Good morning Mr. Anderson and members of the Commission staff.

For the record, my name is John Pacillo and I am the Operations Director of Mexichem Fluor Inc. I have been in the chemical business for thirty nine years. I was part of the team from Imperial Chemical Industries or ICI that built and started up the plant in Saint Gabriel, Louisiana in 1991 and 1992. The cost of installing that plant then was approximately one hundred and forty million dollars. Much more has been reinvested in that plant in the three major and three minor expansions since that time. ICI sold its refrigerant business to a company called INEOS in 2001 and Mexichem bought this business in April 2010.

We operate a high hazard plant in strict compliance with OSHA’s Process Safety Management Program and EPA’s Risk Management Plan.

We produce 1,1,1,2 tetrafluoroethane or R-134a, a safe, non-toxic, non-flammable and zero ozone depleting refrigerant. Our trade name is Klea 134a. In order to produce Klea 134a we handle a very hazardous chemical
called Anhydrous Hydrogen Fluoride or HF. An exposure to HF the size of the palm of your hand can be fatal. We handle nine railcars a week. We take the safe operation of our plant and the containment of our chemicals extremely seriously. It is our license to operate. It's the most important thing that we do.

R134a is produced by combining trichloroethylene (TCE) with hydrogen fluoride (HF) in two stages. In the first stage, TCE combines with HF to produce R133a and two HCl. This is an exothermic, vapor phase reaction at high temperature and high pressure over a chromia based catalyst. The HCl is removed by distillation. In a second stage the R-133a is reacted with additional hydrogen fluoride to produce R-134a and one HCl. This is an endothermic, vapor phase reaction that again takes place at high pressure and high temperature over a chromia based catalyst. This chemical process was explained very well in your 2014 staff report. As you will hear further from Pete Geosits, R134a is used primarily as a refrigerant and also as a propellant.

From inception, the plant and all the equipment in the plant was and has been for the past twenty four years dedicated to the production of R-
134a. We do not and cannot produce other refrigerant gases in the plant and we cannot retrofit the plant without great difficulty and expense to produce R-1234yf. Our process requires a catalyst to transform the raw materials into R-134a. We have become more efficient in using this catalyst since we started the plant. At the inception of the plant, we were replacing our catalyst annually. We now replace the catalyst only once every three years. This catalyst replacement requires a plant shutdown of approximately one month and during the time when we are shutting down the plant to replace the catalyst we undertake major maintenance of the plant.

Given the fact that we are working with hazardous and corrosive materials, the maintenance expenses as well as major repairs and replacement of equipment costs on average approximately fifteen million dollars a year. So as you can see these plants are both very expensive to build and are very expensive to operate in a safe and environmentally compliant manner. In fact, we are extremely proud of our safety record. We have not had a lost time accident at the plant since its start up.

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In the two years since your negative determination volumes and margins have suffered reducing profitability and putting strain on the finances of the business. Chinese imports are putting us between a rock and a hard place. We need income to maintain the plant and operate in a manner conducive to the hazards. This income is diminishing but the economic needs of the plant to maintain safe operation only get greater as the plant grows older. The plant will have to close because cutting corners in an attempt to stay viable only leads to jeopardizing the safety of our employees and the health and wellbeing of our community.

The plant should operate twenty four hours a day seven days a week. In order to maintain production efficiencies, we do our best to limit production interruptions. Therefore, we do not want to shut the plant down in order to reduce production to control inventory. You heard from us two years ago that the Chinese imports caused plant shut downs in 2013 and 2014. Now this latest surge of Chinese imports and high inventories will force us into production curtailments this summer and fall.

At the plant in Saint Gabriel, we have 78 full-time employees. We conservatively estimate another three hundred jobs created in the

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community through maintenance, support, transportation and other economic activity. Having operated in East Iberville Parish for twenty four years, our plant is a major supporter of community activities. We are part of the East Iberville Industry Neighbor Companies Organization which supports a number of activities in the community, including Habitat for Humanity, the food bank, reading programs, health and education charitable programs, and a two year scholarship program, Process Technology, for high school graduates. This program provides the education necessary to get an operator’s job at one of the participating companies or any chemical company in the area.

The Mexichem Fluor plant in Saint Gabriel is part of a multinational corporation that has to choose where to invest capital. We have chosen not to invest capital beyond required maintenance in our current plant. Your negative determination 18 months ago also threw cold water on our plans for a 200 million dollar investment in a new plant to produce R1234yf. Our board wants to know, “what is to stop the Chinese from attacking R1234yf in the same manner they have attacked R134a?”

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On behalf of the 78 full time people employed at Mexican Fluor in Saint Gabriel, Louisiana and the hundreds of additional jobs dependent on our plant in East Iberville Parish, I ask that you prevent unfairly traded imports from China from destroying our business and allow us to do what we do best, which is to produce R-134a in a safe, efficient, and environmentally compliant manner. Thank you.