

**Testimony of John Purcell, Leeco Steel  
House Committee on Energy and Commerce  
Subcommittee on Energy and Power  
Hearing on the American Energy Initiative  
September 13, 2012**

Thank you, Chairman Whitfield, Ranking Member Rush, 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 American wind power's contribution to a secure and affordable national energy portfolio. I would especially like to focus on the impact on Leeco Steel and the U.S. wind energy sector due to the impending expiration of the Renewable Energy Production Tax Credit (PTC). We at Leeco Steel feel it is imperative for the PTC to be extended in its full form as soon as possible as included in the Family and Business Tax Cut Certainty Act that was passed on a strong bipartisan basis by the Senate Finance Committee by a vote of 19-5.

Leeco Steel is a wholly owned subsidiary of O'Neal Steel, the largest privately held metals distribution company in the United States. 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 to 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 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 have been important drivers of economic growth. 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 has seen tremendous growth and innovation and has become an American success story. Overall, wind energy capacity has grown to over 50 gigawatts, which is enough energy to power over 13 million American homes. Iowa and South Dakota now get roughly 20% of their electricity from wind generation alone. The wind industry has generated

investment upward of \$20 billion annually and created 75,000 jobs. Since the PTC was last allowed to expire, there was approximately only 25% domestic content in each wind turbine that was erected, on average. Today, the average is over 65% domestic content in each installed turbine. And wind power is more affordable than ever, with costs falling 90% since the 1980s to 5-7 cents per kilowatt-hour today.

With such a positive impact on communities across the country, it is no surprise that the PTC has enjoyed widespread, bipartisan support. One example of this support can be seen in the list of 113 co-sponsors, including 27 Republicans, of H.R. 3307, a bill that would extend the PTC through 2016. Another PTC extension bill on the Senate side, S. 2201, was introduced on a bipartisan basis and there is strong support by both Republican and Democratic governors for a PTC extension.

With the PTC extension uncertainty, 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 uncertainty caused by the on again/off again nature of the PTC. As a result, the wind industry as a whole is already seeing layoffs. 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 for the wind industry, and billions of dollars were invested in it, because companies expected a long-term PTC that would allow for stable growth in the wind business 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 a 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 nation's energy future by diversifying America's energy mix and locking in stable power prices over a long timeframe. 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 it immediately would prevent us from finishing the job.

Again, thank you for the opportunity to be here today. I look forward to answering your questions.