

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of</b>	)	
<b>TimkenSteel Corporation for Approval of a</b>	)	
<b>Unique Arrangement for the TimkenSteel)</b>	)	<b>Case No. 15-1857-EL-AEC</b>
<b>Corporation's Stark County Facilities</b>	)	

---

**DIRECT TESTIMONY OF SHAWN J. SEANOR**

---

**Q.1. Please state your name, title and business address.**

My name is Shawn Seanor. I am the Executive Vice President of Sales and Business Development at TimkenSteel Corporation. My business address is 1835 Dueber Ave. SW, Canton, Ohio 44706.

**Q.2. Please describe your educational background.**

I hold a bachelor's degree in management engineering from Grove City College and a master's degree in business administration from Kent State University.

**Q.3. What is your professional background?**

I joined The Timken Company in 1984 as part of the project management team that launched the Faircrest Steel Plant. Over the years, I served in manufacturing, purchasing and supply chain before joining the company's team of sales engineers, where I gained a broad understanding of our steel customers and their applications. I later served as director of marketing and business development, broadening the scope and value of steel products and services. When TimkenSteel spun-off from The Timken Company, I led the Energy and Distribution segment of TimkenSteel's business. Since November 2015, I've been the Executive Vice President of Sales & Business Development, directing all customer-facing activities for TimkenSteel, including sales, marketing, customer service and customer engineering.

**Q.4. On whose behalf are you offering testimony?**

I am testifying on behalf of TimkenSteel Corporation in support of the Application filed in this proceeding.

**Q.5. What is the purpose of your testimony?**

The purpose of my testimony is to support the Application by describing the challenging competitive landscape for TimkenSteel's products, both domestically and internationally.

**Q.6. Please describe the market for TimkenSteel's products.**

TimkenSteel is a leading manufacturer of specialty bar quality steel and seamless mechanical tubing. TimkenSteel's products and services are alloy steel bars (63%), seamless mechanical tubing (20%) and value-added solutions consisting of machining, honing and drilling, supply chain services and components (17%). While our products reach every corner of the globe in our customers' applications, the overwhelming majority of TimkenSteel's sales are invoiced in the U.S. and [REDACTED]% of all product shipments go to Ohio locations. No single customer represents more than [REDACTED]% of TimkenSteel's direct sales. TimkenSteel sells a diverse mix of products and services to approximately [REDACTED] customers, [REDACTED]% of whom are in Ohio.

**Q.7. Who are TimkenSteel's customers?**

We operate and serve customers in two segments: Industrial & Mobile and Energy & Distribution. In the Industrial & Mobile segment, TimkenSteel is a leading provider of high quality air-melted alloy steel bars, tubes, precision components and value-added services. In the mobile market sector, TimkenSteel products are used by our automotive customers in critical automotive applications where high performance is required, like engine, transmission, and driveline applications. Our industrial customers are spread

1 across a wide range of industries, including agriculture, construction, machinery,  
2 military, mining, power generation and rail original equipment manufacturers. These  
3 customers count on TimkenSteel products for a variety of applications where  
4 performance is critical. And, because of our manufacturing flexibility, we can produce  
5 and sell many grades in relatively small quantities.

6 TimkenSteel also operates in the Energy & Distribution segment, where we are a  
7 leading provider of high quality air-melted alloy steel bars, seamless tubes and value-  
8 added services such as thermal treatment and machining. The Energy & Distribution  
9 segment offers unique steel characteristics in various product configurations to improve  
10 customers' performance in demanding drilling, well completion and production activities.  
11 Application of TimkenSteel engineered material solutions can be found in both offshore  
12 and land-based drilling activities. Vertical and horizontal drilling and well completion  
13 applications include high strength drill string components and specialized completion  
14 tools that enable hydraulic fracturing for shale gas and oil in Ohio and other states.

15 **Q.8. What challenges is TimkenSteel facing in today's market to be competitive?**

16 This is a challenging market with low demand and pressure from imports and subsidized  
17 foreign competitors. There has been monumental retrenchment in the oil and natural gas  
18 industry that significantly reduced demand for steel. [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

1 [REDACTED]  
2 [REDACTED]

3 Second, TimkenSteel's competitiveness has been adversely impacted by a surge  
4 in imports from foreign steel competitors. With government support, steel-mills were  
5 overbuilt in Asia for the last 10 years, contributing significantly to the global glut of steel  
6 capacity. This is a significant issue for TimkenSteel and the North American steel  
7 industry as a whole. The compound effect of non-market economies and the strong U.S.  
8 dollar has proven a challenge for domestic producers, like TimkenSteel, whose  
9 operations are already very lean.

10 **Q.9. What is TimkenSteel doing to remain competitive in the challenging market you've**  
11 **described?**

12 As is always the case, particularly in this challenging market with low demand and  
13 pressure from imports, we are staying close to our customers. TimkenSteel always looks  
14 at the opportunity to grow its end markets and leverage its competitive strength in alloy  
15 steel bars, seamless mechanical tubing and high performance, high-service solutions for  
16 customers. For example, we're seeing good platform growth on the automotive side of  
17 the business and we're winning new platforms in our mobile markets based on our value  
18 added model. And, we've made *significant* capital investments [REDACTED]  
19 [REDACTED] to place the company in the ideal position to successfully  
20 gain share in its most profitable niche markets. For example, the over \$200 million large  
21 bloom vertical caster gives TimkenSteel more flexible capacity in all markets and broader  
22 capability to support higher value SBQ and seamless mechanical tube markets. The \$25  
23 million ladle refiner for the Faircrest Steel plant not only added capacity, it also allows us

1 to produce exotic grades of steel and to enter new markets. The \$35 million forge press  
2 at the Faircrest Steel Plant also opens new markets by allowing production of large bars  
3 up to 16” with required soundness. And, the \$50 million intermediate finishing line at  
4 the Gambrinus Steel Plant has dramatically reduced steel tube finishing cycle time,  
5 enhancing customer service. All of these state of the art facilities are now operational.

6 Our investment in value-added operations supports sales of our most sophisticated  
7 product lines, which meet the needs of demanding applications in energy and other  
8 markets. Few others can deliver the kind of customization and responsiveness that  
9 TimkenSteel delivers.

10 **Q.10. How will the unique arrangement proposed in the Application help TimkenSteel**  
11 **compete in today’s challenging market?**

12 The unique arrangement requested in the Application would support additional capital  
13 investment, which is required to continue servicing customers and grow organically here  
14 in Ohio. We don’t know when demand will recover but, when it does, we need to be in a  
15 position to compete. TimkenSteel’s ability to compete – especially in the face of a  
16 competitive playing field that’s unfairly tilted against it – requires capital investment in  
17 additional value-added operations. A good example is the jumbo bloom vertical caster  
18 that is now in operation at the Faircrest Steel Plant. That project significantly increased  
19 capacity for all products, resulted in a significant yield improvement (which in turn  
20 means less electricity used per ton of shipped product) and provided TimkenSteel with  
21 broader capability to support the specialty bar quality and seamless mechanical tube  
22 markets.

1     **Q.11. Does this conclude your direct testimony?**

2             Yes it does.

## **CERTIFICATE OF SERVICE**

The Public Utilities Commission of Ohio e-filing system will electronically serve notice of the filing of the public version of this document on the parties referenced in the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 25th day of November, 2015.

s/ Michael J. Settineri

Michael J. Settineri

Steven T. Nourse  
American Electric Power Service Corporation  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, OH 43215  
[stnourse@aep.com](mailto:stnourse@aep.com)

Kimberly W. Bojko  
Carpenter Lipps & Leland LLP  
280 North High Street, Suite 1300  
Columbus, OH 43215  
[bojko@carpenterlipps.com](mailto:bojko@carpenterlipps.com)

David F. Boehm  
Michael L. Kurtz, Esq.  
Boehm, Kurtz & Lowry  
37 East Seventh Street, Suite 1510  
Cincinnati, OH 45202  
[dboehm@BKLawfirm.com](mailto:dboehm@BKLawfirm.com)  
[Mkurtz@BKLawfirm.com](mailto:Mkurtz@BKLawfirm.com)

Frank Darr  
McNees Wallace & Nurick LLC  
21 East State Street, 17<sup>th</sup> Floor  
Columbus, OH 43215-4228  
[fdarr@mwncmh.com](mailto:fdarr@mwncmh.com)

Jodi Bair  
Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, OH 43215-3485  
[bair@occ.state.oh.us](mailto:bair@occ.state.oh.us)

William L. Wright  
Section Chief, Public Utilities Section  
Assistant Attorney General  
180 East Broad Street, 6<sup>th</sup> Fl  
Columbus, OH 43215-3793  
Telephone: (614) 466-4397  
Facsimile: (614) 644-8764  
[bill.wright@puc.state.oh.us](mailto:bill.wright@puc.state.oh.us)

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**11/25/2015 4:39:07 PM**

**in**

**Case No(s). 15-1857-EL-AEC**

Summary: Testimony of Shawn J. Seanor electronically filed by Mr. Michael J. Settineri on behalf of TimkenSteel Corporation