

## Racing for Ethanol



GLE's sponsored E-30 car, owned and driven by Adam Butterfield, continues to make a mark on area racetracks as shown here at the Brown County Speedway in Aberdeen in late June. Butterfield is the Maintenance Manager at the Watertown facility and ranks third in points to date this year. In previous years, he has captured a championship at the Watertown Casino Speedway and placed highly in other events. Congratulations, Adam, on your success so far and thank you for continuing to promote ethanol and GLE!

**Casino Speedway in Watertown Sunday Nights!  
Flag drops at 6 pm.**

## GLCP Records Breakeven 3rd Quarter

Financial Report for Three Months Ending May 31st, 2012 <i>In Millions</i>			
Total Assets	\$247.2	Current Assets	\$88.6
Total Liabilities	\$108.8	Current Liabilities	\$36.4
<b>Net Worth</b>	<b>\$138.4</b>	<b>Working Capital</b>	<b>\$52.2</b>
<small>*excluding restricted cash</small>			

Glacial Lakes Corn Processors' (GLCP) consolidated results for the third quarter of its fiscal year continued to show the impact of compressed margins as supply outpaced demand and the export market weakened. Also contributing to the mediocre results were higher corn prices led by strong basis values.

GLCP had modest book earnings of \$41 thousand for the quarter ending May 31, with cash earnings of \$3.8 million. GLCP had modest book earnings of \$41 million for the quarter ending May 31, with cash earnings of \$3.8 million. We had anticipated the weaker quarter due to deteriorating ethanol-to-corn futures and as a result, we reflected a lower ethanol netback of approximately \$2.04 per gallon. Most ethanol plants also experienced the same downturn in the markets. We are continuously monitoring the economics of our run rates, consistent with other plants.

Corn costs for the quarter decreased from \$6.33/bu. in Q2 to \$5.94/bu. In part due to hedging gains reflected in the third quarter. Overall, production cost dollars. Production costs increased slightly to \$0.26 per gallon as production levels were lower as a result of scheduled maintenance shutdowns at both plants. In addition, Watertown produced domestic specification gallons for the entire quarter, adding denaturant costs to the overall production costs. We continued to benefit from very low natural gas prices. During the third quarter, GLE ground 19.7 million bushels and sold 55.2 million gallons of ethanol.

Working capital, which improved as a result of refinancing the company's term debt, ended the period at \$52.2 million. Under the terms of the \$90.0 million refinance completed in early May 2012, GLCP was able to reduce the current portion of long-term debt thereby reducing current liabilities. During the quarter, cash balances increased considerably as inventory levels were reduced through the recovery of the corn bunkers. As a result of the increased cash, GLE was able to take advantage of a new feature of the refinance called the long term revolving note. The long term revolving note was paid down by \$10.0 million, however, this amount can be borrowed back if the need arises later. In the meantime, interest charges are avoided. Since this amount is available for re-advance, the \$10.0 million can be considered in the working capital calculation. In addition to providing the revolving feature, the refinance also extends the term, reduces the quarterly payment, lowers the interest rates and increases the amount available on operating lines of credit.

## Demand for Distillers' Grain Getting Stronger

The value of the distillers' grain has not only been following the upward trend of the corn market but is also tied to a higher soybean meal market. "Anyone buying and feeding protein right now is very aware of the higher soybean meal prices," says Director of Grain Commodities Roger Hansen. "In response, we've seen our distillers products move from their value as an energy source to their value as protein. Our distillers have gone from a 70% value of corn to 100%-plus value of corn in a very short time."

Local demand for the distillers feed has stayed very strong at both GLE facilities, says Hansen, adding that export demand is also increasing—especially since China dropped an anti-dumping action and opened up the export market again.

And, while the value of distillers seems high for this time of year, Hansen says GLE continues to contract distillers going forward. "With continued drought conditions to the south, and hot and dry weather conditions in a good portion of the corn belt, questions remain on the size of this fall's corn crop," he says. "How will tight corn supplies impact the costs of our area's livestock producers?"

GLE will still offer a limited piling program for livestock growers, although the program will likely take place in September/October versus the traditional July/August. That could change, however, depending on weather conditions. If high temperatures persist and cattle going off feed and consumption drops, GLE could move that piling program forward.

Livestock producers interested in discussing their options or those who need help planning their feed needs should contact Sales Manager Rich Zeller or Commodities Support Specialists Kathy Geffre in Watertown or Alesha Gellhaus in Mina.



## Watertown Highway Project Underway

Road construction that will result in a new, wider road on 20th Avenue, running just south of GLE's Watertown facility, is underway. As crews work on what's called the Southern Connector Project, access to the plant's west approach—the normal exit for corn and DDG trucks—will be impacted for part of the summer. However, the east approach will remain open during this time. "We will be asking truckers go through the gravel parking lot in front of the plant and exit out of the east approach," says Bert Magstadt, Director of Energy Commodities. He says there will be signage to assist truckers and customers of GLE.

Magstadt says the east approach will be impacted later, sometime in August, but only for a few days and during that time there will be access again through the west approach. "We will have good access at all times during this construction," he says. The construction project, which will provide an alternate route around the southwest and south side of Watertown by avoiding the busy US Highway 212, is expected to be complete by mid-September.

## Yellow Dimes: Think Ethanol

Drivers filling up with ethanol-blended fuel at North Central Farmers Elevator's gas station in Aberdeen recently received a special discount—a yellow-painted dime for each gallon of ethanol purchased. It was the second Yellow Dime Day event sponsored by GLE and partnering farm cooperatives this summer. Not only does the event promote the use of ethanol, but the yellow dimes handed out circulate through the community, raising awareness of the impact that the ethanol industry has on the local economy.



**Chris Smith, Grain Commodities Manager, fuels a vehicle with E85.**

In Aberdeen, 1,000 gallons of ethanol-blended fuel were sold during the event. Earlier this summer, approximately 300 gallons of ethanol-blended product were sold at the Community Co-op station in Estelline. GLE representatives were on hand at both events, pumping gas, giving prizes away and answering questions about ethanol. "We're hoping to host five to six events over the next couple of months in communities between Watertown and Aberdeen," says Marcy Kohl, GLE Manager of Corporate Administration. "It's a great way to promote blender pumps and ethanol!"



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## NEWSLETTER

JUNE 2012 - AUGUST 2012



## Weathering the Commodities Storm

Mark J. Schmidt, Chairman of the Board

This has been a unique year. With a much earlier spring than normal, we were able to get our crop into the ground in beautiful shape. Now, in mid-summer, there are pockets where we have tremendous crops and other areas that clearly show the impact from the excessive heat and lack of moisture.

As farmers, we understand and accept that we must deal with the variance of weather which creates great crops and poor crops. Similarly, as shareholders in Glacial Lakes Corn Processors (GLCP), we must also realize that we are in a commodities business and we will have ups and downs. There are times when margins are good and then there are times when margins are excessively tight and we have to weather the storm, so to speak. That's the position in which we find ourselves right now.

GLCP had a tremendous first quarter (September-November) posting net income of over \$17 million. However, with the Volumetric Ethanol Excise Tax Credit (VEETC) expiring on Dec. 31, 2011, we knew margins would suffer. We anticipated this situation would rebound as we came into spring; it has not. Margins have been excessively tight. At times we've experienced pennies above break-even, but have also had to book losses. However, throughout these challenging conditions, we've continued to generate positive cash earnings (defined as book earnings adjusted for non-cash expenditures such as depreciation, amortization and other non-cash items).

As of May, GLE is presently sitting with more than \$50 million in working capital and we believe we're in a position to sustain operations during these tight margins. With the recent news that some ethanol plants have slowed or closed down, product inventories will be dropping and we expect to see margins improving.

We are focused on what we can do to effectively weather the down cycles and take advantage of the upswings. For example, the oil separator should be completed at Mina by the end of September. Sales of the resulting corn oil are expected to generate an additional \$350,000 per month to our bottom line. As you'll read inside this newsletter, the decision to blend milo into our ethanol at a 10% inclusion rate is lowering our feedstock costs with no adverse effects on the process or our final product. And, while we've currently switched production at the Mina plant back from export to domestic-grade ethanol, we can return to making exportable product once margins in that market improve.

Like farming, these cycles in the ethanol industry are certainly part of our business. We've experienced them in the past and we will experience them again in the future. Please be assured that your board and management team are completely dedicated to continuously and diligently looking for efficiencies wherever possible, investigating new markets that can enhance shareholder value in GLCP, and ensuring our company maintains a sound financial footing that can withstand the swings in the market.



## Bring on the Cheap, Low Grade Gas AND the E-15

Jim Seurer, Chief Executive Officer

By now, I'm sure you've heard about the controversy surrounding Governor Daugaard's decision to temporarily allow the sale of gasoline with an octane rating of 85 in western South Dakota. This is not to be confused with E-85 which is comprised of 85% ethanol and has an octane range of 100-105. In a nutshell, our "friends" in the oil industry have determined that they can improve their record profit margins by forcing West River South Dakota gasoline consumers to accept a lower and cheaper grade of 85 octane fuel at the pump. The problem: state law allows only gasoline with a minimum octane rating of 87 to be sold statewide.

At a recent hearing in Pierre, refiners Sinclair and ExxonMobil plead their case. Essentially they claim that, in order for them to lower their costs, they must be allowed to supply a lower and cheaper grade of gasoline with an octane rating as low as 81.5 because a significant portion of their other production is of the same low-grade quality. To comply with current state law, they must then inject other additives to improve the octane rating to 87 or more. In many cases, these additives are carcinogenic chemicals that are more harmful to the environment and to our health not to mention that they are expensive.

The oil industry and gasoline marketers and refiners are using their dominant and controlling clout to threaten that, if their request is not approved, they will take their product elsewhere and possibly create shortages and higher prices. Given the delicate state of the economy and the area's dependence on tourism, this open threat of supply and availability issues has everyone in the Governor's Office scrambling and perhaps rightly so. On the other hand, some have called this whole issue nothing short of blackmail, a claim which is difficult to dispute as well. Certainly, all of this highlights the monopoly that the oil industry, gasoline refiners, and suppliers have on our livelihood, our addiction to the product, and our fear of supply interruption. Perhaps most importantly, all of this highlights the ethanol industry's role in our country's energy picture and our success of the past 5-7 years.

Enter the perfect solution...ethanol. Ethanol is a cleaner burning, environmentally friendly, renewable octane booster which has the ability to take the refiner's cheap, low grade product and make it something much better than it is. In a nutshell, ethanol is both an octane booster and a quality improvement catalyst. In addition, the higher blends of ethanol, such as E-15 (15% ethanol), can do even more to help the oil industry and gasoline marketers obtain higher octane ratings and clean up our environment (air quality) at the same time. With the build-up of the ethanol industry, ethanol supplies are abundant and production capabilities are present. Also, considering that ethanol has been trading well under the gasoline market and E-15 has been approved for all 2001 and newer model years, a "win-win" solution for both the oil industry and the ethanol industry is to allow the lower octane gasoline to be dispensed BUT to require it be blended with E-15.



**Tell us how we are doing!**

**Call our Customer Service Hotline  
at 866-934-2419**

**"GLE Core Values: Integrity, Professionalism, Accountability, Respect, Teamwork"**

**Interested in buying or selling GLCP Stock? | [www.agstocktrade.com](http://www.agstocktrade.com) • 1.800.859.3018**

### Cautionary Statements Regarding Forward-Looking Statements

This document contains forward-looking statements involving future events, future business and other conditions, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "predict," "hope," "should," "could," "may," "future," "continue," "potential" or the negatives of these terms or other similar expressions. These statements are based on management's beliefs and expectations and on information currently available to management.

Forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Important factors that could significantly affect future financial condition and results include, among others, operating margins in the ethanol industry, the rapid pace of expansion in the industry, the cost of corn and the price of ethanol, changes in ethanol supply and demand, changes in current legislation or regulations that affect ethanol supply and demand, disruptions to infrastructure or in the supply of raw materials, the results of our risk management and hedging transactions, and ethanol industry valuations generally.

Our actual results or actions may differ materially from those set forth in the forward-looking statements for many reasons, including events that are beyond our control or assumptions not proving to be accurate or reasonable. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this document. We cannot guarantee our future results, levels of activity, performance or achievements.

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## Mina Adds Milo as Feedstock

GLE's Mina facility has been crushing milo, otherwise known as grain sorghum, as an alternate feedstock since early June. Although milo is more commonly grown and used for ethanol production in southern areas of the country such as Kansas, its market discount to corn motivated management to keep pushing forward with the idea. Milo contains approximately 2% more starch than corn and it was metered into the process at a low rate.

"We started looking at this about a year ago and we just recently had an opportunity to make it work," says GLE Director of Commodities Roger Hansen.

Frank Moore, GLE's Director of Operations, says the crushing of milo was well received as there were several on the GLE team who had experience with it. One of the more important areas that needed to be considered was the impact on the distiller grain feed product which was almost negligible. "We've seen no change in fermentations and, if anything, a slight improvement in yield," says Moore. "The best thing is that it certainly improves the economics of the plant." He adds that the dryer/wet bin setup at Mina allows GLE to control the blend of milo moving into the process.

## Ethanol 101: Technology of Ethanol Production-Dehydration

*Editor's note: This is the fifth in a series of articles developed to provide a better understanding of the ethanol production process. The articles describing the step-by-step process began in the March-May 2011 newsletter. To read the previous four articles go to the "About GLE" page at [www.glaciallakesenergy.com](http://www.glaciallakesenergy.com).*

Ethanol from the fermentation of corn is removed by the process of distillation and concentrated to a volume of 95% ethanol and 5% water. At these high levels of concentration, ethanol forms a bond, or azeotrope, with water. The azeotropic solution must then be transferred to GLE's molecular sieves for final dehydration to 200-proof ethanol.

When blending the ethanol with gasoline to produce E-10, E-15, E-30, or E-85, the ethanol must be free of water, or anhydrous. If not, the water will separate in the blending process and cause engine problems similar to what is experienced when water is found in diesel fuel. To remove the remaining 5% water, GLE utilizes a series of six vessels that are filled with ceramic resins about the size of BB's.

These resins have a surface porosity (the surface contains billions of tiny holes) that is exactly the size of a molecule of water. Since ethanol molecules are much larger, they will not fit into these holes. When ethanol is pumped under pressure in the form of a high-temperature vapor through the sieves, the water is trapped in the tiny holes. Pure 200-proof ethanol then exits the sieves, and is condensed and transferred to storage.

Every 4.5 minutes the resins become saturated with water, which must be removed in a process called sieve regeneration. Regeneration is accomplished by creating a large change in pressure by placing the sieves under vacuum. The pressure-vacuum swing causes the resins to release the water which is condensed and returned to distillation to remove entrained ethanol. The vessels are then re-pressurized, and ready again to remove more water. The process, which is fully automated and computer-controlled, has proven to be highly reliable.

## Giving Back to Those in Need

Glacial Lakes Energy embraces the principles of "Servant Leadership" which includes giving back to the communities in which we inhabit. Recently, GLE employees from the Watertown location helped serve those in need with a nutritious meal at the Watertown Banquet at the Grace Lutheran Church near uptown Watertown. This is the second year that GLE participated in the program, providing the food, servers, and hospitality to those in attendance. The Watertown Banquet is held each Monday night and is supported by a variety of organizations around the area. The experience has been extremely popular among employees. "It's a very humbling and worthwhile experience to help those in need and to participate in such an event," stated Katie Moes, GLE Receptionist and Banquet volunteer.

## GLE Sponsors Farm Rescue

GLE is now a proud sponsor of Farm Rescue, a non-profit organization that assists with the planting and harvesting of crops, free of charge, for farm families that have experienced a major illness, injury, or disaster. Based in North Dakota, the organization has assisted numerous farm families in the GLE territory. Funded solely by donations, business sponsorships, and grants, Farm Rescue depends on a volunteer workforce and is a worthwhile cause that fits well with GLE's philosophy of being a positive influence in the communities we serve.

As harvest time approaches, if you are aware of anyone who is in need of assistance to get their crops harvested due to major illness, injury or disaster, please let us know or have them apply online. To find out more about Farm Rescue, or to access an application for assistance, please go to [www.farmrescue.org](http://www.farmrescue.org).



## Crop Reports and Market Impact

When the USDA dropped the U.S. crop condition on June 25 by 7%, it was the largest decline ever seen in one week, due primarily to heat and dry conditions in large parts of the U.S., says Roger Hansen, Director of Grain Commodities. Since then, crop conditions have declined in record fashion. As of July 30, 2012, crop conditions were at a record low rating as "good". The markets reacted, "catching on fire, and that and the drought continues" he says.

In comparison, the June 29 crop production report seemed to have little impact on the markets. U.S. corn production acres came in at 96.4 million acres, while the average estimate was 95.96. The July 11 USDA Supply and Demand report showed a decline in the market carryout for the 2012/2013 crop year taking it from 1.881 million bushels of corn to 1.183. The yield also decreased from 166 bushels per acre reported in June to 146 at present. "It definitely looks like weather will be the driver in the corn market for the next few weeks," says Hansen.

## GLE Grain Agents Attend Buying Course

GLE's Grain Agents in Watertown (Ron Unzen) and Mina (Dick Stotz) were just two of the twenty-one grain buyers from eleven nations to attend the Advanced Grain Procurement Strategies Short Course at Northern Crops Institute this spring in Fargo, ND. The five-day course is designed for global grain buyers who want to gain a competitive edge in grain marketing decisions to better manage price and quality risks.

The course included trading games, case studies involving real-world situations and panel discussions. The focus of the event was to provide tools that grain buyers can utilize to minimize some of the risks in today's grain purchasing environment. Unzen and Stotz joined participants representing Canada, Guatemala, Israel, Italy, Japan, Mexico, Netherlands, Nigeria, Portugal, St. Vincent and the U.S.

## Come Help Us Celebrate 10 Years!

On August 28, 2002, GLE's Watertown plant made its first gallon of ethanol. We are celebrating that momentous occasion exactly 10 years later with an anniversary celebration planned for Tuesday, August 28, 2012.

The anniversary celebration will be held from 4:00 to 7:00 pm in the parking lot of our Watertown facility with supper being served at 5:00 pm and a short program at 5:30 pm.

Due to ongoing construction of 20th Avenue in front of the Watertown facility, guests are asked to park in the Northern Truck Equipment parking lot just southeast of the facility on US Hwy 81 where buses will be waiting. Shareholders, customers, and the general public are invited to bring friends and family to come and help us celebrate. We're proud of our facility and what GLE has accomplished and we'd love to show it off to as many people as possible!

Save the Date - August 28th, 2012

10 Year Anniversary

## Producers Given Dedicated Dump Day

GLE has implemented a "Producer Only" delivery day at the Watertown facility where only producers can dump corn each Wednesday until harvest begins. "We're going to try this as way to minimize the corn receiving wait time," says Roger Hansen, Director of Grain Commodities. "In the future, we may look at other scheduled delivery options including an "Elevator Only" delivery day."

The dedicated producer day, which began July 11, is a direct result of management's commitment to deliver better customer service by attempting to alleviate wait times, adds CEO Jim Seurer. "We are working on several low-cost options to move the dump line along faster and we felt this one should be tried to determine its acceptance and to gauge the reaction of our producers." Seurer quickly adds that other idea trials may also be forthcoming. "We are attempting to utilize our existing receiving area which was sized to feed 40 million gallons per year of production to the greatest of our ability before we contemplate additional investment options which could easily be in the millions."

## GLE on Parade

There's nothing like a good ole' fashioned parade or county fair to meet and greet friends and neighbors. With our newly re-designed and attractive display booth, our GLE representatives have been out and about this summer, raising awareness about ethanol and GLE products and services. We've been to parades across our service territory, including in Castletown, Watertown, Clear Lake, Hosmer, Moberg and Orient, as well as a host of other special events. As fair time begins to come around, GLE anticipates a presence there as well.

This year, GLE will sponsor a special display at the SD State Fair titled the Mobile Ethanol Education Center which was created by several Iowa ethanol producer/friends of GLE. The center has several interactive exhibits that tell the story of the ethanol industry.

Attending these special occasions is one more way GLE helps support the communities we serve and raises awareness of the benefits that GLE and ethanol bring to South Dakota and its rural economy. Watch for us in your area and remember, if you have a parade or a special event in your community this summer or fall, let us know. We get excited sharing the ethanol and GLE story!

Here are some of the special events we'll be attending over the next several months.

- Aug. 13-19 Brown County Fair, Aberdeen
- Aug. 20-24 Dakotafest, Mitchell
- Aug. 30-Sept. 3 SD State Fair, Huron



## Running for Health

Watertown Operations team member Alex Nortje was one of five GLE employees to participate in the Prairie Lake Healthcare System's Hospital Hill Run on June 9 in Watertown. The event includes a 5K Run and Walk, plus a one-mile walk. Alex took first place in his age group and second overall, completing the run in 18.24 minutes.

Other GLE team members participating in the event, which promotes exercise and a healthy lifestyle, were: Paula Blue and Tami Schaefer, Commodities Department and Sarah Sherman and Paul Calkins, Operations. Proceeds from the Hospital Hill Run benefit the Prairie Lakes Caring Club House, a home-away-from-home for patients, outpatients, and family members of those being treated at Prairie Lakes Healthcare System.



Alex Nortje & Paul Calkins



Paula Blue, Tami Schaefer & Sarah Sherman

## Mina Production Breaks Record in May

GLE's Mina facility established an all-time monthly production record during May, producing more than 9.9 million gallons of 200-proof export-grade ethanol. "After the improvements we made at Mina during the April shutdown, production numbers shot up," says Director of Operations Frank Moore. The plant also experienced zero down days during the month of May.

With export markets tightening up early this summer, Mina proved its proficiency by quickly switching production back to the domestic market. "The switch-over was completely seamless," explains Moore. And as export markets begin to open up again we're prepared to move immediately back into the exportable market."

During the Watertown plant's spring shutdown conducted in May, energy efficiency devices were replaced, along with completion of routine maintenance. Moore says since the shutdowns, both plants continue to perform extremely well. Adjusted for its three-day shutdown, Watertown's production numbers for May were at 9.6 million gallons. In May, the Watertown facility experienced an increase in production yield or what Moore refers to as an "extremely solid performance."

In terms of capital improvements, Moore says that the oil separation centrifuges are on schedule to be completed by late September at the Mina facility, allowing GLE to separate out corn oil during the production process and generate approximately \$350,000 in additional revenue each month. Management is also looking at several other projects to improve efficiencies.

In recognition of the current negative margins, which are expected to continue through the end of the summer, Moore says both plants are moving up their fall maintenance shutdowns to better match them with market conditions. Mina is scheduling its shutdown during the last week in August. Watertown's shutdown is scheduled for the week after Labor Day. "Our profit margins are expected to be stronger later in the fall this year and so we're trying to target having our plants shut down when margins are much smaller and the economic impact will be less," explains Moore.

## GLE Hosts Bloodmobile



Traci Schroeder, Grain Operator, and Mike Kludt, Purchasing Manager, were all smiles as they donated blood at the Red Cross Bloodmobile hosted by GLE at the Watertown facility for the first time June 12. They were two of nearly 20 employees who took time out of their work day to donate. Thank you!

## Get Critical Info Fast

GLE continues to build its database of contact information to help you be more efficient in your farming operation. If you would like to receive text messages, e-mails, or auto call updates from us and are not currently doing so, please give us a call and we'll add you to our database. Some the information dispensed so far include daily corn bids, dump wait times, harvest hours, as well as important member information.

Email Katie Moes at [kmoes@glaciallakesenergy.com](mailto:kmoes@glaciallakesenergy.com) or visit our website at [www.glaciallakesenergy.com](http://www.glaciallakesenergy.com) to sign up!

## Department Spotlight: Environment, Health and Safety

*Editor's note: GLE associates work together as a team serving our shareholders/customers. Each department plays a crucial role in GLE's goal of producing value-added quality products at a profit. In this issue, we focus on the Environment, Health, and Safety Department.*

The Environment, Health, and Safety Department (EHS) is small in terms of staff, comprised of just two people - Pete Bullene, EHS Manager of both plants and located in Watertown, and Justin Brandt, EHS Lead at the Mina plant. However, in terms of impact on employees, the community surrounding GLE's facilities, and the company's reputation for environmental and regulatory compliance, the EHS Department is a large part of the company.

Bullene explains that much of the department's work is behind the scenes and covers everything from ensuring the company has the proper permitting in place to waste water management to employee safety.

In their everyday duties, Bullene and Brandt are continually writing and updating environmental and health/safety programs and must then effectively communicate those programs and policies to employees.

EHS is also responsible for making sure GLE is following all of the rules and regulations associated with federal and state agencies better known by acronyms like OSHA (Occupational Safety and Health Administration), EPA (Environmental Protection Agency), DOT (Department of Transportation), FRA (Federal Railroad Administration) and SD DENR (South Dakota Department of Environment and Natural Resources).

Although keeping employees safe from injury or harm is their main goal, the department is also charged with making certain GLE is in compliance with the various regulations in order to avoid expensive fines. One of the ways they accomplish this is by providing safety training to employees to ensure a safe work environment. "We want to make sure our employees go home safely to their families at the end of every work day," says Brandt.

The EHS team handles approximately 85% of the employee training themselves depending upon DOT Hazmat (Hazardous Materials) and CPR training. In 2012, EHS should surpass its goal of providing 1,800 total hours of training to GLE employees—

## Corn Supply and Crush Margin Overview

The corn basis for June and July has definitely been a friend to the corn producer, says Director of Grain Commodities Roger Hansen. "We've seen good basis values with a fairly high corn market," explains Hansen. "These high basis values kept the corn from going to export, and so it has extended the supply of corn into new crop."

End-of-August corn supply projections in South Dakota indicate that the state will have 70 million bushels of corn available—or about 10% of last year's total crop production—still in producers' hands. This is about five million bushels more corn we had one year ago in the state, says Hansen. "It looks as though the corn supply is available to take us to new crop," he says. "And with these numbers we anticipate basis values to weaken as time goes on."

"Ethanol crush margins have been weak for the past several months," says Bert Magstadt, Director of Energy Commodities. In addition to hot and dry growing conditions in large parts of the corn belt pushing up the price of corn, Magstadt says a variety of factors is driving down both domestic and export demand for ethanol.

"Ethanol demand globally is down," he says, citing both the European financial crisis and lack of confidence in the U.S. economy for reduced driving on both sides of the ocean—despite the normally busy summer months. Domestically, he says, driving demand is down 4-5% from last year. He adds that Brazil has yet to increase their blend rate from 20% to 25%—limiting opportunities for exporting product to the South American country.

While conditions will continue to bear down on margins for the next few months, Magstadt says the Brazilian sugar cane crop is expected to be below average this year, providing possible export opportunities in the fourth quarter of 2012. On the home front, the number of ethanol plants that are slowing or shutting down due to the poor margins continues. That, he says, will help reduce the glut of ethanol and begin to help balance out the supply and demand equation.

utilizing a variety of training methods from hands-on exercises to computer-based training courses. The Department also coordinates training with area emergency services. "GLE is highly recognized for our safety initiatives," says Brandt. "Other facilities have used our program as a template for their own."

Employee health is also a focus. Recently, for example, the EHS Department hosted prevention classes on back injury, focusing on ergonomics and showing the proper way to lift items or sit correctly at the computer to avoid back strain. "These types of programs help us reduce our workers compensation modifier," says Bullene, explaining that with help from their safety and health programs, GLE is currently paying significantly lower insurance premiums than the average for the industry.

Brandt, who worked in the Operations department at the Watertown plant for four years before joining the EHS team in 2011, says he's most proud of the department's safety program. "We've had minimal OSHA-recordable injuries," says Brandt. "We've got a great program that is working." Bullene, who came to GLE six years ago after spending years in the EHS field, says he's most proud of the EHS Department's Internship Program that brings Lake Area Technical Institute students to GLE. Brandt was one of the first students to go through the program. "Not only is this a good program for the community and these students, but it helps GLE, as well," says Bullene. "They can ask any questions about our safety programs, which helps us create a program that will be more understandable to our employees. It's a great practice for everyone." Terry Fleming, Mina Plant Manager, couldn't agree more. "We are proud of these people—and all of the other departments that support what we do."



Pete Bullene (EHS Manager) & Justin Brandt (EHS Lead)



Check out our live webcams at [www.glaciallakesenergy.com](http://www.glaciallakesenergy.com)

