



## THOMPSON RIVER IFM

### ATTACHMENT L, V2.1

The purpose of this document is to provide a description of how the growth and harvesting regime assumed for the baseline is financially feasible following the requirements of subchapter 5.2.1 of the FOP. Following the first option provided under Section 5.2.1(e)(2), a financial analysis of the anticipated growth and harvesting regime was prepared. This analysis captures all relevant costs and returns and takes into consideration all legal, physical, and biological constraints.

The net present value of the baseline growth and harvest regime is estimated to be approximately \$196.94 per gross acre (i.e., across the entire 71,865-acre project area) over the 100-year modeling period. Therefore, the baseline is financially feasible. The financial analysis is shown below. Note the following:

- All costs and revenues are in real terms and on a per-acre basis.
  - Prices are on a delivered basis and reflect realized pricing for sawtimber in calendar year 2021 or the expectations of operational personnel for pricing of rarer species and/or pulpwood.
  - Production costs are the total costs involved in producing wood fiber that is delivered to the mill. Costs are based on the OPO's management records for calendar year 2021 or a conservative adjustment to these values on the advice of the OPO's operational personnel.
- A 6% real discount rate (the rate generally applicable to the class of private industrial timberland owners according to publicly available research carried out by L&C Carbon<sup>1</sup>) was used for the analysis.
- Codes used in the below table refer to species (AF = subAlpine Fir; DF = Douglas-Fir; ES = Engelmann Spruce; GF = Grand Fir; LP = Lodgepole Pine; PP = Ponderosa Pine; RC = western RedCedar; WH = Western Hemlock; WL = Western Larch; WP = Western white Pine; ALL = all species) and product categories (SL = SawLog; PW = PulpWood).
- Outputs are per 5-year period, and the final row sums across the 100-year modeling horizon.

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<sup>1</sup> [https://americancarbonregistry.org/carbon-accounting/standards-methodologies/improved-forest-management-ifm-methodology-for-non-federal-u-s-forestlands/description-of-npv-calculation-07-11-11\\_final.pdf](https://americancarbonregistry.org/carbon-accounting/standards-methodologies/improved-forest-management-ifm-methodology-for-non-federal-u-s-forestlands/description-of-npv-calculation-07-11-11_final.pdf)

| Period |    |      | Harvest Volume (green tons) in... |       |       |       |       |       |       |       |       |       |        | Harvest Revenue (\$) | Production Cost (\$) | Net Value of Harvest (\$) | Net Present Value of Harvest (\$) |
|--------|----|------|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|----------------------|----------------------|---------------------------|-----------------------------------|
|        |    |      | AF SL                             | DF SL | ES SL | GF SL | LP SL | PP SL | RC SL | WH SL | WL SL | WP SL | All SL | ALL PW               |                      |                           |                                   |
| 2020   | to | 2025 | 0.07                              | 1.18  | 0.01  | 0.17  | 0.45  | 0.36  | -     | -     | 0.71  | -     | 2.95   | 0.36                 | 227.26               | 173.99                    | 53.28                             |
| 2025   | to | 2030 | 0.04                              | 1.19  | 0.06  | 0.04  | 0.44  | 0.72  | 0.01  | -     | 0.32  | -     | 2.83   | 0.32                 | 211.95               | 166.24                    | 45.71                             |
| 2030   | to | 2035 | 0.01                              | 1.27  | 0.04  | 0.07  | 0.37  | 0.47  | 0.01  | -     | 0.33  | -     | 2.58   | 0.41                 | 200.57               | 154.17                    | 46.40                             |
| 2035   | to | 2040 | 0.00                              | 1.47  | 0.06  | 0.19  | 0.41  | 0.49  | -     | -     | 0.18  | -     | 2.80   | 0.34                 | 212.88               | 165.81                    | 47.07                             |
| 2040   | to | 2045 | -                                 | 1.28  | 0.03  | 0.04  | 0.37  | 1.03  | 0.01  | -     | 0.22  | -     | 2.99   | 0.31                 | 219.28               | 173.28                    | 46.00                             |
| 2045   | to | 2050 | 0.00                              | 1.48  | 0.11  | 0.09  | 0.22  | 0.73  | 0.00  | -     | 0.16  | -     | 2.79   | 0.67                 | 220.33               | 173.27                    | 47.06                             |
| 2050   | to | 2055 | 0.00                              | 1.63  | 0.01  | 0.06  | 0.33  | 0.52  | 0.01  | 0.02  | 0.13  | 0.06  | 2.78   | 0.86                 | 228.38               | 176.99                    | 51.39                             |
| 2055   | to | 2060 | 0.02                              | 1.84  | 0.01  | 0.17  | 0.36  | 0.65  | 0.01  | -     | 0.16  | -     | 3.23   | 0.59                 | 252.10               | 195.08                    | 57.02                             |
| 2060   | to | 2065 | 0.01                              | 2.11  | 0.00  | 0.13  | 0.28  | 0.56  | -     | -     | 0.17  | 0.00  | 3.26   | 0.75                 | 261.61               | 201.82                    | 59.79                             |
| 2065   | to | 2070 | 0.01                              | 1.96  | 0.00  | 0.13  | 0.42  | 0.73  | 0.03  | -     | 0.13  | 0.02  | 3.43   | 0.78                 | 272.55               | 211.34                    | 61.21                             |
| 2070   | to | 2075 | 0.00                              | 1.70  | 0.03  | 0.22  | 0.31  | 0.93  | -     | -     | 0.19  | 0.04  | 3.43   | 0.99                 | 273.51               | 217.21                    | 56.30                             |
| 2075   | to | 2080 | 0.01                              | 1.68  | 0.02  | 0.11  | 0.61  | 1.23  | 0.00  | 0.00  | 0.13  | 0.09  | 3.88   | 0.76                 | 294.66               | 236.51                    | 58.16                             |
| 2080   | to | 2085 | 0.03                              | 1.89  | 0.00  | 0.09  | 0.25  | 1.35  | 0.02  | -     | 0.17  | 0.14  | 3.94   | 0.94                 | 305.44               | 244.37                    | 61.07                             |
| 2085   | to | 2090 | 0.01                              | 1.70  | 0.00  | 0.17  | 0.34  | 1.55  | -     | 0.02  | 0.15  | 0.14  | 4.09   | 1.03                 | 313.89               | 253.97                    | 59.92                             |
| 2090   | to | 2095 | 0.08                              | 1.96  | 0.00  | 0.15  | 0.37  | 1.27  | 0.02  | 0.02  | 0.09  | 0.23  | 4.19   | 1.18                 | 330.72               | 265.47                    | 65.25                             |
| 2095   | to | 2100 | 0.04                              | 1.95  | 0.01  | 0.31  | 0.37  | 1.02  | 0.00  | 0.04  | 0.13  | 0.15  | 4.01   | 1.17                 | 319.60               | 255.55                    | 64.05                             |
| 2100   | to | 2105 | 0.02                              | 1.77  | 0.02  | 0.27  | 0.38  | 0.95  | 0.01  | 0.02  | 0.22  | 0.16  | 3.83   | 1.22                 | 309.03               | 246.77                    | 62.26                             |
| 2105   | to | 2110 | 0.04                              | 1.66  | 0.02  | 0.27  | 0.38  | 0.85  | 0.01  | 0.04  | 0.16  | 0.17  | 3.59   | 1.21                 | 291.23               | 233.12                    | 58.11                             |
| 2110   | to | 2115 | 0.04                              | 1.34  | 0.02  | 0.34  | 0.45  | 0.85  | 0.01  | 0.03  | 0.17  | 0.13  | 3.37   | 1.19                 | 273.02               | 219.98                    | 53.05                             |
| 2115   | to | 2120 | 0.02                              | 1.38  | 0.01  | 0.39  | 0.37  | 0.83  | 0.00  | 0.00  | 0.17  | 0.10  | 3.29   | 1.05                 | 263.00               | 211.12                    | 51.89                             |
| Totals |    |      | 0.48                              | 32.44 | 0.48  | 3.40  | 7.50  | 17.10 | 0.16  | 0.19  | 4.11  | 1.43  | 67.28  | 16.12                | 5,281.03             | 4,176.06                  | 1,104.97                          |