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New Steel Jobs Seen

By Paul Giannamore

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STEUBENVILLE — The Upper Ohio Valley will undergo a “Metalmorphosis” over the next several months, with changes and upgrades planned for Wheeling-Pittsburgh Steel Corp. plants in Steubenville, Mingo Junction, Martins Ferry and Beech Bottom.

New mills will be coming on line in 2009 and as many as 125 new jobs will be added — the first new basic steel jobs in decades in the area — to Wheeling-Pitt. That was the word Friday from company chairman James P. Bouchard.

Bouchard, interviewed by telephone from Chicago, said plans for Wheeling-Pitt include a new \$125 million cold mill and galvanizing complex at the Steubenville North Plant, located off Ohio 7 at the south end of the city.

Changes also are coming to the Mingo Junction plant, which officially is known as Steubenville South. Bouchard said \$5 million will be invested there for a granulator installation for the blast furnace. The granulator will allow formation of a new company to sell granulated iron to electric arc furnace steel producers, Bouchard said.

In addition, the Basic Oxygen Furnace at Mingo Junction is set for a permanent shutdown in the second quarter of 2008 as the company switches over to a full hot-charge for its centerpiece Electric Arc Furnace. Bouchard said that will allow the company to change the heavy use of scrap to feed the EAF, which reduces operating costs, given the major increases in scrap pricing in recent months.

Bouchard said new equipment was installed at the EAF in July, and the furnace is running about 30 percent of the time with hot metal charging.

“It drops our costs tremendously,” Bouchard said.

Bouchard said the United Steelworkers were briefed Friday on the upgrades coming to Wheeling-Pitt’s Ohio Valley facilities, including future plans for use of the Martins Ferry plant.

The 36-inch and 48-inch lines will be shut down with the new facilities coming on line at Steubenville, but Martins Ferry will receive new work. He said a decking unit in Sharon,

Pa., will be transferred to Martins Ferry, which also will receive a new cut-to-length steel processing line. Employees will be given the opportunity to transfer to the new lines at Steubenville, he said.

“Martins Ferry will be full. It will be a value-added processing facility,” he said.

Bouchard said upgrades also will be made at Wheeling-Pitt’s Beech Bottom facility.

He said with all the changes, the company will see its costs reduced by \$100 million a year.

“It’s a pretty significant deal,” he said. “It’s 100 percent with the USW, and it takes a partnership with them to get it done. It’s very important to the state of Ohio — Steubenville North is a significant investment for them and we’ll be adding jobs in the Steubenville area,” Bouchard said. “Martins Ferry is fine, and Beech Bottom is fine.”

Wheeling-Pitt made a presentation to the Key Banc Investor’s Conference in Boston Tuesday. The report the steelmaker presented, which is available at the Securities and Exchange Commission Web site, details how the skyrocketing price of scrap steel impacts Wheeling-Pitt.

The company had forecast a \$14-per-ton decrease in scrap prices for 2007 compared with 2006, when it was developing 2007’s business plan. Instead, the company said, scrap went from \$260 a ton in 2006 to \$311 a ton as of September.

Meanwhile, the price of hot band products sold by the steelmaker dropped from \$587 a ton to \$514 a ton, which was below the already reduced forecast price of \$568.

The company said first-half financial results reflected the inverted relationship between the price of scrap and the dropping selling prices, prompting the firm to accelerate slab cost reduction and to implement the second phase of its facilities rationalization plans.

Wheeling-Pitt had reported losing more than \$100 million in the first half of 2007.

As part of its plan, Wheeling-Pitt plans to take the BOF out of production, continue running the blast furnace at Mingo Junction at 3,700 tons per day, with 3,000 going to steelmaking and 700 tons going into the granulated fines sales.

Low residual steel will be made at the Sparrows Point, Md., mill.

Using hot-charged products in the EAF reduces energy consumption and electrode replacements, as well as the need for carbon injection in making steel in the furnace. The EAF thus would be on line more, the company plan states.

The company refers to its future plan as the New Esmark “Metalmorphosis,” seeing Wheeling-Pitt move from being an old-style integrated producer that converts ore to iron

in a blast furnace to feed it into a steelmaking furnace and then casting the steel into slabs for further production into a plant that uses scrap and hot metal to feed the EAF only, with lower slab and converter costs down the line. The plan also notes a 1-million-ton-a-year slab supply to come to Wheeling-Pitt from the Sparrows Point plant.

Esmark and Wheeling-Pitt are part of a joint venture that also includes Brazilian ore producer CVRD and the Industrial Union of Donbass, a Ukrainian steel producer, as well as other investors, buying Sparrows Point from Mittal Steel. Mittal is divesting the plant as a condition set by the U.S. Department of Justice as Mittal moves to complete its merger with Arcelor.

Esmark's proxy statement to hold a shareholder vote on completion of its takeover of Wheeling-Pittsburgh is pending SEC approval. The New Esmark would be the new owner of Wheeling-Pittsburgh Steel if shareholders approve the takeover.

Esmark took over management of the steelmaker in a shareholder vote in November, sacking previous management.

Esmark is a steel service center firm founded by James P. Bouchard and his brother, Craig T. Bouchard. Craig Bouchard will relinquish his duties as Wheeling-Pitt president to assume presidency of the joint venture corporation that will take ownership of Sparrows Point.