



August 16, 2013

via email: FS-appeals-alaska-regional-office@fs.fed.us

Beth Pendleton, Regional Forester  
Alaska Region  
U.S. Department of Agriculture  
709 W. 9th Street  
P.O. Box 21628  
Juneau, AK 99802-1628

RE: Appeal of the Big Thorne Timber Sale, Thorne Bay Ranger District.

Dear Regional Forester Pendleton,

Pursuant to 36 C.F.R. Part 215, Trout Unlimited (TU) hereby appeals the Big Thorne timber sale Record of Decision (ROD) and Final Environmental Impact Statement (FEIS). Forrest Cole, Forest Supervisor for the Tongass National Forest, is the responsible official and signed the ROD on June 28, 2013.

TU has a long history of working collaboratively with the U.S. Forest Service (USFS) and other stakeholders to successfully and productively resolve issues affecting the Tongass National Forest. TU has never before appealed a timber sale on the Tongass, and only files this appeal now because it is left with no other option for addressing the many serious concerns it has with the sale. Big Thorne represents an enormous step in the wrong direction for the Tongass and for the communities of Southeast Alaska.

TU is a non-profit organization with the mission to conserve, protect and restore North America's coldwater fisheries and their watersheds. TU is comprised of more than 400 chapters and more than 140,000 active members throughout the United States. TU has more than 800 members living in Alaska. Many of TU's members rely on the important fish, wildlife and water resources of the Tongass generally, and on the Big Thorne project area specifically, for fishing, hunting and recreation, and for employment in related industries such as fishing and tourism. TU's membership includes commercial and recreational anglers, Alaska Natives, small business owners, and Alaskans from a variety of walks of life.

TU supports providing economic opportunities and sustainable development on Prince of Wales Island and throughout Southeast. TU is committed, through the investment of significant staff and financial resources, to advocating for economic opportunities on Prince of Wales Island that are compatible with and promote long-term stability of local communities while also conserving important lands and protecting important natural resources. For example, TU, in formal partnership with the Forest Service, played an instrumental role in implementing the Sal Creek restoration project within the Big Thorne Project area on Prince of Wales Island.

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*Trout Unlimited: America's Leading Coldwater Fisheries Conservation Organization*

Alaska Office: 3105 Lake Shore Dr. Suite 102B/ Anchorage, AK / 99517

(907) 227.1590 • [www.tu.org](http://www.tu.org) • [www.tu.org](http://www.tu.org)

TU generally supports the USFS in its efforts to develop a Transition Framework and in its efforts to create a more diverse local and regional economy that is less dependent on old-growth logging. However, as currently envisioned, Big Thorne undermines the Transition and harkens back to the days when the long-term economic and ecological health of Southeast Alaska was readily sacrificed in favor of massive, unsustainable timber sales. Big Thorne contains 148.9 million board-feet (MMBF) of timber and stands to affect 6,186 acres of old growth and 2,299 acres of young-growth forest.

Big Thorne threatens serious and likely irreversible impacts to important salmon and trout watersheds, further declines to already suppressed deer and other wildlife populations, and ruin of the natural scenery that brings over a million out-of-state visitors to the Tongass each year. The project also is in direct conflict with the U.S. Department of Agriculture's (USDA) stated goal to rapidly transition away from old-growth logging. Because of these concerns and for the various reasons discussed below, the Tongass should abandon the Big Thorne timber sale and reallocate its resources to new projects that actually benefit Southeast Alaska and promote the region's true economic drivers and job producers: the fishing and tourism industries. New projects should focus on restoration of high-priority watersheds; improvements to existing roads and stream crossings; forest-stand treatments designed to improve large woody debris recruitment and wildlife habitat; and timber sales that focus on young-growth units and micro-sales that are designed to minimize impacts to fish streams, riparian areas and sensitive wildlife habitat while being appropriately scaled to the many smaller, specialty mills found throughout the region. Big Thorne, in its current configuration, will add to the large backlog of unmet restoration needs on the Tongass while, even if stewardship authorities allow the Tongass to retain receipts, failing to recoup even a fraction of the ecological or economic costs. While this appeal is being considered, the USFS should not allow any old-growth logging or road building approved by the Big Thorne timber sale.

TU's involvement with the Big Thorne timber sale and management of the current project area goes back many years. TU was a principal partner with the Tongass for the restoration of Sal Creek, which is one of the primary salmon-producing watersheds within the project area. Like many other streams in the Big Thorne project area, Sal Creek suffered from various impacts of past logging and road-building that caused limited and greatly reduced large woody debris recruitment; a massive landslide resulting in stream sedimentation and bank erosion; various "red pipes" where road-stream crossings were so poorly designed or maintained that they blocked fish passage or, even worse, diverted the stream outside its channel; and a whole host of other issues.

TU was also been an active participant in the Tongass Futures Roundtable and its various working groups from its formation through its dissolution, and at various times worked collaboratively with the USFS and other stakeholders in attempts to resolve persistent conflicts on the Tongass in a way that would provide a long-term supply of timber from the Big Thorne project area while also providing necessary protections for fish and wildlife. While these collaborations ultimately fell short of success, the many years and significant financial investment TU made toward the collaborative process demonstrate the great lengths that TU has gone toward seeking collaborative, consensus-based solutions on the Tongass.

TU staff also participated in the various collaborative workshops hosted by the Thorne Bay Ranger District during the early planning stages of the Big Thorne timber sale, submitted comments to the scoping and draft environmental impact statement, and engaged decision-makers within the USFS and USDA on a less-formal basis throughout the project planning process. While TU has repeatedly expressed concern over the scale of the Big Thorne sale, the impacts it will have to important fish and wildlife habitat, and the great economic costs of the project, we feel these concerns have not been

taken seriously. Most recently, a May, 2013, letter sent by TU to Tongass leadership expressing concern over the lack of progress toward a meaningful transition and the increasingly large and unnecessary volume of timber contemplated for sale in the five-year timber schedule failed to garner any agency response. See Letter from Tim Bristol, Director, Trout Unlimited Alaska, to Beth Pendleton, Regional Forester, U.S. Forest Service Region 10 (May 2013), attached as Exhibit 1. Meanwhile the Big Thorne timber sale has ballooned to a size and scale not seen since before the closure of the large pulp mills in the early 1990s.

#### **I. Fishing and Tourism are the Backbone of Southeast Alaska.**

Fishing and tourism are the economic backbone of the region and form the area of greatest potential economic and job growth. Fishing—including commercial, sport and subsistence—supports more than 7,200 jobs in Southeast Alaska and contributes nearly \$1 billion annually to the region’s economy.<sup>1</sup> See TCW Economics, *Economic Contributions and Impacts of Salmonid Resources in Southeast Alaska*, prepared for Trout Unlimited Alaska 16 (July 2010), attached as Exhibit 2; U.S. Forest Service, *Tongass Salmon Factsheet* (2013), attached as Exhibit 3. Southeast Alaska produced the largest commercial salmon harvest in the state in 2012. See Alaska Dept. of Fish and Game, *Run Forecasts and Harvest Projections for 2013 Alaska Salmon Fisheries and Review of the 2012 Season* 3, 5 (Feb. 2013), attached as Exhibit 4. Projections indicate the commercial fishing industry in Southeast Alaska will once again have a banner year, with catch rates exceeding historic averages. See *id.* at 51.

Since the vast majority of Southeast Alaska-caught salmon are wild, see *id.* at 2, healthy salmon streams are fundamental to the region’s economic health. The Tongass produces 28% of Alaska’s annual commercial salmon catch from less than 5% of the land. Ex. 3 at 1. Seventy-nine percent of the annual commercial salmon catch in Southeast Alaska originates from the Tongass. *Id.* It is especially important to protect intact salmon-producing watersheds and to restore watersheds impacted by past management activities.

In addition to strong and growing fishing industries, the tourism industry also is a major economic contributor to Southeast Alaska. More than one million out-of-state visitors travel to the Tongass annually and spend an estimated \$460 million, not counting cruise ship packages and airline or ferry tickets. See PR 736\_1514 at 2-3. All told, the tourism industry produces more than 10,000 jobs for Southeast Alaska and contributes \$1 billion annually to the regional economy. *Id.* at 1. Nearly all visitors to Southeast Alaska come to experience its natural environment, with sightseeing, wildlife viewing and fishing being the most popular activities—all of which rely on an in-tact forest landscape and scenery void of unsightly clearcuts. See *id.* at 4.

As recognized by Southeast Conference, “the region’s top industries are government, seafood, tourism and health care.” See Southeast Conference, *Southeast Alaska by the Numbers* 1 (Nov. 2012), attached as Exhibit 5. Additionally, Southeast Alaska’s population has been growing since its low point in 2007, and some of the fastest growing communities are on Prince of Wales Island, an area once dominated by logging. See Alaska Dept. of Labor and Workforce Development, *Components of Population Change for Alaska Regions, Boroughs and Census Areas, 2000-2012*, attached as Exhibit 6. The region’s total student count increased slightly in 2012 for the first time since 1996 and “the population of Southeast

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<sup>1</sup> The number of jobs supported by salmon fishing and its economic contribution are likely to be even greater today than was indicated since these figures were calculated using data from 2007 and the economy and salmon prices have continued to increase in years since.

Alaska children, after a long steep decline, is finally on the rise.” Ex 5 at 11. Despite these trends and the opportunities for future economic growth and stability offered by the fishing and tourism industries, the USFS chose to follow its out-dated, business-as-usual model, and decided Big Thorne as if the timber industry, which has been in long decline and provides just 109 logging and milling jobs, is the economic base for the region.

In addition to the economic importance of salmon and undisturbed landscapes, salmon also serve an important cultural role for Southeast Alaskans. Ninety-six percent of Alaskans surveyed say that salmon are “essential to the Alaskan way of life.” Ex 3 at 1. Nearly 90% of rural households in Southeast Alaska use salmon. *Id.* Eighty-nine percent of Alaskans say that even in tough economic times it is important to maintain funding for salmon conservation. *Id.*

## **II. Big Thorne is Arbitrary and Violates NEPA Because it Fails to Satisfy the Project’s Goals and its Purpose and Need**

The stated purpose and need for Big Thorne is to “contribute to a long-term supply of economic timber for the timber industry.” See FEIS 1-4. The stated goals of the Big Thorne timber sale are to “provide for the continuation of timber uses and resources by the timber industry and Alaska residents” and to “provide a diversity of opportunities for resource uses that contribute to the local and regional economies of Southeast Alaska.” See FEIS 1-4 to 1-5. However, instead of focusing on the true economic drivers of the region and the goal to provide a “diversity of opportunities for resource uses” the project ignores fishing and tourism and focuses exclusively on timber, which is a comparatively minor component of the Southeast Alaska economy. The Big Thorne ROD and FEIS fail to consider whatsoever the economic impacts the timber sale will have on the salmon fishing and tourism industries. Because the fishing industry relies on productive salmon streams and the tourism industry relies to a large extent on the natural beauty of the Tongass and scenery left in its natural state, the USFS should reasonably predict that the impacts of logging and road building associated with Big Thorne could have significant impacts to those industries. Instead of working to provide a “diversity of opportunities for resource uses,” Big Thorne limits the available resource uses to timber by logging the few remaining pockets of old-growth forest within an already heavily logged and degraded landscape.

The sale planning documents and decision ignore the true sources of employment in the region—fishing and tourism—and focus solely on the comparatively few timber jobs. If the USFS truly wanted to “provide a diversity of opportunities for resource uses that contribute to the local and regional economies of Southeast Alaska,” it would not focus solely on timber, and would instead work to develop projects that promote fisheries, tourism, marine services, renewable energy and all the various other industries that rely on Tongass resources. By failing to address the reasonably anticipated impacts to other economic sectors and diverse resource users, the Big Thorne FEIS and ROD fail to satisfy the project’s purpose and need and are arbitrary in violation of NEPA.

## **III. The Big Thorne ROD and FEIS Underestimate Impacts to Fish and Wildlife and Fail to Comply with Applicable Standards and Guides.**

As discussed above, Southeast Alaska’s major sources of private-sector employment are in the fishing and tourism industries. Salmon fishing supports more than 7,200 jobs and contributes nearly \$1 billion annually to the regional economy. Ex 2 at 16. Similarly, tourism supports more than 10,000 jobs and contributes another \$1 billion annually. PR 736\_1514 at 1. Because fishing relies on healthy, productive salmon watersheds, impacts to salmon streams can have significant economic impacts. Likewise,

because tourism often relies on scenic, undisturbed landscapes, visual impacts from logging and road construction can have additional significant economic impacts.

Rural Alaskans also have a unique connection to fish and wildlife through their subsistence lifestyle. As the USFS acknowledges, fish and wildlife habitat, and the subsistence opportunities they provides, are of extreme importance in the Big Thorne project area. Impacts to deer are of special concern because of their importance to subsistence users. FEIS at 1-13. However, the FEIS provides an inadequate analysis of the potential impacts to fish and wildlife. Because this analysis is inadequate and forms the basis for the ROD, which offers no additional explanation, the Big Thorne decision is arbitrary and in violation of NEPA.

Past logging and road building activities in the Big Thorne project area have had significant adverse impacts to salmon productivity and watershed health that continue to this day.

Wide-scale logging operations beginning in the mid-1950s harvested much of the suitable and accessible timber volume, converting large areas of diverse forest to single-age, dense stands of second-growth spruce and alder. Fisheries habitat and watershed patterns and processes have been impaired in several watersheds due to timber harvest in riparian areas, the conversion from conifer-dominated riparian areas to red alder-dominated riparian areas, road construction over and along stream channels, unmaintained roads and culverts, and limited accessibility to fisheries spawning and rearing habitat by the improper construction and maintenance of culverts and bridges.

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The majority of productive, fish-bearing streams in the Cobble Area are recovering from pre-1997 Tongass Land Management Plan forest practices that included road building on flood plains, alluvial fans, and steep unstable hillsides; timber harvest within riparian areas and flood plains; and removal of instream large woody debris. The resultant increase in landslide activity, loss of streambank instability, inadequate maintenance and/or improper closure of roads, and installation of a fish pass, have all contributed to the alteration of historic aquatic conditions and a legacy of degraded salmon habitat in the Cobble Area.

PR 736\_0769 at 4. While the majority of salmon-producing habitat in the Big Thorne area is just now recovering from past mismanagement, the Big Thorne timber sale would add to and expand the area's long legacy of stream and watershed degradation. Due to past logging and road building salmon streams in the Big Thorne project area are "less resilient to environmental stresses" and more vulnerable to erosion and sediment transport caused by landslides and road crossings. *Id.* at 5-7.

#### **A. The FEIS Fails to Adequately and Accurately Assess Impacts to Fish and Watersheds.**

The FEIS underestimates direct and cumulative impacts to watersheds within the project area, which threaten serious impacts to local employment and subsistence users. The FEIS estimates cumulative impacts to watersheds using surrogates to predict actual effects. FEIS 3-257. However, recent evidence from past logging and road building activities, and studies cited in the FEIS itself, suggest that the surrogates used by the USFS underestimate watershed impacts and that the Tongass needs to update its methodology. Because the FEIS contains an incomplete analysis of the cumulative impacts to fish

habitat and watersheds, and there is not sufficient additional analysis, it is an arbitrary basis for the ROD.

The FEIS identifies three primary environmental components that address issues relating to the cumulative impacts of logging and roads on watersheds: changes in streamflow, increased sedimentation, and changes in stream habitat. FEIS at 3-257, Table WTR-1. To indicate changes in streamflow, the FEIS looks at the percentage of basin area harvested within the past 30 years. *Id.* To indicate increased sediment, the FEIS looks at new road construction and the number of stream crossings. *Id.* To indicate changes in stream habitat, the FEIS looks at the number of stream crossings. *Id.* While each of these surrogates can predict some impacts to watersheds, they are not sufficient without additional analysis to accurately predict or assess all the impacts to watersheds or the true scope and scale of likely impacts.

The use of surrogates to predict risk of increased sedimentation is particularly problematic. The FEIS looks at existing and new road construction and the number of stream crossings to determine if there will be an increase in sedimentation. FEIS at 3-257, Table WTR-1. In looking at road density, the USFS determines that increased sedimentation occurs when the road area exceeds 2.5% of the basin area. FEIS at 3-270; 3-286. However, the USFS reliance on this standard is arbitrary.

The Tongass establishes the 2.5% threshold based on an outdated (1980) study from the state of Washington. See FEIS at 3-270 (citing Cederholm et al.) However, this standard is arbitrary because, as the USFS readily acknowledges (and subsequently dismisses without further analysis or discussion), “a statistical relationship between fine streambed sediment and watershed disturbance has not been reported in Southeast Alaska studies.” FEIS at 3-270 and 3-286 (citing Bryant et al. 2004 and Woodsmith et al. 2005). Without a statistical relationship between the roaded area and sedimentation, the roaded area cannot serve as a surrogate for sedimentation, and reliance on it without adequate additional analysis is arbitrary.

Second, the original study that forms the basis for the threshold found that increased sedimentation was “highest” at the 2.5% threshold. See FEIS at 3-270 (citing Cederhold et al 1980). This means that sediment likely also increased, albeit at a lesser rate, even in those watersheds that had lower road densities. Because the USFS fails to consider sedimentation increases at rates below what could be expected for watersheds at the 2.5% threshold, the FEIS and ROD are arbitrary.

Additionally, the FEIS mentions without meaningful discussion that recent studies and field observations indicate that Big Ratz, Sal Creek, Slide Creek, No Name, Deer Creek, Ratz Harbor, Torrent, and the North Thorne River watersheds all have high potential for increased sedimentation. FEIS 3-270 to 3-272. Many of these watersheds experienced landslides and other sedimentation-increasing events despite the fact that they are below the 2.5% threshold. See *id.* It is only reasonable to expect that these events contribute significant increased sediment loads to the stream.

Faced with the fact that the surrogate the USFS uses is based on an outdated study, that recent studies indicate there is no relationship between disturbance and fine streambed sedimentation, that many of the watersheds within the project area have experience landslides or other events that increase sedimentation while still remaining below the threshold, and that increased sedimentation can occur from other logging-related events other than roads and stream crossings, it is unreasonable and arbitrary for the USFS to rely on the 2.5% threshold. The FEIS and ROD therefore violate NEPA.

## **B. The Reliance on Stream Buffers to Avoid all Direct Impacts to Watersheds is Arbitrary.**

The FEIS suggests that “[r]iparian no-harvest buffers along Class I, II, and III streams, as described in the unit cards, will avoid direct impacts to stream habitat. . . .” FEIS at 3-293; see ROD at 11. While buffers can help minimize impacts to stream habitat, buffer requirements imposed by the Tongass are insufficient to avoid altogether direct impacts. Because the USFS fails to assess these impacts, and instead relies on unsupported statements that existing standards and guides will avoid impacts, it is arbitrary.

According to prior studies by the Forest Ecosystem Management Assessment Team (FEMAT) that the USFS relies on to establish stream buffer requirements in other regions, effects of shading, litter fall, and coarse wood delivery are all high at distances of one potential tree length away from the channel. See Forest Ecosystem Management Assessment Team, *Forest Ecosystem Management: An Ecological, Economic, and Social Assessment* V-26 to V-28 (July 1993), attached as Exhibit 7, available at [http://www.blm.gov/or/plans/nwfpnepa/FEMAT-1993/1993\\_%20FEMAT\\_Report.pdf](http://www.blm.gov/or/plans/nwfpnepa/FEMAT-1993/1993_%20FEMAT_Report.pdf). Buffers beyond one potential tree length and up to three potential tree lengths have additional benefits in regards to microclimate, and reduce impacts of logging on temperature, wind speed and humidity. *Id.* at V-27 to V-28. According to the FEMAT report, a buffer equal to two site potential tree widths offers an effective buffer that is very effective for air temperature, slightly less effective for avoiding impacts for wind speed, and even less effective relative to humidity. *Id.* This analysis formed the basis for the buffer requirements established and still in effect under the Northwest Forest Plan.

Existing stream buffer requirements on the Tongass undoubtedly help minimize impacts to stream habitat; however, they are not effective at eliminating potential impacts altogether. Because the USFS fails to assess direct impacts to stream habitat and bases its decision on the flawed assumption that existing no-harvest buffers are sufficient to avoid direct impacts entirely, the FEIS and ROD are arbitrary and violate NEPA.

## **IV. The Big Thorne ROD and FEIS Violate NEPA Because they Rely on Inaccurate and Unsupported Economic Analysis.**

The Big Thorne FEIS and ROD violate NEPA because they arbitrarily rely on inaccurate and outdated economic analysis that greatly overestimates market demand for Tongass timber. The primary issue the USFS sought to address through the Big Thorne timber sale was the need for a supply of economical timber to meet market demand. FEIS at 1-12; ROD 14. Appendix A of the FEIS, titled “Reasons for Scheduling the Environmental Analysis of the Big Thorne Project, FY 2013,” outlines how the USFS calculated market demand for Tongass timber, and discusses in detail the reasons why the USFS concluded that a large timber sale was necessary to meet market demand. However, the analysis of market demand, the calculations used to determine how much timber is required to supply future harvest levels, and the resulting conclusions based on that analysis and calculations contain various errors and inaccuracies that are arbitrary and violate NEPA.

According to Appendix A, the USFS seeks to provide a pipeline of timber adequate to provide a “2-3 year supply of timber under contract.” FEIS at A-9. For 2013, the USFS calculates that it needs 429 MMBF of volume to satisfy its goal. FEIS at A-14, Table A-2. However, this volume far exceeds the amount that any reasonable assessment of market demand would conclude is necessary to provide a 3-year supply and is wholly unsupported by the facts.

According to Appendix A, 20.8 MMBF of timber was logged from the Tongass in 2012, and the 6-year average cut rate is 27.4 MMBF per year. See FEIS at A-4, Figure A-1. Additionally, the Tongass already has 114 MMBF of timber under contract that has not yet been cut. FEIS at A-14, Table A-2. At the current rate of logging, even without any timber supplied from the Big Thorne project, it will take more than four years to log the volume of timber already under contract. With timber from Big Thorne included, the Tongass would have enough timber to last more than nine years. The fact that the Tongass and the timber industry have stockpiled such a large volume of timber under contract indicates that the volume of timber supplied by the Tongass does not limit the rate of harvest and is adequate to meet market demand.

Despite recent logging rates and the accumulated volume of timber under contract, the FEIS and ROD grossly overestimate market demand. The FEIS concludes that 429 MMBF of timber is required to be under contract to provide enough volume for a 3-year supply. FEIS at A-14, Table A-2. At the current 6-year average rate of 27.4 MMBF per year, this volume is sufficient to supply more than 15 years-worth of timber under contract. The 429 MMBF goal directly contradicts statements made earlier this year that “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 USFS, *Trajectory to Young Growth on the Tongass National Forest 1* (Jan. 2013), attached as Exhibit 8. While still more than the actual logging levels of recent years would suggest, 35 MMBF per year is a far cry from the 429 MMBF figure used by the FEIS.

Because of the gross overestimation of timber demand in the FEIS and the perceived shortfall in timber under contract, the Forest Supervisor incorrectly concluded that it was necessary to approve Big Thorne in its current, massive form. Had the USFS accurately estimated market demand it would have been clear that the Tongass already had sufficient timber under contract to supply a 2-3 year demand.

The FEIS casually dismisses the consequences of oversupplying the Tongass timber industry by stating, without meaningful additional discussion, that “oversupplying the market is less damaging than undersupplying it.” FEIS at A-18. However, this ignores several very real consequences of overestimating supply. It misleads the public and erodes public trust and confidence in the Forest Service. The USFS and USDA gained significant good will with many stakeholders through its various statements in support of, and initiatives to implement, a transition out of large-scale old-growth logging. This good will is jeopardized by the decision to issue Big Thorne.

Large timber sales, even those orders of magnitude smaller than Big Thorne, have often been the source of significant public controversy. They prevent Tongass staff from planning and preparing projects designed to promote industries that have positive contributions to the region such as fishing and tourism, risk further impacts to fish and wildlife in an area that already has been hit hard by unsustainable logging over the past multiple decades, unnecessarily waste significant taxpayer-funded resources, and invite costly litigation. As the USFS itself recognizes, it needs to develop and implement projects designed to diversify the Southeast Alaska economy. “If the demand for timber was mistakenly exaggerated, it follows that the timber harvest goal may have been given precedence over the competing environmental and recreational goals without justification sufficient to support the agency’s balancing of these goals.” *NRDC v. U.S. Forest Serv.*, 421 F.3d 797, 808 (9th Cir. 2005).

The Big Thorne FEIS and ROD violate NEPA because: (1) they arbitrarily rely on an outdated and inaccurate timber market demand analysis; (2) they arbitrarily chose to follow an “expanded lumber

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

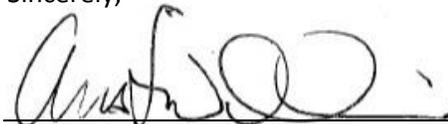
For the foregoing reasons, the decision on the Big Thorne ROD should be reversed and the USFS should not allow any old-growth logging or new road construction pursuant to the Big Thorne timber sale. The Tongass should abandon Big Thorne and reaffirm its commitment to the transition by developing new 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,



Austin Williams  
Trout Unlimited  
3105 Lake Shore Dr. Suite 102B  
Anchorage, AK 99517  
(907) 227-1590  
awilliams@tu.org