



Testimony for the House Republican Policy Committee September 20th Hearing
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Lafarge Whitehall Plant

Good morning, I am Lorraine Faccenda, Plant Manager for the Lafarge, Whitehall Cement Plant. The Whitehall Plant has been producing materials for the construction industry in the Coplay Borough, Lehigh County since 1899. The plant's success is built on our consistent commitment to excellence and our team's drive for continual innovation. And like Lafarge facilities all over North America, the Whitehall Cement Plant is committed to providing a safe working environment for our employees, being a good neighbor, serving as an active, positive force in our community and working toward cleaner and greener operations.

Portland Cement has been produced in our area since the 1800's and the Lehigh Valley can rightly claim to be the cradle of the North American cement industry. At one-time, the Lehigh Valley was home to over 50 cement plants, with only 5 remaining. The Whitehall Plant operates in the highly competitive Mid-Atlantic marketplace, where excess production capacity and cheap imports prove difficult to overcome. The cement market has yet to fully recover from the "Great Recession". In 2006, Pennsylvania cement companies produced over 6 million metric tons of cement, in 2015 we're at less than 4 million tons.

At the Whitehall Plant, we remain competitive through innovation, even though every plant in our marketplace is much newer. Almost 50% of our fuel comes from alternative fuels, waste tires and waste plastics. Normally these products would be placed in a landfill, instead we beneficially reuse them to make cement and significantly reduce our fuel costs and emissions.

When gas exploration in the Marcellus Shale began to grow, we became the first plant in the region to produce cement to API standards, so that it can be used in the drilling process. Producing this product allowed the Whitehall Plant to support the natural gas industry. The team at the Whitehall Plant is continually looking to remain competitive and produce new products to meet the changing demands of our customers.

There are two things that state government can do to help improve job growth in our industry: Continue with an aggressive infrastructure program and improve the environmental permitting process.

There has been much discussion in Harrisburg and Washington, D.C. about expanded infrastructure investments, including more funding for highways, bridges, water and sewer systems funding, which we strongly support. That aside, I would like to offer in addition to greater public and private funding, the need to make more predictable and efficient the environmental permitting process, which will reduce the cost of infrastructure and help us tackle the burdens of an aging infrastructure.

In order to reduce our operational costs, conserve quarry space and prevent construction waste from being landfilled, the Whitehall Plant, with the support of its waste to fuels partner, Geocycle – a LafargeHolcim company, identifies alternative raw materials, such as waste concrete as a calcium substitute and foundry

sand, to substitute in our manufacturing process. Both of these products are widely used in the cement industry and we have in the past used both to reduce costs and beneficially reuse waste products.

When the Whitehall Plant identifies a supply of acceptable alternative raw materials we must get approvals from three separate offices within the DEP; Air, Waste and Mining, before we can obtain the materials and use them to manufacture cement. Coordinating a prompt response with all three offices is a bureaucratic hurdle that effectively prevents us from using most alternative products we can source. Simply put, it just takes too long for us to obtain the necessary approvals from all three sections and most often the alternative products have already been secured by another end user.

Using alternative material could help reduce significantly our raw material costs and help the environment by beneficially reusing waste destined to end up in a landfill. It seems like a win/win, but unfortunately the permitting and approval process makes it nearly impossible to execute.

It would very helpful if the DEP had one, centralized approval process, or perhaps a lead agency responsible for shepherding requests such as the one I've outlined. One office would reduce response time and hold accountable one process, or lead agency.

The other key permitting issue we face is with Title 5- Air Quality permits. These permits regulate the air that comes out of our stacks. About 15 years ago, the Whitehall Plant, after much research, decided to pursue a permit to add plastic derived fuel to our alternative fuel portfolio.

Again, taking plastics destined for a landfill and using them for their heat content in our manufacturing process was a win/win, but the process took almost five years to complete. When we look at the states Lafarge Cement and our parent company LafargeHolcim do business in, only New York and Massachusetts have similarly long permit approval timelines. New York has two cement plants, and Massachusetts has zero.

Our corporate leadership, like that of other major manufacturers is looking for any investment in plant and equipment to pay for itself in a reasonable amount of time. Improving the timeline to approve Title 5 permits would allow us to invest in new technologies that could help us remain competitive at a cement plant that is a 118 years old.

The problem with delayed approvals for Title 5 permits is something that affects all manufacturers, and changes are necessary so that businesses such as ours have more predictability in the permitting process and incentive to quickly mobilize capital to invest in technology and processes to keep us competitive.

Thank you for the opportunity to provide this testimony and I look forward to answering any questions you may have.