



File: 308-07/IAPP

October 6, 1999

All Interior Appraisal Manual Holders

A typographic error was found in Chapter 3 and 7.

Please go to Chapter 3 and remove pages 5-6 from the manual and replace them with the attached pages for chapter 3. Then go to Chapter 7 and remove page 5-6 from the manual and replace it with the attached page for Chapter 7. We apologize for any inconvenience this may have caused.

Yours truly,

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Revenue Branch



Attachments

3.2 Chip Average Market Values

Monthly market value information is obtained and compiled by Revenue Branch.

3.3 Calculation of Species End Product Selling Price

The total end product selling price in \$/m³ is determined for each species using lumber recovery factors from the cruise compilation summary, LRF update add-ons, current applicable average market values for the species and zone and species chip yield factors. Lumber and chip prices are each calculated to the nearest cent before being totalled.

Burned Timber

In the case of burned timber, the burn percent is used to reduce the selling price of the stand by assigning a zero value to the estimated chip recovery of the burned wood. This is to compensate for an increased manufacturing cost, lower lumber and chip recovery and lower lumber and chip average market values associated with processing burned timber.

$$\text{Burn Percent} = \frac{\text{BT m}^3}{\text{Total m}^3} * 100$$

where

BT m³ = volume of light, moderate and heavily fire-damaged timber
Total m³ = total volume *inclusive* of burned wood

The only other adjustment to the appraisal is for heavily fire-damaged timber and is covered under Section 4.4.4 (Tree to Truck Additive for Damaged Timber).

The LRFs are determined from the following formulas and tables:

1. Zonal LRF Update Add-ons and Combined Product Recovery Factors

Table 3-1 LRF Update Add-ons and Combined Recovery Factors

Zone	Species	LRF Update Add-ons	Combined Product Recovery Factors
Northern Interior (Zone 5)	Lodgepole Pine	75	431
	Spruce	84	431
	Balsam	77	431
	Douglas Fir	34	431
	Larch	31	431
	Cedar	28	431
	Hemlock	27	431
	White Pine	30	431

Skeena (Zone 6)	Lodgepole Pine	48	390
	Spruce	58	390
	Balsam	56	390
	Cedar	6	390
	Hemlock	7	390

Southern Interior (Zone 7)	Lodgepole Pine	74	413
	Spruce	85	413
	Balsam	76	413
	Douglas Fir	32	413
	Larch	31	413
	Cedar	27	413
	Hemlock	29	413
	White Pine	30	413
	Yellow Pine	34	413

7.3 MPS Selling Prices

Selling prices for MPS are based on three month averages of schedules of lumber values collected and published monthly by Revenue Branch. When the MPS values are compiled and distributed they become an integral part of this manual.

7.3.1 MPS Lumber Average Market Values

Monthly market value information for the interior is obtained by Revenue Branch from lumber producers located in each average market value zone. The zones are defined by point of appraisal (see Section 2.5). Average market values (AMV) for each species are compiled by dividing total sales value by total sales volumes for each zone.

The volume that is manufactured to Canadian Lumber Standard/American Lumber Standard (CLS/ALS) sizes is reported in foot board measure (fbm). Lumber manufactured in non-CLS/ALS sizes is adjusted to equivalent CLS/ALS sizes. The total volume for each species includes all sizes and grades of rough and dressed lumber in the green and dried state. Also included are finger jointed lumber and machine stress rated lumber.

The total net sales value for each species or species group is reported in Canadian dollars FOB mill. These sales values are rolled up into three month averages each month. There is approximately a one month lag in reporting.

7.3.2 Calculation of Species Lumber Selling Price

The total lumber selling price (SP) in $\$/m^3$ is determined for each species using lumber recovery factors (LRF) from the cruise compilation summary, LRF update add-ons and current applicable lumber average market values (AMV) for the species and zone.

1. Zonal LRF update add-ons are found in Table 7-1, by species.
2. Lumber AMVs as published every month.
3. Calculation of Total Species Lumber Selling Price.
 - a. Appraisal LRF = Cruise LRF + LRF update add-on
 - b. Species SP ($\$/m^3$) = Species AMV($\$/mbm$)/1000 * Appraisal LRF
4. The stand SP is the volume prorated sum of the species SP.

7.3.3 Calculation of Stand Log Quality Index

The stand log quality index (QI) is relative term used to judge the potential to produce lower or higher quality/value products from different stands. The stand log quality index is a species volume weighted number.

It is determined using each species lumber recovery factor (LRF) from the cruise compilation summary, the Zonal LRF update add-ons by species from Chapter 7 and the average appraisal LRF.

1. Zonal LRF update add-ons are found in Table 7-1, by species.
2. Appraisal LRF = Cruise LRF + LRF update add-on, by species.
3. Calculate a species volume weighted total stand appraisal LRF.
4. The stand QI is the volume prorated sum of the species LRF divided by the average appraisal LRF of 229.5.

Table 7-1 LRF Update Add-ons for MPS

Species	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Balsam	72	55	69	60	60
Cedar	24	5	21	13	-
Douglas Fir	29	-	25	17	-
Hemlock	23	6	23	14	-
Larch	27	-	25	17	-
Lodgepole Pine	70	47	66	56	61
Spruce	78	57	77	65	67
White Pine	26	-	24	17	-
Yellow Pine	-	-	27	18	-