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Good Morning. I would like to thank the coal caucus members for the opportunity to discuss the very real impacts that regulations on the coal industry are having on the smaller supporting businesses here in the Commonwealth.

My name is Walter Schroth and I am the owner of Schroth Industries in Indiana, PA. Schroth Industries has a long history in supporting the coal mining industry in this region. The company was founded by my grandfather, Walter Aloysius Schroth, in the late 1920's, which cut mine props for the Rochester and Pittsburgh Coal Company (aka -- R & P). My father, Walter Allen Schroth, took over the company shortly after WWII and by the late 1960's had gotten out of the sawmill business and moved to our current location, where he opened a wood treating plant in 1970. In January, 1988, I succeeded my father upon his retirement. At that time 100% of the entire production of this plant, or about 2.5 million board feet of mine timbers and 80,000 round, treated mine props, went to an R & P mine.

Schroth Industries and its small subsidiary currently employ 10 full-time and several part-time employees, not including myself. Wood treating is a very specialized business, and the industry is, itself, highly regulated by the EPA and the DEP under many of the same rules and regulatory areas that impact the coal mining industry. These would include, but are certainly not be limited to, the Resource Conservation and Recovery Act (RCRA). But small wood treating plants can only survive on niches, and coal is our niche.

After the R & P mines were closed in the 1990's, we have had to reinvent ourselves several times over, moving into new market areas – agriculture fence posts, industrial treated lumber, and consumer treated wood products. However, we are still very much tied to the coal mining industry. Currently, 70 percent of our business is coal-related as we provide AK Coal and Rosebud Mining with much of their treated mine timber needs.

As a result of power plant closures under previous federal regulations and global market forces, not impacted by our government regulations, the coal industry has already experienced a sharp decline in production over the past few years. Subsequently, mine timber sales have dropped. Our sales are down by 80% compared to a year ago. This has clearly demonstrated to me just how far the impacts can trickle down. We have 6 local sawmills that provide us with the lumber and timbers that we treat for the mines. They are all second and third generation, family owned, small businesses. With the precipitous drop in our sales, they too have experienced a corresponding decline in their production.

While I had hoped for additional business opportunities in the natural gas industry, most of their rigs have now left Indiana County and are in Ohio. As a case in point, the relocation of Halliburton's operations to Ohio and the subsequent loss of several hundred jobs in the local area, give me little comfort that any other industry could replace the volume of lumber and treated timber that the coal mines have historically used.

A few years ago one of my buildings burned down. I was faced with a decision – reinvest in the design and construction of a replacement building that would meet my current and future needs or repurpose those assets. My business planning considered the well-being of my biggest client, the coal industry.

I did make that investment. I hired a contractor to build the building, an electrician to replace the power, a mason to replace the footers, and spent one quarter of one million dollars in the community putting people to work.

The problem I have is that if the coal mines are not going to be here, especially if it is driven by ideological tampering of the regulators and not by economic market forces, I wouldn't have spent that money and I won't need that building.

The impacts are real and they are already being realized. If we keep going down this path, it will be difficult for western Pennsylvania to maintain a

stable economy. Manufacturing in the United States, and especially in this region, is starting to see a resurgence, including the “reshoring” of jobs once outsourced overseas. This resurgence is possible in part due to good, reliable, and sustainable low cost energy and that certainly includes coal.

Wood treating plants are somewhat unmovable, especially those serving local niche markets. Our son, Walter Adrian Schroth, will complete his BS degree in Forestry in 2016. He has indicated a desire to return to Pennsylvania and take over the business when I retire. The question we are both asking is, if the coal mines in Pennsylvania cease operations due to regulatory overreach, will there be a business worth returning to?

No matter where you stand on this issue, we all want vibrant, sustainable community development and good, strong local regions, where we can grow our businesses and raise our families. The only thing that supports that is economic development. First, it provides the tax base that is paid by the businesses and jobs in the community; and second, the often overlooked philanthropic aspect of both the time and resources donated by members and businesses alike.

These generational businesses, and the jobs they create and sustain, grow and maintain our communities, retain the people who grew up there, perform civic duties, and contribute in a meaningful way to the society in which we live. These are the people our communities depend on, and their jobs should be protected, not targeted.

With the current President’s clear intention to shift domestic energy production away from coal, it is clear that the impacts are far reaching and are already impacting our daily decisions. Pennsylvania should be wary of compliance with any further rogue regulations from an agency that is making decisions driven by ideology of this President’s agenda.