UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	)	
	)	Investigation Nos.:
UTILITY SCALE WIND TOWERS	)	701-TA-486 and
FROM CHINA AND VIETNAM	)	731-TA-1195-1196
	)	(Preliminary)

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Thursday,
January 19, 2012

Room No. 111
U.S. International
Trade Commission
500 E Street, S.W.
Washington, D.C.

The preliminary conference commenced, pursuant to Notice, at 9:30 a.m., at the United States International Trade Commission, CATHERINE DeFILIPPO, Director of Investigations, presiding.

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Staff:

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SHARON BELLAMY, HEARINGS AND MEETINGS ASSISTANT
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APPEARANCES: (Cont'd.)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

On behalf of The Wind Tower Trade Coalition:

MICHAEL J. BARCZAK, Vice President of Sales, DMI Industries, Inc.
KERRY COLE, President, Trinity Structural Towers, Inc.
DENNIS JANDA, Director of Engineering, Broadwind Towers, Inc.
ANTHONY REINHARDT, Director of Finance and Controller, DMI Industries, Inc.

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APPEARANCES: (Cont'd.)

On behalf of CS Wind Tech Co., Ltd., CS Wind Vietnam Co., Ltd., Chengxi Shipyard Co., Ltd., Titan Wind Energy (Suzhou) Co., Ltd., Shanghai Taisheng Wind Power Equipment Co., Ltd., and China Chamber of Commerce for Import & Export of Machinery & Electronic Products:

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Washington, D.C.

I N D E X

I N D E X

P R O C E E D I N G S

(9:30 a.m.)

MS. DeFILIPPO: Good morning and welcome to the United States International Trade Commission's conference in connection with the preliminary phase of antidumping duty and countervailing duty investigation Nos. 701-TA-486 and 731-TA-1195-1196 concerning imports of Utility Scale Wind Towers From China and Vietnam.

My name is Catherine DeFilippo. I am the Director of the Office of Investigations, and I will preside at this conference. Among those present from the Commission staff are, from my far right, Douglas Corkran, the supervisory investigator; Nate Comly, the investigator; to my left, Michael Haldenstein, the attorney/advisor; Clark Workman, the economist; David Boyland, the auditor; and Andrew Davis, our industry analyst.

I understand the parties are aware of the time allocations. I would remind speakers not to refer in your remarks to business proprietary information and to speak directly into the microphones. We also ask that you state your name and affiliation for the record before beginning your presentations or answering questions for the benefit

of the court reporter.

Finally, speakers will not be sworn in, but are reminded of the applicability of 18 U.S.C. 1001 with regard to false or misleading statements and to the fact that the record of this proceeding may be subject to Court review if there is an appeal.

Are there any questions?

(No response.)

MS. DeFILIPPO: Hearing none, we will proceed with the opening statements. Welcome, Mr. Price. Please begin with your opening statement when you're ready.

MR. PRICE: Thank you and good morning. I am Alan Price from Wiley Rein, and I am here today on behalf of the Wind Tower Trade Coalition.

This case is quite different from many cases before the Commission in that utility scale wind towers are not commodity products. This is a build to print industry. The case is going to take additional effort by the Commission staff, and we thank you in advance for all of your hard work. Even as the staff is compiling this data, however, the evidence of material injury and threat of additional material injury by Chinese and Vietnamese imports is overwhelming.

As you will hear today, the wind tower industry is a relatively new renewable energy industry that produces large, elegant, fabricated steel towers that act as the base for wind turbine power generation units. There are a few conditions of competition that are unique to this industry. Utility scale wind towers are typically produced to unique specifications of OEM turbine manufacturers. The customer base is extremely concentrated, and global OEMs have an enormous amount of leverage and have not been afraid to use that leverage.

The vendor selection process for a given order is opaque, but generally the producer offering the lowest delivered cost to the OEM receives the order. In addition, while some producers have framework agreements with OEMs, OEMs may also renegotiate the terms of these agreements to leverage lower import prices. Because of this, no producer is insulated from competition from Chinese and Vietnamese imports, and the harm of one lost sale can impact prices on multiple orders industry-wide.

There can also be a time lag between when a project is put out to bid and awarded versus when the wind towers are actually installed. Because this process can take a year or two, entries and shipments

of wind towers do not necessarily correspond with increases and decreases in wind tower installations in any given years.

Additionally, wind farm projects require large amounts of capital, and therefore demand for wind towers is heavily dependent upon the availability of financing. The production tax credit, which provides a credit for the first 10 years a wind farm is in operation, will also affect wind tower demand.

Against this backdrop, it is clear that Chinese and Vietnamese imports are a cause of material injury for what should be a growing, profitable U.S. industry. The volume of subject imports has been significant. Subject imports continue to enter the U.S. market in large volumes during a time of extremely depressed demand and surged in 2011 just at the time when the domestic producers could have benefitted from improving market conditions.

These imports have captured critical, high profile sales such as the Shepherds Flat project by dumping at high margins and significantly underselling domestic prices. This project, for example, will use 338 wind turbines when it's completed and will be the largest wind farm in the country and is expected to be completed in 2012. The loss of this single project in

2010 after an industry-wide bidding process in and of itself was a cause of material injury, and this injury continues every day that the domestic producers are not making these wind towers.

By capturing high profile projects, subject importers' imports recalibrated market pricing and exerted significant pricing pressures on domestic producers. Every seller and OEM quickly learned about new pricing levels. This substantially suppressed and depressed pricing for future projects.

Domestic producers have been unable to maintain pricing sufficiently to cover their costs, resulting in heavy financial losses. Some orders were priced too low to pursue. Certain orders were given to low-priced imports because it didn't even pay to give higher priced domestic producers a meaningless opportunity to compete for the sale.

If not for unfair pricing by Chinese and Vietnamese producers, the domestic industry would have been able to substantially increase production and shipments and remain profitable. More shifts would have been hired, and production would have expanded with the prospects of an increased stream of order.

With nearly unlimited in many cases government finance capacity, Chinese and Vietnamese

producers will continue to take critical U.S. sales and collapse the market if dumping orders and subsidy orders are not imposed. The impact of additional dumped and subsidized subject imports will be disastrous whether or not the PTC expires or remains in place.

If the PTC is extended, subject imports will continue to siphon off critical shipments, jobs and profits from the domestic industry if they are allowed unfettered access. If the PTC expires, then they will certainly capture and secure critical volume of whatever modest market remains. What should be a growing, profitable and developing portion of the renewable energy industry is instead fighting for its very survival today. Thank you.

MS. DeFILIPPO: Thank you very much, Mr. Price.

We will now move to opening statements by Respondents. Welcome, Mr. Schutzman and Mr. Feldman. My understanding is you're going to split your opening statements, so whomever is going to start, please do so when you're ready. Thank you.

MR. SCHUTZMAN: Good morning. My name is Max Schutzman. I am a partner of Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt. I appear today on

behalf of the China Chamber of Commerce for Import & Export of Machinery & Electronic Products, its member companies who export utility scale wind towers to the U.S. from China, and CS Wind Vietnam, Ltd., the sole exporter of wind towers from Vietnam.

The merchandise subject to this case, as Mr. Price just indicated, is truly unique. Wind was one of mankind's first sources of power, but it is only in the past decade that we've realized that wind power may be one of our best sources in the future. Wind power is clean. It ultimately may be less expensive than alternative sources of energy, and it can be produced in any country in which there is wind. In other words, anywhere in the world.

Wind power can be generated from handheld fans, wooden windmills, small turbines and large turbines, large utility turbines. These turbines are expensive, and they are sophisticated. They are made-to-order, assembled on site by a handful of large companies with extraordinary resources and know-how. They are comprised of several major components, including the towers, which are the subject of this investigation.

The companies who manufacture these towers in the United States are going to tell you this

morning that my clients, producers in China and Vietnam, are about to drive them out of business because of our predatory pricing policies. They will claim that our mutual customers make their purchasing decisions based on one factor: Price. What they won't be able to do, however, is provide any evidence in support of this claim. They failed to submit any real evidence in support of this position in the petition, and they will fail again today.

The reason why this is not a price case are self-evident from the very nature of the product. Wind towers are made to order. Technologically advanced, extremely expensive, 80 and 100 meter tall structures which must be delivered to a project site on time to avoid closing down production, and due to their extraordinary size and configuration the cost of shipping these towers from the factory to the installation site often represents a substantial portion of the cost of the tower itself.

Based on these reasons, it is self-evident that a turbine producer would not select its tower vendor based solely or even primarily on the lowest priced bid. But we don't have to rely on what we believe to be self-evident to make our case before the Commission today. This case can be made by the

companies which use towers to make turbines. These are the companies best equipped to explain conditions of competition in the industry.

U.S. wind turbine makers support our belief that our clients have been selected as vendors for their projects for reasons other than price: Reliability, capacity, track record and ability to deliver in a timely fashion. We ask the Commission to carefully consider what they say. Thank you.

MR. FELDMAN: Good morning. I am Elliot Feldman of Baker & Hostetler representing Siemens Energy. I'm with my partner, Mike Snarr, and several representatives of Siemens are here with me as well, Kirk Johnson and Tony Christiano, and you will hear from Mike Revak and Chris Hauer, whom we'll introduce more formally a little later on.

We thank the Commission for this opportunity to address the petition regarding utility scale wind towers. Because we didn't receive any information about other importers nor other wind turbine manufacturers until yesterday, we're responding to the petition only on behalf of Siemens Energy.

The Commission has wrestled before with some of the issues in this case -- in Certain Colored Synthetic Organic Oleoresinous Pigment Dispersions

From India, known as India Ink, for example -- where the important head-to-head competition was downstream and not over the subject merchandise. Here the situation is similar. Despite claims in the petition, at least as to Siemens there is not important competition among tower producers. Instead, the important competition is between OEMs for the contracts to supply wind turbine generators that will include as a component wind towers.

The Commission has also seen some of these issues in Large Power Transformers, Offshore Platforms, Jackets and Piles, Super Computers, Gas Turbo Compressors, Large Printing Presses, all cases involving custom-built, made-to-order, large-scale products that may be unique. In those cases, the Commission typically abandoned its usual price analysis in favor of transaction-by-transaction comparisons of bids.

Because of the special and unique proprietary characteristics of towers built for Siemens, comparisons between towers sold to Siemens and towers sold to other OEMs are impossible. The only comparison possible would be between domestic towers built for Siemens and imported towers built for Siemens, and even they would never be identical

because the orders are always specific to a project.

Once a tower is built on order for Siemens, there is no competing like product because no one else has been given the order to make the particular tower according to Siemens' specifications. There are no substitutes available. There are no inventories. There are relatively few Siemens purchases of towers in which there have been more than one bid and so it is almost impossible to compare the prices of imports and domestic production.

Harder still, the bid prices for towers are not meaningful in isolation. As the Commission found in the preliminary determination in Large Power Transformers, the total cost is what matters and even then may matter even less than reliability, capacity, availability and quality.

Here inland transportation costs of large towers to the project site are a very substantial share of the total cost. Siemens' only sensible purchasing strategy is to seek supply from the nearest qualified, reliable producer prepared to sell, and indeed that is the strategic policy of the company. Very few tower manufacturers have qualified to supply Siemens, and Siemens does not pit them against each other, nor against imports, when it invites bids.

Getting supplied reliably has always been more important to Siemens than price.

For Siemens, the story of the last four years buying wind towers in the United States has been about a company determined to source from the United States, but frequently turned down because domestic producers preferred other customers or already had committed elsewhere their capacity to produce.

We would like the Commission to consider these problems when determining whether there is a reasonable indication of injury: that following the credit crunch in the worst moments of the recession demand for wind towers has increased, and in 2012 domestic tower manufacturers, at least as they report to Siemens, are at full capacity and unable or unwilling to take new orders; that Siemens has been sourcing more from the United States than from imports; that it sources imports when the domestic producers fail to deliver or refuse to produce, which we will expose today in specific examples and we will document in detail in our posthearing brief; that the towers it buys are unique, cannot be compared to any other towers; that its sealed bidding means that domestic manufacturers have no knowledge of the prices of other bids, and usually there aren't any, that is,

there are no other bids; that consequently the important head-to-head competition occurs in this business downstream among OEMs, not among tower manufacturers, supplying a component valued at less than about 15 percent of the overall delivery to the ultimate customer. Thank you very much.

MS. DeFILIPPO: Thank you, Mr. Schutzman and Mr. Feldman.

We will now have direct presentation from Petitioners. Mr. Price, if you and your panel would like to come up?

(Pause.)

MS. DeFILIPPO: I'll take this opportunity to welcome you all and thank you for coming. Mr. Price, when you guys get settled and are ready to go, please feel free to begin.

MR. PRICE: Good morning. I am Alan Price from Wiley Rein. Before you hear from our industry witnesses, we're going to begin with a few slides that overview some of the facts and major legal issues in this case. This is as much for just educational purposes.

We have here a picture of a utility scale wind tower. That's essentially this elegant structure right over here. On top of it is the generator, often

called the nacelle. Here are the blades. This case covers this portion of this wind turbine. The utility scale wind tower subject to these investigations started around 50 meters. They are now stretching over 100 meters in height, and they are very substantial structures.

The U.S. companies that make the vast majority of domestically produced wind towers are here today, and, as you will see from this slide, we have imports that are disbursed throughout the country. As your record will show, we have domestic production disbursed throughout the country and domestic shipments disbursed throughout the country. So this case presents a compelling case for cumulation.

The vast majority of wind turbine towers sold are fungible within a particular OEM specification, so when they put it out for bid obviously the various producers can manufacture to those specifications.

There's typically a simultaneous presence at the vendor, and critically in this investigation CS Wind, a major wind tower producer in both China and Vietnam, presents a particularly compelling reason for cumulation since a large portion of the export-oriented production is commonly owned and can

therefore be allocated across that capacity however they see fit.

Now, there are several important conditions of competition that are unique to this industry. You will hear from our industry witnesses today about various bidding and acquisition processes. You'll hear about a concentrated customer base, the significant lag time between the bidding process and award and when towers are installed.

You'll also hear about the production tax credit. The production tax credit is a 2.2 cent per kilowatt hour credit for production of electricity from these utility scale wind towers. It applies whether or not the tower is domestically produced or imported, so there's no Buy America issue here. It's set to expire on December 31, 2012.

With the PTC in place, the U.S. wind tower industry is experiencing current material injury. In light of the potential expiration of the PTC, the domestic industry is extraordinarily vulnerable to future material injury by reason of the subject imports.

The Commission typically examines the volume, price and impact of subject imports. The volume of subject imports has been significant

throughout the period of investigation, but has surged substantially in 2011, and that surge is quite remarkable.

We're going to go through an example now in my presentation. An example of import sourcing would be the Shepherds Flat project. The project is ultimately expected to be 338 wind towers and will be the largest wind farm in America. It will use new, state-of-the-art, multi-megawatt wind turbines. It represented a great opportunity for the U.S. wind tower producers. Unfortunately, no American-made wind towers will be used in this project because China substantially underbid the U.S. domestic wind tower producers.

This project accounts for a large percentage of U.S. shipments in 2011. The loss of the project alone might account for material injury in 2011 and 2012, but this is just one example. By capturing projects such as Shepherds Flat, the subject imports have forced the domestic industry to drastically lower their prices to compete for sales, and there are no signs that Chinese and Vietnamese pricing practices are letting up.

The significant volume of dumped and subsidized imports has caused and continues to cause

material injury to the domestic industry. As we look at some of the factors, we believe the record is going to show that production is down, capacity utilization is down, shipments are down, sales are down, gross profits have collapsed. The industry is experiencing an operating loss. There is negative cashflow. Costs are up and increasing, assets are down, capital expenses are down, R&D expenditures are down. So I think this is, frankly, a classic case of material injury, and the imports certainly are a cause of that.

As Chinese and Vietnamese imports increase, the health of this industry has deteriorated, and you'll hear more detail about that from our witnesses this morning. Many workers have been laid off. Additional layoffs are expected if dumped and subsidized imports are not restrained. There can be little doubt that the subject imports are a cause of current material injury.

Subject imports also pose a real and an imminent threat of further material injury in an extremely vulnerable industry. The U.S. industry is currently suffering from losses and depressed production in shipments. Uncertain global economic conditions and the potential expiration of the PTC only serve to increase this industry's vulnerability.

The Chinese Government has pumped massive, massive subsidies and funds into this key industry, and Chinese and Vietnamese producers have ample access to subsidized Chinese steel inputs. Vietnamese wind tower producers are export-oriented, and the Secretary General of the Chinese Wind Energy Equipment Association right after we filed the petition admitted in the press that the Chinese producers are extremely concerned about this case because they have significant excess capacity. With declines in the European market and limitations in the Chinese market, they have nowhere to go if this case is successful. They need this market.

A recent increase in subject imports has inflicted losses on the domestic industry. These export-oriented subject producers who have massive capacity and a willingness to sell at rock bottom prices in times of both rising and falling U.S. demand further threaten this vulnerable industry.

In the absence of the restraining effects of antidumping and countervailing duty orders, subject imports will cause more U.S. workers to lose their jobs and possible closure of domestic facilities. So we submit and our witness testimony will support that the domestic industry is both currently suffering from

material injury by reason of the subject imports and threatened with material injury.

I would now like to introduce the first industry witness, Dennis Janda, Director of Engineering at Broadwind Towers.

MR. JANDA: Good morning. My name is Dennis Janda, and I'm the Director of Engineering at Broadwind Towers. I've been at Broadwind since March of 2008 and have over 30 years of experience in the engineering field.

As the Director of Engineering, I'm involved in many technical aspects of wind towers, wind tower development and production and am intimately involved in the quoting process for towers which involves using specific software to estimate the tools and equipment, the raw materials and labor needed for tower production.

I'm also involved in the technical aspects of designs and drawings associated with putting a new tower design into production. Additionally, I am responsible for overall technical support at Broadwind's facilities, including equipment troubleshooting and maintenance and upgrades. And finally, I'm engaged in business development and interface with new and existing customers.

This morning I would like to first provide a brief description of the wind tower production process, followed by a discussion of the impact that imports from China and Vietnam have had on the domestic industry.

Broadwind Towers is a turnkey supplier of wind towers to major OEMs in the wind turbine business. We procure raw materials in the form of steel and forging and transform them into the wind tower structure. Electrical and mechanical components are procured for the internal assembly of the tower. These wind towers are heavily-loaded, tubular steel structures that rest on foundations in the ground and support the nacelle and rotor blades of the turbine.

The wind tower production process begins with large, steel plates that are cleaned and then cut into the appropriate size and shape. Once cut, the edges of the plate are beveled to create the specified weld geometry. The plates are then rolled into cylindrical or conical shapes, and the longitudinal seam is welded together to form a can. The seam is inspected using ultrasonic testing methods to ensure a quality weld.

After this inspection, individual cans are welded together end-to-end to form tower sections.

All these circumferential welds are inspected using ultrasonic testing methods to ensure weld quality as well. Forged rings, called flanges, are welded to the ends of the tower sections. Once the outer welding is complete, we then weld the brackets and bosses to the inside of the tower section to which internals are bolted.

This section, now called the black section, is blasted with steel grit to rid the section of debris and to create a rough profile on the surface of the section that is critical for coating adhesion. Next, depending on the customer specifications, we may metalize portions of the surface. Metalizing is a thermal spray process that involves vaporizing zinc and aluminum alloy wire to impinge it upon the blasted profile steel surface. This process is similar to galvanizing and provides an extremely durable, corrosion-resistant coating that is particularly important for protecting towers from environmental factors especially in coastal areas.

Next, paint rings are installed onto the flanges on either end of the sections, which allows the entire section to rotate during the painting process. Paint systems vary by tower design, but generally involve one or more coats of paint on the

section interior and two or more coats of paint on the section exterior, depending on the customer's specifications. Painting and curing a section takes approximately 12 hours.

Once the paint is cured, the painted section is then moved to the assembly area where the internal components such as ladders, lifts, platforms, cable clamps and trays, cables, a power system, low voltage electrical system, including emergency lighting, are all installed. Once the section is completely assembled it goes through a long quality control checklist to ensure that it meets customer specifications and quality criteria.

After this inspection, tarps are placed on each end of the section to protect it from environmental factors, and the section is moved to storage. Simultaneously, Broadwind invoices the customer, the turbine manufacturer, at which point it becomes the customer's property. The customer then arranges to ship the tower sections to their installation site.

I would now like to turn to the impact that imports of towers from China and Vietnam have had on the domestic industry. Because of these imports, the domestic industry has been unable to grow to its

potential as it is constantly struggling to maintain business and stay afloat. Lost sales and the constant pressure to reduce prices have prevented domestic producers from being able to successfully invest in expansion.

This was the case with Broadwind's facility in South Dakota, which was built in 2009, but because of our reduced production has never been opened. As a result of subject imports, Broadwind's capacity utilization has remained very low over the last few years. This reduced production and utilization rates due to lost sales forced Broadwind into several rounds of layoffs at both our Wisconsin and Texas facilities. Unless duties are imposed on these imports, we can expect to see continued low volumes and the potential for further layoffs in both our facilities.

As I'm sure you're aware, wind tower sections are extremely large, heavy steel fabrications which can be expensive to ship. Because of these transportation costs, Broadwind has adopted the business strategy of locating small facilities in wind rich regions of the U.S., which also facilitates quicker, cost-effective servicing of the towers we sell.

In spite of this close proximity to wind

farms, our prices are not low enough to compete with imports from China and Vietnam. A particularly disturbing example that comes to mind is a wind farm project in Michigan near our tower facility in Wisconsin. Broadwind bid to supply towers for the project, but lost to what at the time was an unknown producer.

A few months later, however, we watched as what we believe to be Vietnamese towers were transported past our facility and ferried over the lake, the other side of Lake Michigan, for the installation. Even being located across the lake and with transportation costs that could not have been any lower was not enough to match the price of towers from Vietnam.

Broadwind also bid on a very large project in the western U.S. and offered to open a facility within 50 miles of the installation site to minimize transportation costs. We looked at multiple sites within close range of the project site and put together estimates on the cost and time involved in setting up the new facility and the ultimate savings we would achieve by being so closely located to the wind farm.

Even with minimal shipping costs however,

our price was not low enough to compete with Chinese prices, and Chinese producers were ultimately awarded the entire contract. Prices for the Chinese towers were so low that the wind turbine manufacturer was effectively forced to accept them, even though they were looking to source a significant portion of the towers for the project from U.S. producers.

The fact that our price, which included only minimal cost, was not low enough to compete with Chinese imports is indicative of just how low these unfairly traded imports are priced. This one project could have sustained a number of domestic industry tower plants for the year, and the loss only further pressures us to reduce prices going forward.

Without relief from subject imports, our domestic industry will only continue to lose sales, reduce production, shutter facilities and lay off workers. The domestic industry, which has tremendous potential, should be growing and adding jobs, particularly with the increased focus on renewable energy sources. Duties on unfair imports from China and Vietnam are essential to this process. Without such duties, our industry may not recover.

Thank you for your time this morning, and I'm happy to answer any questions you may have.

MR. PRICE: Thank you. I'd like to introduce Mike Barczak, Vice President of Sales at DMI Industries.

MR. BARCZAK: Good morning. I am Michael Barczak, Vice President of Sales for DMI Industries. I've been in this position for over two and a half years and am responsible for DMI's sales operations throughout North America.

Prior to my time in the wind energy industry, I spent over 25 years in the automobile sector, including 10 years of experience as a senior executive in Tier 1 supply chain companies supplying components directly to large, global original equipment manufacturers.

DMI Industries and other domestic wind tower producers manufacture utility scale wind towers for sale directly to OEM turbine manufacturers. Wind towers are extremely large pieces of steel that are fabricated into cylindrical tubes that act as the base of the wind turbines, as you saw earlier. The turbine manufacturers secure, either by manufacturing themselves or ordering from other suppliers, the other components of the wind turbine like the nacelle and rotor blades and in turn sell the completed wind turbine to a farm developer.

The wind tower production industry is a highly capitalized industry, requiring significant investments in equipment and machinery. It is a very dynamic and fluctuating industry from a demand perspective as a result of its limited customer base and the significant costs associated with wind farm development.

The wind tower customer base is concentrated and consists of global turbine manufacturers. In general, turbine manufacturers are extremely price conscious and, because of the concentrated customer base, constantly have the upper hand in terms of being able to affect pricing in the market.

With pressure from Chinese and Vietnamese imports, U.S. producers are being forced to lower prices or lose sales. Even with the decreased prices, domestic producers are not always able to compete with unfairly priced Chinese and Vietnamese imports, resulting in reduced production levels, lower margins and layoffs.

Demand for wind towers has fluctuated in recent years, but is now increasing. In 2009 and into 2010, as a result of the financial crisis demand fell significantly. In mid to late 2010 and into 2011, as access to credit increased demand for wind towers

began growing again, but we lost a large number of sales to low-cost imports from China and Vietnam.

The production tax credit, or PTC, which is set to expire at the end of this year also affects demand. The PTC provides a tax credit for wind generated electricity and is important in terms of attracting new investors to the industry. It is critical to understand that the PTC is available regardless of whether the wind farm project uses domestic or imported towers and therefore does not favor the U.S. industry in any way.

Regardless of the status of the PTC, imports of towers from China and Vietnam have been and will continue to be the cause of injury to the domestic industry, and this injury will only worsen if they continue to enter the U.S. market at unfair prices.

In a peak period in the market, the domestic industry is facing reduced production, reduced margins and reduced profits as we lose sales to low-cost towers from China and Vietnam. Without duties on tower imports from China and Vietnam, subject imports will continue, forcing us to lower prices or lose sales.

Because prices are already so low, the domestic industry cannot afford any further downward

price pressure. We have no volume guarantees, and in our current situation every order counts. Even in a healthy market we can't take anything for granted and have to work even harder just to maintain our existing business and operating levels so as not to lose more sales to Chinese and Vietnamese imports.

Making matters more dire, we are increasingly vulnerable to even modest additional volumes of subject imports in light of the potential expiration of the PTC. Our order books for the second half of 2012 and on are low due to uncertainty surrounding the extension of the PTC, and the expiration of this program will significantly reduce sales opportunities.

This will turn the market into even more of a buyer's market than it is now, and dumped and subsidized imports will likely supply the more limited sales opportunities. Producers like DMI would likely have to reduce the number of production shifts, resulting in even more layoffs. Although DMI would continue to be operational for a while, we would have to reduce prices further and our margins further just to stay in business.

Going forward, subject imports are and will continue to limit the domestic industry's ability to

increase prices while still remaining competitive for new orders. Current import prices are low enough that the domestic industry is struggling just to maintain its current status, even though it is already operating at significantly reduced capacities and margins. Without relief from unfairly traded imports, it will be difficult for us to maintain even our current level of wind tower production.

Thank you for your time this morning. I would be happy to answer any questions.

MR. PRICE: Thank you. This is Alan Price again. I would now like to introduce Anthony Reinhardt, Director of Finance and Controller at DMI Industries.

MR. REINHARDT: Good morning. My name is Anthony Reinhardt, and I am the Director of Finance and Controller at DMI Industries. I have been with DMI since 2008, and in my current position I am responsible for maintaining GAAP financials, controls and compliance maintenance, reviewing margins and profitability of projects and other back office responsibilities.

Imports of wind towers from China and Vietnam have had severe effects on domestic producers of wind towers over the last few years. When I first

began working at DMI, the company had multiple year supply agreements with wind turbine manufacturers that provided a base load production volume and allowed for level loaded production with resulting high efficiency levels.

Today, the domestic industry is losing such long-term contracts to wind tower producers in China and Vietnam. The projects we do secure appear to be the ones that the Chinese and Vietnamese producers are unable to fulfill, such as smaller projects that require shorter lead time. Domestic production, therefore, now occurs on a project-by-project basis, and future production volumes are very uncertain, preventing us from producing at a maximum capacity and productivity.

Imports have also led to lower pricing, impacting our margins and profitability. Price quotes of low volume projects are decreasing not because of falling costs, but because of pressure from unfairly priced Chinese and Vietnamese imports. This pressure also restricts domestic producers from being able to increase prices to account for increases in material and labor costs.

The combination of the continuous pressure to lower pricing and rising production and material

costs results in forced decreases in our conversion revenue and margins. Any attempts to maintain margins risks more lost sales.

Subject imports have also had a negative effect on the capacity utilization rates within the industry. The capacity utilization rate, which is well below healthy levels, has been and will remain low for two primary reasons. First, as we continue to lose sales to subject imports it is very difficult to increase head count when future orders and volume remain completely uncertain.

Second, increasing the number of workers is difficult in circumstances with significantly fluctuating production rates because of the expenses involved in hiring and training new employees. The impact that new workers have on safety within our facilities is also a concern. And finally, of particular importance during periods of uncertain and fluctuating demand is the expense involved in laying off workers and providing severance packages and unemployment benefits.

Subject imports have also negatively affected capital expenditure and research and development expenses. DMI's capital spend is currently lower than planned. Current expenditures

are mainly replacement capital because we have neither the volume nor the profit to invest in expanding our facilities. As our volume and profits fall, we are constantly trying to strike a balance between the expenditures that we would like to make and those that we can actually approve.

Additionally, subject imports have essentially negated any advantages that U.S. producers may have previously had by locating facilities in wind rich regions of the U.S. Turbine manufacturers have access to imports that are so inexpensive that the tower prices remain below U.S. prices even with the transportation cost paid to ship towers from China and Vietnam. As a result, even facilities located close to installation sites are losing sales to imports.

DMI's Tulsa facility should have an advantage in supplying towers to wind farms in the south central U.S., but any location advantage is eliminated by subject imports coming into the U.S. at the Port of Houston. This access to low-priced imports is not limited to coastal regions, and even subject imports that require transportation inland are still more price advantageous than towers built by domestic producers. Without duties on subject imports, domestic producers like DMI will continue to

face reduced business volumes, margins and reduced profits.

Current production levels are low and because of imports are not projected to improve in future years. If these trends continue, a number of domestic producers will have to shut down plants or consolidate production into single facilities to reduce their capital and overhead. There would be reduced utilization of capital investments and further layoffs.

Imposing duties on subject imports is the only means of allowing the domestic industry to recover from the injury it has already suffered and to prevent further devastating injury to U.S. producers and workers.

Thank you for your time, and I'm happy to answer any questions you may have.

MR. PRICE: Thank you. Alan Price again. I'd now like to introduce Mr. Kerry Cole, President of Trinity Structural Towers.

MR. COLE: Good morning. My name is Kerry Cole, and I've been the President of Trinity Structural Towers for the past five years and have worked in the fabricated steel industry since 2000.

On behalf of Trinity and its U.S. employees,

I would like to thank the Commission staff for your time and efforts in this case, and I urge the Commission to find that imports from China and Vietnam have materially injured our industry and threaten further injury.

Trinity is the largest producer of utility scale wind towers in the United States. We employ approximately 550 skilled workers in our U.S. wind tower fabrication facilities in Fort Worth, Texas; Coleman, Texas; Newton, Iowa; and Clinton, Illinois.

Prior to 2008, as the U.S. wind tower industry was still increasing its capacity to meet market demand, Chinese and Vietnamese imports primarily supplemented domestic supply of wind towers. However, since that time China and Vietnam have substantially ramped up their capacity and exports to the U.S. market, selling at rock bottom prices and harming the domestic wind tower market.

The U.S. wind tower industry was hit hard by the recession, the conditions of which made the harmful effects of Chinese and Vietnamese imports that much more devastating. We were forced to stand by as low-priced Chinese and Vietnamese imports supplied many of the modest sales opportunities available.

As the wind energy market began to recover

in the latter portion of 2010 and 2011, the industry was poised to benefit from an uptick in demand. However, subject imports surged into the U.S. market. Based on discussions with our customers and information available to us, subject imports took a significant portion of the new volume by materially undercutting market pricing.

Although a wind tower represents a relatively modest fraction of the total cost of a wind turbine, our customers generally have been frank in telling us that they can best maximize their profits on projects if they choose to use lower priced Chinese and Vietnamese towers rather than ours.

To put the impact of the Chinese and Vietnamese imports into context, it is important to understand that a single, large-scale wind farm project can have a significant impact on performance in a given year. A project in Oregon was an exciting opportunity that should have had long-lasting, positive ramifications for our business and for the domestic industry as a whole. It was the first project in the United States to use a particular OEM's new multi-megawatt turbines and would have represented approximately 10 to 15 percent of the wind tower installations in the United States over a 12 month

period.

We spent a lot of time and thought developing a competitive bid for this project near or below our break even pricing. Still, we lost the project to the Chinese. Based on the information available to me, the Chinese prices were so low that I believe performing the project based on this pricing likely would have driven a U.S. producer out of business.

The loss of this project had a severe impact on the entire domestic industry. The Oregon project represented a significant portion of the U.S. market in and of itself. This project will require 338 wind turbines. It will generate approximately 845 megawatts of energy when completed, representing between 10 and 15 percent of the market in a given year in terms of megawatts delivered.

This volume alone could have sustained production and shipments at one or two domestic facilities. Instead, all of it went to China. To compound the situation, the pricing for the Oregon project has led us to believe that we may be locked out of future projects using multi-megawatt turbines, which is very disappointing.

This lone, lost sale had ripple effects

throughout the industry. As noted in my prior comments, the Oregon project represents a significant portion of the market in 2011 and beyond. After losing this sale, domestic producers were desperate to fill their order books with the limited number of projects that remained in order to sustain some level of production and shipments.

The Oregon project also signaled new pricing levels in the market, exerting significant pressure on future bid prices. We had to significantly recalibrate our pricing in an effort to compete with dumped and subsidized Chinese and Vietnamese imports. In many cases, our pricing still is not low enough to win the bids. Even when we are awarded the projects, however, Chinese and Vietnamese imports have driven market pricing to such unsustainable levels that it is difficult for us to make any profits on these sales.

OEMs have already taken much of their business offshore, and in many cases we have been forced to accept whatever business is left at staggeringly low prices. From 2008 through the present, Chinese and Vietnamese wind tower imports captured the Oregon project, as well as other critical sales, using extremely low pricing.

With fewer orders and lower pricing, our

profits have fallen sharply. To this very day, Chinese and Vietnamese imports continue to detrimentally impact our profitability. We are just now emerging from a painful recession and should be on the road to recovery. However, what should be a burgeoning green energy industry is instead fighting for its very survival due in large part to the negative impacts of dumped and subsidized imports from China and Vietnam.

It is disappointing and troubling that there will be no American-made wind towers in the largest wind farm in the country and that the production tax credit may expire. If Chinese and Vietnamese imports are not restrained, substantial domestic production capacity will be in danger and several U.S. producers may not be able to remain in business.

Thank you again for your time this morning, and I'll be happy to answer any questions that you may have.

MR. PRICE: Thank you. That concludes our direct presentation.

MS. DEFILIPPO: Thank you very much, Mr. Price, and again thanks to all the witnesses that came today. It's very helpful to have people that know the business as well as you guys do to come help us

understand this, and helps us write a better report, and ask better questions, and with that I'll turn to Mr. Comly for his questions.

MR. COMLY: This is Nate Comly, Office of Investigations. I am the investigator in this case.

First of all, I'd like to thank the witnesses for coming today. It's very helpful to hear from market participants and especially the U.S. producers and foreign producers, but U.S. producers in particular here. I'll try to keep my first round of questions brief as to not steal the thunder from my colleagues, so I'll just start with some very basic overall ones and I'll let my colleagues ask very technical ones.

Looking at the updated scope language and the one I have is from January 17th, do you still believe that the questionnaire's data collected is an accurate reflection of the subject merchandise?

MR. PICKARD: This is Dan Pickard from Wiley Rein.

The scope, as amended by DOC, the questionnaires are still accurate regardless of the recent amendment.

MR. COMLY: That's good to hear. Thank you.

And then could you state either here now or

in a post-conference brief if you believe that the questionnaire data is a good reflection of the imports coming into the U.S.?

MR. PRICE: We will address that in the post-conference brief. Thank you.

MR. COMLY: Okay. And are there any significant U.S. producers missing from our data set right now?

MR. PRICE: Be careful what's in the data set and what's not in the data set.

MR. COMLY: Or questionnaires received, is that a better way to put it?

MR. PRICE: Of the questionnaires received, I think we have the vast majority of U.S. production currently that exists. There are some companies that have actually gone out of business over the period of investigation. I think if you go back to the ITC's own 332 report you will find a broader list of companies. Obviously we don't have data for those companies. We will address in more specific detail of what we do have and don't have in the post-conference brief because I don't really want to identify specific companies that you may or may not have questionnaires from at this point, but I'm happy to talk to the staff afterwards also.

MR. COMLY: That would be great. And in the post-conference brief any estimates as to production of current or now closed companies would be appreciated.

How prevalent is toll production in the U.S. for the U.S. producers for a company providing steel plates to you for which you toll produce and then deliver the wind towers?

MR. PRICE: Yes, I --

MR. COMLY: Small, big?

MR. PRICE: -- do not believe -- we will address that more specifically in the business proprietary data. I do not believe that is a significant factor in the industry.

MR. COMLY: Thank you. In the petition you argued that a particular firm should be excluded from the domestic industry as a related party. After looking at the data received do you still believe that is the case?

MR. PRICE: I think in the petition we say that one company might be appropriate to consider for exclusion. At this point we do not see a reason for excluding them from the domestic industry.

MS. DEFILIPPO: Thank you. And I believe you talk about this briefly in your comments before,

but are wind towers held in inventory at all? When you produce them I assume you have a big project of 100 wind towers if you can't produce them all at the same time, do you just hold them and then deliver them all at one time or are they delivered as they are manufactured?

MR. COLE: Absolutely. The majority of the wind towers manufactured we don't handle the outbound transportation, so what happens is, you are right. We have very large storage yards and we will store, you know, hundreds of towers out there until our customers arrange for delivery, and it's also a significant period. When the wind farm is going to be built also has to do with it more than the wind towers being delayed or not.

MS. DEFILIPPO: And those towers held in inventory, are those the property now of the OEMs or are they still your towers?

MR. COLE: I think that varies from company to company, but in my instance no, risk and title of loss passes to the customer at the time we are done and we put them in inventory.

MR. BARCZAK: We would also concur that once we load into our inventory lot that the title is passed, and from DMI's perspective due to location of

our facilities we do have weather constraints so we do inventory some products due to weather.

MR. COMLY: And how long -- oh, sorry, go ahead.

MR. JANDA: Broadwind does the same. Title is transferred once the checklist is completed and the tower is put into storage. We have very large storage areas available to store sections for our customers.

MR. COMLY: Thank you. Finally, to your knowledge are complete wind turbines imported either subject or non-subject? I mean, the tower attached with nacelles, maybe nacelles, I guess, would be the best?

MR. COLE: I mean, there are several producers that have factories in the United States that build the turbines in the United States, and there are several that still import turbines with blades and with oversleeves.

MR. COMLY: Do they come in assembled or are the wind towers imported separately?

MR. COLE: The wind towers would come in, you know, separately.

MR. COMLY: Separately.

MR. PRICE: This is Alan Price of Wiley Rein.

It is our understanding, as Mr. Cole has testified, they come in separately. The scope will cover, the scope drafted covers the tower whether or not imported simultaneously or separately.

MR. COMLY: Okay. That's all the questions I have for right now. Thank you.

MS. DEFILIPPO: Thank you very much. We will now turn to Mr. Halderstein, our attorney advisor.

MR. HALDERSTEIN: Good morning. Mike Halderstein. I'm general counsel.

On the scope clarification I was wondering if you could explain what you were trying to do when you made that clarification?

MR. PICKARD: Do you mind being a little more specific in regard to -- our scope amendments were generally in response to questions or requests by DOC. But if there is a specific question, I'd be happy to answer it.

MR. HALDERSTEIN: I guess what I was wondering in the instance where the towers come in with other components attached, and it seems to be indicating that just the towers were covered by the scope. I guess what I'm wondering is how does that affect the import numbers and the values you have if

this is a prevalent factor.

MR. PICKARD: I don't think it's prevalent practice that they are coming in attached. Therefore, I don't think it's going to affect the import numbers that you've collected. The scope was worded in such a way to make sure that subject merchandise would still be included even if it was attached to non-subject merchandise.

MR. HALDERSTEIN: Thank you. You already sort of discussed the company that's referenced on page 18 of the petition. You said you're not interested in excluding them as a related party, is that --

MR. PICKARD: That is correct.

MR. HALDERSTEIN: If you know of any other related parties, could you be sure to touch on them in your post-conference brief?

MR. PICKARD: This is Dan Pickard.

We will be happy to do so.

MR. HALDERSTEIN: With respect to the customs area, do you think that that data is more important in this case because of the cost of shipping these towers or are they still, you know, shipped over great distances?

MR. PRICE: You know, this is not a case of

regional competition where Customs imports into a particular customs district might be important. Is this competition in New York, is it really affecting the market in California? We have a group of OEMs who are essentially sourcing nationally. In this type of case what I would say is what the data illustrates is there is national competition going on. The fact that we have product moving all over the place helps to illustrate that there is nothing new going on here, but the reality is is that with the national import presence and the national shipments by the domestic industry it's pretty clear that you have, you know, simultaneous presence, direct competition going on throughout the period of investigation.

MR. HALDERSTEIN: Thank you. With respect to this downstream competition argument and this notion that there frequently aren't multiple bids, how do you respond to that? I think I heard from the Respondents earlier.

MR. PICKARD: This is Dan Pickard.

Maybe I will start off by turning it over to the industry witnesses. We have never made an argument that competition occurs downstream and the injury flares up as seen argued in other cases. We are specifically arguing that there is head-to-head

competition from U.S. manufacturers while they are submitting bids to the OEMs, and that they are directly competing against the Chinese and the Vietnamese, so I don't know if any industry witnesses would want to amplify that statement.

MR. COLE: You know what's interesting about the bid process or personal quote process is it's not open so you don't know who you're bidding against. I would think it's highly unlikely that in any kind of situation somebody just picks one supplier and gets a price and takes that particular price.

You know, there is no open tab bid process that you get to see your priced compared to somebody else's. You know, you get feedback from the customer that tells you your pricing wasn't good enough, and in a lot of cases they will tell you either state domestically or offshore.

MR. PICKARD: You know, this --

MR. JANDA: I would echo the same comments. We very frequently in our quotation process go through iterations of quotations, and they are driven very much by the fact that there is competition, and the OEMs are trying to get the price as low as they can to maximize their financial performance on their project. So, we will oftentimes submit two, three, four, maybe

even five bids until a decision is made and a contract is awarded, and we are definitely given feedback that we are quoting against others, and that if we want to stay in the game we need to re-evaluate our bids.

MR. BARCZAK: It's also our experience that we receive feedback during negotiating periods which oftentimes is verbal that there are multiple companies and there will be multiple rounds, and there will be price negotiating to be had.

MR. PRICE: Alan Price from Wiley Rein.

The legal argument presented by Mr. Feldman regarding indirect competition, again as Mr. Pickard said, it is not related to the arguments we have presented, and naturally competition is occurring in the industry.

One of the interesting facts is that one of the industry witnesses, for example, the Chinese nacelle producers are in fact sourcing their towers in the United States, so it's not a question -- you know, it's not a question of anything else going on here. This is competition from imported towers to the OEMs who are doing what they should do as a capitalist which is seeking the lowest price for their shareholders. We don't blame them for that. That is what logically they should be doing. And if they are

not, you know, it's not doing that kind of defies common sense.

Mr. Feldman may or may not realize that I have some familiarity with newspaper printing presses as the counsel that represented the domestic industry, and you can have custom-built designed products -- actually newspaper printing presses are far more differentiated than a wind tower because the wind tower you are actually building to the OEM's print so that's creating standarization and much more ability to leverage competition whereas with a newspaper printing press manufacturer actually had their own unique design that they are offering. Anyway, yes. And the Commission found that, yes, there were differences in the presses but price was a critical factor in their selection, and sometimes it's a critical fact and went affirmative six-zero as I recall the vote in that case.

It is important to remember that as you look at cases like this that pricing is a factor and then the section. Price will be factor in who you -- sometimes who you invite to the bid because if you know your offshore bid is so much lower, or your offshore option is so much lower than your domestic option, you just may not even bother inviting a

domestic producer to the table because it's a waste of everyone's time, and dumped and subsidized pricing has clearly captured a substantial portion of these sales throughout the period both in good times and bad times in terms of demand.

MR. HALDERSTEIN: Thank you. On the shipping I thought maybe I heard conflicting statements about who pays for the shipping but maybe I was confused on that. It sounds like the OEMs pay for it, but I also thought I heard that sometimes it's the foreign producer paid, includes the shipping. Do you know?

MR. COLE: The majority of the time the OEM pays for it as far as their package when they sell a complete turbine to the site. They sell the turbine to the site, the blades and the tower to the site. You know, some domestic tower producers have their own transportation companies and they may bid on that project, but it doesn't change the conditions of sale. When you build it the title goes to the OEM. When you're finished with the tower and you are fortunate enough to get the shipping if you bid on it and win it that's a completely separate transaction, but that happens on a very rare occasion.

MR. HALDERSTEIN: Thank you. I have no

further questions.

MS. DEFILIPPO: Thank you, Mr. Halderstein. Mr. Workman, do you have questions for the panel?

MR. WORKMAN: I have a question about the price questions we asked on the questionnaire. Now, looking at the questionnaires from Petitioners it looks to me like those are pretty complete, but I noticed that we've gotten back a number of questionnaires from importers who in most cases are actually -- or actually they import the wind towers for use in making wind turbines, and our response in terms of bid information from most of these companies have been very, very weak, very little. In fact, some of the companies have indicated they don't have a bid process. They simply import something or buy something.

Do any of you have that experience at all or not? At this time we haven't been able to collect together from either small or large companies detailed bid information at all in terms of bids received.

MR. PICKARD: Dan Pickard from Wiley Rein. I will start it off and then I don't know if anybody wants to follow up, and without discussing anybody's individual questionnaire response I would say that we have attempted to the best of our ability, and I think

we have been pretty successful in providing the information that was requested by the ITC.

I would suggest that some of the other questionnaire responses from the other side have been less fulsome, but I believe they have got the data, but there are questions regarding whether there have been full responses.

MR. WORKMAN: We have followed up though and some of them just kind of indicate that isn't the way they do things, so we will continue to pursue it, but I just found that kind of uniquely significant in terms of, you know, the product. There are a number of questionnaires that are coming in by now from importers and just not providing the kind of information that you were suggesting that we have.

I have one other topic too. I was wondering about the steel plates that you use in this process. Is the steel plate in general a good indicator of the input cost or is it a specialized kind of steel plate that you use in these wind towers?

MR. JANDA: The steel plate that is customarily used in these fabrications are -- first of all, they are sourced at least domestically by Broadwind, and it is a standard structural steel plate typically of either a European specification or a U.S.

specification, and there is overlap between those two specifications, so it is not a unique material. It is typically either a, for example, an A709 steel, which would be an ASTM spec, which would be American, or it might be a European spec like a Grade 55, but they are very, very similar steels that are commonly rolled in a lot of different mills around the world.

MR. WORKMAN: Okay, thank you. I don't have any other questions.

MS. DEFILIPPO: Thank you, Mr. Workman. Mr. Boyland.

MR. BOYLAND: Good morning. Thank you for your testimony.

I sent the U.S. producers company-specific questions which I appreciate your time following up on. I have several general questions which I would like to ask and which actually have already been asked, but a few additional questions.

With regard to the raw material cost, steel in particular, are there any particular mechanisms that the industry uses to pass through those costs?

MR. COLE: Normally when you're purchasing steel in the process you have a fixed-base price but then you'll have an escalator that you usually adjust monthly based on a recognized index.

MR. BOYLAND: Is that true for the other U.S. producers, in general? I realize each company is different.

MR. JANDA: Yes, that's correct.

MR. BOYLAND: This sort of gets back to the issue of the earnings process. Based on the testimony it would appear to be the case that once production is completed the companies recognize revenue. The earnings process is complete. Is that correct?

MR. REINHARDT: When the tower is complete we invoice it. We use a percentage completion to recognize revenue throughout the process.

MR. BOYLAND: Okay. And I guess the next question would be in terms of the volume information that's reported in the questionnaire, specifically the P&L, we have a total number of units shipped, sold, and then the revenue, and I guess one of my questions is are those numbers corresponding to each other? In other words, the revenue that's being reported, is that matching the volume of sales that are being reported or is there sort of a disconnect between the two?

MR. COLE: In our case, we use regular GAAP accounting, cost accounting, so every month after we complete ours we invoice and the risk and title of

loss, risk of loss and title passes to our customer. We can recognize revenue at that point, so it's simultaneous. As soon as it goes into the storage yard it's invoiced. We recognize the revenue.

MR. BOYLAND: Okay. and I guess let me put a final point on that. I think my question is mainly the volume that's being reported, the number of units, the physical units shipped, were sold, are those the number of units that are matching the revenue that's being recognized or the actual shipped literally out the door to the customer who is taking it physically?

MR. COLE: In our case it would be when the revenue is recognized.

MR. BOYLAND: Okay.

MR. REINHARDT: I think it would be easier to explain it in our post-conference brief how that matches up.

MR. BOYLAND: Okay. Thank you.

I guess sort of a related question. The Commission usually as part of its financial analysis unitizes the information to calculate average values for sales and cost, and in this particular industry do you believe that analysis would be appropriate, meaningful?

MR. PRICE: I'd like to respond to that in

the post-conference brief. Part of the complication is that there is a bit of a shift in tower size that goes on during the period of investigation as towers get taller, and therefore there is an impact of the change in height of the tower, therefore changing sort of steel content and total price and revenue to the tower to do sort of a simple AUV, AUV analysis.

MR. BOYLAND: Okay. Actually that sort of dovetails with my next question which was product mix and that sort of gets to, you know, a larger tower. It would be an effective change in product mix. Was that pretty typical of the industry, the companies involved here that product mix from period to period did change?

MR. COLE: I would say pre-2008 the towers were pretty standardized, and as a result of when the market dropped there was an opportunity for the OEMs to maximize their sales, and so the towers are more custom now, so you don't see the long runs of the same tower we used to enjoy. Now you will see shorter runs of more customized towers geared towards specific projects.

MR. BOYLAND: Okay, and I guess that's generally consistent with the other U.S. producers? Okay, and I guess that sort of is also -- product mix

physically changes but customer mix as well. How did that change? I mean, you sort of addressed that in terms of project by project. But did customer mix have a big impact on the types of sales that were being made and your profitability?

MR. JANDA: Broadwind's experience has been that our customer mix has expanded. We have made a very conscious effort to broaden our customer base. But in terms of the product mix it has really been related not so much to the customers as it has been market as was described a moment ago.

MR. BOYLAND: Okay.

MR. JANDA: The smaller orders and the more, you know, unique to specific wind farms, and of course the general transition from the 80 meter towers to 90, 95, 100 meter towers.

MR. BOYLAND: So those would all be issues notwithstanding certain aspects of the data, that the average unit value should be reflecting this trend, I mean, among other things it's a mix of items, but we could sort of look to product mix as an explanatory factor from period to period in addition to other factors such as raw material, which is one other question.

Based on the narrative information in the

public financial statements, I am assuming that the period to period changes and the average sales value is going to be reflecting the raw material cost as well which we all know steel prices were volatile during the period. Is that a fair characterization?

MR COLE: I wouldn't say steel prices were that volatile in the period we're talking about, but absolutely. I mean, there is escalation that usually transfers every month and that escalation for the steel is usually a pass-through. So what it will do is it will pass through on the revenue side but it won't pass through on the profit side so you will see varying degrees of pricing differences month to month just based on the fluctuations in the steel pricing, but it hasn't been a huge swing. It's been a very, you know, defined area over the last couple of years.

MR. BOYLAND: Okay. and I guess another issue with raw material cost is your own purchase of raw materials. Do you have long-term contracts? I mean, how are you purchasing the material such that, you know, you can match the project with the raw material needed? Is that sort of a spot basis purchase or are there longer term?

MR. PICKARD: I think they would probably prefer to answer in the post-conference brief.

MR. BOYLAND: That would be fine. Thank you.

With respect to sales in general, would technical issues, repairs, technical expertise, et cetera, be part of the sale?

In other words after the sale are there expectations of the customers that you build into their revenue itself or is it simply here is the wind tower and that's it?

MR. COLE: You know, the wind towers obviously have warranties for workmanship, and so obviously whatever the length of that warranty obligation is we have a warranty reserve for those associated potential expenses.

MR. BOYLAND: Is that the same?

MR. JANDA: Same for Broadwind.

MR. BOYLAND: Thank you. So other than the warranty itself there isn't any other additional service aspect to this?

MR. PRICE: Alan Price, Wiley Rein.

I think where you're going is there installation service that goes on typically? That is not part of the wind tower. The wind tower is sold as a tower. As to the tower it takes a third party contractor that is responsible for the installations.

MR. BOYLAND: Thank you. I think that's it. Thank you for your testimony.

MS. DEFILIPPO: Thank you. Mr. David, do you have any questions for the panel?

MR. DAVID: Yes, thank you.

I would like to echo my colleagues in thanking everyone for being here today.

How are wind towers commonly shipped from your facility? Is it rail, truck, barge, some combination thereof?

MR. JANDA: The wind towers that we ship from our facilities in Wisconsin are shipped exclusively by truck. Those in our Abilene facility are shipped either by rail from our rail spur or by truck.

MR. BARCZAK: The towers from DMI are shipped by truck.

MR. COLE: From Trinity it's primarily by truck, a small percentage by rail.

MR. DAVID: Okay. What's the diameter of a typical wind turbine tower at the base and at the top? It probably varies. What's the range for that?

MR. JANDA: The largest diameter tends to be around 4,000, 4 to 4.3 - 4.5 meters in diameter at the base, which is restricted primarily by shipping

requirements.

MR. DAVID: Okay.

MR. JANDA: Smaller towers, shorter towers will be a smaller diameter, but that would generally be the largest diameter that's practical.

MR. DAVID: As the industry moved towards the larger towers, the 90 - 95 meter, 100 meter towers, can those towers be produced using the same equipment as say an 80 meter tower, or have you had to re-tool your production processes to produce those larger towers?

MR. JANDA: The processes required for the towers range that you're discussing are all identical and in fact just because a tower is a taller tower, for instance a 100 meter tower versus an 80 meter tower, the number of sections really defines how large those individual sections are, so that in fact there are sections in 80 meter towers that are only three sections only. Some of those sections in an 80 meter tower are actually larger than sections in a 100 meter tower which would have five sections.

So, there isn't really a correlation between section size and tower height. That's in general an accurate statement although depending on what turbine then sits on top of the tower, that really is a big

factor. The rotor diameter and the weight of that drives the size of the tower diameter and plate thickness more than anything.

MR. DAVID: Thank you. And are there differences in tower size? Is it just by models? If it's a low wind region, if it's a high wind region, things like that, does that affect the tower design that goes into a particular project?

MR. JANDA: I think that the general answer is there is some correlation. At least I have personally quoted over 50 different tower designs, so I've seen a lot of different tower designs probably from virtually every major OEM in the world, and there are tremendous similarities between all the different towers.

Each tower design is unique, make no mistake. They are all unique. But from a manufacturing point of view they are very similar.

MR. DAVID: Okay. And to what extent do you see the newer tower designs, the different tower designs coming into the U.S. whether that's space range towers or concrete towers? Do you see those coming into the U.S. market at all, or are they still steel towers in the U.S. market?

MR. COLE: I think there are several OEMs

that are looking at -- several OEMs that are looking at different design towers, but the predominant tower, 99.9 percent is still a tubular steel tower at this point.

MR. JANDA: We would agree with that perception.

MR. BARCZAK: Broadwind would agree as well.

MR. DAVID: Okay great. And I think my last question is in just looking at the trade data it appears that there are substantial imports as well from Canada, Mexico, Korea, Indonesia. I wonder if you could discuss the role of non-subject imports in the U.S. market.

MR. COLE: You know, at Trinity Structural Towers, we have a facility that is located in Mexico, and on the northern region of Mexico, and what I can tell you based on that is that recently, within the last two or three years, we have shipped very few towers from the facility in Mexico to the U.S, and what I can tell you is is that the prices of those towers that we ship into the U.S. are virtually the same as what we would price them in our U.S. facilities.

MR. PRICE: Alan Price with Wiley Rein. We will address this more fully in our post-conference

brief. But what I would say is that the NAFTA production is essentially is a fairly integrated market. I believe one of the other domestic producers here have a facility in Canada. What they have advised me is their pricing would be identical there.

MR. DAVID: Okay, great. Thank you very much. No further questions.

MS. DEFILIPPO: Thank you, Mr. David. Mr. Corkran questions from you for this panel?

MR. CORKRAN: Douglas Corkran, Office of Investigations.

Thank you and thank you very much to the panel. Before I start my questions I was wondering if I could just get a little more background information on the Shepherds Flat transaction. We heard it characterized this morning as re-calibrating pricing levels. I was wondering if you could give me just a more general idea of what the size of that overall transaction was, the location, the type of towers that were being requested.

MR. PRICE: I think we can -- because of various proprietary information, we will address that in the post-conference brief.

MR. CORKRAN: Okay. Let me go back to a more general question. One of the other transactions

that has been spotlighted this morning was the Oregon sale, and we've talked about facilities that are located in Texas, North Dakota, Illinois, Iowa, Oklahoma and forgive me if I've missed any of those, but one of the things that struck me is if shipment primarily takes place by truck or by rail what was the competitive calculation for delivering towers to Oregon? How are you going to or how were your customers going to arrange for transportation from locations such as these to Oregon?

MR. COLE: In our quote for that project we had factored rail freight which is the most economical route to get there from our facilities.

MR. PRICE: I believe you also heard testimony about one producer being willing to build a facility in that location. There is actually a domestic producer who is one of the petitioning companies who is not here today who is actually located in Oregon. There is another domestic producer located in California. I believe all of these companies were involved and sought that project. That project was not -- you know, was shopped widely.

MR. CORKRAN: Thank you very much. That elaboration definitely helps out.

With respect to the willingness to build a

facility on or near a location, can you give me something of a sense of how much it costs to build a new facility, and what sort of volume or other guarantees you would be looking for before you made such an investment, and I know it might vary but just a general idea?

MR. JANDA: That would be proprietary information. We put a great deal of effort into the analysis and I personally spent a lot of time in Oregon putting that together and that would be considered confidential proprietary the actual costs and what it might typically cost to put a plant up.

MR. CORKRAN: I'm sorry but let me follow up on that. Maybe setting aside cost and particularly sensitive information like that, but maybe a more general discussion of the factors that you would be looking at before making such an investment or such an undertaking. In a more general sense what are the sort of criteria you would be looking at?

MR. JANDA: Well, in this case obviously location was critical. We wanted it to be as close to the development, the firm development as possible, to the greatest extent possible eliminate transportation costs. Beyond that you look for access to transportation routes. You look for if it's a brown

field a suitable facility, and to what extent that facility is adaptable to heavy fabrication, and you also look at any other types of perhaps incentives that might be available through the communities or the state government, and also you would look at the availability of the skill trades that are necessary to successfully produce a tower, which is a fairly challenging structure to build, and you would look at the timeframe that you have to do this all in, so it's a major undertaking.

MR. CORKRAN: Mr. Price, did you have something to add because I kind of ran over you earlier?

MR. PRICE: Mr. Corkran, I guess the only thing I would add is that obviously a lot of the details on what was going on in specific transactions are not things that could be shared in the context of a public staff conference, and so this can be addressed more directly in the post-conference brief.

MR. CORKRAN: Thank you. I appreciate that, and let me just say that all of these questions come with the understanding that please answer them to the extent that you are comfortable doing so in a public forum but we understand that some aspects of them are truly confidential.

Looking back toward the product itself, can you give me an idea just typically how thick the steel plate is that we're discussing, and also is it a plate that can be cut from a coil or is it typically a plate that is a discrete plate?

MR. JANDA: It's a discrete plate, not coil, and the thickness ranges depend on which tower you're building obviously, but just to give you some rough idea I'll do it in English unit first, not metric. The finished plates usually are around half an inch and the thickest plates could be as much as two inches thick, perhaps even more, and of course as you go from the bottom of the tower to the top the plate thickness gets thinner and thinner. So the thickest plate would be at the base, and that's fairly common. Different designs use different philosophies. Some towers are lighter than others, but that would be the range.

MR. CORKRAN: Thank you. That's very helpful.

One of the other questions I had based on that was I think some of the testimony earlier was that plate was largely sourced within the United States, but forgive me if I mischaracterize that, and if that's the case does that further complicate the ability to supply the U.S. West Coast in terms of

finding enough plate for production on the West Coast?

MR. PRICE: First of all, there is ample plate capacity on the West Coast. There is a plate mill on the West Coast, Evraz is located there. And plates ship nationally, and so I don't think that is -- I've never heard that raised as an issue or a concern in the product, okay. Nor do I think the producers -- as I understand it there is no Buy America requirement on the steel itself either, so I mean if it was an issue that would not become an issue.

MR. CORKRAN: Typically when you're operating a facility are you generally running it 24/7 or does it depend on the workload, or how do you typically try to operate your facilities?

MR. COLE: I think in our case the majority of our facilities are based on an eight-hour day, five-day a week, and I think the majority of us, not speaking for everybody, you know, obviously schedules your plants by shifts, so obviously if you have enough work for one shift you have a shift. If you have more work than that, you put on a second shift, and if you have more work than that, then you could change your whole structure and go to seven days a week, you know, 24 hours a day should you need to. So you have

varying options.

MR. CORKRAN: Mr. Cole, I would like to stick with you. I want to get a little more elaboration on one of your characterizations. You said when you get a request for a quotation you don't know who you're bidding against but the customer will at least sometimes tell you that your price wasn't good enough. I just wanted to make sure I heard that correctly in that they are actually telling you -- they are actually relating information about your price as opposed to your package wasn't good enough, you didn't get the bid in a more general sense. Do they specifically reference the price in your experience?

MR. COLE: Yes, they will.

MR. CORKRAN: Okay. Another price-related question had to with the characterization that price may be a factor in who you invite to bid. Are we talking about ex-mill price or delivered price being a factor in who is invited to bid for a quotation?

MR. COLE: It could be varying. It could be both scenarios. I mean, obviously the delivered price to the site is the most complete price that somebody would be looking for, so whether we provide the freight or somebody else does that's always going to

be a consideration.

MR. CORKRAN: How transparent is your capacity? Is that something that's generally known in the industry? Like when an OEM is seeking bids, do they have a fairly clear sense of whether or not your respective companies have available capacity overall? Do they have a pretty good sense for whether your companies have available capacity at a nearby location, or is that information that is fairly closely held by the individual producers?

MR. COLE: Normally when you get a request for quote it will have the customer's requirements on delivery. There is no publication that says what our stated capacity is at any one period of time, so that will be a conversation between you and the potential customer whether you can meet the schedule or not, and whether or not you're willing to add more capacity in order to meet that schedule, or potentially build a new facility for them, and if there is enough work at the right price.

MR. BARCZAK: We would concur with that approach, and we would respond to a bid, specifically to that bid on our capacity. No generalization of capacity is posted anywhere.

MR. CORKRAN: In terms of allocation of

capacity, do you ever place customers on allocation or use allocation methods such as historical levels of sales or otherwise restrict the amount of volume that's available to a customer, to an OEM?

MR. JANDA: If I understand your question, the only time that I could think of that we might, to use your term "restrict our capacity" available to an OEM, would be if we felt that too much of our capacity was reserved for any one customer, which is not necessarily good business practice.

MR. CORKRAN: Thank you. That was exactly what I was sort of looking for. I do appreciate that.

We talked about how these transactions take place over a several year period.

MR. JANDA: May I add to that?

MR. CORKRAN: Definitely.

MR. JANDA: I want to emphasize that in the case of Broadwind we have -- while it is generally good practice to not put all of your eggs in one basket, when we have a lot of excess capacity available that we are more than happy to bring on for customers, so in our case that actually hasn't been a limitation in our ability to quote.

MR. CORKRAN: And my last question also deals with capacity, and that is, it looks like

capacity was more fully utilized in 2009 -- well, early in the period for which we're collecting data as opposed to currently. My question is though since these projects take several years to develop the fact that there is available capacity at this time, does that typically influence your ability to supply a project or are we talking about projects that have actually been bid several years in the past at a time when the domestic industry was operating at a much higher level of capacity utilization?

MR. COLE: I don't think the timeframe from when you win a bid until you start it is a significant period of time. Usually by the time you close a deal, by the time you get your raw materials in you're ready to start a project. So even though the window may be relatively large from the wind farm development standpoint, by the time the order is placed with the manufacturer it's usually not a long period of time that you're going to be -- have your capacity off with which towers you're going to be building.

MR. CORKRAN: Thank you very much, and thank you to the entire panel. Your information was very, very helpful and I appreciate it.

MS. DEFILIPPO: Mr. Corkran, I'll ask Mr. Comly if he has another round since that was his first

round of questions, so I'll turn to him before I ask any of mine and see if he has a second round of questions.

MR. COMLY: Nate Comly, Office of Investigations. Yes, I do have a second round. Not all my questions were covered. My first question is what's the estimated useful life of a wind tower? I know this is a relatively new industry, but give me a rough sense.

MR. COLE: Of course, the tower manufacturers do not design the tower themselves, the OEMs do, but every indication we have on the market is it's a 20 year lifespan.

MR. COMLY: Can you talk about the qualification process for the OEMs? Do all of them require a qualification process, how long of a process is that, and on top of that, do all U.S. producers meet the qualifications, and also subject producers?

MR. BARCZAK: From DMI's perspective, we certainly have been asked to qualify every project that we've been involved with. I can't speculate what some of the subject companies may or may not go through. It's our understanding that these are built to common specs and everyone meets the specification, but we have no specific knowledge of their activity.

MR. COMLY: So each OEM doesn't have a set qualification process you have to go through to meet them? So if you're a new manufacturer, of which there are some in the U.S. trying to get into the market, that's my understanding, now, do they sit down with GE, for example, and GE looks at their process?

MR. BARCZAK: It would be my understanding that every supplier is qualified and needs to be certified to build the product.

MR. COMLY: Okay. Is that a relatively easy certification process? A costly one?

MR. BARCZAK: It's a relative term, easy. After you're done, yes.

MR. COMLY: But I mean there's no, that's not a limitation on a new producer or a subject country producer --

MR. BARCZAK: I'll defer to my engineering colleague.

MR. COLE: No. You know, every customer that we have, we have to be certified and qualified to build. It's usually each individual plant. So we have multiple plants, so each plant will have to be certified. In a lot of cases you'll have to get requalified on a specific tower design, so if you're building one model tower and you switch to another

model, sometimes they'll come in and requalify you on the different model. Not all qualifications are the same. Some are less difficult and time-consuming than others. It just depends on the customer.

MR. JANDA: It's our understanding that regardless where the towers are sourced, whoever the supplier is must be qualified and must have qualified processes and systems in place to meet the customers' expectations. So, again, my understanding would be that that qualification process would be the same for any tower supplier, regardless where they're located.

MR. COMLY: Okay. Thank you. Looking at the import numbers it seems that imports from Vietnam of wind towers has increased in the most recent period. Do you even know if there's any reason for that? Have they met a specific hurdle? Were they able to, you know, pick up a big wind farm project?

MR. COLE: You know, in my opinion, it's the market is down, it's not the same market we realized in 2008 and 2009, and all the discussions we have had with our customers is the reason the imports have surged is it's merely an opportunity for them to maximize profitability on the wind farms in sourcing cheaper towers.

MR. COMLY: So if I hear you correctly, it's

really due to a low price.

MR. COLE: That's all the indications that we've always gotten from our customers.

MR. COMLY: In someone's testimony, I apologize, I don't remember who said it, but there was mention of a healthy capacity utilization. What is meant by healthy capacity utilization? I mean obviously most industries can't run at 100 percent, so what would you consider running full capacities, for example, especially given that the demand isn't flat and it's lumpy.

MR. COLE: Here's how I can frame it. If you look at 2005 to 2008 time period when the industry was growing and our customers were asking us for more and more capacity and we put more and more facilities on the market, we actually were running 100 percent capacity, and, in some cases, more than that. So there was, you know, plenty of investments made on our part on the behalf of our customers and now the industry's running at about half of the capacity or less than what's out there available.

You know, some of that capacity that's out there and available may be factories that are shut down. I think each and every one of us have factories that aren't operating anymore because the demand is

low, but those factories are available with lead time and the right pricing to start them back up.

MR. COMLY: And this may or may not be a harder question to ask, or to answer, but at what point will wind power become more competitive with fossil fuels and less dependent upon tax incentives or policies, and as in the near future. I guess that would be the qualification.

MR. COLE: I think that's a question you'll have to ask the OEMs. It's going to have to evolve with technology. The better technology gets, then the cheaper it will be and the more competitive we'll get as an industry. I think you've seen that starting to trend but I don't think it's there yet at this point.

MR. COMLY: Thank you. That's all the questions I have.

MS. DEFILIPPO: Thank you. I'll look down this side before I go into my last few clarification questions. Do you have some, Michael?

MR. HALDENSTEIN: Maybe I missed it but I wasn't clear on how far out the bids are made for these projects. I heard some general discussion, but is it like two years or one year?

MR. COLE: Yes. It varies on the size of the project and when the project is awarded, so it is

usually not a significant amount of time itself. I mean, you know, normally they'll award, and based on award we'll order raw materials and usually three to four months later you're producing the project. So it's not a significant period of time from the time of your award until the time you start producing in most scenarios.

MR. HALDENSTEIN: By significant, you mean not over a year?

MR. COLE: At the most. Usually less.

MR. PICKARD: Just to clarify, is the question how long from getting the bid awarded to beginning production or -- I'm not sure that --

MR. HALDENSTEIN: Delivery of like the first wind tower to --

MR. PICKARD: Of the first wind tower.

MR. HALDENSTEIN: -- you start delivering them.

MR. COLE: Months.

MR. HALDENSTEIN: Months. Okay.

MR. COLE: Four to six months.

MR. HALDENSTEIN: Thank you. Can you give some examples of the specifications for these wind towers, and how many specs are there?

MR. JANDA: Are you asking about the design

itself? How many different designs?

MR. HALDENSTEIN: Yes, the design. You say they're all made to specific specifications. Other than height, are there just like hundreds of specifications, or you're presented with a model?

MR. JANDA: As was pointed out earlier, the OEMs own the designs. We do not design the towers, the OEMs do, and each tower is a unique design and that design refers to many, many standards in terms of welding standards, quality inspection standards and so on. I don't know if that answers what you're asking.

MR. HALDENSTEIN: Yes. I was just wondering what, yes, what type of standards they are.

MR. JANDA: Yes. There are steel standards, there are coating standards, there are quality inspection standards. If I had to guess, there may be as many as 20 or 30 different international standards either from ISO, DIN, ASTM, various standards organizations worldwide that are referred to in the OEM's design specification.

MR. COLE: Most of those standards, though, will carry over to OEM, to OEM, to OEM. I mean they're common industry standards, and then each individual one may deviate off of that specifically, but the general standards of the industry, the ISO

standards and so on and so forth, are pretty much a general standard that most people have adopted, and then depending on their different tweaks of their design will add on to that standard.

MR. JANDA: That's exactly right, and those same standards apply to other products besides wind towers. They apply throughout industry.

MR. HALDENSTEIN: Thank you. One more question. With respect to the unused capacity, can you use that capacity for the production of similar types of products or is it pretty much dedicated? Are there any similar products?

MR. JANDA: Any factory can be retooled to produce other products. A lot of this equipment is unique to fabricating rolled steel structures of this size, so it's a very narrow opportunity.

MR. HALDENSTEIN: And are there any other similar products that are these large structures that you could quickly turn to, or is that something you don't want to discuss?

MR. JANDA: Not at this time. No.

MR. HALDENSTEIN: Okay. Thank you.

MS. DEFILIPPO: Mr. Boyland, a question from you?

MR. BOYLAND: Mr. Reinhardt, you indicated

the percentage of completion method as your method of revenue recognition. My question, not to get into the weeds, but again, this issue of shipments, actual physical units shipped, and then the corresponding revenue that's being reported in the P&L, I don't want to fill in the blanks myself so I just kind of want to make sure I understand from the physical unit perspective, for a sale or a project that spanned more than one period, am I correct in interpreting that to mean that you would have recognized an equivalent unit of production or unit? Rather, essentially, if 75 percent had been completed, you'd recognize 75 percent of a unit in that period on equivalent basis?

MR. REINHARDT: I'd --

MR. BOYLAND: Okay. Thank you.

MS. DEFILIPPO: Anyone else? I think I have a few follow-up questions. I try very hard to cross them out as my staff, as staff at the table ask them, so I usually do a pretty good job, but if I repeat anything, I apologize. It is hard to keep track of all of them. A couple of them are clarifications, so, on following up on questions that have been asked.

Mr. Corkran was talking about capacity to supply the market and I believe this morning, it's still the morning, earlier this morning Mr. Feldman

had made a comment that the U.S. producers had difficulty supplying, and perhaps I heard him wrong, but that was what I took from some of his statement this morning. Just to clarify, Mr. Janda, you had said this, and to the others at the table, were there times during the period of investigation where you could not supply a customer for any given reason? Again, echoing Mr. Corkran's comments, to the extent that these are better answered in your brief, please feel free just to note that.

MR. JANDA: I think that would be best answered in the brief, although please keep in mind we did have a plant built in 2009 that's still not open.

MS. DEFILIPPO: Okay. Thank you. Earlier the comment was made about the Shepherds Flat project, and I believe the comment was no U.S. towers were used in that project. Are the wind farm or wind tower projects always single-sourced? Do the OEMs tend to buy just from one supplier or can they, or do they, buy from more than one producer for a given project?

MR. COLE: I think you could see it both ways. Some projects will be just one manufacturer's towers and some projects will be multiple manufacturers' towers on site. I think it's a factor of availability and delivery schedule.

MS. DEFILIPPO: And would you know that, if you were one of more than one firm supplying product? Would you know if you were the only one or if you were one of multiple firms supplying that project?

MR. COLE: In some cases. You know, what makes it complicated is, like you said, we don't handle the transportation, so our obligation ends once we put it in the storage yard and we recognize revenue. So when our customers come in and take the towers and load them, sometimes we just don't necessarily know.

MS. DEFILIPPO: I guess that leads into another question that I had. When a project is being bid is the size in terms of the number of towers set at the point of bidding? I mean are they saying we need 100 towers, or is there a range in the amount of towers that can be produced and supplied for a given project? Can that change after the initial bid?

MR. COLE: They all set a target, usually, as a number, but there's obviously many things that can happen. They may not get all the financing and the project size may shrink. So, but generally, yes, they'll have a specific requirement in the RFQ for what the wind farm will need.

MS. DEFILIPPO: Again, this might be

something that you'd rather discuss in a brief, but in an RFP, if they have any idea that there might be different sizes or the size may change, are there different prices associated with more or less being produced? Please feel free to reply in a brief because that may get a little confidential.

MR. COLE: I think that's how we'd like to address it.

MS. DEFILIPPO: Okay. Thank you. There was some talk about, or the phrase was used, invited to bid, and it got me thinking. Do you get invited to bid, or you guys have marketing guys that are out there looking at projects and sort of chasing down them, and do you have to be invited to bid on a specific product to supply that bid to the OEM?

MR. COLE: A lot of it is the relationships with the tower manufacturer and the OEM. It's not a bid process that you may be familiar with, say, for example, a government bid process. There's an announcement that goes out, everybody can put in a bid and the bid tabs are opened in front of everybody, everybody sees each other's price and the low price usually wins it as long as they meet the qualifications of the job. It is nothing like that.

MS. DEFILIPPO: Mr. Janda?

MR. JANDA: I think that it in some instances we find that the OEMs contact us and invite us to bid, in other instances our sales and marketing people, who are very well networked throughout the industry, part of their job is to continue to go out and touch base with all the OEMs and inquire whether there are any upcoming projects. So we find out about bid opportunities either through our own proactive activities or by being invited directly by the OEM to bid.

MS. DEFILIPPO: We've heard the bids being described as closed bids, so you may have a general idea from a customer that your bid was not as low as others or that's why you're not getting it. General industry-wide, if you're not participating in a bid, you know, is there information floating around such that a big project does, that you might not be involved in but you may get information on? I mean, you know, is there information that gets out or around about general price levels or does that closed bid process really kind of factor into sort of a limited degree of knowledge in the marketplace?

MR. COLE: You're only going to have that knowledge if your customer tells you what that is, and you're binded by NDAs with your customer that you

can't disclose that kind of information anyway, so it usually doesn't flow around in any kind of a rumor mill.

MS. DEFILIPPO: Okay. That's helpful. Thank you. We talked about sort of the custom nature that when you are working or bidding on a project or producing for a given OEM for a specific product, that it is custom-made. Generally, do OEMs -- is it custom-made for the project in that, for example, if you're supplying OEM ABC, generally their specifications from one project to another would be similar or, so is the specification more consistent with a specific or OEM or with a project, if that makes sense.

MR. JANDA: It would definitely be more specific to the OEM versus project. All the OEMs have standard models, so to speak. They might vary a little bit from one wind site to another depending on the environment. For example, cold weather versus a warm weather tower might call for some changes in the specifications for the steel in terms of impact strengths. Beyond that, as long as it's the same model tower, it could be the same tower in various different sites, but the real differentiation occurs between OEMs.

MS. DEFILIPPO: That's actually very helpful. We talked about the production tax credit, and this came up when we were doing the solar panels, that some of the states had different programs, and so we saw some concentration of solar panels being put into different states because of state programs. Is there any state tax credits that might apply to this industry such that there's more wind towers in certain states?

MR. COLE: There's not state tax credits. What there is is there's state RPS, renewable portfolio standards, where some states have said that a percentage of our electricity by a certain period of time will be renewable and so that's the only underlying factor once the PTC, and the ITC and everything else expires on December 31 of 2012.

MS. DEFILIPPO: Okay. Thank you. Those are all the questions I have. I'll look one more time up and down the table. No round three? With that, I thank you all very, very much. It's been very informative learning about the industry. I appreciate you taking the time away from your businesses to come here. It's very, very helpful for us. So we will excuse this panel and say thank you. We'll take a 15 minute break until 12:00, and we will start with

Respondents then. Thank you.

(Whereupon, a short recess was taken.)

MS. DEFILIPPO: If everybody could take a seat we will get started with the second half of the staff conference with testimony in opposition to the imposition of antidumping and countervailing duties. Mr. Schutzman and Mr. Feldman, welcome back, and welcome to your panel. Please proceed when you're ready to go. There you go.

MR. FELDMAN: Madam Chairman, thank you very much. Again, I'm Elliot Feldman of Baker & Hostetler. This case may appear to be about foreign imports. It's really about one smaller and new domestic industry threatening the future of a larger domestic industry. The Commission produced a report in June 2009, this is its cover -- I'm sure you're familiar with it -- on the wind turbine industry, the industry in which major importers in this investigation have been named.

We are manufacturers in the United States of wind turbines and importers in this case because we cannot acquire enough wind towers from American manufacturers to supply the wind turbines we make entirely in the United States with some 2,000 employees. Petitioners would have you believe we are

importing because we're saving money when not buying from them. We, however, continuously try to buy from them. The economics of the industry favor overwhelmingly local sourcing of wind towers.

As we will demonstrate, the Petitioners, in particular, often reject our orders, or, having promised to fill them, may not deliver. The public policy of the United States is to encourage the development of wind power. A major bottleneck in the production of wind power is our dependence on wind tower manufacturers. We're in a sophisticated technologically evolving industry. We're not in the steel business. We make all the complex parts of wind turbines, and we even design the towers that Petitioners make under license for us.

I think we've distributed some pictures of the complexity of what we're doing. We require the satisfaction of exacting specific standards in the manufacture of wind towers. Petitioners would have us rely only on them. You will see in the records of this preliminary determination that such an outcome could be fatal for wind power in the United States. I call the 2009 Commission study to your attention because it will save us the time here to describe the industry that is truly the subject of this

investigation.

It has grown significantly and the number of competitors has multiplied since the Commission published its report in 2009. The Commission saw this intensifying competition among OEMs and emphasized five factors in its report: reliability, efficiency, capacity, availability and price. Price, the Commission suggested, was driven mostly by economic conditions, particularly the credit crisis. As the Commission put it, "project developers are indicating that it is easier to secure turbines than it was before the credit crisis and that they expect OEMs to have less pricing power in the next few years".

Successful competitors were under the greatest pressure to produce reliable equipment, good for 20 to 25 years, with ever greater capacity to produce electricity. Mike Revak of Siemens is going to bring you up to date from the 2009 report with his practical experience concerning the competitive process in the development of wind power. He will explain that the competition is primarily downstream among the wind turbine manufacturers, not among the wind tower manufacturers which merely supply the OEMs. Then, Chris Hauer of Siemens will explain how, since 2009, since your report, Siemens has tried to buy its

towers locally, meaning in the United States, and how it has grown its American purchases so that they outpace significantly its imports, yet this growth has not been without considerable pain. Mike?

MR. REVAK: Good afternoon. As Elliot said, my name is Mike Revak. I'm Vice President for Sales and Proposals for Siemens Energy, Inc. in the wind power business. I head a group that leads negotiations with customers that develop into orders for Siemens wind turbines. I also personally engage with our customers in those negotiations. Siemens designs, manufactures, transports, erects or provides technical field assistance for erection, commissions and services wind turbine generators. In 2004, Siemens acquired Bonus Energy, a Denmark-based turbine generator company, and we entered the wind power business.

At the same time, we began to establish and build the U.S.-based Wind Power Organization supporting the wind power business, building wind turbine generators in the Americas. We currently employ almost 2,000 people in our U.S. wind business, including manufacturing locations in Iowa for wind turbine blades which started in 2007, and in Kansas for wind turbine cells and hubs which started in 2010.

These 2,000 employees depend on their jobs and on our ability to win bids to supply wind turbine generators and our ability to build the generators.

The latter depends in significant part on our ability to buy wind towers which has been a continuing challenge that my colleague Chris Hauer will address right after me. The wind turbine generator is the most sophisticated and complex component of the wind tower projects and wind farms which generate green and renewable energy. Each wind turbine generator manufacturer has its own unique design.

In the Siemens case, these designs are based on over 30 years of developing new technology, 30 years of deploying and testing this technology, combined with continuous operating experience, manufacturing experience and service experience. We have a substantial and continuous commitment to R&D with a permanency in developing wind technology, a center of competence in Boulder, Colorado and partnerships with NREL and Lawrence Livermore National Laboratories, all devoted to wind technology. We are committed to wind power and we are a global leader in the wind power business.

I want to talk to you today about

competition for contracts to supply wind turbine generators in the United States because the competition for everything related to wind power is concentrated in the competition for supplying wind turbines that we manufacture through exacting designs and specifications. I can report to you that in all the discussions I have with customers buying our turbines, I do not recall them ever caring much about wind towers unless they want to be manufactured for political reasons at nearby facilities.

As my colleague Chris Hauer will tell you, that consideration normally is fine by us as we systematically prefer local sourcing. However, the technology that concerns customers is the wind turbine, which is where the competition is among wind turbine manufacturers. The competitive process actually begins well before the contract for supply of wind turbine generators. It begins with the electricity consumers who demand reliable electricity supply at the lowest price possible.

Electric utilities serve this demand by either building electrical generating capacity or buying electrical energy from independent power producers. This demand can be served by wind, fossil fuels, like coal, oil, natural gas or even nuclear

power, so to be competitive, wind needs to compete with these other fuels to produce reliable supply at the lowest evaluated price. What electric utilities implement to satisfy the demand for reliable electricity supply at the lowest possible price is monitored and approved by state public utility commissions.

In the case where utilities purchase electrical energy from independent power producers, the utilities seek meeting the demand requirements through a competitive bidding process involving numerous independent power producers. In the end, utility and independent power producers require wind turbine generators which they also acquire through an intensely competitive bidding process. In 2011, around 22 different wind turbine suppliers representing nine different companies were operating in the United States.

For any project, we typically compete with at least three, and usually more, different competitors. It is rare for competition for a project to take less than a year, during which time we may be talking with the wind power producer every week, several times a week or even every day. We are discussing logistics, timing, the most efficient

systems for a site and for the electricity needs for a potential customer. We win bids not only, perhaps not even primarily, on price, but we win on reputation, proven experience, reliability, service and trust.

We win when we have the best and most compatible technology for the site. Even after we might be selected to enter into an agreement, we spend another year or more finalizing details before a notice to proceed might be issued. Typically, the wind power producer or the wind farmer can obtain financing for the project only after entering into a supply for the wind turbine generators. The recession and constraints on credit often have made it very difficult during the past three years for developers to proceed, but has been improving continually over the same period.

Only after we know we are to supply turbine generators for a project, which is only after we secure a contract, the developer has financing and there is a notice to proceed, can we contract for the manufacture of wind towers, the one important component of the wind turbines that we do not manufacture ourself. American suppliers for wind towers often seek agreements for steady and continuous orders for stable operation of their factories, but

the nature of the business is more sporadic large and intense orders.

Too often, when orders come, the American tower manufacturers are not ready to supply us. We face serious penalties because we have to deliver on time. Our most reliable suppliers are those who understand and appreciate the nature of the business. The Petitioners have sometimes had difficulties with these concerns and issues. In 2009, when there was little credit available, orders for wind turbines effectively stopped, but our work continued. It was uncompensated, but we continued to develop technology and to work with wind developers or prospective projects.

We are not alone. The number of competitors we face has continued to grow, and even as business was at a stand still. Business has picked up, driven in part by the looming expiration of the tax credits and the slow unwinding of the recession. Our business has expanded, and with it, our orders for towers to build our generators have grown. We now buy more towers from American manufacturers than ever before, and qualified American manufacturers are sometimes unable to fill our orders.

The trend in 2011 and 2012 in this industry

are all favorable, notwithstanding the intense competition we face for contracts to supply wind turbines in which tower manufacturers are the beneficiaries who have to do very little to compete in our business or the businesses of other wind turbine manufacturers. They need only to have capacity to meet growing demand, and commitment of quality and timely delivery that the wind industry requires. Thank you for your time. I'm open for questions.

MR. HAUER: Is it on? Good afternoon. My name is Chris Hauer. I'm the Director of Wind Tower Operations for Siemens Wind Power, America Supply Chain Management. I would like to begin by telling you about how Siemens builds wind turbine generators and the role of wind towers in that process, and then I will describe for you how and why Siemens purchases wind towers for wind turbine generator orders. Finally, I will give you some history of Siemens' wind tower transactions for projects since 2008.

Siemens requires towers built to its own customized specifications in order to operate with the wind turbine generator that Siemens builds itself. Siemens gives a license to tower manufacturers to use Siemens' intellectual property in building towers to these strict proprietary specifications. The

customized towers are essential for the operation of the Siemens turbine generators and cannot be substituted with towers that would support some other company's generator. Towers represent approximately 15 percent of the delivered cost of the wind turbine generator.

The remaining components, all of which Siemens manufactures itself, represent the majority of the manufactured costs of the generator because of Siemens value-added proprietary components and engineering and technology. Siemens deploys a skilled employee of its own to oversee and monitor the entire manufacturing process wherever towers for Siemens are produced. The wind towers must be manufactured using Siemens' specifications and intellectual property. The Siemens tower must be fully compatible with the design and functioning of a Siemens wind turbine generator.

Wind turbine generator technology is evolving very rapidly, much like cell phones, and Siemens produces a growing variety of proprietary turbine generators for different conditions and needs. Siemens therefore updates the technology of the wind turbine generator, and similarly requires updates of the tower specifications frequently, perhaps every 18

months. The procurement process for wind towers begins when Siemens receives a request for proposal from a wind farm developer or a wind energy company and reaches an agreement on supplying the wind farm a certain number of wind turbine generators.

Siemens then prepares to order precisely the number of towers necessary for the number of wind tower generators being ordered. Siemens carries no inventory. Each tower needs to be up to the most current technology standards and the sizes and specifications of wind turbine generators vary from project to project so there is neither a benefit nor a reason for Siemens to order towers without a wind farm commitment or to stock up on extra towers. Siemens has an extensive qualification and manufacturing validation process that must be satisfied before Siemens will contract for towers and accept receipt of them.

Few suppliers qualify to supply wind towers for Siemens. There is a three month audit process that examines the quality of the manufacturer's forming, welding, paint applications and nondestructive testing. Siemens selects potential wind tower manufacturers based on a number of criteria which include the manufacturer's qualifications of

produced towers consistent to Siemens' specifications and quality standards, proximity of the manufacturer's facilities to the applicable project site, Siemens' perception of the tower manufacturer's technical skills and ability to perform the work, the manufacturer's performance history and the proposed pricing that the manufacturer submits as part of the qualification application.

Siemens considers wind tower manufacturers based on their proximity to the project, their capacity to produce the total number of towers being requested and whether the manufacturers have been vetted as qualified producers. The proximity of a tower manufacturer's facility to a wind farm project is a critical factor in Siemens' determination for sourcing the tower because of the significant expense involved in moving the towers over land from tower manufacturing facility to site.

Towers are manufactured ex works, so Siemens bears all the expense of moving each tower to the project site regardless of whether the tower was manufactured in Oklahoma or in China. When there are no domestic producers within cost-effective transportation ranges or the wind project is located a relatively short distance from an ocean port, and

especially when there are railways from the ports to the site, then it may become feasible for Siemens to bid the towers to foreign producers.

When those circumstances align, the towers need to be moved only a short distance from the port, possibly on the less costly transportation mode of rail. It is critical for the producer to have sufficient capacity to produce the necessary number of towers by a date certain in order for Siemens to fulfill its agreement with the wind turbine project. Penalties assessed to Siemens for failure to deliver turbines on time are substantial and Siemens is dependent on timely delivery of the towers in order to meet its own contractual obligations.

On more than one occasion Siemens has experienced additional costs due to U.S. tower manufacturers who promise production capacity for a project and then at the last moment withdrew delivery commitments to Siemens, notwithstanding acceptance even of a purchase order. One of Siemens' biggest struggles in growing the wind turbine generator business during the last two years has been the lack of production capacity among U.S. producers of wind towers.

The lack of production capacity during the

last two years may be attributed in significant part to the high demand during a time period in which U.S. government tax incentives are spurring wind projects. Siemens' information is that all wind tower producers will be producing at full capacity for 2012. Qualified domestic producers of wind towers have no more capacity to fill orders for Siemens' delivery in fiscal year 2012. Siemens has tried to place orders with American manufacturers and have been refused. Siemens' transactions for wind towers have not been driven by price.

Siemens is price conscious, of course, but the price of wind towers represents a relatively small percentage of Siemens' bid for wind farm projects and there are other considerations of primary importance to the transaction, such as distance to the project site, quality and reliability for on time delivery. Siemens does not discuss the bids it receives from any manufacturers with any other parties. Such bids are subject to nondisclosure agreement and contractual confidentiality provisions which prohibit both Siemens and the manufacturers from disclosure.

Siemens does not reveal the identity of any bidder to any other bidder, nor does Siemens use the bid of one tower manufacturer, whether foreign or

domestic, to induce another to lower its price. There are few qualified manufacturers of wind towers. Siemens has made a concerted effort to expand its roster of qualified tower manufacturers, particularly among American tower manufacturers. In 2008, Ameron was for Siemens the only qualified U.S. tower manufacturer. CS Wind China, CS Wind Vietnam and Dongkuk from South Korea were all qualified manufacturers in 2008.

They are global suppliers, and Siemens has done business with them in several countries. Nonetheless, Siemens concentrated its procurement efforts on expanding U.S. sourcing, conducting a detailed survey and analysis. Siemens offered business to DMI and Trinity in 2008, but we could not reach a mutually beneficial commercial agreement with either company. Because of the commercial disagreements the qualification process did not proceed any further with them at that time. With only one qualified domestic manufacturer, Siemens was basically not collecting bids for its tower supply.

One of the Petitioners was added as a qualified tower manufacturer late in 2009 with respect to two locations in the United States and one in Canada. No additional U.S. manufacturer qualified in

2010, but Siemens was able to add another Petitioner in 2011. Siemens also has agreements with one other Petitioner and is now in the process of qualifying that facility. We will document for the Commission then the period 2008 to 2009 that Siemens had only one qualified source for towers in the United States.

In the period 2009 to 2010, Siemens qualified another potential source while it studied how it could expand its choice of suppliers. In 2010 and 2011, with more qualified suppliers, as often as feasible, Siemens finally entertained more than one bid for tower supply. We intend to provide the Commission with contemporaneous sourcing documents that detail the competitive bids, selection criteria and outcome in every transaction during the period when Siemens was entertaining more than one bid.

The Commission will see in documents created at that time that Siemens chose tower supply on the basis of various criteria related mostly to reliability, dependability, experience and geography as much, or more than, price. Often, when Siemens has tried to purchase towers from American tower manufacturers, they have told Siemens that they do not have the capacity to produce all of the towers requested, or, in some cases, they have told Siemens

they had no capacity to produce any towers for an order at all.

Siemens understands that for 2012 the American tower manufacturers close to Siemens projects are at maximum production capacity such that they would be unable to take any new orders to produce towers. Siemens also has had orders placed with American tower manufacturers, and in some cases, those orders have been pulled back from Siemens causing us to have to look to other sources of supply. In those cases, Siemens has had to import wind towers to cover and meet our obligations to our customers' situations that have imposed a significantly higher cost on Siemens for the project in order to mitigate penalties.

In addition, Siemens has had a number of problems with the quality of the towers produced by American manufacturers, including welding and paint issues. Nevertheless, Siemens has returned to the same American companies with whom Siemens had quality and delivery disputes because in many instances there were not feasible, nor prudent, alternatives. Siemens has returned to these companies despite past performance with the express understanding that significant internal Siemens resources would be needed

to mitigate delivery and quality risks.

In 2010, Siemens had an agreement with a Petitioner that it would produce a total of 110 towers for two projects. In January of 2011, the Petitioner rejected Siemens' purchase orders for the towers it had agreed to produce. As a result, Siemens had to scramble to obtain wind towers from alternative sources which it was able to purchase from CS Wind China, CS Wind Vietnam and Dongkuk in Korea. The Petitioner's rejection of Siemens' purchase orders forced Siemens to search for alternative supply which resulted in millions of dollars of additional costs to our company.

For the business accepted by a Petitioner in 2010/2011, delivery, quality and field issues were commonplace. In 2010 and 2011, Siemens offered another Petitioner an opportunity to bid on a project which its Iowa plant was closest. The Petitioner, however, had already committed all of that plant's capacity to a Siemens competitor, so instead, that Petitioner offered Siemens the opportunity to engage in long-term supply contracts for their facility in Mexico or to receive towers from a facility in Oklahoma that to date had never produced the wind tower.

These options were not economically viable for Siemens for wind turbine projects in the midwest given the significant expense of over land transportation costs for Mexico and risk associated with an Oklahoma facility having no experience producing wind towers. In 2010, Siemens considered a Petitioner for a project with Puget Sound Energy which was the largest wind turbine generator project that Siemens had won up to that point. Siemens offered a portion of this business to their Washington facility and negotiated together as part of a total cost evaluation for delivering towers to the project site.

During the initial visit to the Washington facility it was revealed to Siemens that the plant operations had been suspended and that there were only two active employees remaining. Even though the Petitioner had a facility in Washington State with good proximity to the project, Siemens concluded that it needed to source towers elsewhere due to the total cost for delivery to the project, the tight delivery schedules and the risks associated with restarting the facility in this short timeframe.

Our other qualified domestic suppliers, due to total cost and supply issues on other projects, also were not available. Siemens had no choice but to

rely on imported wind towers for the project. Were the petition before the Commission to remove the competition and fall back supply of wind towers from China -- I'm sorry. Were the petition before the Commission to remove the competition and fall back supply of wind towers from China and Vietnam, it would leave domestic wind turbine manufacturers often unable to supply wind farm projects because the domestic industry to date has not had adequate production capacity and has developed an unattractive performance record.

Siemens prefers to purchase wind towers from manufacturers closest to its wind farm projects because local delivery ought to be more reliable, less risky and more cost-efficient. Nonetheless, domestic manufacturers have proved themselves unreliable and unwilling often to provide supply. Siemens cannot afford to be left without supply alternatives. I thank you for your time.

MR. SCHUTZMAN: For the record, Max F. Schutzman, Grunfeld Desiderio, representing the China Chamber of Commerce, the Chinese and Vietnamese manufacturers. I really don't need to add that much to what you've just heard from the representatives of Siemens, but I'll try.

It is obvious that the petition and the Petitioner's positions are shockingly deficient. There is alleged underselling, but the closed bidding process makes it impossible to substantiate that. There are increasing imports, but the HTS data is unreliable. Imports are trending up, but they're unable to document it. The awarding of a bid to Chinese and Vietnamese tower producers recalibrates the tower pricing on succeeding bids, but every contract and every tower is different, so that makes little sense.

As I stated in my opening remarks, the real key to the Commission's decision in this case is to determine why the handful of sophisticated wind turbine producers in the United States have decided to purchase towers made in China and Vietnam rather than rely solely on domestic producers to fulfill their requirements.

The corporate officials from Siemens, to my left, who will testify before you today, have made that case. Siemens' purchasing decisions are not based on the ex-factory price of a tower. A tower producer's reliability, capacity, and proximity to the installation are of considerably greater importance to the overall success of the project and the price paid

for the tower itself.

The very limited number of Chinese and Vietnamese companies who have decided to compete in the U.S. market have succeeded because of these factors, and not because they may sell towers to the U.S. at a lower price. Petitioner's mantra, as it typically is in cases like this, is price, price, price. In this case, it would be easy for us to reply in kind by chanting location, location, location.

But the real reasons have come from Siemens: reliability, capacity, and proximity. Although much of the relevant information is confidential, there is certain public information we would like to bring to your attention today. First, this morning you heard domestic producers lamenting the presence of low-priced Chinese and Vietnamese competition, and their uncertain future as a result.

So let's compare this testimony with what these same companies have said to their investors and to the public. Let's start with Trinity. Performance has tailed off in 2011 compared to prior years, but nowhere in Trinity's filings with the SEC do they blame their problems on low-priced foreign competition. Rather, in 2011, Trinity was faced with two problems.

First, and perhaps most significantly, as reported in Trinity's AK for the third quarter 2011, its decrease in operating profits for that quarter, and I quote, "was due to a change in product mix for this group as well as production inefficiencies associated with producing a new line of larger wind towers."

In an October 26th, 2011, conference call, Tim Wallace, the Trinity chairman, was even more specific. Again I'll quote: "The loss was primarily due to issues that our wind tower business experienced as a transition from producing 80-meter wind towers to manufacturing 100-meter wind towers." Antonio Carillo, senior VP of Trinity echoed those remarks. Again I quote: "The number of welds and the complexity associated with applying them are the primary elements of the learning curve impacting our production consistency and costs at this time."

In contrast, our clients in China and Vietnam suffered no such learning curve. They did not incur comparable transition costs. Their facilities were built to produce 100-meter towers in the first instance, and they were able to supply these towers to customers in the same reliable manner as they had in the past.

Trinity apparently has one more problem. This domestic producer is currently suing its customer, Suzlon Wind Energy, for failing to take delivery of over $400 million worth of towers, of a total backlog of over $900 million of towers. Any company faced with the loss of over 40 percent of its orders has a major problem, but this is totally unrelated to imports.

Next, Katana Summit. In August 2011, Katana Summit announced it had received orders for 130 towers to be produced at its Columbus, Nebraska facility, with the majority heading to Iowa and to Kansas. As a result, the company rehired 45 workers, compared to the 60 which had been temporarily laid off in 2010 due to the economic recession, a year in which only 48 towers were produced.

According to Katana Summit, these orders helped put it on its best production pace since the plant opened in 2008, and, quote, "2012 will definitely be even better," unquote.

Does this sound like a company in imminent danger? And equally significant is that Katana was building these towers for delivery to Iowa and Kansas, both of which are adjacent to Nebraska. In this case, location, location, location presumably was the reason

why Katana was able to secure these bids, the same reason why Chinese and Vietnamese producers have a natural advantage supplying towers for turbines to be made on the West Coast, a region that is conspicuously devoid of viable U.S. wind tower production.

The third petitioner is Broadwind. Well, in November of 2011, Broadwind announced it had been selected by Siemens to supply 36 wind towers for the mid-America energy wind project in Iowa, and it signed an option for an additional 25 towers. In January 2012, it announced it had been awarded a $23 million order for towers to be built in Manitowic, Wisconsin, and that with spring fourth quarter orders, it was well-positioned for revenue growth in 2012. Once again, no gloom and doom, just location, location, location.

Finally, DMI. DMI has just announced that it has partnered with E.W. Wiley to offer transport services for large-scale components. Why? Well, according to Stephen Nelson, the president, hauling large-scale components to project sites safely, timely, and cost effectively remains a challenge for our customers. DMI is correct. As the gentlemen from Siemens have discussed today in detail, the costs and difficulties of transporting a wind tower to a

production site often are of significance to the competitiveness of a project and the price of the tower itself. And in the same manner as this critical aspect favors domestic and Canadian producers on East Coast projects and Midwest U.S. producers on Midwestern projects, it allows our clients to produce and its customers to move more cost-effectively wind towers made for installation on the West Coast.

Thus, in their public pronouncements and statements to their investors, the Petitioners have explained the reasons for their profitability or lack thereof and the status of the industry in a manner which is inconsistent with what they've said here and is consistent with our position before the Commission today. It is only because they desire to eliminate competition from Vietnam and China that they state the low-priced imports from these countries have resulted in they're being materially injured.

Finally, when analyzing production capacity, the Commission needs to realize that comparing annual production to annual capacity can be grossly misleading. Towers are built to order to meet exacting delivery requirements. Thus, to receive an order, a producer must have available capacity to fill the order within the few months after the order is

placed and within which time the towers must be produced, the turbines must be produced.

Theoretical capacity over an annual period is just not important. Our clients did not qualify as vendors to U.S. projects until their customers, the wind turbine manufacturers, were totally satisfied that they could produce defect-free towers in a timely manner. This was a costly and time-consuming process. There are only a handful of Chinese and Vietnamese companies qualified to sell large-scale utility towers in the U.S. market, and there is no danger of a surge of imports in the future.

Demand for these towers is in the hands of the turbine builders. As long as U.S. producers can produce quality towers in a timely manner, imports will be unable to compete for many U.S. projects. At the same time, imports will continue to have a natural advantage on other projects, where the suppliers have been selected as vendors based on reliability, capacity, and proximity.

For these reasons, their presence in the United States has not contributed to any material injury or threat thereof, which domestic producers have alleged they are experiencing, and thus proof of causation is conspicuously absent. Thank you.

MR. FELDMAN: If we have more time, we'd like to use it.

MS. DeFILIPPO: Ms. Bellamy, does this panel have additional time?

MR. FELDMAN: Lots of time. Well, I won't use all of it. The petition makes a series of unsupported allegations that have been repeated by and large this morning, and still without any support about injury. Quote, "Available evidence indicates that subject producers in China and Vietnam won bids to supply a significant volume of wind towers through unfair pricing," unquote.

Because the bids are sealed, the Petitioners can have no evidence about pricing. They say this morning that they hear orally, or they're in conversations, or something. Well, at least as to contracts with Siemens, they don't have that information. Or, quote, "The subject imports caused significant disruptions in the marketplace, resulting in material injury to the domestic industry that produces wind towers," unquote. Filling orders that the domestic industry either had no capacity or were unqualified to fill can't disrupt a marketplace.

Or, quote, "The significant subject import volumes and underselling by Chinese and Vietnamese

producers and exporters of wind towers caused the domestic industry to lose sales and profits to subject imports," unquote. There can be no evidence to support this allegation. At least as to Siemens, it's demonstrably not so, and we've heard now about one lost sale, and it wasn't us.

The petition asserts, quote, "The producer that offers the lowest price, whether foreign or domestic, generally receives the order," unquote. We will produce for you all of the transactions, transaction by transaction, that we have. Where there has been more than one bid, you will see that this is simply not so. As to Siemens, the statement is false.

Siemens must consider whether the manufacturer is qualified, where they are located, what transportation costs will be involved, whether they have capacity to deliver on time. No business would ignore price. Yes, we're a business. But Siemens doesn't make its decisions strictly on price, and the price part of the tower is not nearly as important as meeting our customer's requirements to deliver on time, and to deliver with the quality that the customer requires.

Most remarkable perhaps is the allegation that, quote, "Increased imports resulted in greatly

reduced capacity utilization." Now, you were surprised in your questions earlier when we had already indicated to you that capacity is not -- is apparently fully utilized. Maybe there is more than one story in this market with respect to other OEMs. But as to us, we understand that there is no capacity for us, and frequently there hadn't been.

The principal reason Siemens did not always contract American manufacturers during the period 2008-2010 was the American manufacturers' lack of capacity. Of course, when the imports arrived at least six months after the placement of orders, the American manufacturers may not have been using their full capacity. But when they would have been building for Siemens, they didn't have capacity. Siemens couldn't wait six months for them to finish someone else's order, or even some other Siemens order, in order to take an order that Siemens needed to fill then because of a contract with a downstream wind producer or utility.

The Petitioner's claims about trends deliberately seem to mislead the Commission. The alleged trend toward reduced capacity utilization follows periods when the Petitioners refused to take orders, and the orders had to be placed elsewhere.

When the Asian manufactures shipped, they no longer would have been using full capacity either, and then you hear about how they have available excess capacity. Well, sure they do.

This is a sporadic market. It's not the business model with which many of the people you heard this morning testifying seem to be most familiar. It's not an assembly line like an automobile shop that just keeps cranking out automobiles. The orders come sporadically. They're large and intense, and you have to deal with the orders as they come.

We would all like to have our work defined in that continuous volumetric flow that's completely reliable. The only people who seem to have solved that puzzle are the doctors. They've figured out that there are enough maladies and few enough doctors that they have a steady flow of business. The rest of us, even those of you here in the Commission, know that's not so.

So the petition acknowledges that 2008 orders typically were filled in 2009. In 2008, there were only three American manufacturers and only one qualified to supply Siemens. That supplier was awarded a contract. The complaint about volumes of installations is contradicted by the timing of the

orders for towers leading to installation.

Based on the evidence that we're going to provide you with respect to the transactions and with respect to the bids, and given the wrong locus of competition that was proposed in the petition and in the discussion this morning, you've heard now that there are about 22 OEMs with whom we compete for contracts. There are for us three or four wind tower suppliers that are qualified to supply us wind towers and were driven more by where they are then by what they charge.

So we have head-to-head competition which is elsewhere. We have bids that we have taken not on the basis of price. We have a concentrated base for being able to source our towers. They do not have a concentrated base for whom to sell them. And the trends, at least for us, are all favorable to the industry. We've been ordering more American towers than ever before. We've been ordering more imports, but not at the same rate. We're ordering more American towers than we're ordering imports.

The evidence therefore all runs in the same direction, and more evidence that you may gather for a final determination can't change any of that. In fact, there is no more evidence we can provide you.

Once you've had the transactional information, you can see the trends from the information you already have, and we have an additional peculiarity. You heard about a lost sale. It isn't ours. Some of the stories that were related don't seem to relate to us. And there is a like product issue because our towers are not substitutable with any other product and anyone else's towers. They're peculiar to us. They're made to order. There is no inventory sitting out there waiting to fill them. When the tower shows up, no one else can show up with the same tower and offer it for sale.

So we're asking the Commission to reach a negative preliminary determination because further investigation on this petition won't change the outcome. Thank you.

MS. DeFILIPPO: Thank you very much, Mr. Feldman, and thank you very much for the panel of witnesses that came today to provide us with information. It has been very, very helpful and interesting. I will turn first to our investigator.

MR. COMLY: Nate Comly, Office of Investigations. In my first round --

MS. DeFILIPPO: First of many.

MR. COMLY: -- I'll try to keep it

relatively brief, and just kind of hit some overview questions. And these may be directed mostly to the counsel. Let's see. Given the updated scope language, do you believe that the questionnaire data is an accurate reflection still?

MR. FELDMAN: We're not in the Commerce proceedings, so I didn't even know there was an amended scope. When you asked that question this morning, I was intrigued, but I can't answer your question. I believe Mr. Schutzman is involved in the Commerce proceeding, and maybe he can respond. We don't have anything that is useful to the Commerce Department as importers.

MR. SCHUTZMAN: Not working? Now it is. Yes, we are involved in the Commerce proceeding. I do not have the information at hand for you, but we will provide it in the post-conference brief, for sure.

MR. COMLY: Great, thank you. I know you've had a limited time to look at the questionnaires received, but from that limited knowledge, do you see any missing significant producers or importers?

MR. FELDMAN: Limited is a charitable characterization of the time we've spent on the submissions that came in sometime yesterday. I don't think there was a response from Ameron. And Ameron is

the domestic West Coast merchant market producer of wind towers, and they're in southern California.

Being easterners, we may lose sight somewhat of the geography, but southern California is a long way from Oregon. Nevertheless, I don't think there was a response from Ameron, and that would be a notable missing link. More than that, not to our knowledge.

MR. SCHUTZMAN: Mr. Comly, all of our customers have submitted questionnaire responses to the Commission.

MR. COMLY: Okay.

MR. SCHUTZMAN: All of our U.S. customers, yes.

MR. COMLY: I noticed that there is a couple of companies you represent, Chinese -- I believe they're Chinese producers -- that have not submitted foreign producer questionnaires. Am I reading that correctly?

MR. MARSHAK: All of our clients who export to the United States have submitted the foreign producer questionnaires. So if they're exporters to the U.S., we think we have total coverage, as far as we know.

MR. COMLY: So do you represent subject

producers that don't export to the U.S.?

MR. MARSHAK: We represent the overall chamber who represents producers in China. There are companies in China who are not involved in exporting towers to the United States, and they have markets in China and markets throughout the world, but they haven't qualified as exporters, sources of supply to the U.S. OEMs. So we think we have -- we think your foreign producer questionnaires as far as we know are the full coverage of the exporters from China and Vietnam who are shipping to the United States. If there are others, we're not aware, but we will check again with our client.

MR. COMLY: Okay. Any information you can provide on the overall production within the subject countries, whether they're qualified for export to the U.S. or not, would be greatly appreciated.

MR. SCHUTZMAN: We will endeavor to do so.

MR. COMLY: Okay. And then also capacity as well.

MR. SCHUTZMAN: We will do so as well.

MR. COMLY: Thank you. Can you either now or in your post-conference brief state whether or not you believe the Commission should use questionnaire data or import statistics as a reflection of subject

or non-subject import data?

MR. SCHUTZMAN: We will address that in the post-conference brief.

MR. COMLY: Great, thank you. Can you respond to the -- well, I guess it was in the petition, and this morning the Petitioner said it's not. They're no longer pursuing that. But the particular firm that was suggested be excluded from the domestic industry, this is addressed in the petition. If you can just address that in your post-conference brief, whether you believe it should be excluded or not.

MR. SCHUTZMAN: Yes, we will do so.

MR. COMLY: Thank you.

MR. SCHUTZMAN: You're welcome.

MR. COMLY: And then finally, do you agree with the production estimates provided in the petition for the smaller U.S. producers who have not responded? These are the ones that may have gone out of business or only produced a few number of towers. I believe it's in Exhibit 1. I can't give you the specific number, but in there, there was a affidavit that provided specifics.

MR. FELDMAN: We only know about those who qualify. Those are the only companies we deal with,

so we probably can't be very helpful.

MR. COMLY: Okay. Thank you. Yes?

MR. SCHUTZMAN: Mr. Comly, none of those companies are customers of our Chinese or Vietnamese clients.

MR. COMLY: Okay.

MR. SCHUTZMAN: So we just don't have information about that.

MR. COMLY: Okay. And I'll leave my rest of my questions, and maybe they'll be covered by my other colleagues. Thank you.

MS. DeFILIPPO: If I grant you round two. I'm not sure. Thank you, Mr. Comly. Mr. Haldenstein, questions for this panel?

MR. HALDENSTEIN: Just a few. Thank you. Mike Haldenstein, Office of the General Counsel. Do you agree with the proposed like product?

MR. FELDMAN: The like product gives us -- and we think you -- a bit of a challenge. For example, the towers are produced in the same production lines, but not exactly with the same employees because all of the towers produced for us have a supervisor from Siemens who is present at the facility where it is produced when it is produced for us, and not present when it's produced for anybody

else. And whether others send such a person, we don't know. But we supervise onsite the production.

We then produce -- we then have a tower made to our specifications, and the tower is used for a generator, and that's true of all the towers made for everybody. They're used for generators. But our generator then is unlike anyone else's. It is not substitutable. There is nothing that is substitutable for it.

Because it's dedicated to our specifications and our design, and because when it's built, then there is nothing else like it because it's only built on order. So the only time there is a like product is in the abstract at the time of bidding when there could be a like product. But once it is made, there is nothing exactly like it. It's not identical, and there is nothing to replace it.

So we think you might have to think about a split product because it doesn't quite conform to the way the statute is written for the definition.

MR. HALDENSTEIN: Thank you. But you're not suggesting that each OEM on one tower should be a separate like product.

MR. FELDMAN: Not separate like product, but possibly a split like product. That is, they're all

serving ultimately a similar purpose on a wind farm, but they're all *sui generis*. And I offered to you this morning a list of the cases that seemed to be kind of in the universe of these cases. I wasn't endorsing the outcomes of any one of those cases, with perhaps one exception, India Ink.

But the facts in each one are a little different. So all I was suggesting was that there is a universe there from which some experience can be drawn. But the like product question as we are confronting it on the facts of this case are not exactly like they are in any of those cases. So I'm not helping you in like because I don't have a complete answer to the question. But am I suggesting that each OEM's tower is different? We don't know about each other one.

We heard some testimony this morning that there were standard towers, and we heard about some inventories. No one should be inventorying our towers because they're only made to order for us. And inventories seem to take on an interesting definition. They didn't own it anymore, and they're holding it for pick up. It was a bit like a fur coat more than an inventory.

So no one can have our tower or stockpile

it. Now, that may not be true of others. They may have a more standard design, and it may be possible that you can switch them in and out, and they may have modules. We don't know. That's not our business. But for us, no two towers identical such that once the order is made anyone else can have that tower.

MR. COMLY: Thank you. With respect to cumulation, do you believe that the subject imports from China and Vietnam and the domestic product have been competing in the U.S. market over the period?

MR. FELDMAN: I'm not sure of the answer to that. We've not given that much thought because of the way in which we purchase. We don't cumulate bids. So whether the -- certainly they're not competing in any significant way with the domestic product. Whether they're competing with each other, I'll have to address that in the post-hearing brief and ask our clients, my client here. I don't know the answer.

MR. HALDENSTEIN: Could you also please address on the geographic issue? You already alluded to it when you mentioned location being, you know, so important. But could you address it in the context of cumulation also, please?

MR. FELDMAN: I'd like to note that although Mr. Price was quick to say there is not a regional

industry here, we deliberately buy imports when the project is on the West Coast or near a port. We don't deliberately buy imports under any other circumstances. We have had to buy them to cover, as you heard, at considerable loss and facing penalties. But we otherwise don't deliberately do so.

Why there is not more American production of towers in California or northern California, or Washington or Oregon, we don't know. Why there should be a facility there with two employees unable and not ready to produce anything, we can't answer. But therefore, when we are looking at a project that's going to be in a location where there is no plausible American supplier, we will look for an import. And those are geographically, regionally defined in terms of northern California and the Pacific Northwest, the Texas ports, Hawaii, Puerto Rico, where there are certainly no -- there is no American producer. And putting the tower on a ship is much less expensive, if then the delivery is going to be close to the port than any other option, by far.

That's how the geography operates for us in terms of the imports, and the occasions in which we look for an imported product.

MR. HALDENSTEIN: Thank you. And one more

question. That's about the possible exploration of the production tax credit. Petitioners were arguing that is a source of vulnerability. Could you address that either now or in your post-conference brief?

MR. FELDMAN: It may well be a source of vulnerability for us as much as for them. That is, if there is no demand for the towers, it's because there is no demand for the generators, right? And if there is no demand for the generators, it may be it's because those who invite us to bid on projects -- they're the recipients of the production tax credit -- won't be getting the production tax credit. But vulnerability to them is vulnerability to us. If there aren't orders for towers, it's because there aren't orders for generators. And if there aren't orders for generators because of the production tax credit, well, that's possible, that's plausible.

We don't intend to abandon the business or close down with the expiration, the possible expiration of production tax credit. It doesn't mean it wouldn't hurt. It means that we believe in wind technology. It means we have -- are indeed devoted to it, and we have collaborators and a center in the United States for that purpose. It means we're going to continue on with wind technology whether there is a

production tax credit.

So when you're told we the wind tower manufacturers are vulnerable because there may not be a production tax credit, well, that's certainly not because of imports. It has got nothing to do with imports. And it impacts them only after it impacts us. And then it's a question of the commitment to the technology.

MR. HALDENSTEIN: Thank you. I have no further questions.

MS. DeFILIPPO: Mr. Workman, do you have any questions for this panel?

MR. WORKMAN: In the Siemens importer questionnaire, we didn't receive any bid data at that time. Tell me, how soon are you going to provide us with this bid data?

MR. FELDMAN: One of the reasons we didn't read any of the responses yesterday is that we spent yesterday trying to help you. So it is our aspiration that you'll have it before the weekend. You'll certainly have it by the time of the filing of our post-hearing brief, but we're going to try to have it to you sooner.

MR. WORKMAN: Okay. When you provide that, also you discussed, you know, that various domestic

companies are qualified, and then there are those that are not. Would you please provide us with the names of the companies that are qualified and when they became qualified, along with the other information? Okay. I don't have any other questions, I guess.

MR. FELDMAN: Okay. I'm sorry. I had thought we were telling you now, but it turns out that for confidentiality purposes we didn't. So we'll be happy to.

MR. WORKMAN: Okay. That's fine. I don't have anything else.

MS. DeFILIPPO: Thank you, Mr. Workman. Mr. Boyland, questions for this panel?

MR. BOYLAND: Yes. Thank you. Thank you for your testimony. Mr. Schutzman, I was aware of most of the items that you identified with respect to the financial performance of the U.S. industry. But with respect to the Suzlon, could you elaborate on that? When did that take place? And it was Trinity --

MR. SCHUTZMAN: Mr. Boyland, it's in press reports. We can provide you with copies of the press reports. We'd be happy to do that. We'll append that to the post-conference brief.

MR. BOYLAND: Thank you. And just to

clarify, that was involving Trinity?

MR. SCHUTZMAN: It was involving Trinity, yes.

MR. BOYLAND: And was it after the period that we're looking at?

MR. SCHUTZMAN: Pardon me?

MR. BOYLAND: Was it after the period that we're looking at? In other words, the financial results that the Commission gathered data for goes from '08 through interim 2011, ending September. Did this issue occur during that period or --

MR. SCHUTZMAN: I can't tell you.

MR. BOYLAND: Okay.

MR. SCHUTZMAN: I can't tell you about that. Obviously, the information that we provide to you will give you that information.

MR. BOYLAND: Okay. Thank you very much. I have no further questions.

MS. DeFILIPPO: Thank you, Mr. Boyland. Mr. David?

MR. DAVID: Thank you. I'd also like to thank everyone for coming here today to talk with us. For Siemens, how do you typically transport wind towers from the port to the project site? I know you said you use some rail. Do you use truck and rail?

And then if you use rail, do you have to transport it the last bit of the way via truck or something like that?

MR. HAUER: We have a number of options that can be done.

MALE VOICE: You're not using the microphone.

MR. HAUER: I'm sorry. Now am I on? Okay. Yes. It's really dependent on the ports. There are some ports in the United States that have rails where you can bring the ship right up and plop them on the rail, and let them go. In the cases where that doesn't exist, we would then put them on a truck and bring them to the site.

Where we had situations where we had to replace Midwest supply when it came into the port, and then we had to -- we tried to rail whatever we could. But there are some bases that we have that can't be railed because of the size, and then those have to be trucked.

MR. DAVID: Okay, thank you. Now, are there substantial differences between producing towers of different sizes, though, between producing an 80-meter tower and a 100-meter tower? Can anybody who produced an 80-meter tower produce a 100-meter tower, or are

there differences in equipment or capability between producing different sizes?

MR. HAUER: In the rolling process, you can only go to a certain thickness. So we do -- there are some suppliers domestically that do not -- can roll an 80-meter base, but not a 100-meter base because the difference in thickness is 34 millimeters -- I'm sorry, 1-1/4 inches. Once you get passed two inches, some people can't roll that.

But in general, the 100-meter tower, it requires a bit more discipline because it's a much thicker product with a much thicker weld, and the thicker the weld gets, the more opportunity you have issues. In general, they can make it, but there are certain nuances because it's much bigger that they have to take into consideration.

MR. DAVID: Okay. Now, is there a limit to the size of tubular steel towers going forward? Are you looking at other materials beyond that, or do you think they can keep going up beyond 100 meters?

MR. HAUER: They can go up.

MR. DAVID: Okay.

MR. HAUER: I know of studies up to, you know, maybe 130, 140 meters so far.

MR. DAVID: Okay. And when you purchase a

tower, what internals are included with the tower? Is it all the internals inside of the tower?

MR. HAUER: Yes.

MR. DAVID: Okay. And the electronic components, what are the electronic components at the base of the tower? And those I presume are all added after the tower is delivered, the controller, whichever is at the bottom of the tower?

MR. HAUER: Yes.

MR. DAVID: Okay.

MR. REVAK: Yes. I mean, with the Siemens design, we have what's called a power unit, and that's a component that's set in the bottom of the tower on the foundation and then the tower is placed around it.

MR. DAVID: Okay. And my last question is do you produce wind towers anywhere else in the world? Do you produce solely the cells and blades, or do you have production of wind towers in Europe or China or anything like that?

MR. HAUER: No, we do not. It's not considered core to our business.

MR. DAVID: Okay. All right. Thank you. That's all my questions.

MS. DeFILIPPO: Thank you, Mr. David. Mr. Corkran, questions from you?

MR. CORKRAN: Douglas Corkran, Office of Investigations. And my thanks for your appearance here today. You have provided us with some really helpful information. The first question I had is actually more of a comment than a question, but I just wanted to make sure that we were all on the same page. And that includes not only the witnesses that came to testify here today, but other participants in this proceeding that will be reviewing the transcript. And that is when we're talking about getting price data, and we talked a little bit about contemporaneous documents for bids, and we talked about data where there were multiple bids, I just wanted to be clear that what the Commission is actually seeking also includes times when there was only one bid entertained.

We really are looking for a comprehensive listing of bids in a summary format as well as contemporaneous documents. And I appreciate the fact that you're working on that right now, and that you're making as good a progress as you can.

MR. FELDMAN: And as I think I indicated before, a lot of the operations of Siemens had been in Denmark, and the bookkeeping and so on has gravitated here only really since 2010. So some of the records

are exceedingly difficult for us to retrieve. And we have surmised that what would be of most significance to you is if there are -- given that there are allegations of underselling, and a specific allegation that virtually every time when you've got two bids, and one bid is lower than the other, we take the lower bid, we have focused our energies on giving you, wherever there has been more than one bid, when you can see the two bids, and we have what are called sourcing documents that explain -- and the reason they're contemporaneous is they're created at the time that the bids are entertained and a decision is made as to who will be contracted.

So that's the primary information that we're mustering. For those instances where there is just one bid and we took the one bid, we have not really focused on doing that for you. It wasn't obvious to us. A, it predates because, as we have explained today, the phenomenon of having more than one bid has been a function of having more qualified participants, and that has been recent.

So the documents we have are also recent documents. They don't go back into 2009 and 2008, where we essentially have one bid. But we will endeavor to get those for you.

MR. CORKRAN: Thank you. I appreciate it because among other things, one of the things that we heard this morning was a -- there was at least an allegation, but one which we do need to look into, that price played a role even where there is a single bid. So that's one of the reasons behind why I was asking that we look at that data to the extent possible.

MR. FELDMAN: Right. If I may, we have understood -- the language we're using as to one bid means one bid, not just one bidder, okay? And I'm understanding you perhaps to mean where there has been some back and forth as to the price -- what we're suggesting is we don't go back and get a second price. There is a price. There is a bid. I'm not sure we -- maybe it has occurred. I don't know, but not much, if it has. We'll try to retrieve that if we can.

MR. CORKRAN: Thank you very much. Early on in the testimony today -- and I believe it was you. I believe it was Mr. Hauer who spoke to this, the lack of production capacity, and particular in 2012. One of the things I wanted to hone in a little bit, when you're considering capacity that is available to fill the needs of your company, are you talking about -- do you focus on supplier-wide capacity, or do you look at

capacity at a particular location?

MR. HAUER: From the time that it's time to order, we look at the qualified sources that we have that are in a reasonable area from that project. That's what the reality of the business is. I mean, our qualification processes take a lot longer than six months, and the customer, our customers, are consistently squeezing the lead times that we have to do our job to get components ready.

So what we do is we -- for projects, we normally look to the qualified suppliers, and then when we recognize what is in the supply base that we're not able to -- a certain supply was available, but because of time we weren't able to use them. We give them an opportunity after that to give us incentive to qualify them.

MR. CORKRAN: Okay. I wanted to follow up with that discussion of qualified suppliers. When you talk about qualified supplier, is that specific to a company or to a particular manufacturing location of that company? And is it a general qualification or is it qualified for the one specific product that you -- one particular project for which you are soliciting?

MR. HAUER: The manufacturing facility must be qualified, and all of the technologies related to

the formation of that tower, that facility, in addition to some of the base things that they have to ask, they also have to demonstrate and prove that specific nuances to that tower can also be met.

MR. CORKRAN: Once you become a qualified supplier, does that carry through to subsequent solicitations for supply?

MR. HAUER: Yes. I mean, to qualify, a supplier takes a lot of resources within Siemens. But I'm quite pleased that we went from one in 2008 to now we're up to four or five manufacturing locations. And it took a lot of resources from our side to get that going, but we're happier now that for a lot of a project, it has increased our options and the opportunity for the American tower suppliers.

MR. CORKRAN: Moving to the other side of qualifications, we also heard this afternoon about in some instances questionable reliability. I can understand that this is sensitive information, and you might want to address it confidentially. But when you have those concerns, have they been location-specific or company-wide for particular suppliers?

MR. HAUER: Both, both.

MR. CORKRAN: Both? Okay. Thank you. If you could elaborate in your post-conference brief, I'd

appreciate that.

MR. HAUER: We will do that.

MR. CORKRAN: When you look to fill an order from wind tower suppliers, do you typically fill that order entirely from one supplier, or will you sometimes have multiple suppliers for a particular project?

MR. HAUER: The supplier that's closest to the project, if we can get every tower from that supplier, we like to do that. But we have projects that range from 22 to 258. For 258, then it's tough for one manufacturing facility to handle that within the construction time frames we're dealing with. So in that case, it is impossible, and in some cases we have been forced to have multiple suppliers for a single project.

MR. CORKRAN: Thank you very much. With that, that finishes my questions. But I very much appreciate all the time that you've spent with us here this afternoon.

MS. DeFILIPPO: Mr. Comly, round two?

MR. COMLY: Round two and final round hopefully. Are you aware of any third-country barriers? Anyone?

MR. FELDMAN: Can you tell us more what you

mean?

MR. COMLY: Dumping orders --

MR. FELDMAN: No. For towers?

MR. COMLY: For towers.

MR. SCHUTZMAN: We are not.

MR. COMLY: Can you tell me what the demand is in the near-term future, thinking 2011-2012-2013, wind tower demand in other markets outside of the U.S., specifically towards the markets that your companies supply or export?

MR. SCHUTZMAN: Information concerning existing orders, projections?

MR. COMLY: Projections.

MR. SCHUTZMAN: Estimates? In specific target markets?

MR. COMLY: Yes.

MR. SCHUTZMAN: We'll make inquiry and see if we can develop that information and provide it.

MR. COMLY: Thank you. Do you know if partial towers are ever imported, or do your companies ever export or import partial towers? So, you know, towers in sections, three to five sections. Are they ever imported, one of three sections is imported in one year, and the rest later?

MR. HAUER: Married up with another section

from someplace else?

MR. COMLY: Same manufacturer, but just over a time period so they --

MR. HAUER: My project manager gets very mad when I start mixing things up like that and even more if we paint them at different facilities. Even though it's the same paint specifications, the same color spec, they think they look different. So it's not a practice that's encouraged within a company.

MR. COMLY: And do you know if complete wind turbines are imported with the net sale on top I guess?

MR. REVAK: Not that I'm aware of.

MR. COMLY: Okay. Thank you. And looking at the import statistics, we see there is an increase of imports of wind towers from Vietnam recently. Do you know if there is any reason, particular reason, for that? Did the manufacturers in Vietnam overcome some particular hurdle, or have they become recently qualified for a U.S. OEM?

MR. HAUER: From our viewpoint, I'm trying to be as positive as possible, but we use them to make up for deficiencies in other areas. It wasn't necessary for us to use them only because of production gaps with other sources.

MR. COMLY: Okay.

MR. MARSHAK: There is one exporter from Vietnam. It's C.S. Wind. And they ship to the United States and also have markets all over Asia and that part of the world, but there's one exporter and I guess we won bids, great.

MR. SCHUTZMAN: It may well be, Mr. Comly, that there is non-subject merchandise included in that category. Even though it's towers, it could be a different type of tower. Don't know. I mean, even though it has become more specific in 2012, '11-'12, than it was in 2008-2010, my take on it is that there still may be non-subject merchandise in that category.

So I can't answer the question. If it's anything other than what you think it is, we'll provide that information.

MR. COMLY: I guess that would be great. Thank you.

(Laughter.)

MR. COMLY: And finally, I asked the Petitioners this this morning, and they deferred to you, so I'll ask it here. At what point will the wind power become more competitive, or competitive, with fossil fuels and less dependent on tax policy and incentives?

MR. FELDMAN: I'm not sure how good the answer will be, but we've got the best person you can possibly ask.

MR. REVAK: Obviously, that's a question that everybody asks. I mean, let me start -- I mean, clearly wind competes against other fuels. And so when you look at the benefits of the tax incentives and programs, you have to look at it and compare about what the other fuels offer to their benefit. So I think one of the main issues the industry looks at, in my opinion as well is you've got to compare the benefits that are laid and provided to other industries that makes fuel and energy efficient and low-cost for those other fuel types compared to wind, and we should be level.

So then in terms of what the industry is doing, I think there has been -- I mean, I think it's public information that you see that there has been -- you know, the cost of wind energy has been reducing steadily over time. The cost of turbines have been reducing over time. I think the other thing is the technology, as we talked about with Siemens, is, you know, we drive innovation. We drive R&D. So, you know, we have introduced, you know, many different turbine variations, bigger rotor diameters, all aimed

at gathering more energy from the wind resource that's available and therefore making wind more and more competitive.

But when it actually trips over that, I mean, that's the goal of the industry, is get to the point that those incentives aren't needed. But in the long term, we have to be treated equally with the rest of the energy business and, you know, we're all working for that technology and trying to drive it ourselves to the lowest price possible.

MR. COMLY: Great, thank you. That's all the questions I have.

MS. DeFILIPPO: Thank you, Mr. Comly. And I guess I had a question, and I think you've answered that now in your answer there. And what I was trying to get was how important sort of your demand projections and your business planning use the continuation of this production tax credit. And do you look at it both ways, if it continues, this is how we think the market will go, or if it's not continued, in terms of looking at demand projections within the wind market.

MR. REVAK: You know, my comment would be I think everybody is looking at it, and everybody looks at it and makes their own determinations. Siemens

does, and I'm sure the other OEMs do it. I'm sure the tower manufacturers do it, as to, you know, what are the -- you know, the base case, you know, where it may go, whether it doesn't get extended, whether it gets extended, when it gets extended.

So there are all kinds of scenarios, and I'm sure the industry as whole is looking at those scenarios and trying to make their own best corporate educated guess as where -- when and where and if it doesn't happen, what will happen to the business.

MS. DeFILIPPO: And I asked this this morning about any sort of state programs. Are you guys aware of any individual states that have specific promotion programs to try and promote in general renewable energy or wind in particular?

MR. REVAK: The tower manufacturers also commented. There are state renewable portfolio standards in about 30 states and territories. They drive some of the market, and will drive the market if a PTC goes away. I think some states have other incentives, not as large as the tax incentive program with PTC. But there are those drivers out there. So there are other mechanisms that would drive a market.

MS. DeFILIPPO: Yes. I think I was reading on the Metro this morning that my state of Maryland is

trying to -- the governor is trying to come along with a discussion on raising taxes, so my eyes glazed over because I didn't want to read that.

And I believe this is a clarification question. We've been talking some about bids and where there are competing suppliers and talked about initial bids and subsequent bids. When you have more than one supplier -- and feel free to answer this in your post-conference -- is there more than one round? Are there more than one opportunities? Are there initial bids and follow-up bids in your process generally, if you have more than one supplier bidding?

MR. FELDMAN: I'm sorry. The answer is generally no, but we'll address it in the post-conference brief.

MS. DeFILIPPO: Okay. And this may come out in the data that you provide in terms of your bid and contract and project data, but if there is an easy way to sort of estimate the share of Siemens' contract projects that had multiple bids, multiple suppliers bidding versus those that just had single bids, ballpark figure, I'd be interested in seeing.

MR. FELDMAN: This is a temporal proposition, as we have tried to explain. That is, we have only had qualifiers such that we could have

multiple bids only in the last year or two.

MS. DeFILIPPO: Right, over the period of investigation that we're looking at.

MR. FELDMAN: How many prior is no, and subsequent is generally yes. So it's -- what I would think you would like the answer to be is that over a particular period when it was possible, how often did we do it.

MS. DeFILIPPO: Right.

MR. FELDMAN: But that's not the answer.

MS. DeFILIPPO: Okay.

MR. FELDMAN: The answer is that for most of the period, it wasn't possible, and when it became possible, we did it.

MS. DeFILIPPO: And along those lines, leading from that -- and you may have already been planning on doing this. But you talked about the domestic industry indicating to Siemens that they couldn't supply with regard to not having enough capacity or any supporting documentation that you may have that can actually support that those conversations did go on would be helpful.

And in the line of talking about bids and questionnaire data, I want to echo staff. Thanks for working on it. I would like to say that to the extent

that you indicated you were focusing sort of on the bids where there more than one, and that sort of the competition -- and Mr. Corkran suggested a discussion that the questionnaire was fair ball -- I am concerned about having the questionnaire data come in after the post-conference brief. I would like everyone to have an opportunity to see sort of the whole picture.

So if you need to do that on a flow basis and provide some and then, you know, tomorrow or before the weekend, that would be actually helpful.

MR. FELDMAN: We would invite you to look closely again at the wording of 37 and 38 in the questionnaire. It wasn't intended for us. It's framed as if we were selling towers, and we don't sell towers. So we studied those charts. We had a lot of difficulty in figuring out how we could fill them in usefully. So we provided you some narrative and set out to provide you answers to what we think you wanted to ask us, but didn't really.

MS. DeFILIPPO: Okay.

MR. FELDMAN: So what we'll be giving you is not filling in the questionnaire response per se, but kind of interpolating.

MS. DeFILIPPO: Okay, fair enough. It's always a challenge to try and fit our somewhat

standard questionnaire to different industries. And finally, in your post-conference brief, if you could -- if you have a sense of how large Siemens is relative to these other 20 competitors. You talked about there being -- you know, I think competing against about 20 other companies, how large you are relative to that size.

I believe I have either gotten my questions or they have been crossed out as staff as asked them. I'll take a quick look. Anyone else have any questions for this panel? Thank you very much for coming and providing testimony today and answering all of our questions. It has been extremely helpful. And I know it's hard to get away, so I appreciate that.

We will take a quick break before closing statements. We'll come back at 1:40. Is that enough time for you guys? Thank you.

(Whereupon, a short recess was taken.)

MS. DeFILIPPO: All right. We will now proceed with closing statements. We will start first with closing statements by Petitioners in support of imposition of antidumping and countervailing duty orders. Welcome, Mr. Price and Mr. Pickard. And I will let you start with whomever is going to go first.

MR. PICKARD: Good afternoon. This is Dan

Picket from Wiley Rein. I think I'll start, and then what I'd like to do really is just kind of summarize some of the most important issues, and respectfully submit that the Commission should consider.

I think there were -- and then I'd like to correct or clarify some of the statements that were made this afternoon, many of which I think we will actually correct in the post-conference brief. And then I'll probably kick it over to my partner, Mr. Price.

But I would like to start off by thanking the staff for the extra work that is going to be involved in this case because I think bid cases are just fundamentally more complex than perhaps typical pricing product cases, and it's going to require additional data. So in advance, I'd like to say thank you.

So to summarize, what are the big issues? We've suggested that there should be one domestic like product definition co-extensive with the scope. It sounds like towards the end of the afternoon, there were a possible discussion of alternative domestic like products, split perhaps on the basis of brands. Frankly, I'd be surprised if the ITC was inclined to go down that path. But if it did, I think that would

virtually guarantee that you would have to go to a final phase investigation, for no other reason you haven't collected data along those lines, assuming that there is one domestic like product for the purposes of -- that's coextensive with the scope.

In order to understand the health of the domestic industry, it is important to understand the PTC. And there are I think two key facts that need to be known about the PTC. One is it's currently in effect, and the domestic industry is currently injured. So even with this program in place, the domestic industry is -- there is a lot of red ink in this industry. On top of that, the PTC is expected to expire, which is only going to make this already vulnerable industry more vulnerable to the effect of subject imports.

In regard to volume, the Commission's own questionnaire data shows a significant increase in imports. Shepherds Flat in itself, which could represent possibly 20 percent of towers that were put in place during that year, that lost sale by itself I would respectfully submit amounts to material injury. But that's not the only lost sale. It might have been the most high profile, but it was a huge -- it was the largest wind farm in the United States, or it

will be the largest wind farm in the United States. And those towers are not going to be made in the United States. They're going to be made in China, which crosses right over to then the price effects, which when a sale that large goes to China, the price effects ripple throughout the marketplace.

And you heard testimony in that regard from all of the domestic industry witnesses today, and we'll supplement that information in our post-conference brief, which then goes to impact. And I would suggest that this is an incredibly strong showing of material injury, if you look at nothing else besides just basic operating margins and operating losses.

On top of that, this is an industry that is threatened with further injury, and I think you can see that in the capacity utilization numbers. And I think the capacity utilization numbers, utilization rates, for the most recent data on record demonstrate a vulnerable industry that is facing competitors in China and Vietnam who are benefitting by massive subsidies, possible expiration of the PTC, with subject producers who have demonstrated that they can increase imports dramatically over a short period of time, and at very, very low prices.

So I think that's a basic summary of our case. I think there are a couple of points that I would like to follow up as far as a rebuttal for now. First, what should be self-evident is the industry that we're talking about here are wind tower producers. There was a lot of testimony at the beginning of this afternoon in regard to the generator producer industry. I would submit that it is of questionable legal relevance.

The industry that obviously the Commission is tasked with examining are the domestic producers of the domestic like product. The main argument that I think we heard this afternoon was that the domestic industry was injured -- or that imports were required because of a lack of capacity in the United States.

Just as a fundamental legal proposition, it is well established, and it appears in numerous ITC decisions, there is no short supply provision of the statute. Even if U.S. producers couldn't meet 100 percent of U.S. demand, that does not justify the presence of unfairly priced imports in the marketplace.

That being said, the capacity utilization rates for the domestic industry are on the record, and they are incredibly low. More than that -- and I

think this is something that would be more appropriate for our post-conference brief, to the extent that there were customers who either walked away from commitments or just decided to source from China and Vietnam, which led to closures of facilities in the United States or facilities that were built but were never opened, and then to blame the U.S. industry for low capacity because of those closures that were caused by imports, is the worst form of blaming the victim.

I think the last thing that I'd like to comment on here is how troubling the refusal or the failure to provide the bid data to date has been. Obviously, failure to fully participate in the Commission's investigation, failure to provide the information that you need to do your job just frustrates the work of the staff. Failure to provide bid data I would also suggest fundamentally undercuts the credibility of anyone who says that price is not an important factor.

Perhaps my last, second to last, thoughts -- there are issues regarding failure to provide bid data and also related issues in regard to failure to provide bid data that allows for a meaningful analysis of the data. And I heard this concern echoed by the

staff, and we certainly hope that we'll see the data in a short amount of time. But the possibility of submitting the required data at the post-conference brief such that we would not be given an opportunity to comment on it would be outrageous sandbagging.

So perhaps just before I kick it over, my last thought on the matter is while bid cases are complex cases, and they're a little unusual, the basic facts of this case match up with I think your most standard injury argument. The basic facts demonstrate that you have an increase in subject imports while you have deteriorating financial performance of the domestic industry. And to the extent that you've got bid data, it demonstrates price effects and a causal connection between the increase in those imports and the deteriorating performance of the domestic industry.

So with that said --

MR. PRICE: Thank you, Mr. Pickard. It's Alan Price. I'm just going to really do a few points in rebuttal. Lack of participation. No Chinese producers here to testify. No way to get direct information. No Vietnamese producers here to testify. No ability to get direct information. Many, many, many Chinese producers have not filled out foreign

producer questionnaires.

This goes to threat. There are limitations going on in Chinese production. They're capping their tower production, reducing their -- capping their turbine production. So there is a lot more tower capacity available to be exported to the U.S. Again, none of that information has been developed because they don't want to give it to you. Europe is also cutting back subsidies. That's a big issue.

Two, I love the blame the victim. I'll go back to that. Gee, this should be Washington state producer. We're not going to place the orders with the Washington state producer because right now they're shut down. They only have two people. There is great circularity. We have to use dumped imports on the West Coast. Well, let me go to -- it just doesn't make sense, this circular blame the victim approach.

Transportation. Listen, at fairly traded prices, you heard them. They're looking at this equation and they're saying, well, where is my lowest cost source, okay, given relative transportation costs. At fairly traded prices, that equation will change very substantially. The domestic producers will either get more orders and ship them longer

distances, will get more orders that are right by the facilities that they're not getting, and they have a history of building facilities throughout this industry to meet those locational issues. They have done so in the past, and they will do so again, and we'll demonstrate that in our post-conference brief also.

With that, I'd like to say that we appreciate all of your efforts in this investigation. This industry has been injured and is threatened with injury.

MS. DeFILIPPO: Thank you very much, Mr. Price and Mr. Pickard. We will now have closing statements by the Respondents. Welcome back, Mr. Feldman and Mr. Schutzman. And feel free to start, and whoever is going first, head on in. Thank you.

MR. FELDMAN: Hello. A little light. Thank you very much, Madame Chairman. It's remarkable that we got toward the end, and the final statements seem to be that it is unfair to be confronting massively subsidized imports when we are jeopardized by losing our massive subsidies. This seems to be the bottom line argument of the Petitioners.

They would like to say, how can you object to -- how can you source somewhere else when we can't

supply you. We don't have a facility. There are two people working there, so we're a victim. We need to buy towers. We buy the towers from someone who will sell them to us.

The Shepherds Flat case is not ours. We don't know the details of it, but we've heard enough here to understand that, first, it appears to be the only lost sale allegation in this case. There are none in the petition. And this lost sale allegation seems to be based on a claim that if you would only buy from us, we would provide a facility, put it up, and then get it qualified and have it supported, and then we would supply you with towers.

We would be hesitant about such a situation, and we imagine therefore that some other OEM might have been hesitant about such a situation as well. We have emphasized that the head-to-head competition here is among the 22 or so OEMs and not with the towers. And the reason that there is so little bid information, at least from us, is because we don't have bidders.

The suggestion that we've been uncooperative with the Commission is offensive. We notified the Commission immediately upon reviewing the questionnaire, and said these charts, 37 and 38, don't

frame the question for us. And we'll do the best we can to reframe it. And that's what we're doing, and that's what we've been doing, and we have pledged the information, and we're going to provide you as much information as we can. And we have certainly not been holding it back.

The wind tower industry appears to us to be a new industry on an old model, and that old model is for a continuous assembly line that doesn't correspond to the nature of the business, and it may not correspond to many businesses since the recession. We're all in boom-and-bust times. The Commission knows that. We trade lawyers know that. And as I indicated earlier, only the doctors don't seem to know that.

So you either adjust to that kind of business model, or you can't compete in that business environment. This is not a question of a short supply provision in the law. If you want to buy a product and someone won't sell it to you, you can't buy the product. And if you have to provide it because you're under contract from someone else to provide it, you have to find someone else to sell it to you.

This is not a complicated proposition. It's not a legal proposition as much as it's a factual

proposition. And it's a factual proposition that we will indeed demonstrate has been our experience in trying to source towers in the United States.

So the one instance of material injury seems to us doubtful, but it's not us. We've raised this question about like product because maybe our condition is different from other OEMs. But our story is a simple story. We're buying more domestic than we ever did before. We're sourcing more domestic than we ever did before. The ratio of imports to domestic towers that we buy is expanding in favor of the domestic towers. The trend has been to buy more, and there will be no evidence of underselling from bids by imports in which we make purchases.

So there are no indicia for injury. There is no causal link. There is no way to show that the imports are the source of the angst that they're expressing. And in fact, most of that expression seems to be built on the potential expiration of the production tax credit, which has nothing to do with imports.

There is a Chinese proverb that perhaps is appropriate here, which is that we've heard a complaint about insufficient evidence that has been provided so far to the Commission. The proverb

suggests that one ought to be careful what one wishes for. Thank you.

MR. SCHUTZMAN: Having been on this case for the last ten days to two weeks, I'm sure you know, we know, everyone in this room knows that this industry, it's absolutely a derived demand. The more wind projects that are commissioned, the more wind turbines will be built, the more wind towers will be purchased and sold. The better the Petitioners serve their masters, their customers, the more business they'll get, whether it's in a down market or an up market. That's what you heard today, only they just have not done that.

2011-2012 business apparently has rebounded, but the domestics claim they could not take full advantage of it because of their -- and why? It's because of their inability to ramp up after a lull due to the economic collapse in 2008 and 2009, and therefore their inability to commit resources to their customers. And they could not satisfy those customers.

We've heard also that the wind tower component's price is not significant in terms of the overall turbine. The quality, the product available at the right time and the right place, are the

critical components. Petitioner's struggles are attributed to import competition, they say. But we say that's kind of the cart before the horse.

Import competition is the result of their failure to service their customers, not the cause. Thank you.

MR. FELDMAN: One last word is just on behalf of Siemens --

MS. DeFILIPPO: Sure.

MR. FELDMAN: -- and I presume on behalf of the foreign producers. We thank the staff as well and the Commission for your attention and your questions and your preparation. This is always a fire drill, and you have gotten this far, and we'll get to the finish line. And we thank you all very much.

MS. DeFILIPPO: Thank you very much, Mr. Feldman and Mr. Schutzman. On behalf of the Commission and the staff, I would like to thank the witnesses who came here today, as well as counsel, for helping us gain a better understanding of the product and the conditions of competition in the utility scale wind towers industry.

Before concluding, please let me mention a few dates to keep in mind. The deadline for submission of correction to the transcript and for

submission of post-conference briefs is Tuesday, January 24th. If the briefs contain business proprietary information, a public version is due on Wednesday, January 25th. The Commission has tentatively scheduled its vote on these investigations for Friday, February 10th, and it will report its determinations to the Secretary of the Department of Commerce on Monday, February 13th.

Commissioner's opinions will be transmitted to the Department of Commerce on Tuesday, February 21st. Parties are reminded that the Commission's new e-filing procedures became effective on November 7th, 2011. Please contact our docket services with any questions or concerns.

Thank you all for coming, and with that this conference is adjourned.

(Whereupon, at 2:00 p.m., the preliminary conference in the above-entitled matter was concluded.)

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CERTIFICATION OF TRANSCRIPTION

TITLE: Utility Scale Wind Towers From China and Vietnam

INVESTIGATION NO.: 701-TA-486, 731-TA-1195-1196

HEARING DATE: January 19, 2012

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary Conference

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: January 19, 2012

SIGNED: LaShonne Robinson
Signature of the Contractor or the Authorized Contractor's Representative
1220 L Street, N.W. - Suite 600
Washington, D.C. 20005

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceeding(s) of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker-identification, and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceeding(s).

SIGNED: Carlos E. Gamez
Signature of Proofreader

I hereby certify that I reported the above-referenced proceeding(s) of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceeding(s).

SIGNED: David W. Jones
Signature of Court Reporter