

Dear Senator Baucus,

I am currently employed at a recycled newsprint paper mill in Snowflake, Arizona, but I am leaving here to relocate to Missoula, Montana at the end of this week. I have been a part of the paper industry for over 25 years, including a stint at the paper mill near Missoula. I would like to offer my comments and perspective on the pending legislative changes regarding the alternate fuels credits and the so-called “black liquor subsidy”. It is my goal, after I join my wife in Missoula, to try to find employment outside of the paper industry, so I feel my comments to this proposed legislation are well-founded, technically accurate and unbiased.

I know it was not the intent of the SAFETEA-LU legislation to shut down a 100% recycled paper mill in northern Arizona, but that is exactly what may result unless something is done to remove the so-called “black liquor subsidy” that is being funded by this legislation.

The Catalyst paper mill in northeastern Arizona (near Snowflake, to be precise) produces approximately 1000 tons per day of 100% recycled newsprint. This represents 1000 tons per day of paper that is reclaimed and kept out of landfills. The water used in our process is treated and goes to grow crops for use as animal feed. On our site, also, is a new 25 megawatt biomass fired electrical generating plant that supplies power to the grid in Arizona. Since we are 100% recycled, we do not make the chemical pulp that generates black liquor. In fact, most newsprint does not use much, if any, of the chemical pulp that is produced by the kraft (black liquor generating) pulping process.

The Dept. of Justice last year mandated that our mill, specifically, be sold as one of the terms of a merger between our former owners, Abitibi Consolidated, and Bowater Corp. The justification for this somewhat unusual requirement was that we are a large, profitable mill that would provide a significant competitive advantage to whomever bought us. In summary, we are a world-class, impressively “green”, 100% recycled fiber paper mill which was very successfully competing in the newsprint market. But now, due to the aberrant way the SAFETEA-LU legislation has been interpreted, our competitors are using government subsidies to lower the price of their newsprint to prices below what we (or they) can produce it for in a free market, hoping to drive us out of business. And unless something is done, they may succeed.

I have always been impressed by the fact that the kraft pulping process, by utilizing its black liquor as a fuel, is so energy independent. But the reality is that kraft mills could not run, neither economically nor ecologically, **unless** they burn their black liquor. They are simply receiving a subsidy now to do what they must do and always have done anyhow. Due to the enormous amount of money which they are collecting, I suspect there will be a concerted attempt by the kraft pulping industry to obfuscate the facts and keep this subsidy money flowing. And I suspect that many kraft mills are, in fact, being kept artificially solvent due to the subsidy, so you should be aware of the negative influence of plugging this loophole. But supplementing the industry with this subsidy is very expensive to the taxpayers and is fundamentally unsustainable in a free market economy. Continuing the subsidy, furthermore, introduces an unrealistic skew to the market forces in our business which results in a serious penalty to papermaking operations which utilize recycled fiber.

As a taxpayer, as a soon-to-be constituent and as long-time member of the paper industry, I ask your help to halt the “black liquor subsidy” as soon as possible.

As I stated initially, I will (hopefully) be in Missoula by June 22, so you may reach me there at \_\_\_\_\_ or \_\_\_\_\_.

Thank you for your consideration.

P

Paul Wisniewski | Technical Supv. | Catalyst Paper