



















scenario” despite economic indicators suggesting that demand is limited and not expanding; and (3) they incorrectly calculate the goal for the volume under contract.

#### **A. The Brackley Study is not an Accurate Prediction of Market Demand.**

The Big Thorne FEIS relies on the Brackley study to predict market demand for Tongass timber and to set goals for the volume of timber under contract. FEIS at A-6 to A-7. The Brackley study produced a set of scenarios for predicting market demand based on whether growth in the timber market was limited or expanded. See FEIS at A-7. However, even in the “limited lumber scenario” the study predicted a growing market demand. *Id.* No scenario was developed predicting a decline in market demand for Tongass timber. *Id.* Under the “limited lumber scenario” the study predicted market demand in 2013 at 55.8 MMBF growing to 72.4 MMBF by 2025. *Id.* Under the “expanded lumber scenario” the study predicted market demand in 2013 at 98.1 MMBF growing to 230.9 MMBF by 2025. *Id.*

The Brackley study was completed in 2006 and immediately after it was completed logging on the Tongass fell from 43.1 MMBF in 2006 to 18.7 MMBF in 2007. FEIS at A-4. In 2012, 20.8 MMBF of timber was logged on the Tongass, which is 38.3% of what Brackley predicted for 2012 in the “limited lumber scenario” and 23% less than what was predicted for 2012 in the “expanded lumber scenario.” See FEIS at A-4; A-7.

Because experience has shown that the Brackley study grossly overestimates the market demand for Tongass timber, it is arbitrary for the Tongass to continue relying on the study to estimate market demand and define timber planning goals. No discussion or rationale is provided to explain the stark difference between the market demand calculations contained in the FEIS and the conclusions reached by the Tongass earlier this year in the *Trajectory to Young-Growth* document. By continuing to rely on the Brackley study despite the ample evidence that the study fails to accurately predict market demand, the Big Thorne FEIS and ROD are arbitrary and violate NEPA.

#### **B. The Decision to Follow the “Expanded Demand Scenario” is Arbitrary**

As discussed above, the Brackley study has fundamental flaws and fails to account for the downturn in the housing market or the recent economic recession. However, these flaws are compounded because the USFS arbitrarily decided to change its projections from following the “limited lumber scenario” to the “expanded lumber scenario” despite the recession and low forest product prices. See FEIS at A-8 to A-9.

Originally, in 2006 when the Brackley study first came out, market demand projections followed the “limited lumber scenario.” FEIS at A-8. However, based on data that predated the recession and housing crash, these projections were upgraded to the “expanded lumber scenario” in 2008. *Id.* Reasons given for adopting the “expanded lumber scenario” in 2008 include the Region 10 shipment policy, the prospect of a veneer mill that ultimately never came into existence, and the creation of other specialty markets. *Id.* In 2011, after the effects of the recession caused a sharp downturn in wood projects markets, the projection was downgraded back to the “limited lumber scenario.” *Id.* Now, “due to the export policy and good overseas markets” the Tongass once again is relying on the “expanded lumber scenario.” *Id.* at A-8 to A-9.

Due to the constantly expanding assumptions of the scenarios and the failure of the Brackley study to account for any downturn in the economy, as we experienced during the recent recession, the change in

scenario results in a massive change in projected market demand from 55.8 MMBF to 98.1 MMBF. FEIS at A-7. At 98.1 MMBF, the projected market demand for 2013 is 4.7 times the volume of timber that was logged from the Tongass last year. Because the scenarios continue to predict ongoing growth in market demand at an ever increasing rate, the effects of choosing to follow the “expanded lumber scenario” are magnified over time.

Deciding to follow the “expanded lumber scenario” is arbitrary because it: (1) relies on an export policy that was adopted in 2009 without providing any explanation for why the policy now increases demand when it hadn’t previously; (2) cites “good overseas markets” while ignoring evidence that the Brackley study assumed growth in demand far beyond what we actually have experienced; and (3) ignores actual recent cut rates that are decreasing and far below the levels predicted under any of the Brackley study scenarios.

### **C. The FEIS Incorrectly Calculates the Desired Volume of Timber to be Under Contract.**

The FEIS sets the goal to have 429 MMBF of timber under contract to provide a 3-year supply of timber in the pipeline. FEIS at A-14, Table A-2. In arriving at this number, the FEIS multiplies its goal for the volume offered, listed as 143 MMBF, by three instead of calculating the goal for the volume under contract based on the volume of timber actually logged over the recent 3-year period. See FEIS at A-4; A-14. The 2-3 year supply goal is supposed to be calculated as a “ratio of contract volume to harvest . . . .” TLMP FEIS at 3-510. Instead of using the past three years of harvest, which total 89.4 MMBF and would already be satisfied by the 114 MMBF currently under contract, the Tongass arbitrarily set the goal based on a questionable volume-offered goal. See FEIS at A-4; A-9.

Just a few months ago, the Tongass indicated that a volume of “approximately 35 MMBF per year of old growth harvest is necessary to support current logging and mill infrastructure” and that “3 years of economic, NEPA and litigation cleared old growth volume under contract is necessary (105-120 MMBF) to keep up with current yearly demand and provide stability to industry.” See Ex 7 at 1. The FEIS and ROD are arbitrary and violate NEPA because they: (1) improperly calculate the goal for the volume to be under contract based on outdated and inaccurate projects instead of actual logging rates, as is required by TLMP; and (2) approve a massive timber sale that will have significant adverse impacts on other resource uses when the Tongass already has sufficient timber under contract to provide more than 3-years’ worth of timber in the pipeline.

### **D. The True Cost of Big Thorne to Taxpayers far Exceeds the Estimates Provided in the FEIS.**

Estimates provided in the FEIS for the costs of preparing and administering Big Thorne are incomplete or inaccurate and far underestimate the actual costs of the project. They form an insufficient basis for evaluating the potential costs and benefits of the project. As such, it is impossible to come to an informed conclusion about the relative costs and benefits of Big Thorne, and the FEIS and ROD therefore are arbitrary and violate NEPA.

According to the limited analysis available in the record, the ROD is based on inadequate costs estimates. The FEIS estimates that alternative 3, which forms the basis for the ROD, will cost \$8.6 million for sale preparation, sale administration and engineering support. FEIS at 3-37, Table TSE-14. The FEIS also indicates the NEPA preparation costs at \$48 per MBF, which for a 148.9 MMBF timber sale totals \$7.1 million. See FEIS at 3-37. With an indicated advertised rate of \$2.6 million, the total net cost

to taxpayers revealed in the FEIS is \$13.1 million. See FEIS at 3-37, Table TSE-14. The FEIS also provides a cost per MBF of \$21 for sale preparation, \$12 for sale administration, and \$23 for engineering support. See *id.* When combined with the \$48 per MBF figure given for NEPA preparation, these figures give a gross cost for Big Thorne of \$104 per MBF. See FEIS at 3-37. However, very little exists within the record to support any of these figures.

According to the limited information available, recent Tongass expenditures on budget lines contributing to timber sale and timber roads are provided in Table 1, below.

**Table 1: Costs of the Tongass Timber Program<sup>2</sup>**

	FY10	FY11	FY12	Average
Forest Products Expenditures (millions)*	\$15.2	\$13.4	\$13.6	\$14.1
Roads Expenditures (millions)**	\$8.0	\$5.6	\$8.5	\$7.3
Total Forest Products and Roads Expenditures (millions)	\$23.1	\$18.9	\$22.1	\$21.4
Total Revenue (millions)	\$1.9	\$3.4	\$1.9	\$2.4
Net Annual Loss (millions)	\$21.3	\$15.6	\$20.3	\$19.0
Volume Logged	36 MMBF	32.6 MMBF	20.8 MMBF	29.8 MMBF
Gross Cost per MBF	\$641.7	\$579.8	\$1062.5	\$718.1
Net Cost per MBF	\$591.7	\$478.5	\$976.0	\$682.1

\* Includes forest products, inventory and monitoring, and land management planning budget lines.

\*\* Excludes federal highway expenditures

Using data available from the recent *State of the Forest Finances* reports and data on recent logging levels from the FEIS, the Tongass spends \$718.1 per MBF. The total net cost of Big Thorne comes to \$101.6 million. These estimates likely also underestimate the true cost to taxpayers because they fail to fully capture overhead expenses and other costs in other budget lines that support the Tongass timber program. Even so, using figures from the Tongass budget shows that the true cost to taxpayers of Big Thorne is at least seven times more than the figures used in the FEIS for cost per MBF (\$718.1 compared to \$104) or total net cost (\$101.6 million compared to \$13.1 million). See FEIS at 3-37.

Because the FEIS and ROD use figures to calculate the cost of Big Thorne that grossly underestimate true costs and are not representative of the actual recent expenditures on the Tongass, and there is no meaningful explanation provided for why the Tongass relies on those low figures, the FEIS and ROD failed to adequately balance the costs and benefits of the Big Thorne project and come to informed conclusions. The FEIS and ROD, therefore, are arbitrary and violate NEPA.

<sup>2</sup> The data used in Table 1 are from the FY10 to FY12 State of the Forest Finances reports. See U.S. Forest Service, *Tongass National Forest FY2010 State of the Forest Finances* (2011), attached as Exhibit 9; U.S. Forest Service, *Tongass National Forest FY2011 State of the Forest Finances* (2012), attached as Exhibit 10; see U.S. Forest Service, *Tongass National Forest FY2011 State of the Forest Finances* (2013), attached as Exhibit 11.

## V. Conclusion

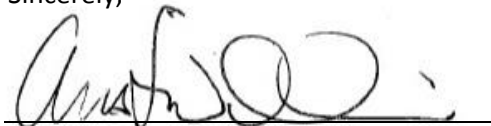
For the foregoing reasons, the decision on the Big Thorne ROD should be reversed and the USFS should not allow any old-growth logging or new road construction pursuant to the Big Thorne timber sale. The Tongass should abandon Big Thorne and reaffirm its commitment to the transition by developing new projects that support productive fish and wildlife habitat and a meaningful transition away from large-scale old-growth logging.

Just this spring, Tongass leadership indicated that its "long term goal is that the majority of active forest management on the Tongass will be comprised of ecological restoration, precommercial thinning, small and microsale old growth timber sales focused on niche markets, and young growth forest management. See PR 736\_2121 at 1. TU encourages the Tongass to pursue this goal. TU has a long history of partnering and working collaboratively with the USFS and other stakeholders. However, over the past few years, while the Tongass has continued to suggest it has a strong desire to develop and implement a meaningful transition out of large-scale old-growth logging and develop projects aimed at diversifying the region's economy, Big Thorne shows that the Tongass has a long way to go and remains high-centered on big timber.

Fishing and tourism are the real breadwinners in Southeast Alaska, and continue to get neglected. As the USFS has observed, the Tongass already has a large backlog of \$100 million worth of restoration needs that at current investment rates will take more than 50 years to address. See USDA Investment Strategy at 11. Projects like Big Thorne only serve to make the backlog of restoration needs even greater.

Thank you for your careful consideration of this appeal.

Sincerely,



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