

**Testimony of John Purcell, Leeco Steel**  
**Senate Committee on Finance Subcommittee on Energy, Natural Resources, and**  
**Infrastructure**  
**Hearing on Renewable Energy Tax Incentives**  
**March 27, 2012**

Thank you, Chairman Bingaman, Ranking Member Cornyn, and Subcommittee Members. My name is John Purcell and I serve as Vice President of Wind Energy for Leeco Steel. I appreciate the opportunity to speak briefly today about the impact on Leeco Steel and the U.S. wind energy sector due to the impending expiration of the Renewable Energy Production Tax Credit. We at Leeco Steel feel it is imperative that the PTC is extended in its full form as presented in S. 2201, the American Energy and Job Promotion Act, which was recently introduced by Senators Grassley and Mark Udall.

Leeco Steel is a wholly owned subsidiary of O'Neal Steel, the largest privately held metals distribution company in the United States, which is headquartered in Birmingham, AL. Headquartered in Lisle, IL, a western suburb of Chicago, Leeco Steel is a carbon, high-strength low-alloy steel plate distributor and processor serving the United States, Mexico and South America from seven locations throughout these regions. We have distribution facilities in Portage, IN, Oshkosh, WI, Pittsburgh, PA, Chattanooga, TN, and Fort Worth, TX.

Leeco Steel first began delivering steel plates and fabricated plate products into the wind industry in 2004. Revenue from the wind industry now accounts for nearly 40% of our company's total revenue. The wind business for Leeco has become a keystone of our overall business and a driver for development of our company. Leeco Steel has provided hundreds of thousands of tons of steel plates to these 12 tower manufacturing facilities in 12 states across America, most of which have been built in the past eight years. The PTC has helped us to expand our company in the wind industry and into new markets, and has helped us weather the recent economic downturn. Since the early development of our wind business, we have hired over 70 people at Leeco Steel to help maintain the growth strategies that we have planned for our company.

In the past six years, when there has been certainty of a PTC, our wind business and the wind industry overall has been a major job creation success story. Of the 12 tower factories mentioned above, 10 of those factories did not exist before 2002. Taking an average of 250 employees per factory, that is 2,500 new good paying jobs that were created in a very short amount of time within our supply chain alone. This does not take into account the thousands of additional jobs that exist in the supply chain that supplies goods and services to each of these 12 factories.

Because of the PTC, the U.S. wind industry overall has seen tremendous growth and innovation. Wind energy now provides nearly 3% of America's electricity, with that

number surpassing 20% in the state of Iowa. Overall, wind energy has accounted for 35% of all new electric generating capacity in the last five years. The wind industry has generated investment upward of \$20 billion annually, which is greater than the economic impact on U.S. GDP from the Colombia, Panama, and South Korea free trade agreements combined (Senate Finance Committee Statement, 10/11/11). Since the PTC was last allowed to expire, there was approximately only 25% domestic content in each wind turbine that was erected. Today, we have approximately 60% domestic content in each installed turbine.

With the uncertainty of an extension of the PTC, many of Leeco's expansion plans are at risk. There have been high level discussions to increase the amount of steel plate capacity for the wind business in the coming few years. However those discussions have now gone silent, as there needs to be business case certainty to move forward with such huge capital investments.

In similar fashion, over the years many plans to increase wind tower production in the U.S. have been scrapped due to the business case uncertainty caused by the on again/off again nature of the PTC. The wind industry as a whole is already seeing layoffs as a result of this uncertainty. Many plans to add to existing facilities, or invest in new facilities, are on indefinite hold or have been scrapped altogether. Industry-wide, 37,000 jobs will be lost if the PTC is not extended.

It is my opinion that the supply chain was built and billions of dollars invested in this industry due to companies' expectations of a long term PTC in place that would allow for stable growth in the wind industry sector for many years to come. Major factories have been established from coast to coast, and many North American headquarters have been established in cities such as Chicago, Portland, OR, and Denver. Without an extension of the PTC, all of these assets are at premium risk of being shuttered or downsized dramatically.

With an immediate extension of the PTC, the development and construction of these turbines can continue as planned. The tens of thousands of jobs that can be created with this extension will allow the wind industry to not only continue being a leader in job creation, but help secure our nations' energy future by lessening the reliance on foreign sources of energy. The PTC is also crucial for regaining our nation's leadership in new technology and innovation that will keep our economy competitive. The wind industry is on the verge of becoming competitive without the PTC, but failing to extend the PTC immediately would prevent us from finishing the job.

Again, thank you for the opportunity to be here today to hopefully give a little insight into the world of manufacturing that has been created in this country to support an industry that is on the cusp on being fully competitive with all major sources of electricity generation.