

06 February, 2023

TO: U.S. Congressional Committee on Ways and Means
FROM: Wylie McDade

SUBJ: STATEMENTS PREPARED FOR STATE OF THE AMERICAN ECONOMY:
APPALACHIA

ENCL: (a) Biography
(b) Introduction to Devil's Due Distillery
(c) Statement of Wylie McDade for Congressional Field Hearings
(d) Truth in Testimony Disclosure Form

1. My name is Wylie McDade. I am co-owner of Devil's Due Distillery, a small distillery located in Kearneysville, Jefferson County, WV. Thank you for the opportunity to appear before this committee today. I hope to represent the hardworking individuals of my business and provide insight into the economics and human resources at work in Wild, Wonderful West Virginia.

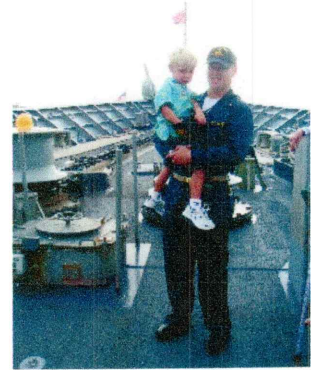
2. Please find my prepared statements attached.



Wylie McDade

Wylie McDade is a resident of Jefferson County, WV and co-owner of Devil's Due Distillery, also located there. He is married to Cynthia McDade. They have three sons, Ethan, Samuel and William.

Wylie is a retired Navy veteran, having served 24 years of active service. He enlisted in the Navy in 1996 and spent the first ten years of his career as an enlisted cryptologist. In 2004, he received a commission as a Surface Warfare Officer, four years later he transferred back into cryptology. Wylie deployed throughout the world in support of US Operations Enduring Freedom, Iraqi Freedom, and Partnership of the Americas; NATO Operation Active Endeavor, multiple coalitions and joint/combined task force operations, and dozens of group and unit specific operations. Wylie retired as a Lieutenant Commander in 2019, he settled with his family in West Virginia to pursue a career in industry and manufacturing.



His education includes:

- M.S. Cyber Systems and Operations, Naval Post Graduate School, Monterey, CA
- B.A. International Politics, Elliot School of International Affairs, George Washington University, Washington D.C.
- U.S. Navy Mandarin Chinese Training Graduate, Defense Language Institute, Monterey, CA



After retirement, Wylie, Cynthia and their children settled in Jefferson County. The following year, Wylie and his brother Brian Halbert built the Distillery. Their idea was to place the Distillery in a popular location so as to be supported by local tourism and also in an agriculturally productive area to support production and better integrate supply chains. Jefferson County proved the right answer.

Wylie now produces small batch whiskies and moonshines for sale at his Distillery and distribution in the local market. Cynthia continues to serve the military and the community as a licensed social worker. They enjoy family time, an occasional beach vacation, and a love of fishing with family and friends.


Wylie McDade
LCDR, USN (RET)



DEVIL'S DUE

DISTILLERY

Kearneysville WV

Our Story

In the rolling hills and farms of Jefferson County, West Virginia, near the meeting place of the Shenandoah and Potomac Rivers, sits Devil's Due Distillery. Every day, the hardworking men and women of this Distillery take local whole grain, water, fire and oak and transform them into fine spirits. Devil's Due Distillery strives to represent the best of what West Virginia can offer, fresh clean water naturally filtered through limestone and minimally processed, locally sourced fresh grains that grow in the nutrient rich soils found around the many rivers that run through the area, and 100% American charred white oak, much of which is sourced directly from Appalachia. What Devil's Due Distillery delivers is an experience for the customer that ties them back to the land. It is the local flavor of Appalachia derived from the air, the earth and the water that you just can't recreate elsewhere. At Devil's Due Distillery we don't aim to make our fine Whiskey and spirits better, just different. Give us a try, better yet take the trip and come see for yourself what "Almost Heaven, Made in West Virginia" is all about. **Devil's Due Distillery, The Spirit of West Virginia.**

About the Owners

Devil's Due Distillery is led by Wylie McDade and Brian Halbert, both of whom were born and raised in nearby Loudoun County, Virginia. Wylie a 24-year Navy Veteran and Brian, a graduate of Old Dominion, and software engineer, now produce traditional, small batch, grain-to-bottle Bourbons, Whiskies, Vodka and seasonal spirits and Moonshines. In 2021, the two opened their dream to the public. The distillery is located in the beautiful, history filled rolling hills of Jefferson County, WV, near Harper's Ferry and the C&O Canal. The distillery operates out of a new 4,000 sq. ft. manufacturing facility, which houses its production equipment, rick, tasting room and distillery store. The distillery has a bottling capacity of 30,000 bottles per year, with expansion plans occurring in 2023 and 2024 to handle future capacity and demand.

About the Products

Devil's Due Distillery currently bottles and distributes the following spirits in 45 stores throughout the State of West Virginia:

- **Devil's Due Straight Bourbon Whiskey:** High-Rye Bourbon – Corn, Rye and Malt Barley. Aged 3 to 4 years. Sweet caramel notes, cinnamon and vanilla, well-rounded malt and oak finish.
- **Devil's Due Rye Whiskey:** Rye, Wheat and Malt Barley mash. Aged two years. Loaded with spice and oak, with a smooth malt finish.
- **Devil's Due Maple Whiskey:** Wheat, Corn and Malt. Aged two years. Proofed with a measure of American Maple Syrup. Beautiful maple flavors, a wash of whiskey on the pallet, pecan finish.

Wylie McDade

Brian Halbert



06 February, 2023

I come to Petersburg today to tell you the story of one small business, located in one small town in America. The town is called Kearneysville and it is located in Jefferson County, WV. This county is of incredible historic importance to the United States. George Washington didn't just sleep here, he lived here. So did his brother Charles, who in 1786 founded Charles Town at the heart of the county. The American Civil War started here at Harper's Ferry. West Virginia seceded from Virginia shortly thereafter in support of the Union. The people here are fiercely proud of their state.

The people come from all walks of life. Farm land abounds as do small shops, boutiques and restaurants. The County is ringed by National Parks - Harper's Ferry, Antietam and the C&O Canal. Two great rivers, the Shenandoah and the Potomac converge here and form the northern end of the Chesapeake Bay Watershed which flows under the nation's capital a scant 40 miles away. When you cross the border, it feels different. John Denver captured the feeling perfectly. That's why people come here.

Naturally, a small distillery feels right at home here. It's true that prior to the Whiskey Rebellion in the late 1700s many (if not most) farms in West Virginia had a working still. It was logistically far easier and economically more profitable to bring grain to market by the barrel than by the bushel - Appalachia to the south and west wasn't always as accessible as it is now. Today, West Virginia's rich culture and tradition is showcased at our Distillery. We aim to take those same local grains, that same tradition and produce a product that you just can't get elsewhere. We don't look to make the product better, just different. Jefferson County, WV has everything we need to succeed.

Geographically, our Distillery is strategically placed in the James Burr Business Park near I-81, a major north south interstate and commerce artery. The highway bisects the Eastern Panhandle of WV and its relatively close proximity helps keep freight costs low. We are a completely electrified facility due to the current unavailability of natural gas lines. Natural gas fired boilers are 100% more efficient than electrical heating in this industry. At least 75% of our agricultural inputs are supplied by local farms in the county. However, grain is only one part of our process and much of our production inputs are freighted in from across the United States.

Our Whiskey is mashed and distilled on equipment produced in Missouri. Our Whiskey, by federal law, must be aged in American White Oak. The oak for these barrels is sourced from the Ozarks, the Tennessee Valley, and right here in West

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Virginia's Appalachia. Our bottles are produced throughout the United States and abroad. Our label production occurs in Maryland and New York. Our merchandising is a mix of locally produced craft and national commercial products. Nearly all of these products rely on freight and working supply chains.

In 2021, when we started our business diesel prices were in the mid-\$2 range. Factories were producing at or near capacity. Warehouses were full. Choice in products were plentiful. Much has changed in the past two years. Fuel price fluctuations make planning difficult, especially on already small margins. Due to factory closures, glass shortages have been and continue to be a scourge on our industry. Input costs on grain have risen sharply, something we are positioned well to endure when dealing locally with farmers, but ever present on the commercial markets. Lead times are up at least by a factor of two to ten. Ordering minimums have double and tripled. Oak prices have skyrocketed and continue to stay high. The enormous glass warehouses that feed the industry remain at minimum capacity with only minor gains in stocks. Supply chain logistics remain painful to say the least.

Despite input cost increases, we are reluctant to raise prices and have not done so. I believe that this is one of the main drivers keeping our clientele coming back. However, it comes at great cost - growth. Our workforce should consist of seven to ten in order to work the distillery, the tasting room and the distribution aspect of the business, yet we do so with five. Everyone works long hours wearing many hats. My business colleagues in the area tell me that they have a similar experience and that hiring remains challenging - a perceived shortage of available workers. This shortage is compounded by rising home prices, soaring rents and inaccessible credit.

In the face of all these problems, our outlook is strong. I believe our community outlook is also positive, but this is West Virginia and Mountaineers inherently know how to do more with less. So we endure and hope that Washington can work to provide stability in our markets. We need lower and more consistent fuel prices to allow for planning on thin margins. We need more choice in energy to achieve efficiencies in our industry. We need to strengthen national manufacturing and refill our national commercial warehouses. We need to pull back from intensive interest rate hikes and stabilize local housing availability. We're just one small, proud West Virginian business out of many thousands all looking for the same thing - opportunity to succeed. Thank you.


Wylie McDade
ICDR, USN (RET)

Enclosure (c)