Testimony by:

Chris Masciantonio
General Manager, State Governmental Affairs
United States Steel Corporation

Before the:

Michigan Senate
Energy and Technology Committee
Chairman Senator Mike Nofs (R-Battle Creek)
SB 437

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Boji Tower
Lansing, MI

- United States Steel Corporation, headquartered in Pittsburgh, Pa., is an integrated steel producer with major production operations in the United States and Central Europe and has an annual raw steelmaking capability of 27 million net tons. The company manufactures a wide range of value-added steel sheet and tubular products for the automotive, appliance, container, industrial machinery, construction, and oil and gas industries.

- In Michigan, the company's Great Lakes Works is situated on the Detroit River in the communities of Ecorse and River Rouge and is comprised of both steelmaking and finishing facilities. Great Lakes Works has an annual raw steelmaking capability of 3.8 million net tons and produces hot-rolled, cold-rolled and galvanized sheet products for customers in the automotive industry.

- U. S. Steel also operates its' Automotive Research Center in Troy, Michigan. The Automotive Center provides the company with the ability to perform research using state-of-the-art equipment and computer-aided design, and serves as an information resource and technology leader for the application of advanced high strength steels for the automotive industry as they seek to reach rigorous CAFÉ and safety standards.

- In addition, the Automotive Center conducts customer application research, test services and development projects, often with our automotive customers. These innovative projects cover a variety of areas in forming/stamping, advanced material characterization, structural analysis/test, advanced CAE applications, and technology developments.

- U. S. Steel's total combined employment in Michigan is approximately 2,400.

- **United States Steel is also one of the largest electricity consumers in Michigan,** spending approximately $50 Million annually.

- The economic climate today for the American steel industry is particularly challenging – due in great part to the high level of steel imports flooding the market, a number of which are arguably being illegally dumped on our shores.

- U. S. Steel CEO Mario Longhi testified before Congress about the threat of illegal steel imports, and reminded our elected officials that "not since the late 1990s have we witnessed this torrent of steel imports. Total and finished steel products imported into our market by heavily subsidized, command-economies increased year-to-year between 22 to 90%. The last time we were at these levels, nearly half of American steel companies disappeared."

- In this ever increasingly challenging environment, U. S. Steel must be able to manage our production costs in order to remain competitive, and against unfairly traded products, and in the current worldwide steel market, where not all the competitors follow the rules.

- Maintaining 10% Customer Choice in Michigan's electricity market is a critical factor for the company's Great Lakes Works' ability to face the steel industry's difficult business conditions.

- **For these reasons, U. S. Steel supports,** and respectively requests that the Senate Energy Committee allow for our company to:

    - Maintain access to a viable competitive market for our electricity supply

- If this does not occur and our company is forced into a "utility tariff rate", it will quickly result in our Great Lakes Works shifting from having a competitively priced energy supply for steel production, to having one of the highest priced power costs among the eight states where the company currently has steel operations.

- The substantial increase in production costs will make it extremely difficult for U. S. Steel to operate its Michigan facilities competitively, and the timing could not be worse for our company, considering the current onslaught of imported steel products into the US market.

- The ability to 'shop' for electricity rates has allowed our Michigan Great Lakes Works to maintain competitively priced power rates. To remove that competitive advantage would prove to be of significant harm to U. S. Steel and our 2,400 employees in Michigan.

- Thank you for the opportunity to be before you today.