



February 18, 2020

Good Afternoon

I am John Voorhees, Sr Director of Compliance for United States Stove Company, and this is August Jones, President of US Stove. Please allow me to outline some history on what we have been through.

In 2015, the Hearth Patio and BBQ Association on behalf of its members filed suit against the EPA for a number of issues stemming from the 2015 NSPS. HPBA chose to negotiate with the EPA rather than litigate. Disappointingly, EPA did not follow through with negotiations.

As you are probably aware, the NOPRM was issued in the late fall of 2018. I would like to add that this is 6 months after Peter Tsirigotis stated it would be issued in a filing he made with the circuit court in April 2018. (read #3,#4)

On December 17, 2018, I outlined at the public comment meeting here in Washington DC, the costs associated with the development of all the certified products in the 2015 regulation. I also outlined the financial burden this has caused US Stove. I want to reiterate, we as a company needed to recoup our costs associated with the development and testing of these products. EPA has stated many times that we had 5 years to recoup those costs, and we could rely on revenues from Step 1 sales to develop 2020 compliant products. In these comments, I also requested the 2 year sell-through as outlined in the NOPRM and that this sell-through be applied also to AAA products. Read page 22 of NOPRM

Because of the lack of sell-through provided in the 2015 NPSP, we really didn't have 5 years. Because of the selling cycle, we actually lost 2 years of those 5 since retailers didn't want to get stranded with product. On page 17 of NOPRM, EPA stated Which means they were aware of the potential problem before they even received comments on this NOPRM.

In the NOPRM, EPA requested comments for the length of sell-through and reasons. EPA wanted comments on a 2 year sell-through for QQQQ products. READ PAGE 21 of NOPRM .EPA also requested comments on whether to give sell-through for AAA products. EPA has stated it didn't receive many written comments back and therefore doesn't see the reason to sell-through at all. I felt US Stove gave compelling reasons why sell-through for both AAA and QQQQ is critical. Let me also point out there are

only a handful (4-5) WAF manufacturers that I am aware of. US Stove filed CBI written comments in January 2019. In those comments we stated that there was precedent for sell-through provisions in the previous NSPS and in other regulations EPA has issued. We outlined in detail the cost burden associated with the 2015 NSPS and the development of products.

We are now at the critical point and here are some hard numbers.

Our top national retailers collectively have a total of \$1,500,000 of retail WAF inventory as of February 14th. These same retailers have a collective total of \$1,300,000 of AAA products. These numbers are only our top national retailers. We estimate a combined total of 2,800,000 million of WAF from both our regional and national retailers.

Because of the fear of stalled products, our retailers did not place forecasted orders this past year. We, as a manufacturer are also stuck with inventory. We currently have \$730,000 of WAF and \$670,00 of AAA products.

This is exactly what EPA predicted in the NOPRM which I quoted earlier.

There are only 2 Step 2 WAF. Both of these certificates are questionable both in the way they were certified and the compiling of data to determine compliance. Both of these did not follow the test protocol outlined in the 2015 NSPS. Both required an ATM.

Another point which I submitted in our written comments is the difference between the average emissions of our Step 1 AAA certified products and 2020 requirements is 1 g/hr. When you take into account the practices of the home owner of a wood stove, that difference can't be measured.

US Stove has not sat idle and hoping the inventory is sold. We have proactively (and at great cost to us) tried to facilitate the liquidation of our retailers' inventory ahead of the deadline. This is substantial mark down money out of our pocket we have had to pay our retailers to liquidate pre-2020 product.

The irony of this whole situation is this: Pre 2020 products can't be sold or transferred after May 15, 2020. So, what is going to happen is these products are going to be donated and therefore still end up out in the airshed. Millions of dollars of revenue will be lost because of this regulation. This regulation is also forcing "Ma and Pa" retailers to become criminals, because they won't or can't get stuck with stranded inventory.

To make this whole situation more real, US Stove laid off 25% of its staff last week and this is after a layoff of 45% made last summer.

We urge you to include sell-through for both QQQQ and AAA products for both manufacturers and retailers and have the revision issued expeditiously.

August has a few comments he would like to add to my presentation, and I thank you for taking our very serious concerns under consideration.

August and I would be happy to answer any questions you might have.