Jim Ganduglia
08-11-3

Agrium

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December 10, 2008

Clerk of the Board
Air Resources Board
1001 I Street,
Sacramento, California 95814

Regarding: proposed regulations to reduce greenhouse gas emissions from heavy-duty truck vehicles.

On behalf of my company, Agrium, and the fertilizer industry, please accept our objection to the proposed emission thresholds and implementation timelines in the proposed regulations to reduce greenhouse gas emissions from heavy-duty truck vehicles (California Code of Regulations title 17, new sections 95300, 95301, 95302, 95303, 95304, 95305, 95306, 95307, 95308, 95309, 95310, 95311, and 95312).

Agrium is one of the largest fertilizer distributors in the world, delivering over eight million tons of nitrogen, potash, and micronutrients annually from 12 production facilities in America and around the world. In California, as with the rest of the world, there is no farm production concern that can operate competitively without our fertilizer products. Just as the California Agriculture industry relies on Agrium fertilizer, Agrium relies on the California trucking industry for delivery of our product to customers in California and surrounding states. Last year, in California alone, we spent more than $6 Million in delivering product by truck. From an economic perspective, emission levels and the timelines for compliance in the proposed changes to CCR Title 17 would force expensive carrier equipment upgrades, the costs for which when passed along through this supply chain would constitute unsustainable increases for all parties, causing irreparable harm to the California trucking and agricultural industries.

Some carriers with whom I contract have had the economic strength to upgrade their fleets to stay compliant with California regulatory changes as those successive changes have been introduced, and with these carriers my cost increases run from about 2% to 3.5% per year. If the changes to CCR Title 17 were to be initiated in their current form, these cost increases would double to 6% to 8% for each year between 2010 through 2022. For other carriers under contract who have not had the economic muscle to perfectly match fleet upgrades with recent regulatory changes, the rate increases required to keep them operating and complaint under the proposed regulatory changes would be far more severe.

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Impact of these rate increases on the California transportation and agricultural industries would be dramatic. As proposed today, the changes to CCR Title 17 would force some good carriers out of business, and shrink significantly the size and scope of the remaining responsible carriers on whom my company and the California economy rely. The resulting vacuum in carriage would dramatically increase costs further for all trucking industry participants and open the door for market entry by a new body of carriers whose business is unsustainable and who would incompliant to Title 17 and other regulations, raising new compelling economic, safety and security concerns. Agrium, like others in the agricultural industry, cannot pay these increased costs without passing them along to the community we serve, who in turn would pass them along in terms of price increases to the end user. That broad price increase would remove California from leadership in the agricultural industry by making California agriculture products cost prohibitive to consumers around the US and abroad.

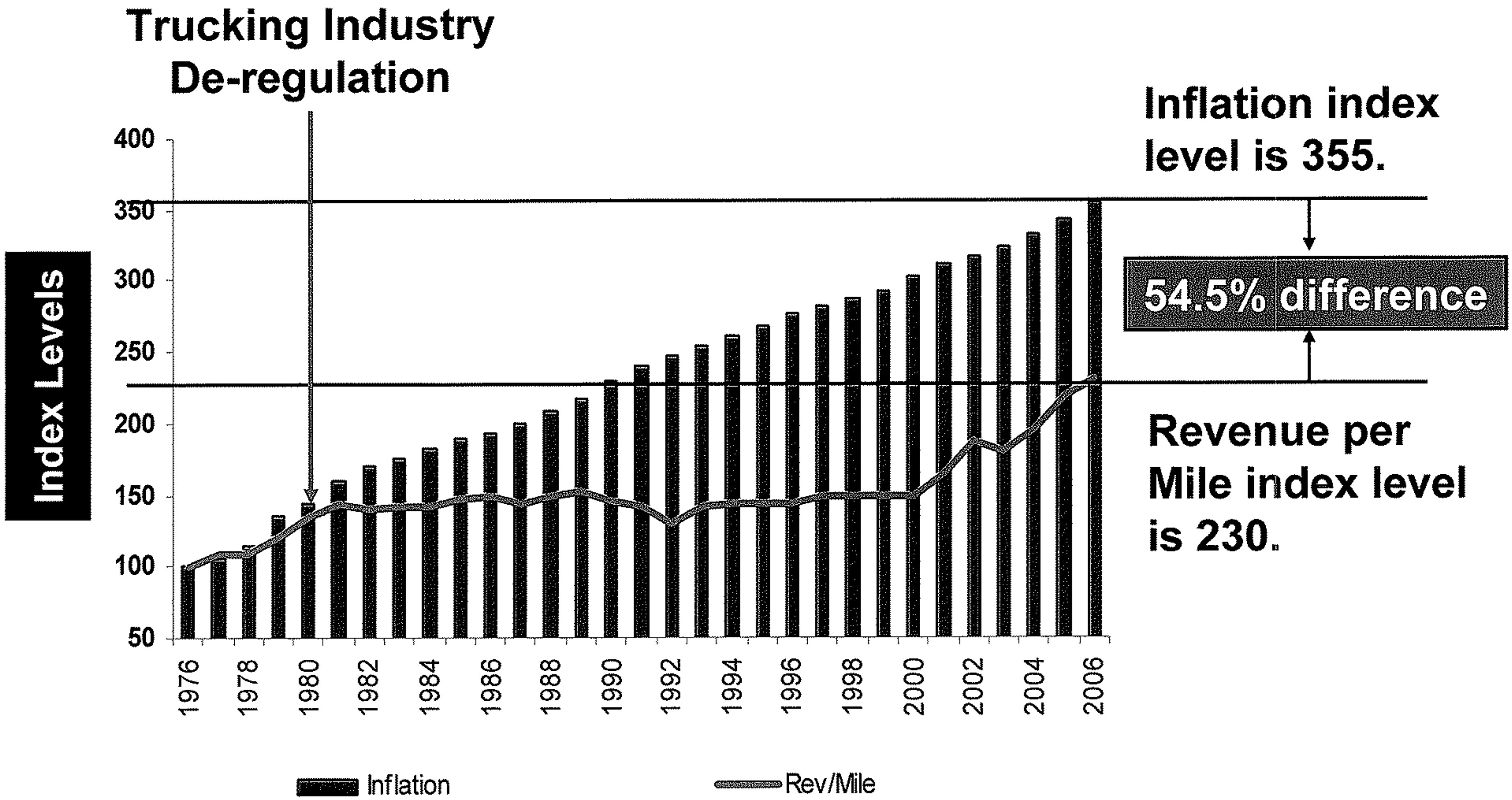
No one can deny the noble purpose behind the regulatory changes of CCR Title 17, but the timelines and thresholds as they exist today are draconian. I strongly urge you to modify these measures to allow for compliance that is not economically disastrous to the California agriculture and transportation industries.

Sincerely,

Michael Overn
Agrium US Inc.

Revenue Per Mile vs. Inflation

American Trucking Assoc. Graph



GT Potential Yearly Rate Increases Due to The CARB Private Fleet Rule

		Power Equipment Cost %	Fleet Mod. Rate Increase %		Previous Aver. Rate Increase %		Total Rate Increase %
1.	2010	0%	0.0%	+	3.4%	=	3.4%
2.	2011	0%	0.0%	+	3.4%	=	3.4%
3.	2012	21%	1.6%	+	3.4%	=	5.0%
4.	2013	92%	5.1%	+	3.4%	=	8.5%
5.	2014	95%	5.6%	+	3.4%	=	9.0%
6.	2015	112%	4.8%	+	3.4%	=	8.2%
7.	2016	103%	4.3%	+	3.4%	=	7.7%
8.	2017	96%	5.1%	+	3.4%	=	8.5%
9.	2018	116%	3.9%	+	3.4%	=	7.3%
10.	2019	46%	1.1%	+	3.4%	=	4.5%
11.	2020	0%	0.0%	+	3.4%	=	3.4%
12.	2021	24%	0.9%	+	3.4%	=	4.3%
13.	2022	31%	0.5%	+	3.4%	=	3.9%

2013-2018 average rate increase

8.2%

Overall Aver.

6%

GT Yearly Pollution Contribution

Calendar Year 9/1-8/31

	Retrofits	Miles Traveled	PM Contribution In Tons	Nox Contribution In Tons
2005/6	No	2,043,085	1.838	49.239
		-29%	-67%	-44%
2006/7	Yes	1,458,115	0.608	27.801
		-1%	-3%	-11%
2007/8	Yes	1,443,264	0.589	24.730
			-70%	-90%
2010			0.175	2.545