

March 06, 2015

Dear Representatives Neuman, Thompson, and Sadler:

We operate a feed mill, a commercial distribution business for horticultural and revegetation products, a retail operation, and a fertilizer blending plant. We built our fertilizer plant thirty plus years ago to take advantage of the urea produced on the Kenai Peninsula. As you know, urea is a source of nitrogen and the plant provided us with a very price competitive nitrogen source. We continued to supply our plant with the nitrogen from Kenai until the plant was closed several years ago. Currently, we bring in rail cars of urea from Agrium's Canadian plants.

Even though we import urea via rail, our products are still competitive, but our margins have shrunk and the additional transportation costs, which are substantial, are passed on to our customers. Alaskans pay more for everything because of transportation and because there are very few manufacturing facilities in the State. The Agrium plant in Kenai was the rare exception and it made a significant difference from a supply and a cost stand point.

Our customer base is much larger and more diverse than you might imagine. We supply the State DOT with urea from the West Coast for deicing for smaller, rural airports throughout Alaska. Before the Agrium Plant closed, the Kenai urea was used at the airports. Our retail packages of fertilizer are sold in all the major chain stores and independent retail outlets under the Arctic Gro brand. Our Arctic Melt brand ice melt products which are also sold in most retail outlets contain a few urea based specialty products. We also supply commercial contractors, landscapers, government agencies, municipalities, and farmers with fertilizer.

If State leaders are serious about diversifying our economy, encouraging additional exploration, promoting well paying job growth, encouraging local manufacturing, and lowering costs to the residents of Alaska, they need to encourage Agrium to open the urea plant in Kenai.

I support House Bill 100 and I hope you will also.

Sincerely,



Ken Sherwood
C.E.O.