



PATRICK TESTIN

STATE SENATOR

DATE: January 28, 2020
RE: **Testimony on Senate Bill 699**
TO: The Senate Committee on Labor and Regulatory Reform
FROM: Senator Patrick Testin

I would like to thank Chairman Nass and members of the committee for accepting my testimony on Senate Bill 699 (SB 699).

I drafted this bill at the request of the Wisconsin Paper Council and two major employers in my district, Domtar and Verso Corporation. Both Companies employ chemical boilers, which are inspected by the Department of Safety and Professional Services every 12 months, with the possibility of a six month extension.

To internally inspect the chemical recovery boilers, they must completely shut down all operations. This results in the loss of millions of dollars. In addition to a fiscal cost, there is an environmental cost as well. Shutting down and starting up operations results in higher emissions than consistent operation.

This bill is not about slipping old, rusting boilers past inspections. Under the bill, the boilers would need a top rating from their insurers to allow for the 24 month inspection schedule. This would help Wisconsin companies and regulators be more in step with other states. Furthermore, this bill is supported by ownership, management and labor.

Thank you for your time and I hope that you will join us in supporting this bill. At this point, I can try to answer any questions you have.



NANCY VANDERMEER

STATE REPRESENTATIVE • 70TH ASSEMBLY DISTRICT

TO: Honorable Members of the Senate Committee on Labor and Regulatory Reform

FROM: State Representative Nancy VanderMeer

DATE: January 28, 2020

SUBJECT: *Testimony in Support of Senate Bill 699*

Thank you Chairman Nass and members of the Senate Committee on Labor and Regulatory Reform for holding a hearing on SB 699 today. This proposal addresses an issue brought forward by a large employer in my district and the Wisconsin Paper Council. Currently, chemical recovery boilers are required to be inspected by the Department of Safety and Professional Services (DPS) on a one year inspection window. However, a number of chemical recovery boilers have the technical capability to be inspected on a two year inspection window if proper enhancements and adjustments are made, and there are experts here today that can speak directly to that process. According to communication we received from DPS themselves during preparation for this hearing, they are not aware of why chemical recovery boilers aren't already excluded from an exemption option that exists currently in agency rules. If they're here today, I hope you'll have the chance to hear from them on that as well.

As you'll hear about today and have probably already seen in written comments from business personnel and organizational leaders on the management and labor side of things, in order for DPS to properly complete an inspection, a plant must be taken out of production for up to, but not limited to, two weeks. This puts a strain on production and wages for the time period that a production plant needs to be effectively shut down in order for an inspection to be properly completed. What Senator Testin and I are trying to accomplish with this proposal is creating an efficiency within the existing structure that currently exists in order for there to continue to be proper safety oversight as well as reasonable, predictable expectations placed on job creators and employers that also have substantial vested interests in the safety of their employees.

I also think it's important to point out that there is precedent for this inspection structure in other states, including neighboring and other Midwestern states. In addition, as I previously mentioned, there are very specific industry standards and technological specifications that can be quantified to prove that chemical recovery boilers like those we're referring to today have the capability to be inspected on a two, rather than one year inspection cycle. Again, there are individuals here today that can speak directly to that. As I referenced DPS previously, I'd like to again point out that I hope they are here today to offer their input on this proposal. We think that we came up with a reasonable proposal and a proposed modification to the current inspection criteria and structure. That said, if there is input received that revises or changes some of the criteria utilized in the legislation, and the integrity of the proposal remains intact, we're open to considering it if it remains palatable to stakeholders.

Thank you for the opportunity to be here today and the opportunity for a public hearing on this legislation.



Wisconsin Paper Council Testimony
Before the Senate Committee on Labor and Regulatory Reform
Re: Public Hearing on Senate Bill 699

January 28, 2020

Scott Suder
President, Wisconsin Paper Council

Thank you, Chairman Nass and Honorable Committee Members, for the opportunity to testify on Senate Bill 699 today.

My name is Scott Suder and I am President of the Wisconsin Paper Council. As many of you are well aware, the Wisconsin Paper Council is the statewide trade association which represents the paper and pulp industry here in Wisconsin. We are an industry focused on sustainability and strong environmental stewardship. WPC works in a bipartisan manner to advocate for common-sense regulation that balances a healthy environment with a healthy economy.

I am joined here by Mr. Craig Timm who is the Manager of Regional Public Affairs for Domtar Corporation and Mr. Marty Burkhardt who is the General Manager for Domtar Corporation in Nekoosa, Wisconsin. Mr. Timm is also Chairman of the Board of Directors for the Wisconsin Paper Council. As you may know, Domtar has paper mills in both Nekoosa and Rothschild.

First, we would like to thank the primary authors of this bill for recognizing the need for this inspection timeline change for our companies. We appreciate their efforts to bring together a diverse array of stakeholders to support this important legislation.



SB 699 is a common-sense measure which will reform the timeline of the inspections of chemical recovery boilers. A chemical recovery boiler is an essential part of the pulp production process as it recovers and generates cooking liquors. These boilers not only recover chemicals and generate power much more efficiently, but they do so using a safe, reliable and environmentally sound process. Mr. Burkhardt has over 20 years of expertise in the chemical recovery boiler arena and is here to help explain this important process and answer any technical questions you may have.

SB 699 will help protect hundreds of good-paying jobs throughout our great state and help our member companies maintain their global economic competitiveness. This legislation will bring Wisconsin in line with other papermaking states like Michigan and Maine. The millions of dollars saved by making this change will allow companies like Ahlstrom-Munksjo, Domtar, Packaging Corporation of America and Verso to reinvest those monies into critical research and development as well as back into the communities where they are based and, even more importantly, protect these family supporting jobs.

SB 699 is also plus for our environment. Less frequent inspections will result in lower overall emissions as well as prolong the overall life of the boiler. Thousands of gallons of water will be also be saved through by making this common-sense change as well.

As you can see, Mr. Chairman and Committee Members, there is a very diverse coalition supporting this legislation. We have brought together industry, labor and economic development organizations – all of whom believe that this measure will protect jobs, maintain economic competitiveness and help our environment throughout our great state.

On behalf of the 30,000 working men and women who we proudly represent want to thank you for listening to our concerns today. We look forward to working with each of you on this important matter going forward.

Thank you again for your time and consideration.



Domtar
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**Testimony to the Wisconsin Senate
Committee on Labor and Regulatory Reform
Craig Timm, Domtar Corporation, Manager of Regional Public
Affairs
January 28, 2020**

Dear Chairman Stephen Nass and Members of the Wisconsin Senate Committee on Labor and Regulatory Reform:

I want to thank you for the opportunity to provide written testimony in support of Senate Bill 699, relating to the inspection requirements for chemical recovery boilers. This legislation is very important to the pulp and paper manufacturers in the state, of which Domtar is a member.

Domtar is a leading provider of a wide variety of fiber-based products including communication, specialty and packaging papers, market pulp and absorbent hygiene products. With approximately 10,000 employees serving more than 50 countries around the world, Domtar is driven by a commitment to turn sustainable wood fiber into useful products that people rely on each day.

We have paper mills in Rothschild and Nekoosa. Our 800 employees work hard each and every day to keep Wisconsin as the nation's top papermaking state. We are proud that Wisconsin has held the title since 1950.

I am pleased to be joined today by Marty Burkhardt, General Manager, Domtar Nekoosa Mill. He has long-term expertise in chemical recovery boilers and the pulp and papermaking process.

Specifically, this legislation would have a positive impact on our Nekoosa pulp and paper operation. Our location has been providing employment to Wisconsin citizens for over 125 years.

That positive impact is shown in a variety of ways, including:

- **Positive for the environment – shutting down and starting up results in higher emissions;**
- **Employee health and safety – although employee health and safety is our top priority, it takes many hands to perform an outage for inspection;**
- **Temperature fluctuation can cause undue “wear-and-tear” on a boiler with bringing extreme temperatures down and back up over a three- to four-day period;**
- **The cost of the inspections is high and additional revenue impacts are felt due to loss of production during the period of the outage;**
- **There is strong support from labor unions, Chambers of Commerce and the paper industry.**

At Domtar, we are proud to manufacture high-quality products that help people in Wisconsin and throughout the world. We operate in a competitive market and always need to look at ways to help our operations remain strong and productive.

We ask that members of the Wisconsin Senate Committee on Labor and Regulatory Reform vote in favor of SB 699.

Thank you for the opportunity to provide our thoughts.

Sincerely,



Craig Timm
Manager, Regional Public Affairs



MEMO

TO: Senate Committee on Labor and Regulatory Reform

FROM: Chris Reader, Senior Director of Workforce and Employment Policy, WMC

RE: Senate Bill 699

DATE: January 28, 2020

Wisconsin Manufacturers & Commerce is the largest business trade association in Wisconsin, representing over 3,800 employers from every sector of the economy in every corner of the state. WMC's mission is to make Wisconsin the most competitive state in the nation to do business.

Senate Bill 699 will ensure that Wisconsin remains a competitive state for papermaking, a large and key industry in Wisconsin that is so vital to the communities in which they operate. We especially thank Senator Testin and Representative VanderMeer for authoring the bill, and Chairman Nass for calling this hearing today.

According to our most recent CEO survey, conducted at the end of 2019, the greatest concern employers in Wisconsin have today is workforce. They can't find enough applicants, and they certainly can't find enough applicants with the right skillsets. Employers also face some of the most expensive hospital costs in the country. That was the 2nd biggest concern from employers. Workforce and health care costs are two strikes against our state. If we fall behind other states on regulatory burdens, employers will look to move operations and jobs to other states. You can't let that happen.

It is with that lens that I testify before you today. As you know, the state of Michigan requires papermakers to undergo shutdowns and inspections of chemical recovery boilers every 24 months, possibly even only every 36 months. In Wisconsin, the requirement is every 12 months, with a possible 6 month extension. Shutting down costs real money for these employers, often millions of dollars. I toured a papermaking facility a couple years back, and this was brought up as the top industry-specific issue they faced as they try to stay competitive in order to keep operations and jobs in Wisconsin.

SB 699 will keep Wisconsin's regulatory requirements on papermakers competitive with Michigan, while maintaining important safety requirements. As a bonus, reducing the number of shutdowns is actually better for the environment as well by eliminating unnecessary spikes in carbon emissions. SB 699 is a true win-win-win. It's a win for the employer, for the workers and their families, and for the environment.

We can't afford to let our state fall behind, putting at risk the 30,000 jobs in the papermaking industry in Wisconsin today. Please support SB 699 and move it forward to the full Senate.



To: Honorable Members of the Senate Committee on Labor and Regulatory Reform

From: Wisconsin Paper Council, Ahlstrom-Munksjö, Construction Business Group, Centergy, Domtar, Heart of WI Chamber of Commerce, International Association of Machinists and Aerospace Workers, Office and Professional Employees International Union, Packaging Corporation of America, United Association of Journeymen and Apprentices of the Plumbing, Pipefitting and Sprinkler Fitting Industry of the United States and Canada, United Steelworkers, Verso Corporation, Wisconsin Manufacturers & Commerce and the Wisconsin Industrial Energy Group.

RE: Request for Support of SB 699: Chemical Recovery Boiler Legislation

Date: January 28, 2020

On behalf of our coalition of industry, economic development associations and numerous labor organizations, we would like to respectfully urge your support today for **Senate Bill 699**, which is scheduled for a public hearing before your esteemed committee today.

As you may know, a chemical recovery boiler is an essential part of the pulp production process as it recovers and regenerates cooking liquors. These boilers not only recover chemicals and generate power much more efficiently, but they do so by utilizing a safe, reliable and environmentally sound process.

Currently internal inspections of chemical recovery boilers are required every 12 months, with the possibility of a 6-month extension. Unfortunately, these manufacturing facilities do not know whether such an extension is granted until approximately one month before the 12-month deadline. It is important to note that pre-planning for a facility shutdown and inspection is not only extremely time consuming and costly but the currently notification period is not conducive for these complex preparations.

Allowing a full 24 months between inspections in cases where the facility has a top rating from the insurer will provide manufacturers and their employees with regulatory certainty so that these facilities can better plan for such inspections and more efficiently manage the resources necessary to accomplish this task. This approach is currently taken in states such as Michigan and Maine.

Senate Bill 699 is a common-sense measure which will reform the timeline of the inspections of these technologically advanced boilers. As you can see, this legislation has strong support from industry, labor and the economic development community.



Protecting Good-Paying Jobs/Maintaining Global Economic Competitiveness

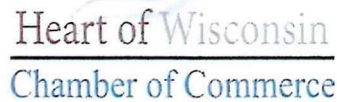
- As you know, papermaking is an increasingly complex and extremely competitive global manufacturing market. Passage of SB 699 will help papermaking companies remain globally competitive and viable by placing these inspections more in line with other states such as Michigan and Maine.
- Such internal inspections of chemical recovery boilers require facilities to complete shut down their operations, costing millions of dollars per year. This legislation will help companies with chemical recovery boilers better plan and manage the incredible amount of people power and resources necessary to complete such inspections.
- The millions of dollars saved by this common-sense change in the inspection timeline will allow companies like Ahlstrom-Munksjö, Domtar, PCA and Verso to reinvest those monies into critical research and development as well as back into the communities where they are based.

SB 699 Is Better for Wisconsin's Environment

- Shutting down and starting up operations results in higher carbon emissions than consistent operation of this equipment. Thus, more frequent inspections result in higher carbon emissions which is not environmentally advantageous.
- Temperature fluctuation, caused by cooling the boiler for inspection, stresses and weakens welds and other stress concentration points thus reducing the integrity of the boiler and shortening the life of the boiler.

Our diverse coalition represents over 35,000 hard-working men and women who believe in enhancing Wisconsin's economy while at the same time protecting our precious environment. Senate Bill 699 will protect jobs, maintain competitiveness for this important industry and reduce carbon emissions which is good for our environment.

We respectfully ask that this committee take executive action on SB 699 in an expeditious manner. Thank you for your time and consideration of this important legislative initiative.



About Our Coalition:

WPC: The Wisconsin Paper Council (WPC) advocates for and represents the state’s pulp and papermaking industry. Wisconsin is the #1 papermaking state in the United States and its members provide family supporting jobs for over 30,000 employees throughout Wisconsin.

Ahlstrom-Munksjö: Ahlstrom-Munksjö is one of the world’s leading manufacturers in sustainable and innovative fiber solutions with about 1,850 employees in its four mills in Kaukauna, De Pere, Mosinee and Rhinelander.

CBG: Our purpose, as a Joint Labor-Management company, is to enhance business opportunities and a quality of life by ensuring fairness, equity and standards of excellence in the construction industry of Wisconsin.

Centergy: Centergy, Inc. is a nonprofit regional marketing and economic development organization. Our purpose is to foster collaboration among private and public-sector leaders throughout the five counties of central Wisconsin that make up the Centergy Region: Adams, Lincoln, Marathon, Portage, and Wood Counties.

Domtar: Domtar is a leading provider of a wide variety of fiber-based products including communication, specialty and packaging papers, market pulp and absorbent hygiene products. With approximately 10,000 employees serving more than 50 countries around the world, Domtar is driven by a commitment to turn sustainable wood fiber into useful products that people rely on every day. Domtar operates paper mills in Nekoosa and Rothschild.

Heart of Wisconsin Chamber of Commerce: The Heart of Wisconsin Chamber of Commerce is a dynamic membership organization comprised of non-profit, educational, government, and small and large businesses.

IAMAW: With nearly 600,000 active and retired members, IAMAW is one of the most diverse labor unions in North America. From Lockheed Martin to Domtar and Harley-Davidson, you will find IAMAW members across all walks of life.

OPEIU: Office and Professional Employees International Union was chartered in 1945 and with more than 104,000 members (representing 110,000 employees) strong, we’re one of the larger unions of the AFL-CIO. OPEIU represents employees and independent contractors in a wide variety of businesses and associations.

PCA: Packaging Corporation of America is one of the largest producers of containerboard and corrugated packaging in the United States and the third largest producer of uncoated freesheet in North America, based on production capacity. We have approximately 15,000 employees, with operations primarily in the United States.

UA: The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States, Canada (UA), affiliated with the national building trades, represents approximately 355,000 plumbers, pipefitters, sprinkler fitters, service technicians and welders in local unions across North America.

USW: The United Steelworkers represent workers in a diverse range of industries, including primary and fabricated metals, paper, chemicals, glass, rubber, heavy-duty conveyor belting, tires, transportation, utilities, container industries, pharmaceuticals, call centers and health care.

Verso: Verso Corporation is a leading North American producer of specialty and graphic papers, packaging and pulp.

WMC: Wisconsin Manufacturers & Commerce (WMC) is the largest and most influential business association in the state, working to make Wisconsin the best place in the nation to do business.

WIEG - The Wisconsin Industrial Energy Group (WIEG) is a nonprofit consumer advocacy trade association that advocates for affordable and reliable energy.



Senate Bill 699 – Chemical Recovery Boiler Legislation

What is a Chemical Recovery Boiler?

A chemical recovery boiler is a type of biomass boiler that combusts black liquor produced as a by-product in the pulp manufacturing process at paper mills. Black liquor is a fuel derived from wood chips that is regarded as renewable.

A chemical recovery boiler not only effectively uses the thermal energy gained by combusting black liquor, but also recovers sodium (carbonate) ingredients that are reused in the pulp manufacturing process, and thus plays an important role in a pulp manufacturing plant.

The chemical recovery boiler is an essential part of the pulp production process as it recovers and regenerates cooking liquors. Recovery boilers not only recover chemicals and generate power efficiently, but they do so using a safe, reliable, and environmentally sound process.

Current WI Law Regarding Chemical Recovery Boiler Inspections:

Under current law, the Department of Safety and Professional Services (DSPS) imposes rules on inspections of chemical recovery boilers. Currently inspections happen on an annual basis.

Internal inspection of chemical recovery boilers is currently required every 12 months, with the possibility of a 6 months extension (every 18 months). Facilities do not know whether the extension is granted until approximately one month before the 12-month deadline.



What Changes Does SB 699 Make to Current Law?

SB 699 states if a chemical recovery boiler meets the highest rating of the insurer that provides coverage for the boiler, the bill limits the frequency of periodic inspections, including internal inspection, that require taking the boiler out of service to every 24 months.

In addition, the bill imposes a deadline on DSPS to act on applications for exemptions or extensions with respect to periodic inspections of chemical recovery boilers. If the owner or user of a boiler applies for an exemption or extension at least 120 days before the expiration of the inspection period that applies to the boiler, the bill requires DSPS to take final action on the application at least 90 days before the expiration of that inspection period.

The frequency of these inspections is extremely costly to Wisconsin businesses that have chemical recovery boilers. The frequency of the inspections force businesses to shut the boilers for several days and costing each company millions of dollars, thus affecting both production and employee wages.

The change in statute will positively impact businesses and the thousands of employees that work for these Wisconsin businesses. The millions of dollars saved by this common-sense change in inspection timeline will allow companies like Domtar to reinvest that money in research and development and the community.

SB 699 Will Have a Positive Environmental Impact:

Shutting down and starting up mill operations results in higher overall emissions than consistent operation of this equipment. Thus, more frequent inspections results in higher emissions than normal continuous operations.

Temperature fluctuation, caused by cooling the boiler for inspection, stresses and weakens welds and other stress concentration points thus reducing the integrity of the boiler and shortening the life of the boiler.



What Companies Are Impacted by This Legislation?

There are **8 (eight)** chemical recovery boilers in Wisconsin:

- Ahlstrom-Munksjö has 3 chemical recovery boilers (Thilmany-2 and Mosinee-1)
- Domtar has 1 chemical recovery boiler (Nekoosa)
- Packaging Corporation of America has 1 chemical recovery boiler (Tomahawk)
- Verso has 3 chemical recovery boilers (All in Wisconsin Rapids)

SB 699 Has Broad Support Statewide:

SB 699 has broad-based support business, labor unions and economic development organizations. These include:

- The Wisconsin Paper Council
- Ahlstrom-Munksjö
- Construction Business Group
- Centergy
- Domtar
- Heart of WI Chamber of Commerce
- International Association of Machinists and Aerospace Workers
- Office and Professional Employees International Union
- Packaging Corporation of America
- United Association of Journeymen and Apprentices of the Plumbing, Pipefitting and Sprinkler Fitting Industry of the United States and Canada
- United Steelworkers
- Verso Corporation
- Wisconsin Manufacturers & Commerce
- The Wisconsin Industrial Energy Group

There is **no** opposition to SB 699 (Wisconsin Ethics Commission website).

We ask that you *please support SB 699* and help Wisconsin's papermaking industry remain competitive. Thank You!