

July 1, 2009

Submitted via email to: altfuelscredit@finance-dem.senate.gov

Dear Senators Baucus and Grassley:

I am writing to you regarding your June 11 draft that proposes to prohibit the Alternative Fuel Credit and Alternative Fuel Mixture Credit for Black Liquor. I work at Boise Inc.'s sales and marketing office in Bensenville, IL.

The paper industry has been a leader in the generation and use of renewable energy sources for decades. As our legislative bodies consider providing financial incentives for "new" green energy applications, it is important not to disadvantage those industries that have already been using sustainable, renewable practices (see article:

http://www.oregonlive.com/environment/index.ssf/2009/06/power_lurks_in_oregon_forests.html).

The paper industry generates 28.5 million megawatt hours of carbon-neutral renewable energy annually—enough to power 2.7 million homes; two-thirds of the energy needs of our industry are met with carbon-neutral renewable energy generated on-site from renewable sources; more renewable energy than all solar, wind and geothermal sources combined. (Source, AF&PA)

The paper industry employs approximately 1 million workers, with many of the facilities located in small, rural communities. The economic downturn has caused a dramatic decline in white collar employment and demand for consumer goods, which in turn have caused a historic decline in demand for paper and packaging products – and jobs. Furthermore, our business is threatened by new paper mills being built in Brazil and Portugal that enjoy government support and a favorable legislative environment. With their low cost structures, more US mills may be forced to close unless an even playing field is created. This will impact the small towns where US paper mills exist - there are virtually no other employers in many of these areas. Jobs related to those facilities would be impacted too – suppliers, restaurants, and retailers. Loss of the Alternative Fuel Credit would have a huge ripple effect that isn't visible in bigger cities.

Senators, I urge you to consider the important contribution of our industry to the nation's economy and to green energy production and use. I ask that you preserve this credit to ensure a healthy paper industry in America.

Sincerely,

Vincent N. Phelan