

To whom it may concern,

Earlier this year, Domtar kraft pulp mills in the United States were certified by the United States Internal Revenue Service as alternative fuel blenders. By mixing black liquor from the kraft pulping process and taxable road fuel (e.g. diesel fuel) Domtar is able to qualify for a \$.50 per gallon refundable tax credit.

The tax credit has literally been a lifeline for Domtar, allowing us to survive among some of the toughest times this industry has seen in the past 80 years. When Domtar decided to resume operations at the Woodland pulp mill, the tax credit was cited as one of the reasons for the re-start. The original legislation, passed in 2005 establishing the credit, will expire on December 31, 2009.

Here are just a few additional reasons as to why our legislators need to maintain this credit.

- Our mill fulfills over 70 percent of our power needs from burning black liquor—a residual of the pulping process comprised of lignin, the organic “glue” or liquid biomass that binds wood fibers together.
- The pulp and paper industry far outpaces every other industry in production and use of renewable power. However, until now we have largely been unable to take advantage of incentives for renewable power. Currently, restrictions exist in the Section 45 renewable electricity tax credit which disqualify renewable biomass power that is generated and consumed on site—a practice we employ here at Domtar. Meanwhile, those that compete with us for wood fiber, such as independent power producers and facilities that make cellulosic transportation fuels, benefit fully from Section 45 and other production tax incentives.
- We view the alternative mixture credit as helping to level the playing field while providing a needed boost to our mill—a mill that sustains good paying jobs in a rural community that depends on these jobs to drive economic activity in the area.
- This tax credit has been a critical lifeline for our mill in the midst of what everyone—economists, politicians and millworkers--agrees are extraordinarily dire economic conditions.

Thanks,

Tom Cudney

*Tom Cudney
Sales Service Representative - Midwest Region
Domtar Paper Company, LLC*