



NEWS RELEASE
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PSC Reaches Decision in Earth Harvest Mills Insolvency

BISMARCK, ND – Grain producers are one step closer to receiving payment owed to them after Earth Harvest Mills in Harvey, N.D., was declared insolvent. The North Dakota Public Service Commission (PSC) today voted to file with the Wells County District Court its Report and Recommendation, which outlines the valid claims and payment recommendations.

“Grain buyer insolvencies never have happy endings, but we do need to move forward and get available dollars back to these producers,” said Commissioner Randy Christmann.

Claims generally fall into two categories: (1) credit sale contract claims, where the producer has a contract for payment at a later date, or (2) cash claims. Valid credit sale contract claims are reimbursed at a rate of 80 percent up to \$280,000 by North Dakota’s Credit Sale Contract Indemnity Fund. Cash claims are protected by a Trust Fund consisting of the value of the grain on hand and the grain buyer’s bond. In this case, there were no grain assets available at the time of the insolvency, so cash sales will be covered solely by a \$50,000 bond.

Claims were filed with the PSC totaling more than \$4.3 million. Seven cash claims were filed with a total valid amount determined by the Commission to be nearly \$81,000. Bond funds are available to pay these claims at approximately 62 percent of the valid claim. Eighteen valid credit sale contract claims were also filed totaling over \$2.4 million. Approximately \$949,000 will be needed from the Indemnity Fund to reimburse these claimants. Two of the claims exceeded the \$280,000 Indemnity Fund cap.

“Insolvencies like this underscore the importance of producers using best practices to protect themselves such as converting scale tickets in a timely manner, and scrutinizing the grain dealers with whom they do business,” Commissioner Julie Fedorchak said. “We also need to continue working with producers, industry and policy makers to reevaluate and update our protections for producers.”

Claimants will be mailed a copy of the Commission’s report and will have a chance to review the documents. The documents outline the process the Commission used in evaluating the claims. If a producer made a claim for payment and has an objection to the Commission’s report, they can file an objection with the court. The hearing on the report has been scheduled for May 14 in Wells County District Court. The Court must approve the proposed distribution of the Trust Funds and payments from the Indemnity Fund.

The PSC initiated insolvency proceedings against Earth Harvest Mills, an organic grain warehouse in Harvey, N.D., doing business as Dakota Prairie Organic Flour Company, after an unpaid grain claim was filed in late April 2013.

The North Dakota Public Service Commission is a constitutionally created state agency with authority to permit, site and regulate certain business activities in the state including electric and gas utilities,

telecommunications companies, power plants, electric transmission lines, pipelines, railroads, grain elevators, auctioneers, commercial weighing devices, pipeline safety and coal mine reclamation. For more information, contact the Public Service Commission at (701) 328-2400 or www.psc.nd.gov.

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