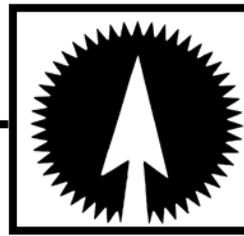


# Alaska Forest Association



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February 22, 2016

Earl Stewart, Forest Supervisor  
Tongass National Forest  
Attn: Forest Plan Amendment  
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[Comments-alaska-tongass@fs.fed.us](mailto:Comments-alaska-tongass@fs.fed.us)

RE: Comments on Proposed Land Resource Management Plan Amendment for the Tongass National Forest, November 2015.

Dear Earl,

Our national forests were designated in order to provide a long-term timber supply. Likewise, the Forest Service was formed to manage those forests and, while Congress has enacted various laws regarding the management of the national forests, the original intent to provide a timber supply has remained. Our U.S. Supreme Court acknowledged that many years ago. See *U.S. v. New Mexico*, 438 U.S. 696, 707 n.14, 708 (1978) (confirming that our national forests are comprised of working public lands, not lands set aside for nonuse like national parks).

The proposed plan amendment for the Tongass is being developed at the sole direction of the current Secretary of Agriculture to effect a premature and unworkable transition to young growth harvest on the Tongass at all costs. The Forest Service has made it clear that they have been instructed to get this proposed land management plan amendment through the plan amendment process before the end of the current Administration. That this proposal is politically motivated has been confirmed to me by Undersecretary Bonnie who has told me repeatedly that the Department of Agriculture has the “social license” to make this change in land management regardless of the impacts on the communities in Southeast Alaska. This blatant and arrogant effort to thwart our nation’s separation of powers doctrine threatens not only our system of government but also the wellbeing of the Southeast Alaska community. The Secretary has no authority to overrule the will of Congress as expressed in governing statutes regardless of whether his Undersecretary thinks he has social license.

This proposed Transition away from harvesting mature (old-growth) timber and amending TLMP to compel a premature harvest of young growth timber will confound the efforts by many people and groups to restore a viable timber supply in Southeast Alaska. If the federal government did not have monopoly power over the timber supply in the region, the impacts of this foolish transition proposal would be less harmful. But the reality is that less than six percent of the land in the region is managed by State or private landowners, and much of those lands are dedicated to towns and home sites.

In addition to being an unlawful restriction of a promised timber supply, the proposed transition to young growth is fatally flawed by the Forest Service’s unrealistic timber supply and demand assumptions and the inadequate financial analysis the agency has performed.

## **Faulty transition reasoning**

The proposed plan amendment purports to transition the industry to small log manufacturing over the next 15-years by harvesting 453 to 627 acres of young growth trees each year, long before they are mature. This harvest level will provide less than 10% of the volume necessary to supply a single local small log mill and the trees are much too small to be profitably sawn in the existing sawmills. As a consequence, most if not all of the peewee logs cut from these trees will be exported to China. This is not a transition to manufacturing lumber from young-growth, it is a transition away from year-around manufacturing jobs to a few, seasonal log export jobs.

Alternatively, if the Forest Service continues the plan that has been in place for many decades, the young growth stands can continue to grow another 30-years until they reach maturity, at which time the volume of timber in these young-growth stands will be doubled and the trees will be larger and more valuable.

### **Financial analysis**

The EIS purports to use stumpage and purchaser profits as a measure of the economic efficiency of the transition. The EIS further indicates that an estimated 1,512 million board feet (mmbf) will be harvested over the next 25 years and the net present value of the purchasers profit and stumpage will have a net present value of \$112,900,000. Working the math backwards, that means the Forest Service expects to have an average value of \$83/mbf (thousand board feet) or \$99/mbf depending on whether you are looking at actual dollars or discounted dollars.

That is absurd and impossible since the agency has been able to achieve that kind of return on only about a quarter of the old-growth timber sale volume planned each year. Three-quarters of the agency's planned old-growth timber sales were never offered because the economics (high cost) of those timber sales didn't allow a normal profit margin, let alone stumpage for the government.

If the agency has been unable to achieve anything close to those returns since the 2008 TLMP was signed and since the agency is proposing no cost reducing changes to the TLMP harvest constraints, how can the agency expect to increase the returns fourfold in the future, especially when the agency proposes to sell increasing amounts of young-growth timber which has a much lower value than old-growth timber?

### **Stated Purpose of the draft Amendment**

The draft EIS lists five purposes for the proposed amendment. See DEIS at 1-4 to 1-5. But the draft EIS and the inventory and analysis the Forest Service has prepared so far does not accomplish at least four of those purposes, and the fifth purpose can be accomplished without the proposed radical shift in management that endangers the surviving timber manufacturing industry in the region:

- The review of young-growth lands within the Tongass to determine suitability for timber production has not been accomplished. The agency has not completed a young-growth inventory nor has the agency addressed its growth model which a past inventory and analysis indicates results in an overstatement of volume of some 37.5%. The agency has not even mapped the site index for the young-growth stands so there is no reliable way to even apply the existing model which was last updated more than 30-years ago and did not include an inventory mapping of the young-growth site indexes.
- The projected timber sale quantity and sustained yield limit cannot be accurately measured until the inventory, site index mapping and modeling are completed.
- Likewise, the standards and guidelines for young-growth management and renewable energy development cannot be accomplished with any reliability until the basic inventory and growth model for the young-growth stands are completed.
- A disclosure of the direct, indirect and cumulative impacts of the proposed radical change in management of the forest cannot be quantified prior to completion of the young-growth inventory and growth model.
- Consolidating the modifications made to the Forest Plan since its approval does not require an early transition to young-growth harvesting.

### **Stated Need for the draft Amendment**

The draft EIS states two needs:

1. The Secretary of Agriculture's mandate. There is no underlying, factual support for this mandate and certainly no persuasive analysis that the radical shift in management is financially feasible. A draft demand analysis was prepared without seeking input from either the timber industry or the State of Alaska and was wrapped up hurriedly in order to meet a political objective of completing the Amendment during the current administration. Even that error-filled draft concludes that the early transition to young growth might be an economic failure.
2. An alleged rising cost of fuel and climate change impacts on the quality of life in the region is the second stated need. Actually, fuel prices have dropped precipitously over the last year or so, and there is no factual basis to support a pending climate change impact on the quality of life in the region. These stated needs for amending the

Forest Plan thus are divorced from reality. Although the Forest Service has some discretion in crafting a purpose and need statement, it cannot lawfully rely on needs that are based on fantasy rather than facts. Even if the alleged needs were grounded in reality, which they are not, continuing to allow the young-growth stands to mature, at which time there will be more volume and better economics to support an orderly transition, would be wholly consistent with these alleged needs.

### **Overly narrow statement of purpose and need**

The statement of purpose and need in the draft EIS is too narrowly drawn. As a result, the action alternatives evaluated by the agency preordain an unduly hastened transition to young growth timber harvesting in violation of the National Environmental Policy Act (NEPA) (and contrary to other governing statutes as well).

Federal courts throughout the United States have long recognized that an agency like the Forest Service cannot define its objectives for action in unreasonably narrow terms so as to preordain a desired result. See, e.g., *City of Carmel-By-The-Sea v. U.S. Dep't of Transp.*, 123 F.3d 1142, 1155 (9th Cir. 1997). Yet in this case, that is exactly what the agency is doing. A stated driving force for the proposed Plan amendment is the Secretary of Agriculture's arbitrary direction in 2013 that the Forest hasten its transition to young growth harvest, even though the young growth trees are decades away from maturity and can only be harvested by departing from the National Forest Management Act's (NFMA) direction against harvesting stands that have not yet reach their culmination of mean annual increment of growth (CMAI). See 16 U.S.C. § 1604(m). By treating the Secretary's young growth fiat as a mandate to be satisfied at all costs, the Forest Service ended up considering an overly narrow range of alternatives in its environmental analysis. This is similar to the situation declared unlawful in the *National Parks & Conservation Ass'n v. BLM* case, 606 F.3d 1058 (9th Cir. 2009), where the environmental analysis for a proposed land exchange meant to facilitate development of a landfill was unduly constrained by an overly narrow statement of purpose and need and, as a result, unlawfully preordained the desired outcome.

The agency's conduct is particularly egregious in this case given the direction from Congress, expressed in multiple other statutes, that counsels against a premature transition to young growth harvest. For example, under the Tongass Timber Reform Act (TTRA), the Forest Service must seek to provide a supply of timber from the Tongass National Forest that meets market demand. 16 U.S.C. § 539d(a). As described throughout these comments, a premature transition to young growth harvest is inconsistent with the TTRA because it would foreclose the agency's ability to seek to meet market demand for Tongass timber. Further, under NFMA, the Forest Service must properly balance multiple use goals on the Tongass, including the goal of timber harvest, without elevating any particular goal above the others. The Ninth Circuit has criticized the Forest Service for failing to head that direction in the past, see *Natural Resources Defense Council v. U.S. Forest Serv.*, 421 F.3d 797 (9th Cir. 2005), yet the agency is now poised to make a similar mistake by elevating all other multiple use goals on the Tongass above that of timber production by forcing a premature transition to young growth harvest that will lead to the demise of the timber industry in Southeast Alaska. The Secretary may desire that the Tongass National Forest be treated like a national park rather than a national forest. But the Secretary cannot, by way of a memorandum to the Forest, override Congressional direction for national forest management that is embodied in governing statutes. Nor can the Forest Service itself seek to accomplish the Secretary's stated goal by crafting an overly narrow statement of purpose and need that treats a premature transition to young growth harvest as the foreordained outcome and hence leads to analysis of an unreasonably narrow range of alternatives in violation of NEPA.

### **Summary of additional issues**

The history and background information in the document make no mention of the Forest Service promise of a perpetual timber supply for local manufacturing.

The document falsely blames the closure of the pulp mills on poor markets. It was the impacts to the timber supply from the agency's unilateral contract changes that took away the pulp mills viability and led to their closure.

The document acknowledges that the Transition strategy came from the Secretary of Agriculture, but fails to mention that the proposal was opposed by the timber industry, the State of Alaska and the Alaska Congressional Delegation as well as many communities in the region.

The document does not acknowledge that the Forest Service does not have a good inventory of the existing young growth stands or that the agency's timber growth model appears to significantly overstate young growth timber volumes.

The document fails to acknowledge that the agency has not done a credible financial analyses of the feasibility of either manufacturing timber products or exporting logs under the proposed Transition.

The document relies on a 2009 Nature Conservancy report to assert that young growth manufacturing in Southeast Alaska is currently feasible, but the document fails to acknowledge that even the Nature Conservancy's report indicated that current manufacturing of young growth would require federal subsidies.

The document fails to explain how even a single manufacturing facility could be financed and operated when the volume of young growth logs will be only 9 million board feet annually for the first ten years and then possibly ramp up to a higher volume over time.

The document relies on a draft, revised demand analysis that is filled with obvious errors including:

- ✓ A failure to address the cost of accessing and harvesting of young growth stands.
- ✓ A failure to address the low-value of young growth lumber.
- ✓ A failure to address the lack of an adequate economy of scale to enable the industry to be competitive.
- ✓ A faulty assumption that federal "*budgets and the amount of time required to plan and implement timber sales*", not the timber supply constraints in the current land management plan are the primary cause of an inadequate timber supply.
- ✓ A faulty assumption that mills can and will make enormous investments in young growth manufacturing in reliance on Forest Service promises of a young growth timber supply.
- ✓ A faulty assumption that private timber will be available to the local mills.
- ✓ A faulty assumption of an enormous increase in biomass energy production in Southeast Alaska.
- ✓ A misunderstanding of supply and demand concepts and how they relate to the TTRA requirement to meet the market demand for timber.
- ✓ A significant overestimate of the volume of timber available from private timberlands.
- ✓ A significant overestimate of the amount of utility logs that might be available for the fanciful expectation of an enormous biomass energy industry.

## **History – background**

On page 3-7 the EIS describes how past glaciation affected the region stating in part, "*More than one million years ago, all but the highest mountain peaks and some outer coastal areas in Southeast Alaska were covered by ice.*" Actually, the glaciers came and went from most of Southeast Alaska many times in the last one million years; most recently less than 20,000 years ago. It was likely less than 10,000 years ago that the region became mostly ice free and after this most recent glaciation, it would have taken thousands more years for the hemlock, cedar and spruce forest to become established. The forest is not ancient and it is still evolving. We already have half of the forest set aside from development by Congress; efforts to halt the responsible development and utilization of the rest of the forest are unnecessary and a violation of Congressional intent and of past promises by the federal government.

On page 3-9 the EIS presented the history of the timber industry in Southeast Alaska in three sentences. An important part of the history was left out - the Forest Service' early efforts to foster a permanent manufacturing industry in the region. In 1954, Regional Forester Greeley stated "*Forests are managed not by being left to themselves, but by the direction and control of some action which man brings on. In this region, the only practical tool of forest management available is the logging operation*". The Chief of the Forest Service R.E. McArdle added "*The Forest Service will continue to foster development of forest product industries in Alaska to the extent needed for full utilization of the sustained yield cutting capacity of the Tongass National Forest. Cutting of this timber will be so conducted both as to rate and manner to maintain permanently a supply of raw materials for these plants.*"<sup>1</sup> Lastly Governor Heintzleman, formerly the Regional Forester, explained the benefits of the timber industry: "*It will, of course, bring a steady, year-round local payroll of sizable proportions – one of Alaska's greatest needs. It will mean new industries to serve the pulp industry. It will mean more transportation services, more men in the logging camps, more towboat operations, more business for local merchants and service enterprises. There are other, less immediate perhaps, but no less valuable benefits.*"<sup>2</sup>

Appendix G pages 2 & 3 of the EIS states "*During the 1990s, competition with production in other regions and market conditions led to the closure of Southeast Alaska's two pulp mills and numerous other sawmill closures.*" That statement is

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<sup>1</sup> Ketchikan Alaska Chronical – July 1954.

<sup>2</sup> The Ketchikan Story, Pulp and Paper – October 1954, by B. Frank Heintzleman.

false. In 1991, the Forest Service imposed unilateral contract changes on the two long-term timber sale contracts that provided the primary timber supply for the two pulp mills. Those unilateral changes eliminated most of the economic protections that were negotiated in the 1950s. Those protections were necessary because, unlike most timber sales, the long-term timber sales were not marked on the ground ahead of time so there was no opportunity for the prospective purchasers to make their own appraisal estimates of the value of the timber and the cost of harvesting that timber. The Sitka pulp mill opted to convert their manufacturing facility to a medium density fiberboard facility that would utilize less fiber and allow them access to a long-term, stable market primarily in the Pacific Rim. The Forest Service agreed to the conversion, then abruptly cancelled their contract; an action that was later ruled illegal by a federal court. The Forest Service then negotiated a termination and paid more than \$140 million as a settlement with the remaining pulp mill. Both pulp mills also owned sawmills that were closed as a result of the long-term timber sale contract terminations. Most of the remaining sawmills in the region closed one after another because the 1997 TLMP imposed costly constraints on the timber sale program that caused most timber sales to be uneconomic. The timber was not worth less due to markets, rather the cost of harvesting the timber was artificially inflated to a level that exceeded the markets. The poor timber sale economics problem was so severe and long lasting that in about 2001, Congress enacted legislation prohibiting the Forest Service from advertising deficit timber sales and in 2003 Congress enacted legislation enabling the surviving sawmills to turn back the uneconomic legacy timber sales from prior years. Since at least 1997 the Forest Service has been unable to meet its timber sale targets and this lack of timber sales is what has led to the closure of most of the remaining sawmills.

### **The Secretary's Transition mandate is opposed by the timber industry, Alaska's Congressional Delegation and the State of Alaska**

Page 24 of the EIS Summary document states *"this project is primarily based on a memorandum from the Secretary of Agriculture that directs management of the Tongass National Forest to expedite the transition away from old-growth timber harvesting and towards a forest products industry that utilizes predominantly second-growth."* In May of 2010, the Forest Service made a surprise announcement of the Secretary's decision to establish *"a new approach to forest management on the Tongass National Forest that will move timber harvesting into roaded, young-growth areas and away from old-growth timber in roadless areas"*<sup>3</sup>. This announcement was a real surprise because we had looked at this issue in 2009 as part of the Tongass Futures Roundtable discussions and we had determined that the existing young growth trees were too small to allow a young growth transition until the trees matured and there was insufficient young growth acreage to sustain a manufacturing industry. The proposed Transition was opposed by the timber industry, the State of Alaska and the Alaska Congressional Delegation. Later we learned that the proposal stemmed from an earlier Wilderness Society proposal to the Obama Administration. This Transition is really just a political action that will harm the timber industry and many communities in Southeast Alaska. Further, the "restoration economy" that the Transition purports to replace timber jobs will be a significant and unnecessary burden on the federal budget.

### **Trees are a renewable resource**

On page 3-2 the EIS includes a brief paragraph about nonrenewable resources. The last sentence in this paragraph asserts that the gradual decline of old-growth habitat may be considered an irreversible commitment. That statement is wrong, trees are considered renewable because they will grow back. Even if you consider 150 or more years to be the minimum age of an old-growth tree or the minimum time needed for that particular stand of trees to develop old-growth characteristics, harvesting old growth trees is not an irreversible commitment. NFMA mandates that timber not be harvested until it reaches the culmination or peak of its mean annual growth rate, which in many cases is well over 100-years. Forests can be managed over long time periods and still supply a substantial amount of timber, particularly large forests like the Tongass.

For instance, in 1989 the Forest Service intended to manage 1.7 million acres of the Tongass for timber harvest stating *"Over the next 100 years, about 1.7 million acres are scheduled for harvest. In an average year, 17,000 acres will be logged, yielding 450 million board feet of timber. Following a loss of tree cover either through natural processes or through activities such as logging, the forest begins a natural sequence of growth call forest succession. These new forests are called second growth. In the short-term (a period generally believed to be less than 200 years), they have different characteristics than the forests they replaced" and "But not all stands will be harvested at 100 years of age. Some stands were identified during the early planning period as having high visual qualities, and were therefore selected for an extended rotation. This means that their rotation period will be between 120 to 200 years. Other stands will be managed to maintain old growth habitat conditions"*<sup>4</sup>.

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<sup>3</sup> May 26, 2010 Press Release, USDA Agencies Pursue Jobs and Community Stability for SE Alaskan Communities while Developing New Approach to Forest Management in the Tongass

<sup>4</sup> The Dynamic Forest of Southeast Alaska, USDA Forest Service, R10-FR-2, 1989

In 2004, the Forest Service estimated the Tongass growing stock standing volume at 18.41 Billion cubic feet with gross annual growth at about 750 million board feet per year, a gross growth rate of less than 1%, which is very low. Under the proposed plan to phase out old growth harvesting over 15 years, more than 500 million board feet will be lost annually to natural mortality<sup>5</sup>.

In 2013, the Southeast Conference proposed a strategy that would allow much of this natural mortality to be utilized while still preserving wildlife habitat. Under this alternative strategy, all timber stands outside of wilderness areas and riparian zones would be managed over a 100 to 300-year schedule to grow timber stands with old-growth characteristics and to allow harvesting other mature timber stands.

With respect to wildlife habitat for instance, the integrated strategy looks at the benefits of *managing* the current Old-Growth Reserve (OGR) areas for wildlife habitat characteristics instead of permanently setting those areas off-limits to growing and harvesting timber. Using such an approach enables the entire land base to contribute to all objectives in contrast to dividing the land base up into zones or reserves which are dedicated to specific objectives. This same strategy is used successfully to manage millions of acres of private, state and federal lands in the US and around the world. It is much more effective than the current cookie-cutter approach of designating fixed land uses for specific parcels of land.

In summary, since old growth timber stands can be managed just like any other timber, neither a decision to reduce or increase the amount of old growth timber on the forest is an irreversible commitment.

### **Global Warming is an exaggerated concern at best**

Page 3-12 of the EIS refers to a number of global warming and weather related theories as though they were facts. (e.g. “recently (in geological terms) humans have contributed to the acceleration of natural climate change...” and “The present and accelerated future changes to Alaska’s climate can have global consequences.”). The document should acknowledge that these climate impacts are hypothetical as well as irrelevant to the proposed premature transition to harvesting young growth trees.

The mortality in the old growth forests roughly offsets the growth, so the net carbon exchange is zero. The climate warming crowd assumes that the carbon in trees is released as soon as the trees are cut, while realistically, when trees are cut most of the wood fiber is stored as lumber and other wood products for many decades while the new young growth trees are creating and storing additional wood fiber (sequestering carbon is the popular term). Further, if the young trees are left to grow to maturity, they will have much greater volumes than the original stands. Alternatively, if the young growth is harvested long before it is mature, then there is a risk of reducing the amount of wood fiber (carbon) stored in the forest.

The entire global warming issue is irrelevant for the Tongass plan because there are 9.765 billion acres of forests on the earth. The entire 1.7 million acres of timberland promised for timber harvest in the 1980s amounted to two one-thousandths of one percent of the earth’s forests. Harvesting the promised 1.7 million acres on a 100-year rotation is negligible in terms of impact on the earth’s forests. Particularly because those 1.7 million acres would be regrown. The measly 23,000 acres of old growth proposed for harvest over the next 25-years is even more inconsequential as far as global consequences.

### **Log Transfer and Log Storage Facilities**

The Log Transfer Facility (LTF) bark discussion on page 3-276 explains; “LTFs can adversely affect the marine benthic habitat (plants and animals that live in and on the ocean bottom). Effects are expected from two sources: structural embankment (placing rock in the water) and bark deposition (bark that accumulates underwater).”

However it should also be pointed out that a 2008 study by the State Department of Environmental Conservation<sup>6</sup> analyzed the impacts of bark on six of the most heavily used LTFs in Southeast Alaska. The DEC study concluded that the bark issue had been greatly overstated and the “LTF/LSA sites are recovered, recovering or bark was never there”.

### **Wolves**

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<sup>5</sup> A Discussion of an example of the Triple-Bottom-Line Management Strategy Approach on the Tongass National Forest, D.R. Systems NW, 12/10/13

<sup>6</sup> Benthic Bark and Biological Assessment at Log Transfer Facilities and Log Storage Sites”, Alaska Department of Environmental Conservation Division of Water, July 2008.

Page 3-223 of the EIS states “*The Alexander Archipelago wolf is thought to be a subspecies of gray wolf endemic to Southeast Alaska that inhabits the mainland and islands south of Frederick Sound; however, only the largest islands, including Prince of Wales, Kuiu, Kupreanof, Mitkof, Etolin, Revillagigedo, Kosciusko, Zarembo, and Dall Islands, are thought to support persistent wolf populations and are thought to support 60 to 70 percent of the total wolf population in Southeast Alaska (Person et al. 1996). Research suggests that wolves inhabiting Prince of Wales Island may be genetically isolated from other populations in Southeast Alaska (Person 2001; Weckworth et al. 2005, 2010, 2011)*” and,

*“In August 2011, the USFWS received a petition to list the subspecies as threatened or endangered, and to recognize Prince of Wales Island as a significant portion of its range (Center for Biological Diversity and Greenpeace 2011). The petition also requested that the USFWS consider those wolves found on Prince of Wales Island and adjacent islands (including Kosciusko, Tuxekan, Heceta, Suemez, Dall, and others proximate to Prince of Wales) as a DPS based on unique genetic, physical, and ecological characteristics.”*

The USFWS found that the so-called Alexander Archipelago wolf is not a subspecies and denied the petition. This section of the EIS should be updated.

### **Tourism**

On page 3-441 the EIS states “*An estimated 1,037,000 people visited Southeast Alaska in 2011, with cruise ship passengers accounting for 85 percent of this total (McDowell Group 2012a). For many, a visit to the Tongass is a once-in-a-lifetime experience and spending by these visitors helps drive the recreation and tourism sector. The Tongass National Forest contains large areas of essentially undisturbed forest lands, which represent increasingly scarce and, therefore, increasingly valuable ecosystems. These lands have value for many people who may never visit Southeast Alaska, but benefit from knowing that the Tongass National Forest is there.*” This statement seems to suggest that continued harvesting of “*undisturbed forest lands*” will impact tourism. That is a false assumption. The majority of tourists come to Alaska by cruise ship and the limited areas they view are already impacted by past harvesting. Those harvest areas have not prevented the increase in cruise ship passengers. The few tourists who visit the forest by alternatives to the cruise ships, do so primarily by driving the road systems that the timber industry constructed. The only negative impact on that tourism business is the ongoing closure of logging roads. Continued timber harvesting and development of the roads in areas not set-aside by Congress will enhance tourism.

### **Improper use of amendment process to remove a Land Use Designation (LUD)**

We are surprised and concerned to see that the Forest Service is improperly using the Forest Plan amendment process to remove the existing Transportation and Utility System overlay LUD under the action alternatives in the DEIS. A change of this nature more properly is effected through the Forest Plan revision process described in 36 C.F.R. § 219.7 rather than the amendment process set forth in 36 C.F.R. § 219.13. As we read the new Forest Planning Rule, the amendment process should not be used to add or remove a geographic or management area delineation from a Forest Plan. Instead, the amendment process envisions changing the way in which the Forest Plan components interact with a particular geographic or management area delineation. 36 C.F.R. § 219.13(a). In contrast, the revision process is the regulatory tool by which management areas or geographic areas are designated, and the manner in which plan components interact therewith is specified. 36 C.F.R. § 219.7(d), (e).

### **Small log sawmill economics**

On page 3-461 the EIS explains that the Nature Conservancy’s 2009 Beck report indicated that manufacturing small volumes of young growth timber in Southeast Alaska is possible if obstacles like the lack of a grading agency in Southeast are resolved. What the EIS fails to report is that Beck concluded that their proposed small log manufacturing operation would be uneconomic unless the Forest Service subsidized the logging. We also noted several errors in the Beck report including an underestimate of the amortization costs of retooling an existing mill, an error in the lumber overrun estimate which resulted in a large underestimate of the manufacturing cost, and the cost to dry, dress and transport the lumber to market was also significantly understated.

The EIS discussion of small log manufacturing should be updated to explain that the manufacturing of young growth spruce and hemlock trees will not be financially feasible until the trees are at least 90 years old or until there are sufficient acres of 60-year old and older trees available to enable the amortization of a modern small log sawmill.

### **Economics, Supply & Demand**

On page 3-297 the document states that the Forest Service current management direction is to “*Speed the transition away from old-growth and towards a forest industry that utilizes second growth – or young growth – forests. Moreover, we must do this in a way that preserves a viable timber industry that provides jobs and opportunities for residents of Southeast Alaska*” (underlining added). We agree that the Forest Service must preserve a viable timber industry, but the Forest Service has not prepared a financial analysis of the proposed accelerated transition to young growth harvesting and is seemingly unaware that the proposed transition is not financially feasible. Our analysis indicates that the round log export market may support the harvesting of some of the young growth stands that are on the best growing sites with the lowest harvesting costs, but it also appears that none of the young growth trees can be harvested and manufactured into lumber profitably until the trees are at least 90 years old.

### **Revised Residual Demand Procedure does not meet the requirements of TTRA**

Appendix G-4 states “*The demand model calculates the quantity of national forest timber needed by sawmills and exporters as a residual necessary to balance the model. In other words, Daniels et al. (in press) estimated the roundwood equivalent of all material used to produce products from Alaska and subtracted estimated future volume harvested from other landowners to derive national forest roundwood needs (i.e., the “residual”). Of noteworthy importance, the results in Daniels et al. (in press) reflect standing timber volume necessary to meet product demand from federal, state, and private lands.*”

When Congress enacted TTRA in 1990, there was no hemlock or spruce log exports allowed from the national forests. Only red and yellow cedar were regularly exported as round logs and even that export required a permit and extensive pre-export advertising as well as letters documenting a lack of local demand for the cedar logs. The longstanding prohibition on the export of national forest timber from Alaska was never in question and the Congressional presumption has been that the demand for timber manufacturing would be met from the national forest and perhaps supplemented from time to time by state or private timberlands. It was never the intent of Congress that the mills in Southeast Alaska would have to compete against the round log export market and thus this new residual demand analysis does not comply with the requirements of TTRA.

### **A complete inventory and a better growth model are needed for the young growth**

There is a big difference in the growing sites for young growth stands that were harvested before and after 1976 - the year that the National Forest Management Act (NFMA) was enacted. Prior to NFMA, most timber harvest was *below* 500-foot elevation and predominantly on the best growing sites. All of the young growth studies done by the Forest Service have also been done on sites that are *below* 500-foot elevation.

However, most of the logging after 1976 was done at sites *above* 500-foot elevation. On Prince of Wales and the adjacent islands, 73% of the young growth acres are *above* 500-foot elevation. The higher elevation timber grows much slower and suffers more damage (resulting in defects) than lower elevation sites. The higher elevation sites also cost a lot more to harvest.

A study funded jointly by the Southeast Conference and a number of environmental groups from 2009 to 2010 sampled 1,400 acres of the older young growth acres and compared the results to the existing Forest Service growth model. The results of the study indicated that the existing young growth model overstates the volume on the young growth stands by about 37.5%. A young growth inventory and growth model must be done for *all* the young growth acres in order to know how much volume is out there and what the characteristics of those stands are now and will be over time.

The ±17.0 million acre Tongass National Forest (TNF) located in southeast Alaska is the nation’s largest forest. A portion of the TNF is comprised of approximately 425,000 acres of emerging young forest in past harvest areas. This element of the TNF is the natural regeneration of timber on lands primarily harvested in the last (5) decades. Young growth stands of primarily hemlock and Sitka spruce have regenerated those areas harvested in Southeast Alaska. Most of the harvest was during the decadal periods of 1950, 1960, 1970, 1980, and 1990. These stands are generally naturally regenerated, even-aged areas at varying elevations. On Prince of Wales Island (POW) and adjoining islands such as Heceta, Kosciusko, and Tuxekan hold ±45% of the acres harvested on Tongass National Forest Lands (TNF) and within this acreage the harvesting was over 73% above five-hundred feet in elevation. The age classification of the numerous harvesting areas is fairly well catalogued (See Figure 1, below).

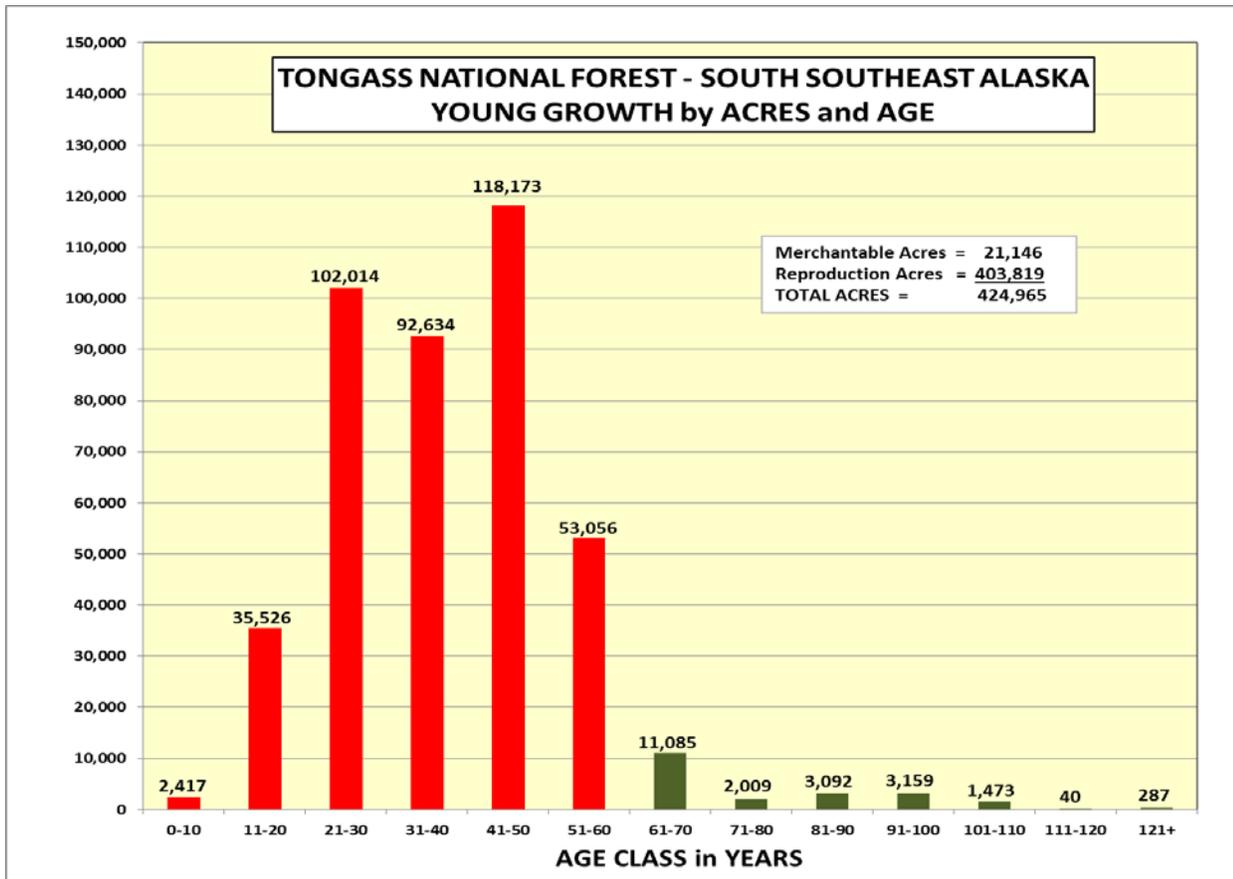


FIGURE 1. – AGE CLASSIFICATION

The most recent existing formal studies on the TNF date back to 1984 (Farr, Wilbur A. Site Index and Height Growth Curves for Unmanaged Even-Aged Stands of Western Hemlock and Sitka Spruce in Southeast Alaska. USDA Forest Service Pacific Northwest Forest and Range Experiment Station Research Paper PNW-326. Portland, Oregon. 26p.).

The supporting information for Farr PNW-326 in Alaska was taken from wind thrown or fire areas that regenerated naturally. The data point or plots were taken along the coastline because of limited access to the interior and consistently below 500 foot elevation. “All plots were located at elevations below 500 feet, and most were adjacent to saltwater, as most early logging took place close to the beach<sup>7</sup>.” The data collection points have little correlation with the predominant stocking areas found today.

Very little is known in regard to the character, quality, and quantity of this national resource. There is a lack of good data in regard to volumes presently available by age class, reliable yield studies, and projected future yields for those stands that make up the majority of the stands. The void in reliable data results in an inability to properly value these stands not only presently but when projected into the future.

Stands in all age classes need to be assessed to determine appropriate site index curves, present age confirmation, height, and present volumes. Additional data in regards to aspect, elevation, slope, soils, and proximity to existing roads should be collected. “Site index curves should be used to predict site productivity where present age and total height are known, whereas height growth curves should be used in the development of yield tables to predict future or past height as a function of site index and age.<sup>8</sup>” In Alaska, complex and steep topography contribute greatly to the growth of timber. There is an inverse relationship between elevation increase and timber height. The trees become rapidly shorter as the elevation increases until timberline is reached at which point trees no longer exist. The direct correlation of tree height and timber volume results in less volume with short trees. There is a substantial difference in both height and diameter of the

<sup>7</sup> Farr, Wilbur A., USDA Research Paper PNW-326, p. 2.

<sup>8</sup> Ibid, p. 2.

same age class of timber on different sites and even if better growth models are developed, there is no accurate way to apply the growth models to the different sites until the actual site classes have been measured and mapped.

The assessment of the attributes surrounding the southeast Alaska young growth timber will require an intensive field survey to acquire the necessary on-site data. The lack of knowledge makes it impossible to assess the forest potential for the present and into the future. Appropriate funding is needed to assess both all of the age classes of timber and all of the young-growth sites in order to meet the challenge and properly forecast the future economic options for this resource.

### **A Credible Financial Analysis is needed**

In order to insure a reasonable chance of accomplishing the accelerated transition goal, the agency must first prepare a financial analysis of the harvest and manufacturing of these young growth trees. Before the financial analysis can be completed, a complete inventory of the young growth stands must be made. The draft TLMP document lists several small young growth inventory efforts that have been done in the past, but most of the young growth stand conditions are unknown at this time. The volume and cost of harvesting these young growth stands must be determined, not just for the next few years, but for all 460,000 acres of young growth. Likewise, the species and sizes of the trees to be cut must be known in order to know what products can be manufactured and what the value of those products might be. These young growth characteristics vary widely by age and site index, so an accurate growth model must be developed to provide this information at least for the length of time that will be needed to amortize investments in manufacturing facilities. As mentioned earlier, the existing young growth model appears to overstate the volume on the young growth stands by about 37.5%. Obviously, in addition to a complete inventory, a more rigorous growth model must be developed. It would be foolish to adopt a radical change in management direction like the currently proposed transition until better young growth information and a rigorous transition financial analysis are completed. We already know the economics of the mature timber on the Tongass, but we know very little about the young growth. Without this kind of financial information, a prospective manufacturing facility would be unable to arrange financing.

### **Demand Analyses**

We also reviewed the draft, revised demand analysis that the Forest Service prepared for this TLMP transition effort. The authors of this revised demand analysis state "*The Pacific Northwest Research Station has been asked to assist planners in meeting the TTRA requirement for estimating planning cycle demand for timber from the Tongass.*" Unfortunately, the November 2015 draft EIS for TLMP makes a number of bad assumptions and erroneous conclusions, many of which refer back to this revised demand analysis as the source. Based on personal communication with lead author Jean Daniels, the AFA is not surprised by the flaws in the draft demand analysis on which the Forest Service rests so many of its conclusions. Inexplicably, the draft demand analysis was prepared without input from the State of Alaska or the timber industry in Southeast Alaska, even though the industry and the State are key participants in the market. Further, in a short-sighted effort to meet an arbitrary agency deadline rather than allow for a thorough and accurate analysis, the Forest Service required submission of the draft demand analysis before it was complete. Had the Forest Service truly been interested in a factually accurate demand analysis, it would have allowed its staff to complete their analyses, which might have rectified some of the following shortcomings which permeate the draft demand analysis and render it misleading at best.

Here are some of the errors and shortcomings in the revised demand analysis:

#### **1. The cost of accessing and harvesting the young growth stands is not assessed.**

Other than a few significant blocks of young growth, most of the young growth stands are small and widely scattered and just the mobilization into each of these stands will make the harvest economics difficult. In addition, the current and proposed TLMP standards and guidelines will result in further fragmenting the blocks into even smaller parcels and thus further increasing the cost of harvesting. No significant effort to adequately inventory the young growth and analyze these impacts has been made, but it is apparent to those of us who are familiar with timber harvest logistics that most of the young growth proposed for early harvest will be uneconomic. Just the fact that the trees will be cut long before they reach maturity means that the volume of timber per acre will be reduced by more than half. Further, many of the road systems that initially accessed the stands have been closed and will require extensive, costly reconstruction.

#### **2. The value of the young growth on both the domestic and export markets is not addressed.**

Export values for logs fluctuate more than domestic lumber prices in part because they are impacted by foreign exchange rates and foreign trade policies. Domestic lumber values for the low grade products that can be produced

from small logs vary primarily with the US housing market. Alaskan sawmills can only sell to the domestic lumber market profitably if they manufacture and transport their lumber to market for less than the value of the lumber. In order to compensate for the low value of construction lumber, new small log sawmills typically rely on extreme high production rates and a proximity to both their timber supply and their markets. The high production, small log mills that are currently being constructed in the US are in areas that have an abundance of young growth timber available and those mills are very close to their customers. A high production small log mill in SE Alaska would have to rely on an inadequate and uncertain timber supply from the current Forest Service timber sale program and the mill would be at a further competitive disadvantage to small log mills that are closer to their customer. In 1992, the Irland Report<sup>9</sup> explained “*In SEA, the economics of processing depends on the cost levels of harvesting wood on the level of the uncut volume under contract, on the security of new supplies, and on the ability to obtain enough wood to operate facilities at high operating rates during market peaks. At present, TNF can fulfill none of these requirements.*” This is why the mills in Southeast Alaska have concentrated on higher value products from the mature, old growth timber.

As one option to utilize a very small volume of small logs from commercial thinning operations, the Viking mill managers suggested that they might be able to ramp up to 8 or 10 million board feet of small logs over a period of years, but only if they could maintain full operations of their old growth sawmill and customer base. The old growth harvesting under that scenario would allow the Viking sawmill to subsidize the small log operation. Without the old growth timber the Viking mill could not afford to saw the small, 60-year old young growth trees.

**3. The projected timber harvest levels are too small to support an adequate economy of scale to support a competitive industry.**

The timber industry in Southeast Alaska has lost its economy of scale and much of the infrastructure that once allowed it to be more competitive. We used to have many logging and sawmill operations, but now there are very few and as a result every aspect of the timber business is less efficient and more costly. For instance, the lack of a regional logging equipment dealer in Southeast Alaska was mentioned at one of the Forest Service Tongass Advisory Committee meetings. We spoke with Modern Machinery in Washington State and they explained that they would have to have about \$1.25 million in business each month in order to have a successful dealership located in our region. Working with our loggers, we estimate that roughly 300 million board feet of logging and related road construction would be needed to generate the monthly business level that Modern Machinery says is the minimum necessary to sustain a regional equipment dealership. This is more than double the regional harvest level anticipated by this revised demand analysis.

In its 6/23/92 report<sup>10</sup> Irland explained that “*there is no market demand for Alaska timber or end products. There is a regional and world market for softwood logs of varying levels of quality, for chips, for lumber, and for dissolving pulp. Alaska’s share of these markets, even when viewed only in terms of hemlock and spruce, is small. So Alaska is a price-taker on a huge market.*” and “*There is a local demand for logs and for local processing. The future of that demand depends on the local processing industry’s competitive position in its end use markets. In turn, that competitive position is strongly affected by the conditions of wood supply.*” Without a reliable supply of timber and an adequate economy of scale, the local mills are not able to compete with facilities in other regions that have those advantages and thus the private timber is economically unavailable to the local mills. To compensate for the decline in the economy of scale, the surviving mills have been able to remain competitive by manufacturing high value products, but these high value products cannot be sawn from 60-year old hemlock and spruce trees.

**4. The assumption that the mills will make investments to enable them to process small volumes of young growth timber is a faulty assumption.**

The document assumes that “*existing mills will make any machinery upgrades necessary for the young growth transition, but rates of utilization may fluctuate*”. This is a very poor assumption. A competitive small log sawmill will cost upwards of \$100 million and will require more small logs to furnish it than can be sustained on the existing young growth acreage on the Tongass. For instance, a small log mill in Arkansas is currently being

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<sup>9</sup> The Irland Group, 6/23/92, page 49.

upgraded at a cost of about \$190 million and will have an annual capacity of 387 million board feet. Another new mill being upgraded in Florida will cost about \$130 million and will produce up to 700 million board feet. A similar small log sawmill is planned for Shelton, Washington. It is expected to employ 150 to 200 workers and will utilize about 200 million board feet of logs annually.

However, the entire 462 thousand acres of Tongass young growth would sustain less than 150 million board feet annually if harvested at about age 60; and that ignores the impossible economics of such an endeavor. Yet, the Forest Service preferred alternative in the draft TLMP amendment proposes to manage only about 260 thousand acres of young growth and if harvested prematurely, as currently proposed, the agency estimates that the maximum young growth harvest will be only 9 million board feet during the first ten years and then slowly ramping up to a maximum of 88 million board feet after 23 years! The upper limit of 88 million board feet is less than the volume necessary to sustain even a single competitive small log sawmill and the high cost and low value of these small logs will reduce the amount of economically available young growth to a level far below 88 million board feet, making it impossible to ever amortize the investment necessary to construct a new small log sawmill.

**5. Private timber is incorrectly assumed to be available to the local sawmills and the projected level of private timber harvest is overstated.**

The revised demand report relies in part on an assumption that private timber harvests are currently about 61 million board feet annually and will increase to about 80 million board feet over the next 15 years. However, the only significant private timberland owner still harvesting timber in the region is Sealaska and they have explained that their maximum sustainable harvest rate is only about 45 million board feet per year for the next 25 years. Further, Sealaska has indicated they would like the opportunity to bid on an additional 20 million board feet of timber annually to improve their own economy of scale. In addition, page 3-267 of the EIS indicates that the Forest Service is in the process of acquiring 22,890 acres of private land at Cube Cove. This action will further reduce the amount of private timber available in the future. Since the two State Forests in Southeast are already selling timber at their maximum sustained yield, the only source of additional timber for Sealaska's operations is the Forest Service. The future volumes of timber from private lands are greatly overstated and since the timber from these lands is not subject to export restrictions, that timber will not be economically available to the local mills anyway. Instead the private timber will most likely be sold to mills in regions that have economic advantages like proximity to customers, lower energy costs, larger pools of skilled workers and much larger economies of scale and infrastructure.

**6. Wood-based energy products are unlikely to be economic and the utility log projections in scenario-2 are grossly in error.**

The document states that the efforts to promote biomass energy products invalidates the prior demand assumptions – *“Scenario 2 builds upon Scenario 1 by adding markets for wood energy products based on the assumption that 30 percent of existing heating fuel use in Southeast Alaska would be replaced by wood based fuel over time”*. Actually, it is government subsidies that are driving the demand for biomass energy. Without the subsidies, the biomass businesses will likely not be profitable. Further, these subsidies will not affect the demand for wood products; this is another supply cost issue. *“When the government provides a supply-side subsidy to the producers of a product, the supply curve shifts to the right and the demand curve remains the same”<sup>11</sup>.*

A good example of the false economy associated with biomass energy subsidies is the collapse of the California biomass to energy industry. About half of the facilities that had been operating in California have closed since the ratepayer subsidies ended. Now the biomass industry is seeking a replacement subsidy from the California cap-and-trade program.

The economics of wood-based energy products in SE Alaska are marginal even with the extensive subsidies and incentives that are available from time to time. Planning a business or a regional economy that relies on continued subsidies and incentives is very risky decision. Wood-based energy in the interior Alaska makes more sense

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<sup>10</sup> Timber Demand Scenarios for Tongass National Forest 1991-2010 by The Irland Group, Commissioned by the Forest Service as directed by Congress in TTRA, 6/23/92, page 48.

<sup>11</sup> The Effects of Subsidies on the Supply & Demand Curve by Forest Time, Demand Media, <http://smallbusiness.chron.com/effects-subsidies-supply-demand-curve-33921.html>

primarily because of the low moisture content of the timber in that region. The timber supply constraints in Southeast Alaska effectively limit wood-based energy to the sawmill residuals and most of those residuals are already being utilized. Also, the document states that higher (heating) fuel costs invalidate the prior demand assumptions, but fuel costs in Southeast Alaska have declined over the last year and a half. This assumption is invalid.

The projected utility log harvest for scenario-2 (Table-18) are grossly in error. Utility spruce and hemlock logs comprise only about 15% of the forests in Southeast and adding cedar utility logs might raise that total to 17%, but even at 17% utility it would take a total harvest level of over 500 million board feet to produce the Table-18 projected volume of utility logs. We had that level of harvest for many years and were able to utilize the utility logs and sawmill chips at our local pulp mills and we did so without any subsidy or incentives. A similar scenario based on real economics rather than federal subsidies would be more likely to succeed.

## **7. Artificial supply constraints do not lower the demand for timber or timber products.**

The document states that this revised demand analysis is needed because the Forest Service decided to restrict the supply of old growth timber. This artificial restriction does not reduce the demand, but rather limits the supply. A reduction in supply shifts the supply curve to the left. It is a shift in price that moves demand left or right along a supply curve. Although the restriction of timber supply has forced the closure of several mills, the revised demand analysis assumption that the demand for timber and timber products is less due to the restrictions on the timber supply are incorrect.

Prior to a Congressional deficit timber sale prohibition the agency regularly advertised timber sales that were grossly deficit and would have bankrupt any purchaser that made the mistake of purchasing such a timber sale. Consequently, many of those timber sales received no bids. The Earthjustice graph in Figure 1 of the revised demand analysis compares the various Forest Service demand estimates to the volume of timber harvested. This false allegation that the harvest level is declining due to a lack of demand is one of the primary reasons that Congress enacted the prohibition on advertising deficit timber sales.

As a friend once explained, there is a large demand for \$5 cheeseburgers, but not much demand for \$20 cheeseburgers. The revised demand analysis already explains that environmental groups err when they try to equate timber harvest with timber demand. The revised demand analysis attributes the supply constraints to federal budgets and NEPA issues, but fails to acknowledge that Forest Service self-imposed standards and guidelines for its timber sale program have greatly increased the cost of harvesting timber sales. These high costs are the primary reason the agency has been unable to prepare economic timber sales.

As Irland<sup>12</sup> explained, *“the future position of the supply curve is far from certain, as it is subject to influence by the Forest Service, the courts, and the Congress. Indeed, the ASQ and the Standards and Guidelines, and the offering area schedule to be set in the TLMP Revision process, will determine the supply curve in many respects not only as to level but as to costs.”* In 2007 for instance, the agency prepared an economic analysis of the pending TLMP revision. That analysis predicted that the agency would be able to prepare economic timber sales from only about 20% of the so-called suitable, available timber in the revised plan. Inexplicably, the agency adopted the flawed plan anyway and the result has been the enormous reduction in timber sale volume that could be harvested and manufactured profitably. Until the agency makes changes to correct the economic shortcomings in its land management plan, the economic problem will persist. It has nothing to do with demand.

The revised demand analysis section entitled Changes to Alaska’s Forest Sector and Table 3 both point out that the surviving mills in Southeast Alaska are operating well below their capacity. The document does not explain that this is due to the constrained timber supply, not a lack of demand. For instance, Viking lumber managers, have repeatedly told the Forest Service that they would like to purchase more timber sales because their customers have additional capacity and Viking wants to more fully utilize their mill. By the way, the document mischaracterizes the Viking sawmill as a “large lumber mill”. The Viking mill is a mid-size mill. Large mills typically produce in excess of 100 million board feet of lumber annually.

This section of the revised demand analysis also includes a non sequitur remark about potential monopolistic influence of a single surviving sawmill. The Forest Service manages some 85% of the land in the Southeast region

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<sup>12</sup> The Irland Group, 6/23/92, page 12

and thus has monopoly power of its own. A decision by the Forest Service to halt old growth timber sales before there is sufficient young growth timber to sustain a viable manufacturing industry demonstrates real monopoly power. The only other significant owners of old growth timber are the State and one private landowner. The best way to avoid these issues is for the Forest Service to provide sufficient timber supply to sustain a viable timber manufacturing industry. That was the intent of the TTRA market demand provision.

#### **8. Log export versus local manufacture policies.**

The bulk of the federal timber program has long been dedicated to providing year around manufacturing jobs, but there will not be sufficient volume or value in the young growth stands to support small log manufacturing facilities until these young growth stands reach maturity at about age 90. Even the Nature Conservancy' 2009 Transitioning to Young Growth report<sup>13</sup> acknowledged that that the Forest Service would have to subsidize the logging in order to enable profitable harvesting of 60-year old trees in Southeast Alaska. While exporting some of the young stands to the Pacific Rim might be economic from time to time, that log export activity will not help the industry transition to young growth manufacturing and will actually delay any economically viable transition to a young growth manufacturing industry because it will postpone the date at which young growth stands in Southeast Alaska start reaching maturity. Log export markets pay a higher price than the local mills can afford because of the federal supply constraints that increase harvest costs beyond what the manufacturer's competitors pay for timber. The current, temporary policy of allowing up to 50% of the federal timber sale volumes to be exported helps compensate for the high logging costs and thus allows local manufacturers to operate profitably and continue to provide year around jobs.

#### **9. National forest log exports from Alaska are not new and they do not lower demand for timber.**

The document states that the entry of Tongass sawlogs into international export markets invalidates prior demand assumptions. Actually, Tongass cedar sawlogs have been sold into international export markets for many decades and from time to time hemlock and spruce sawlogs from the Tongass have also gone into export markets. The more recent increase in hemlock and spruce log exports from the Tongass was intended to capture some higher values in order to compensate for the artificially high cost of harvesting Tongass timber and also to compensate for the loss of the mills that could profitably manufacture products from the small, rough, low-value sawlogs. The temporary log export policy does not lower the demand for timber from the Tongass.

Given all these errors and shortcomings, this revised demand analysis should not be used to *“assist planners in meeting the TTRA requirement for estimating planning cycle demand for timber from the Tongass”*.

#### **Three Demand Scenarios**

Regardless of which of the three scenarios posed by the revised demand analysis, sawmills in Southeast Alaska will be unable to manufacture high value products from 60-year old trees. Without a supply of mature timber, the spruce custom cut lumber that currently enjoys very high prices in the Pacific Rim markets will no longer be produced. Likewise, since shop grade hemlock lumber requires logs that are at least 16-inches in diameter, this high value lumber will also disappear. What the document is missing is the most likely outcome of the Transition strategy – the end of timber manufacturing in SE Alaska. The document indicates the authors consulted with state and federal employees and with ENGOS. Perhaps the authors should have also consulted with the timber industry.

The national forest in Southeast Alaska does not have sufficient acreage of young growth trees to supply even a single, competitive small-log sawmill. If the Forest Service continues the young growth management plan that it has had in place for the last 60-years, the mills can continue to profitably harvest and manufacture products from old growth trees for the next 30 years. This will allow the young growth trees to grow large enough to allow the mills to profitably utilize these larger young growth logs and continue the manufacture of higher value products. Also, allowing the existing young growth stands to grow for another 30-years will result in doubling the volume of timber in those stands and enable higher sawmill operating levels. Further, 30 more years of old growth harvesting will create additional acreage of young growth to help sustain future timber manufacturing.

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<sup>13</sup> Transitioning to Young Growth: Prince of Wales Island, Southeast Alaska, The Nature Conservancy Juneau, Alaska, 2009, page 25

Alternatively, if we begin harvesting the 60-year old trees now and end the harvest of old growth trees in 15-years, then our young growth will never grow to a size and volume sufficient to enable the manufacture of higher value products. This strategy may sustain a few log export jobs, but the manufacturing industry will perish. If this premature transition is actually implemented, the revised demand analysis will become irrelevant.

### **Abandonment of prior commitments to the Southeast Alaska community**

The Secretary's unilateral decision in July 2013 to "speed the transition away from old-growth timber harvesting and towards a forest industry that utilizes second growth – or young growth," Memo at 1, overlooked the fact that one cannot make trees grow faster by agency fiat. Regardless of that foundational disconnect from reality, the Forest Service's proposed plan amendment and DEIS abandon promises made to the Southeast Alaska community even in that flawed decision. For example, the foregoing demonstrates that the Forest Service has abandoned the Secretary's stated commitment to:

- Ensuring that a transition to young growth harvest would "preserve" a viable timber industry that provides jobs and opportunities for residents of Southeast Alaska," Memo at 1;
- Ensuring that a transition to young growth harvest would "retain the expertise and infrastructure of the existing industry," Memo at 2; and
- Ensuring that a transition to young growth harvest would run parallel to the agency continuing "to offer a supply of old growth timber . . . [which is] essential to maintain the existing industry until young growth can efficiently be processed," Memo at 2.

In addition, the foregoing demonstrates that the Forest Service abandoned its stated commitment to "work with stakeholders in the region towards this transition." Memo at 4. That the Forest Service places so much weight on a draft timber demand analysis that was prepared without seeking input from the Southeast Alaska timber industry and the State of Alaska, and that was hurriedly fed into the analysis before it was even complete, epitomizes the agency's rush to a preordained outcome, contrary to the principles of NEPA.

### **Conclusion**

Prior to the completion of the 2008 TLMP, many groups and communities in Southeast Alaska pleaded with the Forest Service to address the impacts of the TLMP timber harvest constraints. The old-growth reserves and connecting corridors put most of the lowest cost, best growing sites off limits to development and forced the timber sale program onto the higher elevation, poorer growing sites where road construction costs were more than doubled and logging costs were also greatly increased. The Adaptive Management Strategy further prevented the Ranger Districts from accessing timber in areas that had not been previously developed and the marten and goshawk standards took away much of the timber that would otherwise have been available in the areas that had already been developed. In response to these often raised concerns, the Forest Service had its contractor, Tetratex, prepare an economic analysis of the lands available to support the timber sale program. The analysis indicated that the concerned groups and communities were correct; only about 20% of the suitable, available acres in the plan would support economically viable timber sales. Unfortunately, instead of addressing the issue, the agency adopted the plan with no changes and as a result, could not implement most of its timber sale plans. Now we find ourselves in a similar situation but so far, the Forest Service has not even looked at the economic impact of its proposed land management plan change. We request that this time the agency perform a credible financial analysis of the proposed plan and then take notice and act upon that analysis.

If the land management plan is changed to function solely as a small-log wood basket for the Pacific Rim markets then the plan would no longer match the purpose for which the national forest was established.

Thank you,



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