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United States International Trade Commission

Silicomanganese from India, Kazakhstan, and Venezuela
Inv. Nos. 731-TA-929-931 (Second Review)

Testimony of John Konrady, Plant Manager
Felman Production, LLC

Good morning Chairman Williamson and Commissioners. My name is John Konrady. I am the plant manager for Felman Production's silicomanganese plant in Letart, West Virginia. I have been with Felman Production since late 2009. Before my current position, I spent more than 40 years at U.S. Steel, working with blast furnaces and melt shops, which are very similar to the submerged arc furnaces used by Felman Production.

You may recall from my testimony before you last year that Felman Production's facility is comprised of three furnaces, which we refer to as the Number 2, Number 5, and Number 7 furnaces. The Number 2 is the largest based on output, with 51 MVA (or million volt ampere), while the Number 5 and Number 7 furnaces have 24 and 27 MVA, respectively. We usually employ over 250 workers, a significant increase since starting production in 2006, but unfortunately, in May, alongside a decision to idle one of its furnaces, Felman Production had to lay off 38 workers.

As you just heard from Barry, Felman Production subsequently announced on June 28th that due to deteriorating market conditions and increasing costs, it would be idling all three of its furnaces for three months. While no other layoffs

have been announced at this time, Felman Production faces a challenging market environment. A decision by the Commission to revoke the orders will only cause more uncertainty in the market, virtually ensuring that Felman Production does not restart production in September. A decision not to reopen would have far-reaching adverse consequences, since Felman Production has had a significant and positive impact on the economies of Mason County and the state of West Virginia as a whole.

However, I am here today to tell you that Felman Production is not giving up. We are committed to domestic production and to restarting our furnaces in the fall. Over the next three months, we are embarking on an ambitious refurbishment plan, spending well over \$1 million, excluding labor costs, to make capital repairs on the Number 2 and Number 5 furnaces that will improve the reliability and operation of the furnaces. Once this work is complete, our objective will be to restart production in September, at which time we will use the Number 2 and Number 5 furnaces and keep the Number 7 furnace idled until maintenance work on it is completed.

We anticipate that these improvements will enable Felman Production to operate even more efficiently. For example, instead of idling the furnaces one to two days a month for necessary maintenance, we would only need to idle them for one to two days per year, enabling us to increase our production over the long run.

The longer that we can keep the furnaces running without interruption, the better we can cover our fixed costs.

Felman Production has also been working closely with EPA to develop final rules for air standards, having already spent over \$1 million on this effort. In fact, even with the furnaces idled, we are providing engineering solutions to comply with EPA's proposed requirements, which may cost between \$2-3 million, so that Felman Production is in full compliance with the new air standards once the rules are finalized and implemented. This cooperation with EPA is further evidence of Felman Production's commitment to domestic production.

Finally, Felman Production has also taken additional steps to improve efficiency including installation of a highly efficient fan and motor assembly on the Number 5 furnace baghouse at significant cost. This will reduce energy consumption and provide annual savings of more than \$200,000 per year. These same improvements are planned for the Number 2 baghouse. We also redesigned and fabricated a new ladle transfer car to improve equipment reliability, which reduced delays, and eliminated safety hazards. Indeed, I am proud of Felman Production's commitment to the safety of our workers and our safety record.

As I mentioned to you in my testimony during last year's sunset review, my previous work at U.S. Steel allowed me to see the devastation experienced by the steel industry due to dumped imports of steel. Thus, I fully understand the

importance of fair trade, and know that maintenance of these orders will be a major factor in determining whether Felman Production can restart operations in September.

I have no doubt that if any of the orders are revoked, the producers in the subject countries will resume exporting dumped silicomanganese to the United States. Producers in these countries have the ability and the incentive to return to the U.S. market, and if they do, it will virtually ensure that Felman Production will neither be able to restart production nor bring back laid off workers. Indeed, there's little question that revocation will lead to more job losses. I sincerely hope that you do not let that happen.

In closing, I would like to reiterate that Felman Production is committed to being a domestic producer and has every intention to come back online once the planned repairs are complete and market conditions improve. Felman Production plays a vital role in the economy of Mason County. West Virginia University recently released an updated analysis of Felman's contributions to the economies of both Mason County and West Virginia. This study concluded that, in 2012, Felman Production's operations generated a total business-volume impact of \$165.3 million that supported 391 jobs and \$26.2 million in employee compensation in Mason County. State-wide, Felman Production generated a total business volume impact of \$187.2 million that supported 524 jobs and \$31.2

million in employee compensation. We very much want to return to providing that significant contribution. Keeping the orders in place is critical for that to happen.

Thank you for your time and attention. I am happy to answer any questions you may have.