grabanski Grain, LLC, and to inform the Court of the parties' agreement that this time frame represents the best available information at this time.

The Commission's process for an insolvency proceeding is governed by North Dakota Century Code Chapter 60-04. Once the Commission is appointed Trustee, a Notice of Appointment as Trustee and Notice to File Claims is served on all known potential claimants and published twice in the local county paper in which the elevator is located. At least 45 days after the second publication must be allowed for filing claims. Meanwhile, the Commission's grain elevator inspectors examine the books and records of the insolvent elevator in order to both obtain information about potential additional claimants and to verify the accuracy of any claims filed. Once the time for filing claims has elapsed and the records have been examined, the Commission prepares a Report and Recommendation to file with the Court and serve on the parties and the claimants. The Report and Recommendation will contain the Commission's recommendation on the amount and validity of claims, whether any bond proceeds are needed, and if so, how much.

The usual time frame for the part of the process just described, including the necessity to place Commission action items such as the Report and Recommendation on a formal meeting

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agenda, is approximately 3-4 months from publication of Notice. This time frame applies if there are no unusual or complicating circumstances.

A hearing on the Report and Recommendation is required by law. If there are factual or legal disputes with the Commission's Report and Recommendation, this is the hearing at which such disputes are litigated. The time frame for this part of the process is determined by whether there are disputes to be litigated, what type of disputes are raised, and the Court's calendar.

There are a couple circumstances in the instant case that do complicate the process. They are the corresponding bankruptcy proceeding, including the recent conversion of the bankruptcy proceeding to a Chapter 7 liquidation, and the fact that to date, the Commission has not been provided all the records of the elevator for review. The Commission plans to be represented at the meeting of creditors scheduled for 24 August 2011 and at that time, will inform the Bankruptcy Trustee of the status of the Commission's insolvency proceeding and our need for additional records.

We anticipate that the statutory filing deadline for filing claims with the Commission will be approximately 10 October 2011. However, we also anticipate that our progress in fully reviewing records of the elevator will be impacted by decisions and actions of the bankruptcy trustee. Consequently, we cannot provide the Court with any specific time frame that we believe is probable. However, we can state that in the best of circumstances, including full access to records as soon as practical, the Commission would not be ready to file a Report and Recommendation with the Court before the end of the year.

Further, we have discussed this process and time frame with Mr. Myerchin, the bonding company's attorney, and we are authorized to state that he understands the process and the statements made about the time frame and agrees that the Scheduling Conference should be continued to sometime after 10 October 2011. Consequently, by this letter, the Commission and the bonding company request that the court continue until 17 October 2011 or later, the Scheduling Conference currently set for 6 September 2011.

Thank you for the opportunity to provide this information to the Court.

Sincerely,



Illona A. Jeffcoat-Sacco (ID #03315)
Special Assistant Attorney General

cc: Gordon Myerchin
DeWayne Johnston
Thomas & Mari Grabanski