

PRESS RELEASE

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From: Pend Oreille County Commissioners

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Pre-construction permitting process for silicon production facility near Newport Washington begins

Newport, Wash. – A Canadian company, HiTest Sand, Inc., formally started the application process for permits necessary to build a \$325 million silicon production facility south of Newport on Monday, October 2.

This milestone, along with their recent purchase of 192 acres a few miles south of Newport establishes their commitment to build here, announced the Pend Oreille County Commissioners.

Top HiTest executives began a week of meetings with state and local officials from Washington and Idaho.

Gregg Dohrn, Pend Oreille County's HiTest Project Manager, said that in the discussions leading up to this announcement they have identified the state and local permits and approvals that must be obtained before construction can begin. Dohrn said with this formal announcement the County will now determine more specifically what information must be submitted and when the opportunities for public review and comment will occur. He estimates the application and review process could take at least a year. Construction would require two more years.

During the past year, HiTest had explored several location options. They also hired a company to make air dispersion models for their facility that will be necessary during the permitting process.

"HiTest intentionally has kept a low profile," said Jayson Tymko, president of the Edmonton, Alberta, based company. "Our management's approach to business is not to create false expectations. Now that we have chosen a site, we have begun the necessary steps to incorporate a Washington state entity as well as open a local office."

John Carlson, vice president, said they plan to be part of the community for a long time. Part of the reason they have taken so long to begin specific discussions with the community about their plans was so they could complete studies to ensure the project's economic feasibility.

"We intend on having many public consultations and open houses to discuss our plans and listen to the resident's feedback," Carlson said. "We have completed preliminary layouts, and are now proceeding with validating these plans with recently completed geotechnical, access road and environmental studies.

The basic requirements will include compliance with the Washington State Environmental Policy Act (SEPA), Dohrn said. In addition, the Washington State Department of Ecology will require an extensive assessment of the emissions from the

facility. This is to determine whether the facility can meet the national air quality standards of the Clean Air Act.

Carlson said they are currently running dispersion models up to 350 miles from their site and are within the Washington State air emissions standards. They have studied the wind data over the past 3 years. The studies also analyze visibility of dispersion.

Pend Oreille County will require a conditional use permit for the development of the site as well as building permits. HiTest purchased the undeveloped 192 acres from the Pend Oreille County Public Utility District who had purchased most of the property in anticipation of building a gas powered electrical generating facility back in the 1980's. The site includes a 13-acre parcel that the County sold to the PUD so that the property could be marketed together.

These county permits will assess: how materials will be shipped in and out of the site; how employees will travel; and how services like sewer and water will be provided. They will also ensure that appropriate measures have been taken so that there is no threat to ground or surface waters.

Colin Willenbrock, PUD general manager, said, "Now that HiTest has officially purchased property in the County, we will work with them on a formal request for service at the site and the execution of a collateral agreement to fund the necessary engineering analysis for power delivery." He said the analysis is a multi-party process involving our staff, neighboring Avista and the Bonneville Power Administration.

The District will also need to begin negotiating a long-term power supply agreement with sufficient financial security, Willenbrock said.

"Economic development projects of this scale generally start with the PUD," Willenbrock said. "Our Commissioners and highly qualified staff take a lot of pride in helping any new customer."

HiTest has projected that the facility will require 105 megawatts of electricity a year.

HiTest said they plan to employ 150 at the facility with an estimated plant life that exceeds 50 years. They estimate up to 400 will be employed for construction.

Pend Oreille County Commissioner Mike Manus said the positive economic impact on the county would be significant especially at this time when it is struggling. He said he believes that HiTest will be a good member of the community.

"We need a diverse economic base that will support young families and give us a more sustainable future," said Karen Skoog, Pend Oreille County Commissioner. "I believe our community's commitment to a rural way of life and the environment will make additional development reasonable and low impact."

Pend Oreille County Commissioner Steve Kiss said that this project will have economic benefits throughout the region. "We look forward to working with our regional partners in Bonner, Stevens, Kootenai, and Spokane County to maximize the benefits from this unique opportunity," Kiss said.

At their Horse Creek Quartz mine, HiTest Sand Inc. currently operates a seasonal quarry for a variety of industrial uses. The company originally evaluated the deposit for an alternate industrial use.

They started plans for a silica metal plant in Golden, British Columbia, based on the high quality of the quartz discovered. The low electricity rates and business friendly Washington State enabled HiTest to move the plans for a production facility to Newport.

It is anticipated that the raw material will be transported to the Newport facility by rail and/or by truck on designated heavy load routes through Bonner County, Idaho.

Silicon metal is used in the production of many products in the growing “green” technology industries including the making of aluminum, the production of solar panels and computer chips and components. Silicon metal is made from the reaction of silica (silicon dioxide, SiO₂) and carbon materials like charcoal, coal and wood chips.

This state-of-the art facility, which the company said they would be explaining in detail as the permitting process advances, is considered environmentally friendly without toxic chemicals or air quality issues.

“Our plans are to hire as many local residents as possible,” Tymko said.

But they will also have some of the top experts in the field. One of them is Jim May their chief operating officer. He was president and CEO of Dow Corning Silicon Energy Systems. Where he grew their silicon metal business from \$50 million to \$300 million over a five-year period. He will be a key member of their expert team during construction and startup.

The Washington Department of Commerce has designated this a Project of Statewide Significance and awarded HiTest a \$300,000 grant to offset study costs to date. The Governor’s office, Commerce staff and our state legislators have been involved and helpful from the beginning, said Dohrn.

“While we can see the potential for significant economic benefits, we understand that with tremendous opportunity comes tremendous responsibility, and we are ready to meet that challenge,” said Dohrn.

The County Commissioners have established an Executive Committee of local elected officials to provide coordination throughout the permitting process. Elected officials representing the City of Newport, the PUD, the Port of Pend Oreille, Bonner County, and the Kalispel Tribe, as well as the Chair of the Pend Oreille County Economic Development Council have been invited to participate.

The Commissioners have also established a staff coordinating committee to ensure that the staff from all of the local agencies that may be directly or indirectly involved are working closely together. This coordination is focused not only on permitting but also to make sure that the community will take full advantage of the economic development opportunities. This will include specific workgroups to address such topics as housing needs and opportunities, workforce development, and contracting opportunities.

For more information, please visit the Pend Oreille County Economic Development Council’s website at www.pocedc.org.

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