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BY EMAIL

To: Interior Regional Managers

From: The Honourable Rich Coleman
Minister of Forests and Range

Rc: Amendment No. 12 to the *Interior Appraisal Manual*

I hereby approve Amendment No. 12 to the *Interior Appraisal Manual* and attach a copy for your use. The following sections have been amended.

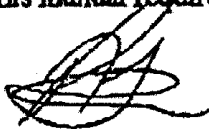


- Section 2.3.2: References to Section 2.3.2.5 and Appendix VI have been added.
- Section 2.3.2.5: New section added to enable a reappraisal due to mountain pine beetle damage.
- Section 2.4.1: Effective date of a changed circumstance reappraisal changed to the day after the effective date of the most recent appraisal or reappraisal.
- Section 2.5: References to Appendix VI added.
- Section 4.10.1: Section retitled and new text addresses adjustments to the manufacturing cost estimate.
- Table 4-11: Table revised to include more species.
- Section 4.11: Additional time periods have been added to each of the trend factor tables.
- Section 6.1: Revised table of average saw log stumpage rates by forest zone and species.
- Section 6.3: New text with a revised methodology and references to Appendix VI have been added.
- Section 6.4: Reference to Appendix VI and new tables of average saw log stumpage have been added.
- Section 6.6: Reference to Appendix VI and Section 21 of the *Forest Act* have been added.
- Table 6-4: Table updated for new log grades, product descriptions and revised geophysical clearing rates have been added.
- Section 7.1: Reference to new log grade codes is added.
- Section 7.2: References to Appendix VI have been added.

Interior Regional Managers

- Section 7.5:** The Market Pricing System upset stumpage rate methodology for some specific types of tenures have been revised.
- Section 7.5.4:** References to new log grade codes have been added.
- Appendix VI:** A new appendix has been added containing the method by which the stumpage rates for cutting authorities that have been issued prior to April 1, 2006, are being adjusted as a result of the changes to the Interior log grades effective April 1, 2006. New tables have been added with information required for the adjustments.

This amendment will come into force on April 1, 2006. Further amendments or revisions to this manual require my approval.



Rich Coleman
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch
Grant Parnell, Director, Operations, BC Timber Sales
Doug Wroan, Director, Business Operations, BC Timber Sales
Interior Appraisal Advisory Committee



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MANUAL TITLE

Interior Appraisal Manual

REVISION No.

Amendment No. 12

ISSUE DATE

April 1, 2006

MANUAL CO-ORDINATOR

Judy Laton
Revenue Branch

AUTHORIZATION (Name, Title)

W. Howard
Director, Revenue Branch

Please make the following changes to your copy of the above Ministry manual. Please insert the following specified pages and **file this notice** immediately after the Amendments Tab.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT TABLE OF CONTENTS	PAGE(S)	COMMENTS
REMOVE	Table of Contents	i - iv	After Table of Contents Tab
INSERT		i - iv	
REMOVE	Chapter 2	5 - 6 9 - 16	After Chapter 2 Tab
INSERT		5 - 6 9 - 16	
REMOVE	Chapter 4	53 - 58	After Chapter 4 Tab
INSERT		53 - 60	
REMOVE	Chapter 6	1 - 2 5 - 10 13 - 14	After Chapter 6 Tab
INSERT		1 - 2 5 - 10 13 - 14	
REMOVE	Chapter 7	1 - 4 9 - 12	After Chapter 7 Tab
INSERT		1 - 4 9 - 12	
INSERT	Appendices	13 - 16	After Appendices Tab
REMOVE	Index	1 - 4	After Index Tab
INSERT		1 - 4	
INSERT	Minister's Letter and Manual Revision Transmittal		After Amendments Tab

Table of Contents

1 Introduction

1.1 Conventions and Terms of Reference	1-2
1.1.1 Terms and Conventions.....	1-2
1.1.2 Terms of Reference	1-2
1.2 Area of Application.....	1-3
1.3 Cutting Authority	1-4
1.3.1 Cutting Authority Area.....	1-4
1.3.2 Cutblocks within a Cutting Authority Area	1-4
1.4 Responsibility for Stumpage	1-5
1.5 Market Pricing System	1-6
1.6 Comparative Value Timber Pricing	1-7
1.7 CVP Stumpage Adjustments.....	1-8

2 Appraisal Principles and Procedures

2.1 Types of Determination.....	2-2
2.2 Appraisal Procedure	2-3
2.3 Redeterminations and Reappraisals	2-5
2.3.1 Redetermination of Stumpage Rate by Agreement	2-5
2.3.2 Reappraisals	2-5
2.3.2.1 Changed Circumstances	2-5
2.3.2.2 Annual Reappraisal for Road Permits and Blanket Salvage Cutting Permits	2-7
2.3.2.3 Minister's Direction	2-7
2.3.2.4 Mathematical Error	2-7
2.3.2.5 Reappraisals Due to Mountain Pine Beetle (MPB) Damage.....	2-9
2.3.2.5.1 MPB Reappraisal Procedure	2-9
2.3.2.5.2 Effective Date of a MPB Reappraisal	2-9
2.4 Changed Circumstance Reappraisal Procedure.....	2-10
2.4.1 Effective Date of Changed Circumstance Reappraisal	2-11
2.4.2 Minister Directed Reappraisal Procedure.....	2-11
2.5 Fixed Stumpage Rate and Extension of Term.....	2-12
2.6 Point of Appraisal.....	2-14
2.6.1 Method of Transportation to be Used in Determining Point of Appraisal.....	2-15
2.7 Calculation Conventions	2-16

3 Interior Selling Prices

3.1 Lumber Average Market Values	3-2
3.1.1 Application of Lumber Average Market Values	3-4
3.1.2 Lumber Average Market Value Zones	3-4
3.2 Chip Average Market Values	3-5
3.3 Calculation of Species End Product Selling Price	3-6

4 Operating Cost Estimation

4.1 Cost Estimates	4-2
4.1.1 Specified Operations	4-3
4.2 Appraisal Data Requirements	4-4
4.2.1 Comparative Cruising	4-5
4.2.2 Appraisal Data Submission	4-5
4.2.3 Appraisal Map	4-5
4.3 Development	4-6
4.3.1 Development Cost Categories	4-7
4.3.1.1 Development Cost Allocation	4-9
4.3.1.1.1 Development Cost Estimates on Crown Lands	4-9
4.3.1.1.2 Development Cost Estimates for Full Appraisal on Timber Licence (TL) Cutting Authorities	4-10
4.3.1.1.3 Development Cost Estimates on Private Land	4-10
4.3.1.1.4 Existing Roads and Structures	4-10
4.3.1.1.5 Extended Road Amortization	4-11
4.3.2 Tabular Cost Estimates	4-11
4.3.2.1 Subgrade Construction	4-12
4.3.2.2 Subgrade Construction Variables	4-12
4.3.2.3 Subgrade Cost Estimate	4-14
4.3.2.4 Drainage Structures	4-17
4.3.2.5 Additional Stabilizing Material	4-19
4.3.2.6 Cattle Guards, Remedial Fences and Pipeline Crossings	4-21
4.3.3 Detailed Engineering Cost Estimates	4-21
4.3.3.1 Trending of Detailed Engineering Costs	4-24
4.4 Tree-to-Truck	4-25
4.4.1 Harvesting Methods	4-25
4.4.2 Tree-to-Truck Variables	4-26
4.4.3 Tree-to-truck Cost Estimate	4-30
4.4.4 Tree-to-Truck Additive for Damaged Timber	4-33
4.4.5 Prorating Tree-to-Truck Cost Estimates	4-34
4.5 Log Transportation	4-35
4.5.1 Truck Haul Variables	4-35
4.5.2 Truck Haul Cost Estimates	4-37
4.5.2.1 Primary Haul	4-37

4.5.2.2 Secondary Haul	4-38
4.5.3 Water Transportation Cost Estimate	4-38
4.5.4 Special Transportation Systems	4-39
4.6 Road Management.....	4-41
4.7 Road and Land Use Charges	4-44
4.8 Administration and Other Costs	4-45
4.8.1 Overhead	4-45
4.8.2 Isolated Cutting Authority Areas.....	4-46
4.8.3 Low Volume Cost Estimate	4-46
4.9 Basic Silviculture Cost Estimate	4-47
4.10 Manufacturing Cost Estimates	4-51
4.10.1 Manufacturing Cost Estimate Adjustment	4-54
4.11 Cost Trend.....	4-57

5 Stumpage Rate Determination

5.1 Indicated Stumpage Rate (ISR).....	5-2
5.2 Value Index	5-3
5.3 Interior Mean Value Index	5-4
5.4 Market Value Indexing.....	5-5
5.4.1 Converting Indexes From 1997=100 Base to 1992=100 Base.....	5-5
5.4.2 Calculating the Interior Composite Index (ICI)	5-5
5.4.3 Calculating the Interior Target Rate	5-5
5.5 Interior Base Rate (IBR).....	5-7
5.6 Calculation of Stumpage Rate.....	5-8
5.6.1 Calculation of Indicated Stumpage Rate	5-8
5.6.2 Prescribed Minimum Stumpage Rate.....	5-8
5.6.3 Reserve Stumpage Rate.....	5-8
5.6.4 Upset Stumpage Rate	5-8
5.6.5 Total Stumpage Rate	5-8

6 Miscellaneous Timber Pricing Policies

6.1 Average Stumpage Rates by Forest Zone and Species.....	6-2
6.2 Cutting Authorities With 5 000 m ³ or Less Volume.....	6-3
6.3 Road Permits	6-5
6.3.1 Blanket Salvage Cutting Permits.....	6-6
6.4 Salvage Timber Stumpage Rates.....	6-7
6.5 Partially Harvested Timber	6-9
6.6 BC Timber Sales (BCTS).....	6-10
6.7 Levies (CVP only).....	6-11
6.8 Miscellaneous Stumpage Rates.....	6-12
6.8.1 Miscellaneous Stumpage Rates for Timber Licences	6-14

7 Market Pricing System

7.1 MPS Introduction	7-2
7.2 MPS Principles and Procedures	7-3
7.2.1 MPS Appraisals	7-3
7.2.2 MPS Stumpage Adjustments	7-3
7.2.3 Reappraisals for MPS Appraisals	7-3
7.2.4 Methodology	7-4
7.3 MPS Selling Prices	7-5
7.3.1 MPS Lumber Average Market Values	7-5
7.3.2 Calculation of Species Lumber Selling Price	7-5
7.4 Market Stumpage Price Calculation	7-7
7.4.1 Market Stumpage Price Variables	7-7
7.4.2 Market Stumpage Price Equation	7-9
7.5 MPS Stumpage Rate	7-10
7.5.1 MPS Upset Stumpage Rate	7-10
7.5.2 Upset Stumpage Rate Calculation	7-11
7.5.3 Prescribed Minimum Stumpage Rate	7-11
7.5.4 Total MPS Stumpage Rate	7-12

Appendices

Appendix I Equipment and Labour Rates	A-2
Appendix II Development Cost Allocation	A-4
Appendix III Relative Soil Moisture to Absolute Soil Moisture Conversion Table	A-5
Appendix IV Map Content	A-11
Appendix V Geophysical Clearance Line Categories	A-12
Appendix VI April 1, 2006 Stumpage Rate Adjustments	A-13

Index

Tables

Table 2-1 Points of Appraisal.....	2-14
Table 3-1 LRF Update Add-ons and Combined Product Recovery Factors	3-7
Table 3-2 Chip Yield Factors	3-9
Table 3-3 Shipping Differentials.....	3-10
Table 3-4 Manufacturing Cost Differential.....	3-10
Table 4-1 Specified Operations.....	4-3
Table 4-2 Standard Timber Merchantability Specifications	4-4
Table 4-3 Road Groups	4-16
Table 4-4 Culvert Appraisal Cost Estimates.....	4-18
Table 4-5 Trend Factors for ECE Costs	4-24
Table 4-6 Rail Log Transportation.....	4-40
Table 4-7 Road Management Cost Estimates	4-42
Table 4-8 Overhead Cost Estimates	4-45
Table 4-9 BGC Silviculture Cost Estimates.....	4-48
Table 4-10 Untrended Manufacturing Cost Estimates	4-52
Table 4-11 Manufacturing Cost Estimate Adjustment Factors	4-55
Table 6-1 Average Sawlog Stumpage Rates by Forest Zone and Species	6-2
Table 6-2 Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species (\$/m ³).....	6-8
Table 6-3 Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species (\$/m ³)	6-8
Table 6-4 Miscellaneous Stumpage Rates.....	6-13
Table 7-1 LRF Update Add-ons for MPS	7-6

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2.3 Redeterminations and Reappraisals

2.3.1 Redetermination of Stumpage Rate by Agreement

1. Where, within twenty-one days of the date of a Stumpage Advisory Notice, the person to whom the Notice has been sent and an employee of the Ministry of Forest authorized to redetermine a stumpage rate under section 1.4 of this manual agree, the stumpage rate set out in the Notice, hereinafter referred to as the original stumpage rate, may be redetermined by the employee, and the redetermined stumpage rate shall be effective on the effective date of the original stumpage rate.
2. The twenty-one day period referred to in subsection (1) of this section may be extended by agreement between the person to whom the Notice has been sent and the employee.

2.3.2 Reappraisals

1. A reappraisal is a process used to redetermine a stumpage rate for a cutting authority area using the *Interior Appraisal Manual* in effect on the effective date of the reappraisal.
2. Except as provided in sections 2.3.2.1(1)(d), 2.3.2.2, 2.3.2.3, 2.3.2.5 and Appendix VI, a reappraisal is based on a complete reassessment of the cutting authority area at the time of the reappraisal, as if the area has been returned to the condition it was in prior to development or harvesting.
3. At the time of a reappraisal, initial detailed engineering cost estimates may be re-estimated once after construction utilizing information as specified in section 4.3.3. However, development costs originally estimated using ministry approved competitive bids are not re-estimated in a reappraisal.

2.3.2.1 Changed Circumstances

1. In this section a changed circumstance means a circumstance where:
 - a. (i) The licensee plans to use a method of harvest to harvest at least fifteen percent of the volume of timber in the cutting authority area that is different from the method planned to be used for that timber at the time of the most recent appraisal or reappraisal of the cutting authority area, and
 - (ii) the different method of harvesting that is planned to be used:

- aa) when used in the changed circumstance reappraisal will produce the least cost total harvesting, development, and transportation cost estimate, and
 - bb) is different from the method of harvesting that was used in the most recent appraisal or reappraisal, or
 - b. there will be at least a fifteen percent change in the total appraised development cost estimate from the total development cost estimate used in the most recent appraisal or reappraisal due to changed site conditions upon reappraisal, or
 - c. land containing merchantable timber has been either added to or deleted from the cutting authority area since the most recent cruise compilation or recompilation was used in an appraisal or reappraisal that exceeds the lesser of
 - i. fifteen hectares, or
 - ii. fifteen percent of the area of the cutting authority area as it was prior to the addition or deletion of the land, or
 - d. at least fifteen percent of the volume of the appraised timber in a cutting authority area has been suddenly and severely damaged, unless the timber was damaged by a fire for which the licensee was responsible and the licensee failed to comply with any of section 75 through 95 of the *Forest Practices Code of British Columbia Act* or the *Forest Fire Prevention and Suppression Regulation*. Despite subsection 2.3.2(2) where the cutting authority area is reappraised because of sudden and severe damage the redetermined stumpage rate is based upon the remaining timber only. The reappraisal cost estimate for development takes into account volume of timber already removed from the cutting authority area. This subsection is applicable to cutting authorities with either a non-adjusting (fixed) stumpage rate or a quarterly adjusted stumpage rate.
2. The licensee must notify the district manager immediately of a changed circumstance.
 3. Where the district manager believes that a changed circumstance has occurred, the district manager will immediately notify the licensee of that belief.
 4. A cutting authority area other than a cutting authority area that is the subject of a road permit or a cutting authority area with a non-adjusting stumpage rate, must be reappraised when a changed circumstance has occurred.
 5. Where a cutting authority is reappraised because of a changed circumstance, any bonus bid in existence does not change and remains in effect.

2.3.2.5 Reappraisals Due to Mountain Pine Beetle (MPB) Damage

1. a. A cutting authority with an adjustable stumpage rate may be reappraised on or after April 1, 2006 only once during the term and all extensions of the cutting authority on the basis of a revised appraisal data submission if the licensee submits a revised appraisal data submission to the District Manager.
- b. The revised appraisal data submission is the appraisal data submission that was used in the most recent appraisal or reappraisal of the cutting authority area prior to the revision, hereinafter referred to in this section as the original ADS, with changes permitted only to the cruise data in the original ADS in accordance with the paragraph (c) of this section.
- c. The licensee may either:
 - i. Update the damage code information for Lodgepole pine in the cruise data and recompile the cruise for the cutting authority area by using the cruise data from the cruise in the original ADS for the plots in that part of the cutting authority area where timber has been harvested and combining that with the cruise data with updated damage codes for the plots in that part of the cutting authority area where timber has not been harvested, or
 - ii. Recompile the cruise data that was in the cruise in the original ADS.

2.3.2.5.1 MPB Reappraisal Procedure

1. The MPB reappraisal procedure is the procedure required by section 2.4(2) through 2.4(8).

2.3.2.5.2 Effective Date of a MPB Reappraisal

1. The effective date of MPB reappraisal is the first day of the month following the month in which the District Manager receives the revised appraisal data submission..

2.4 Changed Circumstance Reappraisal Procedure

1. The licensee shall submit to the district manager an interior appraisal data submission and map if the cutting authority area must be reappraised because of a changed circumstance under section 2.3.2.1.
2. The licensee shall submit to the district manager any other information required by the district manager or their designate for the purposes of the reappraisal.
3. The submissions under subsections (1) and (2) of this section must be signed by a registered professional forester (RPF) or registered forest technologist (RFT), registered with the Association of British Columbia Forest Professionals.
4. The district manager or their designate may review the licensee's submission and will notify the licensee, in writing, of any omissions, errors or provisions of the *Interior Appraisal Manual* that, in the opinion of the district manager or their designate, the signing RPF or RFT may not have considered. The licensee's signing RPF or RFT will consider the district manager's or their designate's notification and may revise the submission.
5. The district manager or their designate shall give any information supplied by the licensee under this section to the person who determines the stumpage rate together with any other information that the district manager or their designate considers relevant to the appraisal.
6. The person who determines the stumpage rate may review the licensee's submission and information supplied by the district manager or their designate, and will notify the licensee, in writing, of any omissions, errors or provisions of the *Interior Appraisal Manual* that, in the opinion of the person who determines the stumpage rate, the signing RPF or RFT may not have considered. The licensee's signing RPF or RFT will consider the notification and may revise the submission.
7. The person who determines the stumpage rate shall consider, when determining the stumpage rate:
 - a. any information provided by the licensee and the district manager or their designate, and
 - b. any information available to the person who determines the stumpage rate that is relevant to the reappraisal.
8. Regional staff will notify the licensee of the reappraised stumpage rate in the form of a stumpage advisory notice and will provide the licensee with a summary of the information used to determine the reappraised stumpage rate.

2.4.1 Effective Date of Changed Circumstance Reappraisal

1. Except as provided in subsections (2) and (3) of this section, a reappraisal because of a changed circumstance is effective on the **day after the** effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the changed circumstance reappraisal:
2. Where the changed circumstance is because of an amendment to the cutting authority area referred to in subsection 2.3.2.1(1)(c), the reappraisal is effective on the first day of the month following the date that the district manager approves the amendment.
3. Where the changed circumstance is a result of sudden and severe damage referred to in subsection 2.3.2.1 (1)(d), the effective date of the reappraisal is the first day of the month following the date when the event that caused the sudden and severe damage stopped on the cutting authority area.

2.4.2 Minister Directed Reappraisal Procedure

1. The licensee shall submit to the district manager an interior appraisal data submission, and map, if requested by the district manager or their designate, within forty-five days of the minister's direction.
2. Thereafter, the ministerial direction reappraisal procedure shall be the same procedure as that required by subsections 2.4 (2) through 2.4 (8).

2.5 Fixed Stumpage Rate and Extension of Term

BC Timber Sales (BCTS)

1. **Except as provided in Appendix VI** a fixed stumpage rate for a BCTS cutting authority means that the reserve stumpage rate, levies and bonus bids will not change during the term of the cutting authority and all extensions. Except where:
 - a. a reappraisal is done under section 2.3.2.1(1)(d) due to sudden and severe damage, or
 - b. a reappraisal is done under section 2.3.2.3 because of a minister's direction.

Woodlots

2. **Except as provided in Appendix VI:**
 - a. The stumpage rate for a cutting authority issued under a woodlot licence shall be an adjusting stumpage rate unless:
 - (i) the stumpage rate for the cutting authority is changed to a non-adjusting stumpage rate under this subsection, or
 - (ii) the cutting authority is a road permit, or blanket salvage cutting permit, or
 - (iii) the stumpage rate has been determined under section 6.2(1)(a) or 6.4.
 - b. A licensee may choose to have an adjusting stumpage rate changed to a non-adjusting stumpage rate under this subsection by giving written notice to the regional timber pricing co-ordinator.
 - c. Where the licensee gives written notice to the regional timber pricing co-ordinator of that choice, the adjusting stumpage rate shall become a non-adjusting stumpage rate three (3) weeks after the regional timber pricing co-ordinator receives the notice.
 - d. On the date that the stumpage rate becomes a non-adjusting stumpage rate, the stumpage rate for the cutting authority continues to be the stumpage rate that was in effect on that date.
 - e. Where a stumpage rate is changed from an adjusting stumpage rate to a non-adjusting stumpage rate, the stumpage rate for the cutting authority shall not change for the term of the cutting authority and all extensions from the date that the stumpage rate is changed to a non-adjusting stumpage rate, except where the cutting authority area is reappraised under section 2.3.2.1(1)(d) or under section 2.3.2.3.

Zonal Average Sawlog Stumpage Rates

3. **Except as provided in Appendix VI** where the stumpage rate has been determined under section 6.2 and the term of the cutting authority is extended, the stumpage rate shall continue unchanged during the term of the cutting authority.

Miscellaneous Stumpage Rates

4. Miscellaneous stumpage rates (section 6.8) will be based on the *Interior Appraisal Manual* in effect on the date of scale.

2.6 Point of Appraisal

The appraiser must select the point of appraisal, from Table 2-1, which will produce the least cost total harvesting and transportation estimate for the timber on the cutting authority area unless;

- i. five years have passed from the date that a milling facility was permanently rendered incapable of producing lumber and chips, and
- ii. it was the only milling facility associated with that point of appraisal.

In which case, the appraiser must select the next the point of appraisal, from Table 2-1, which will produce the least cost total harvesting and transportation estimate for the timber on the cutting authority area.

For the purposes of determining the least cost total harvesting and transportation estimate, the specific locations that were used in measurement of cycle time for each point of appraisal in Table 2-1 as of October 1, 2003, will continue to be used. The appraiser must then assume the manufacturing costs and average market values for the Zone relative to that point of appraisal.

Table 2-1 Points of Appraisal

Northern Interior (Zone 5, 15, 25 & 35)			
Bear Lake Burns Lake Clear Lake Engen	Fort St. James Fraser Lake Houston Isle Pierre	Mackenzie Prince George Quesnel	Smithers Strathnaver Upper Fraser Vanderhoof
Skeena (Zone 6, 16, 25 & 36)			
Terrace	Carnaby	Hazelton	Kitwanga

Southern Interior (Zone 7, 17, 25 & 37)					
Adams Lake	Galloway	Merritt	Thrums		
Armstrong	Grand Forks	Midway	Valemount		
Canal Flats	Kamloops	Okanagan Falls	Vavenby		
Canoe	Kelowna	Park Siding	Westbank		
Castlegar	Lavington	Princeton	Ymir		
Craigellachie	Louis Creek	Radium			
Creston	Lumby	Revelstoke			
Elko	McBride	Slocan			
South Cariboo (Zone 8, 18, 25 & 38)					
100 Mile House	Chasm	Lytton	Squamish	Williams Lake	Boston Bar
Fort Nelson - Peace (Zone 9, 19 & 25)					
Chetwynd	Fort Nelson	Fort St. John	Taylor		

2.6.1 Method of Transportation to be Used in Determining Point of Appraisal

The estimate of transportation costs for a cutting authority area must be determined by using the criteria for determining the transportation cost estimate as set out in this manual for the method of transportation referred in this manual to the point of appraisal that will produce the least total harvesting and transportation cost estimate unless:

- a. that particular method of transportation is not permitted by the cutting authority, or
- b. as provided in section 4.5.1(1).

In considering whether or not a particular method of transportation is not permitted by the cutting authority, the timber pricing co-ordinator must not consider, nor take into account, nor have regard for:

1. Any destination referred to in the cutting authority.
2. Any enactment.
3. Any document other than the cutting authority.
4. Any other fact.

2.7 Calculation Conventions

1. All operating cost calculations will be performed to the full capacity of the calculating machine with the results truncated at four places of decimals and rounded to two places.
2. Results from 5 to 9 will be rounded upward and from 1 to 4 will be rounded downward.
3. Each phase cost estimate (\$/m³) (see chapter 4) will be rounded to the nearest cent and will be added to the other phase cost estimates to obtain the total cost estimate.
4. Where values are specified as limits (constraints or requirements for equations), they will be treated as absolute values and actual measurements or records will not be rounded before use unless otherwise specified in this manual.
5. CVP stumpage rate calculations will be performed according to the methods outlined in the document, entitled *Specifications: Calculating Stumpage Rates for Interior Appraisals*.

Untrended Manufacturing Cost Estimates (\$/m³) 2001 Cost Survey Base		
	Species	Manufacturing cost (\$/m³) 0% Decay
Southern Cariboo (Zone 8)	LO	36.96
	SP	33.69
	BA	38.58
	FI, LA, WH, YE	52.22
	CE	45.71
	HE	45.62

Fort Nelson/Peace (Zone 9)	LO	34.85
	SP	31.65
	BA	35.89

To derive the manufacturing cost estimate for decay % from 1 to 50, use the above table values in the following equation:

The cost estimate is calculated to four decimal places, then rounded to the nearest cent. Where decay exceeds 50 percent, the manufacturing cost estimate for 50 percent decay is used.

Manufacturing cost (\$/m³) = decay % * 0.1952 + base value from table.

For a list of points of appraisal by zone, refer to section 2.6.

4.10.1 Manufacturing Cost Estimate Adjustment

For each species of timber except lodgepole pine:

$$\text{Adjusted Species MC} = \text{Species MC} - \text{MCAF}$$

Where:

Species MC	is the species manufacturing cost calculated according to Section 4.10.
MCAF	is the manufacturing cost estimate adjustment factor from Table 4-11 for the point of appraisal of the cutting authority area being appraised or reappraised.
Adjusted Species MC	is the adjusted species manufacturing cost estimate for that species of timber.

Table 4-11 Manufacturing Cost Estimate Adjustment Factors

Point of Appraisal	BA	CE	FI	HE	LA	Lo	SP	WH	YE
100 Mile	-2.32	-0.02	-0.53	-1.59	0.00	-4.90	-1.25	-9.85	0.00
Adams Lake	-0.83	-0.05	-0.45	-0.06	-0.05	-2.46	-0.56	-0.64	-1.12
Armstrong	-1.06	-0.05	-0.37	-0.09	-0.16	-2.89	-0.17	-0.51	-0.76
Bear Lake	-0.40	-7.05	-0.17	0.00	0.00	-3.61	-0.59	0.00	0.00
Boston Bar	-0.82	0.00	-0.23	-3.55	-0.04	-3.44	-0.37	-6.61	-3.32
Burns Lake	-1.66	0.00	0.00	0.00	0.00	-2.82	-0.66	0.00	0.00
Canal Flats	-0.40	-0.06	-0.11	-0.38	-0.03	-0.70	-0.12	-0.38	-0.06
Canoe	-0.55	-0.06	-0.37	-0.04	-0.12	-2.10	-0.41	-1.77	-0.58
Carnaby	-0.33	-0.11	0.00	-0.01	0.00	-0.82	-0.27	0.00	0.00
Castlegar	-1.17	-1.21	-0.50	-0.10	-0.58	-2.60	-0.52	-2.12	-0.41
Chasm	-0.88	-7.16	-0.64	-2.33	-0.24	-3.50	-0.56	-1.54	-6.76
Chetwynd	-0.11	0.00	0.00	0.00	0.00	-0.11	-0.16	0.00	0.00
Clear Lake	-1.05	0.00	-0.18	0.00	0.00	-7.56	-0.45	0.00	0.00
Craigellachie	-1.02	-0.07	-0.17	-0.07	-0.09	-1.58	-0.18	-0.33	-7.65
Cranbrook	-0.21	0.00	-0.09	-0.27	-0.01	-0.90	-0.10	-3.33	-0.02
Creston	-0.95	-0.41	-0.19	-0.15	-0.10	-0.89	-0.15	-1.31	-0.41
Elko	-0.21	0.00	-0.09	-0.27	-0.01	-0.90	-0.10	-3.33	-0.02
Engen	-0.38	0.00	0.00	0.00	0.00	-7.52	-0.95	0.00	0.00
Fort Nelson	-0.61	0.00	0.00	0.00	0.00	-0.44	-0.21	0.00	0.00
Fort St. James	-0.54	0.00	-0.18	0.00	0.00	-2.87	-1.12	0.00	0.00
Fort St. John	-0.49	0.00	0.00	0.00	-2.02	-0.14	-0.14	0.00	0.00
Fraser Lake	-1.69	0.00	0.00	0.00	0.00	-7.61	-0.79	0.00	0.00
Galloway	-1.44	-0.03	-0.23	-0.29	-0.12	-1.01	-0.55	-3.61	-0.10
Grand Forks	-0.93	-0.09	-0.65	-0.09	-0.44	-1.40	-0.26	-1.55	-0.34
Hazelton	-0.33	-0.11	0.00	-0.01	0.00	-0.82	-0.27	0.00	0.00
Houston	-0.70	0.00	0.00	-2.88	0.00	-1.72	-0.55	0.00	0.00
Isle Pierre	-0.61	-6.89	-0.21	-0.77	0.00	-7.53	-0.49	0.00	0.00
Kamloops	-0.93	-0.09	-0.62	-0.61	-0.04	-3.62	-0.30	-1.05	-0.72
Kelowna	-0.98	-0.05	-0.21	-0.13	-0.15	-1.44	-0.26	-3.18	-0.61
Kitwanga	-0.33	-0.11	0.00	-0.01	0.00	-0.82	-0.27	0.00	0.00
Lavington	-1.53	-0.66	-0.35	0.00	-0.16	-1.45	-0.31	-0.13	-0.31
Lillooet	-2.18	-0.02	-0.48	-3.18	0.00	-4.31	-1.08	-8.29	-0.68
Louis Creek	-3.10	-0.53	-2.31	-0.45	-0.05	-3.80	-1.85	-4.53	-3.71
Lumby	-0.88	-0.15	-0.24	-0.13	-0.33	-2.34	-0.24	-2.38	-0.76
Lytton	-2.18	-0.02	-0.48	-3.18	0.00	-4.31	-1.08	-8.29	-0.68
Mackenzie	-0.70	0.00	0.00	0.00	0.00	-0.59	-0.34	0.00	0.00
McBride	-0.55	-0.31	-0.33	0.00	0.00	-1.29	-0.23	-0.38	0.00
Merritt	-0.63	-0.02	-0.14	-0.03	-0.07	-1.71	-0.16	-0.46	-0.75
Midway	-0.86	-0.07	-0.76	-0.02	-0.43	-0.91	-0.21	-0.73	-0.16
O.K. Falls	-0.88	-0.02	-0.33	-0.15	-0.10	-1.63	-0.34	-8.69	-0.41
Park Siding	-1.14	-0.07	-0.52	-0.11	-0.23	-1.49	-0.18	-1.20	-0.20
Prince George	-0.31	-7.03	-0.13	-3.38	0.00	-5.39	-0.39	0.00	0.00
Princeton	-0.57	-0.01	-0.14	0.00	-0.03	-1.09	-0.10	-0.07	-0.60
Quesnel	-1.17	0.00	-0.45	0.00	0.00	-7.06	-0.73	0.00	0.00
Radium	-0.63	-0.13	-0.12	-0.10	-0.03	-1.45	-0.16	-0.36	0.00
Revelstoke	-1.14	-0.35	-0.27	-0.13	-0.27	-2.97	-0.60	-1.20	-4.70
Slocan	-0.71	-0.17	-0.30	-0.11	-0.32	-2.89	-0.21	-1.66	-0.13
Smithers	-1.53	0.00	0.00	-0.54	0.00	-3.31	-1.36	0.00	0.00

Point of Appraisal	BA	CE	FI	HE	LA	Lo	SP	WH	YE
Squamish	-2.18	-0.02	-0.48	-3.18	0.00	-4.31	-1.08	-8.29	-0.68
Strathnaver	-0.60	0.00	-0.32	0.00	0.00	-7.20	-0.52	0.00	0.00
Taylor	-0.25	0.00	0.00	0.00	0.00	-0.11	-0.19	0.00	0.00
Terrace	-0.10	-0.17	0.00	-0.06	0.00	0.00	-0.22	0.00	0.00
Thrums	-1.00	-0.07	-0.29	-0.09	-0.15	-2.39	-0.22	-1.82	-0.11
Upper Fraser	-0.62	-0.62	-0.34	-0.24	0.00	-6.93	-0.48	-9.92	0.00
Valemount	-0.53	-0.12	-0.09	-0.05	-0.03	-1.51	-0.21	-0.64	0.00
Vanderhoof	-0.54	0.00	0.00	0.00	0.00	-5.24	-0.42	0.00	0.00
Vavenby	-1.43	-0.07	-0.29	-0.17	0.00	-2.34	-0.88	-2.66	0.00
Westbank	-0.94	0.00	-0.25	-0.13	-0.28	-0.67	-0.16	-0.34	0.00
Williams Lake	-2.33	-0.03	-0.27	-0.01	0.00	-4.68	-1.21	0.00	0.00
Ymir	-0.80	-0.05	-0.31	-0.08	-0.06	-2.19	-0.22	-0.89	0.00

4.11 Cost Trend

Cost trend factors are separately applied to the total logging, silviculture and manufacturing cost estimates. The factors cover the period from the effective date of the cost base to the effective date of the rate calculation. Cost trend factors are applied at the appraisal effective date and at the date of each stumpage adjustment.

For trend factors applicable prior to November 1, 2004, refer to earlier *Interior Appraisal Manuals*.

Appraisal Effective Dates From August 1, 1996 to November 30, 1997

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.954	1.0
April 1 to June 30, 2005	0.954	1.0
July 1 to September 30, 2005	0.954	1.0
October 1 to December 31, 2005	0.954	1.0
January 1 to March 31, 2006	0.954	1.0
April 1 to June 30, 2006	0.954	1.0

Appraisal Effective Dates From December 1, 1997 to August 31, 1998

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.886	1.0
April 1 to June 30, 2005	0.886	1.0
July 1 to September 30, 2005	0.886	1.0
October 1 to December 31, 2005	0.886	1.0
January 1 to March 31, 2006	0.886	1.0
April 1 to June 30, 2006	0.886	1.0

Appraisal Effective Dates From September 1, 1998 to September 30, 1999

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.936	1.0
April 1 to June 30, 2005	0.936	1.0
July 1 to September 30, 2005	0.936	1.0
October 1 to December 31, 2005	0.936	1.0
January 1 to March 31, 2006	0.936	1.0
April 1 to June 30, 2006	0.936	1.0

Appraisal Effective Dates From October 1, 1999 to August 31, 2000

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.983	1.0
April 1 to June 30, 2005	0.983	1.0
July 1 to September 30, 2005	0.983	1.0
October 1 to December 31, 2005	0.983	1.0
January 1 to March 31, 2006	0.983	1.0
April 1 to June 30, 2006	0.983	1.0

Appraisal Effective Dates From September 1, 2000 to June 30, 2001

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.967	1.0
April 1 to June 30, 2005	0.967	1.0
July 1 to September 30, 2005	0.967	1.0
October 1 to December 31, 2005	0.967	1.0
January 1 to March 31, 2006	0.967	1.0
April 1 to June 30, 2006	0.967	1.0

Appraisal Effective Dates From July 1, 2001 to October 31, 2002

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	0.967	1.0
April 1 to June 30, 2005	0.967	1.0
July 1 to September 30, 2005	0.967	1.0
October 1 to December 31, 2005	0.967	1.0
January 1 to March 31, 2006	0.967	1.0
April 1 to June 30, 2006	0.967	1.0

Appraisal Effective Dates From November 1, 2002 to October 31, 2004

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	1.007	1.0
April 1 to June 30, 2005	1.007	1.0
July 1 to September 30, 2005	1.007	1.0
October 1 to December 31, 2005	1.007	1.0
January 1 to March 31, 2006	1.007	1.0
April 1 to June 30, 2006	1.007	1.0

Appraisal Effective Dates On or After November 1, 2004

<u>Appraisal Effective Date or Stumpage Adjustment Date</u>	<u>Trend Factor</u>	
	<u>Logging and Silviculture</u>	<u>Manufacturing</u>
January 1 to March 31, 2005	1.000	1.0
April 1 to June 30, 2005	1.000	1.0
July 1 to September 30, 2005	1.000	1.0
October 1 to December 31, 2005	1.000	1.0
January 1 to March 31, 2006	1.000	1.0
April 1 to June 30, 2006	1.000	1.0

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Miscellaneous Timber Pricing Policies

6

6.1 Average Stumpage Rates by Forest Zone and Species

- Each of the following forest zones used in Tables 6-1, 6-2 and 6-3 is made up of the corresponding forest district areas:

North Central Zone - Fort St. James, Mackenzie, Nadina, Prince George, Quesnel and Vanderhoof Forest Districts.

North West Zone - Kalum and Skeena Stikine Forest Districts.

North East Zone - Fort Nelson and Peace Forest Districts.

South East Zone - Arrow Boundary, Columbia, Headwaters, Kamloops, Kootenay Lake, Okanagan Shuswap and Rocky Mountain Forest Districts.

South West Zone - 100 Mile House, Cascades, Central Cariboo and Chilcotin Forest Districts.

Where a species of timber is not listed in Table 6-1, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

Table 6-1 Average Sawlog Stumpage Rates by Forest Zone and Species

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	16.51	20.49	20.01	17.18	-	18.08	20.62	18.97
North West	9.35	8.68	-	8.41	-	15.72	11.68	9.69
South East	18.81	16.75	16.20	13.02	12.59	19.11	19.20	17.69
South West	16.38	10.63	13.54	7.43	22.04	13.11	15.73	13.74
North East	13.97	-	-	-	17.40	18.32	16.34	16.83

- For community forest agreements issued under sections 43.2, 43.4 or 43.51 of the *Forest Act* and associated road permits, the sawlog stumpage rate by species will be 15 percent of the sawlog stumpage rate from Table 6-1 in all cases. This provision expires on December 31, 2006.

Sections 6.2 through 6.7 do not apply to community forest agreements and associated road permits.

6.3 Road Permits

1. Except as provided in subsection 2 of this section, the stumpage rate for a road permit shall be the weighted average sawlog stumpage for:
 - a. all cutting authorities, other than road permits, that authorize the harvesting of timber in the same forest district as is the land to which the road permit applies, and that are issued under the licence that entitles the licensee to apply for the road permit, **multiplied by the green log fraction from Table A6-1 in Appendix VI**, or
 - b. if there are no records from which the weighted average saw log stumpage rate may be determined under (a), and the licence permitting the granting of the road permit has an allowable annual cut of 3 000 m³ or more per year, then all the cutting authorities, other than road permits, that authorize the harvesting of timber on land located in the same forest district as is the land to which the road permit applies, **multiplied by the green log fraction from Table A6-1 in Appendix VI**, or
 - c. if there are no records from which the weighted average saw log stumpage rate may be determined under (a), and the licence permitting the granting of the road permit has an allowable annual cut of less than 3 000 m³ per year, all the cutting authorities, other than road permits, that are for licences that have an allowable annual cut of less than 3 000 m³ in the same forest district as the area to which the road permit applies, **multiplied by the green log fraction from Table A6-1 in Appendix VI**.
2. The stumpage rate for a road permit granted to the holder of a timber sale licence entered into under section 20 of the *Forest Act* will be the same as the stumpage rate for the timber sale licence which entitled the licensee to apply for the road permit.
3. In each of subparagraphs (a), (b), and (c) of subsection (1) of this section, the weighted average sawlog stumpage rate that is in effect for the period between June 1 of one year (the first year) and May 31 of the following year is the sum of the stumpage billed under the cutting authorities referred to in that subparagraph according to stumpage billing records of the revenue branch for coniferous sawlogs of grade code () blank during the twelve-month billing period ending March 31 in the first year divided by the sum of the volume of those sawlogs.
4. **Except as provided in Appendix VI**, the stumpage rate for a road permit shall be redetermined on June 1 of each year in accordance with the procedure in this section.
5. The costs of roads constructed under road permits are eligible for inclusion as development cost estimates under section 4.3 in the appraisal of the first tributary cutting authority. These roads will not be considered as existing roads under section 4.3.1.1.4 (2).

6.3.1 Blanket Salvage Cutting Permits

1. The stumpage rate for a blanket salvage cutting permit shall be the weighted average sawlog stumpage rate for:
 - a. All the cutting authorities other than blanket salvage cutting permits, that are located in the same forest district as is the land to which the blanket salvage cutting permit applies, and that have been issued under the same licence, **multiplied by the green log fraction from Table A6-1 in Appendix VI**, or,
 - b. if there are no records from which the weighted average sawlog stumpage rate may be determined under paragraph (a) and the licence under which the blanket salvage cutting permit has been issued has an allowable annual cut of 3 000 m³ or more then: all the cutting authorities, other than blanket salvage cutting permits for areas of land located in the same forest district that the area to which the blanket salvage cutting permit applies, **multiplied by the green log fraction from Table A6-1 in Appendix VI**, or
 - c. if there are no records from which the weighted average sawlog stumpage rate may be determined under paragraph (a) and the licence under which the blanket salvage cutting permit is issued has an allowable annual cut of less than 3 000 m³ per year, then all the cutting authorities, other than blanket salvage cutting permits, which have been issued under licences that have allowable annual cuts less than 3 000 m³ in the same forest district as the area to which the blanket salvage cutting permit applies, **multiplied by the green log fraction from Table A6-1 in Appendix VI**.
2. In each of paragraphs (a), (b), and (c) of subsection (1) of this section, the weighted average sawlog stumpage rate that is in effect for the period between August 1 of one year (the first year) and July 31 of the following year, is the sum of the stumpage billed under the cutting authorities referred to in that paragraph according to stumpage billing records of the revenue branch for the twelve-month period ending on March 31 in the first year for coniferous sawlogs of grade code () blank during that period divided by the sum of the volume of those sawlogs.
3. **Except as provided in Appendix VI**, the stumpage rate for a blanket salvage cutting permit shall be redetermined on August 1 each year in accordance with the procedure in this section.

6.4 Salvage Timber Stumpage Rates

This section applies to cutting authorities which do not have an allowable annual cut.

1. Salvaged timber is either post harvest material or damaged timber:
2. Post Harvest Material is either:
 - a. wooden culverts and bridges, or
 - b. post logging residue.
3. Damaged Timber is timber that:
 - a. Has been blown down,
 - b. Has been damaged by fire, disease, snow press, or
 - c. Will die within one year, as determined by the district manager, as a result of the affects of the mountain pine beetle, or other forest pests.
4. The criteria and methodology for the calculation of salvaged timber stumpage rates are:
 - a. Post harvest material may not be combined in the same cutting authority area with damaged timber.
 - b. Except where damage to adjacent or contiguous timber occurs after harvesting is completed on the adjacent primary logging cutting permit area and the harvesting equipment has been demobilized from the area, damaged timber salvage cutting authority areas must be scattered, and not be adjacent to or contiguous with an existing cutting authority area.
 - c. Except as provided in subsection (4)(d) of this section the total area of a clearcut salvage harvesting area shall not exceed 1 hectare.
 - d. Where salvage of only damaged stems through partial cutting will leave a stand that meets minimum stocking standards, the area harvested may be larger than 1 hectare.
 - e. Salvage logging stumpage rates may only be determined for a cutting authority where more than one-third of the volume of coniferous timber in the cutting authority area is damaged timber.
 - f. Post harvest salvage may only occur after primary logging has been satisfactorily completed and residue and waste assessments have been submitted to and accepted by the Ministry.

- g. Salvage cannot occur on a road right-of-way which has an active timber mark associated with it.
 - h. **Except as provided in Appendix VI**, the stumpage rate will be fixed for one year from the effective date of the stumpage rate. The stumpage rate will be redetermined annually in accordance with the procedure in this section.
5. Where salvaged timber is damaged timber, the stumpage rate for each species of the salvaged timber will be determined using the schedule of Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species found in Table 6-2.
 6. Where the source of the salvaged timber is post harvest material, the stumpage rate for each species of timber will be determined using the schedule of Sawlog Stumpage Rates of Post Harvest Material by Forest Zone and Species found in Table 6-3.

Where a species of timber is not listed in Table 6-2 and 6-3, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

Table 6-2 Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species (\$/m³)

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	9.91	18.44	18.01	10.31	-	13.56	18.56	11.38
North West	5.61	7.81	-	5.05	-	11.79	10.52	5.81
South East	11.28	15.08	14.58	7.81	11.33	14.33	17.28	10.61
South West	9.83	9.57	12.19	4.46	19.83	9.83	14.15	8.25
North East	8.38	-	-	-	15.65	13.74	14.71	10.10

Table 6-3 Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species (\$/m³)

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	4.13	16.39	10.01	4.29	-	9.04	10.31	4.74
North West	2.34	6.94	-	2.10	-	7.86	5.84	2.42
South East	4.70	13.40	8.10	3.26	6.30	9.56	9.60	4.42
South West	4.09	8.51	6.77	1.86	11.02	6.56	7.86	3.44
North East	3.49	-	-	-	8.70	9.16	8.17	4.21

6.5 Partially Harvested Timber

Where decked timber, or timber which has been felled and bucked, such as on right-of-way, is sold without competition; and where the volume exceeds 300 m³, a full cost estimate appraisal is completed upon an "as is, where is" basis.

Phase costs may be based on borrowed data from a representative cutting permit, adjusted for partial phase.

If the timber volume is being sold competitively, the timber may be priced according to the procedures in section 6.2, or 7.5.1 (4).

6.6 BC Timber Sales (BCTS)

1. For appraisal purposes, the BCTS includes:
 - All timber sale licenses issued under the *Forest Act*, section 20, 21 and
 - all forestry licences to cut issued under the *Forest Act*, section 47.6(3).

Adjustable Stumpage Rates

2. The adjustable stumpage rate option can only be provided to a licensee if the upset rate has been determined by means of a full appraisal and the timber sale licence was advertised before November 1, 2003. For cutting authorities with volumes greater than 5 000 m³, refer to section 4.2.1, for volumes 5 000 m³ or less refer to section 6.2.

Non-adjusting Stumpage Rates

3. All timber sale licences awarded under section 20 of the *Forest Act* that were advertised on or after November 1, 2003 and forestry licences to cut awarded under section 47.6 (3) of the *Forest Act* will have non-adjusting stumpage rates.

Except as provided in Appendix VI, if the zonal average sawlog stumpage rate method is used, the upset and hence the total stumpage rate does not adjust for the term of the cutting authority and all extensions. The only exceptions are if a reappraisal is done under section 2.3.2.1(d) due to sudden and severe damage or section 2.3.2.3 because of a minister's direction.

A licensee's election of non-adjusting stumpage rates also precludes any correction to the upset stumpage rate determination that would otherwise be warranted because of an error in the appraisal.

Table 6-4 Miscellaneous Stumpage Rates*All Interior Forest Regions*

Species	Product	Reserve Stumpage Rate
Cedar	Shake & Shingle	\$7.20/m ³
All other Species	Shake & Shingle	\$5.30/m ³
Cedar	Shakes	\$6.00/m ³
Cedar	Posts & Rails	\$3.00/m ³
All other Species	Posts & Rails	\$1.20/m ³
All Species	Mining Timbers	\$3.00/m ³
All Species	Firewood	\$0.50/m ³
Yew	All	\$0.25/m ³
All Species	Grades: 4 and 6	\$0.25/m ³
Deciduous Species	All, except grades 4 and 6 and except where the MPS upset stumpage rate is calculated under section 7.5.1 (5)	\$0.50/m ³
All Species	Stakes & Sticks.	\$1.20/m ³
All Species	Christmas Tree: under 3m 3-5 m over 5 m	\$0.20/each \$1.00/each \$1.50/each
All Species	Logs salvaged below the high water levels of Reservoir Lakes and the Slocan, Kootenay, Mineral, Babine and Ootsa Lakes	\$0.25/m ³
All Species	Marine Beachcomb	\$0.70/m ³
All Species	Trees classified as "Dead Potential" on Cruise-based cutting authorities	\$0.25/m ³
All Coniferous	For logs harvested from the Alex Fraser (UBC), Aleza Lake (UBC and UNBC) and Fort St. James (UNBC) Research Forests	\$0.25/m ³
All Species	Firmwood Reject	NIL

Forest District Specific

Description of Activity	Forest District	Reserve Stumpage Rate
Gross area cleared for mining exploration trails, seismic lines ¹ , gas or oil well sites and right-of-way to well sites. ²	Rocky Mountain Peace Ft. Nelson Mackenzie	\$2,268/ha \$1,956/ha \$1,096/ha \$1,904/ha

¹ The corresponding district reserve stumpage rate from the above table is adjusted according to the category of line clearing as follows:

Category 1 - no adjustment
 Category 2 - 1/2 of the reserve stumpage rate
 Category 3 - 1/3 of the reserve stumpage rate

The gross area for each category reported as new line on the either; the Oil and Gas Commission's Geophysical Final Plan cover sheet or an As Cleared Plan is multiplied by the reserve stumpage rate as adjusted above (refer to Appendix V for category definitions).

² For pipe line rights-of-way a stumpage rate may be determined by using the above rates for cutting authorities containing less than 2 000 m³, of merchantable volume. For cutting authorities of 2 000 m³ and over see section 6.2.

6.8.1 Miscellaneous Stumpage Rates for Timber Licences

Timber licence cutting authority areas that have not been appraised and have a cutting authority term that began before May 1, 1995, must be appraised effective April 1, 2003.

Market Pricing System

7

7.1 MPS Introduction

The market pricing system is the basis for determining sawlog stumpage rates for timber sale licences issued under section 20 and 47.6 (3) of the *Forest Act*, subject to a minimum stumpage rate. Sections 2.1 (3) and (4) of this manual provide the methods that are used for deriving stumpage rates for specific products and extraordinary situations.

MPS is a method of estimating the stumpage value of a stand of timber based on the results of previous similar timber stands that were sold competitively.

MPS can only be used where complete appraisal data as per section 4.2 is available for the cutting authority area. Where data is not available see chapter 6 of this manual.

Except where the upset stumpage rate is determined using section 7.5.1 (5), the MPS upset rate and bonus bid applies to coniferous sawlogs only. The stumpage rates for deciduous species, special forest products and grade 4 or 6 logs are listed under section 6.8.

7.2 MPS Principles and Procedures

7.2.1 MPS Appraisals

1. The MPS upset stumpage rate must be calculated using the *Interior Appraisal Manual* and monthly parameters (selling prices and consumer price index (CPI)) in effect on the date that the rate is determined (appraisal effective date).
2. **Except as provided in Appendix VI**, the MPS upset stumpage rate and the bonus bid remain in effect from the date of award of the sale until the sale expires.
3. **Except as provided in Appendix VI**, all MPS upset stumpage rates on Section 20 timber sale licences advertised on or after November 1, 2003 and Forestry Licences to Cut awarded under section 47.6 (3) of the *Forest Act* are fixed for the term of the timber sale and all extensions.

7.2.2 MPS Stumpage Adjustments

1. Cutting authorities **issued under Timber Sale licences** that were advertised **for sale** prior to November 1, 2003, that elected to have, or have adjustable stumpage rates, the stumpage rates are adjusted quarterly on January 1, April 1, July 1, and October 1, of each year.
2. At the time of the quarterly adjustment, the MPS upset stumpage rate will be re-calculated based on the equations applicable for the appraisal effective date and the cutting authority data. The monthly parameters effective for the month of the adjustment will be used in the calculation instead of the original values. **Except as provided in Appendix VI**, all other data remain unchanged.
3. This process is repeated quarterly until the cutting authority is reappraised.

7.2.3 Reappraisals for MPS Appraisals

Revised data and revised monthly parameters will be used with the equations in effect on the reappraisal date. Any reappraisal will follow the policy direction of chapter 2 of this manual. The original bonus bid remains in effect.

7.2.4 Methodology

1. **Except as provided in Appendix VI**, the following methodology must be used for the calculation of the MPS upset stumpage rate:
 - a. Calculate a selling price (SP) of the products that can be recovered from the stand using sections 7.3.1 and 7.3.2 with the variables as defined.
 - b. Calculate the market stumpage price using the equation in section 7.4.2, the variables for the stand, and the SP calculated in section 7.3.
 - c. Calculate the MPS upset stumpage rate according to section 7.5.
2. One stumpage rate is determined for all appraised coniferous sawlogs in each cutting authority area except where the MPS upset stumpage rate has been calculated under section 7.5.1 (5).
3. Where the MPS upset stumpage rate has been calculated under section 7.5.1(5) one stumpage rate is determined for all appraised coniferous and deciduous sawlogs in each cutting authority area.
4. All other products are priced using miscellaneous stumpage rates as prescribed under section 6.8.

7.4.2 Market Stumpage Price Equation

Using the variables defined in section 7.4.1, the selling price calculated in section 7.3.2 and the equation below, calculate the market stumpage price (MSP).

$$\begin{aligned} \text{MSP} = & [44.1590 + 0.1895 * \text{SP/CPIF} - 0.9615 * \text{DC/CPIF} + 0.1747 * (\text{VOL}/1000) \\ & - 0.1327 * \text{S\%} + 9.0319 * \ln(\text{VPT}) + 0.009378 * \text{VPH} - 12.7571 * \\ & (\text{BWDN\%}/100) - 7.7502 * (\text{CY\%}/100) - 35.8595 * (\text{HP\%}/100) - 9.7689 * \\ & (\text{HORSE\%}/100) - 21.9802 * (\text{BURN\%}/100) - 2.0871 * \text{CYCLE} - 7.8954 * \\ & \text{HECE} + 29.5252 * (\text{WH\%}/100) - 7.9152 * \text{Z9} - 5.4166 * \text{SAL} - 0.5179 * \\ & (1/\text{VPT})] * \text{CPIF} \end{aligned}$$

For the above equation the following definitions apply:

1. If the percentage of hemlock, balsam and cedar volume in the cutting authority is greater than or equal to 50 percent of the total net cruise coniferous volume, then HECE = 1, otherwise enter 0.
2. If the selling price zone is Fort Nelson Peace (9) then Z9 = 1, otherwise enter 0.
3. If the total net cruise coniferous volume is greater than 50 000, then VOL = 50 000.
4. If horse or helicopter log appraisals, then VPT = 0.5490.
5. Where for salvage (SAL):
 - a. greater than one-third of the net cruise volume for the cutting authority has been physically damaged by ice storm, blowdown, fire, snow press, or
 - b. greater than one-third of the net cruise volume for the cutting authority has been attacked by mountain pine beetle, or other forest pests, that will result in the death of the attacked trees within one year, as determined by the district manager. Salvage (SAL) shall be = 1, or
 - c. except as provided in subsection 5 (a) and (b) SAL shall be = 0.

7.5 MPS Stumpage Rate

7.5.1 MPS Upset Stumpage Rate

1. a. Except as provided in subsections (2) (3) (4) (5) (6) and (8), the MPS upset stumpage rates for the timber sale licences advertised on or after December 2, 2005, is determined by the Timber Sales Manager by multiplying the upset stumpage rate calculated in section 7.5.2 by the green log fraction.

The green log fraction is determined as follows:

$$\frac{\text{District Grade Code (blank) volume (m}^3\text{)*}}{\text{District Grade Code (blank) volume (m}^3\text{)*} + \text{District Grade 3 volume (m}^3\text{)*}}$$

* The volumes are determined from the billing history records of the Revenue Branch for BCTS auctions in each forest district for the six-month ending November 30, 2005.

- b. Except as provided in subsection (8), for cutting authorities issued under licences referred to in section 7.2.2(1) the MPS upset stumpage rate is determined by multiplying the upset stumpage rate calculated in section 7.5.2 by the green log fraction for the district from (a) above.
2. Where applications for a timber sale licence with an MPS upset stumpage rate determined under section 7.5.1 (1) have been invited but no applications have been received, the MPS upset stumpage rate shall be equal to the variable cost per cubic metre of preparing the timber for sale when that is requested by the Timber Sales Manager.
3. Where the director of BC Timber Sales does not anticipate that applications for a timber sale licence with an MPS upset stumpage rate determined under section 7.5.1 (1) will be received because of market conditions, the MPS upset stumpage rate shall be equal to the variable cost per cubic metre of preparing the timber for sale when that is requested by the Timber Sales Manager.
4. The MPS upset stumpage rate for timber that has been decked for over three years and is administered by the Timber Sales Manager, shall be the prescribed minimum stumpage rate when the Timber Sales Manager in his or her sole discretion decides upon that rate.

5. The MPS upset stumpage rate for timber sale licences with a minimum deciduous content of seventy percent of the net cruise volume, will be the greater of:
- The variable cost per cubic metre of preparing the timber for sale, or
 - $\$/\text{m}^3 = \frac{0.70 [(NCV \text{ deciduous (m}^3) \times 0.50 (\$/\text{m}^3)) + (NCV \text{ coniferous (m}^3) \times 40.78 (\$/\text{m}^3))]}{TNCV (\text{m}^3)}$
- where: NCV = net cruise volume (cubic metres)
- TNCV = Net cruise volume deciduous + net cruise volume coniferous
6. The MPS upset stumpage rate for a cutting authority entered into under section 47.6 (3) of the Forest Act shall be the market stumpage price for that cutting authority **multiplied by the green log fraction from Table A6-1 for the appropriate point of appraisal.**
7. The variable cost per cubic metre of preparing the timber for sale shall be calculated by the Timber Sales Manager.
8. Notwithstanding anything else in this section the MPS upset stumpage rate must not be lower than the prescribed minimum stumpage rate.

7.5.2 Upset Stumpage Rate Calculation

The upset stumpage rate (USR) is calculated by multiplying the Market Stumpage Price (MSP) by the difference between 1 and the discount factor (DF) as follows:

$$USR = MSP * (1-DF)$$

Where:

$$\begin{aligned} USR &= \text{Upset stumpage rate} \\ MSP &= \text{Market Stumpage Price as defined in Section 7.4.2} \\ DF &= 0.00 \text{ if section 7.5.1 (6) applies, otherwise } DF = 0.30 \end{aligned}$$

7.5.3 Prescribed Minimum Stumpage Rate

The minimum stumpage rate is prescribed by the minimum stumpage rate regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

7.5.4 Total MPS Stumpage Rate

1. The total MPS stumpage rate is the sum of the MPS upset stumpage rate and the bonus bid, or bonus offer.
2. Where the MPS upset stumpage rate is determined under subsections (1), (2), (3), (4) and (6) of section 7.5.1, or section 7.5.2, the total MPS stumpage rate applies to Grade Code 1 and 2 coniferous sawlogs.
3. Where the MPS upset stumpage rate is determined under section 7.5.1(5), the total MPS stumpage rate applies to Grade Code 1 and 2 coniferous and deciduous sawlogs.

Appendix VI April 1, 2006 Stumpage Rate Adjustments

1. a. The stumpage rates for a cutting authority will be adjusted on April 1, 2006 in accordance with this subsection if that cutting authority:
 - i. has an effective date prior to April 1, 2006,
 - ii. expires on or after April 1, 2006, and
 - iii. has an adjustable stumpage rate.
 - b. The total stumpage rate for a cutting authority with an adjustable stumpage rate calculated under the Comparative Value Pricing System (CVP), will be redetermined by recalculating the information used in the most recent appraisal or reappraisal of the cutting authority area prior to April 1, 2006 except that:
 - i. the adjusted species manufacturing cost will be determined in accordance with section 4.10.1,
 - ii. the adjusted species manufacturing cost will also be calculated for and be applicable to Lodgepole pine, and
 - iii. the species manufacturing cost used in the recalculation will be the species manufacturing cost that was used in the most recent appraisal or reappraisal.
 - c. The total stumpage rate for a cutting authority with an adjustable stumpage rate calculated using the Market Pricing System (MPS) will be redetermined by reappraising the cutting authority effective April 1, 2006, except that the MPS upset stumpage rate used in the reappraisal will be the MPS upset stumpage rate that is calculated in the reappraisal minus the amount in Table A6-2 that applies to that cutting authority.
2. a. The stumpage rate for a cutting authority will be adjusted on April 1, 2006 in accordance with this subsection if that cutting authority:
 - i. has an effective date prior to April 1, 2006,
 - ii. expires on or after April 1, 2006, and
 - iii. has a fixed or non-adjusting stumpage rate.
 - b. Where a timber sale licence was advertised for sale prior to December 2, 2005 and expires on or after April 1, 2006, and where the licensee applies in writing to the Timber Sales Manager for the adjustment, the MPS upset stumpage rate may be adjusted in accordance with the following algorithm:

$$MPSUpset_{ADJ} = MPSUpset_{OLD} - \left(Total Rate_{OLD} \left[1 - \frac{grade\ code\ blank\ (m^3)}{grade\ code\ blank\ (m^3) + grade\ 3\ (m^3)} \right]^* \right)$$

$$Total\ Rate_{NEW} = Upset\ Rate_{NEW} + Bonus\ Bid$$

Where:

Total Stumpage Rate_{NEW} is the new total stumpage rate effective April 1, 2006 and applicable to sawlog of grade code 1 and 2.

MPS Upset_{NEW} is the greater of the MPS Upset_{ADJ} or the prescribed minimum stumpage rate.

Bonus Bid is the bonus bid for the TSL prior to April 1, 2006.

MPS Upset_{ADJ} is the adjusted MPS upset stumpage rate.

MPS Upset_{OLD} is the MPS Upset Stumpage rate for the TSL prior to April 1, 2006.

Total Stumpage Rate is the total stumpage rate for the TSL prior to April 1, 2006.

* Using the best information available as determined by the Timber Sales Manager.

- c. Where the stumpage rates for a cutting authority were previously determined using the procedures in chapter 6 or sections 2.3.2.3 or 7.5.1 (6) of this manual, or changed to a non-adjusting stumpage rate under Section 2.5(2), the reserve stumpage rates for that cutting authority will be adjusted on April 1, 2006 in accordance with the following algorithm:

$$\text{Adjusted Reserve Stumpage Rate} = \text{Old Reserve Stumpage Rate} - (1 - \text{POA GLF}) \times \text{Old Total Stumpage Rate}$$

Where:

Old Reserve Stumpage Rate is the reserve stumpage rate for the cutting authority area.

POA GLF is the green log fraction from Table A6-1 for the point of appraisal for the cutting authority area.

Old Total Stumpage Rate is the total stumpage rate for the cutting authority area.

3. Notwithstanding anything contained in this appendix, a stumpage rate that is adjusted under this appendix must not be lower than the prescribed minimum stumpage rate.

Table A6-1 April 1, 2006 Green Log Fraction (GLF)

Point of Appraisal	GLF
100 Mile	0.6595
Adams Lake	0.7713
Armstrong	0.8627
Bear Lake	0.7535
Boston Bar	0.8248
Burns Lake	0.7726
Canal Flats	0.9435
Canoe	0.9336
Carnaby	0.9733
Castlegar	0.8718
Chasm	0.6595
Chetwynd	0.9841
Clear Lake	0.4615
Craigellachie	0.8820
Cranbrook	0.9133
Creston	0.9179
Elko	0.9089
Engen	0.4457
Fort Nelson	0.9211
Fort St. James	0.7672
Fort St. John	0.8805
Fraser Lake	0.6497
Galloway	0.9227
Grand Forks	0.8567
Hazelton	0.9294
Houston	0.8533
Isle Pierre	0.4197
Kamloops	0.7283
Kelowna	0.8856
Kitwanga	0.8981

Point of Appraisal	GLF
Lavington	0.9170
Lillooet	0.9306
Louis Creek	0.4941
Lumby	0.8107
Lytton	0.8248
Mackenzie	0.8732
McBride	0.9131
Merritt	0.8310
Midway	0.8985
O.K. Falls	0.9191
Park Siding	0.9122
Prince George	0.5883
Princeton	0.8238
Quesnel	0.4636
Radium	0.8806
Revelstoke	0.9597
Slocan	0.8156
Smithers	0.7738
Squamish	0.9306
Strathnaver	0.5358
Taylor	0.9891
Terrace	0.9859
Thrusms	0.8089
Upper Fraser	0.8231
Valemount	0.8947
Vanderhoof	0.6121
Vavenby	0.8778
Westbank	0.7824
Williams Lake	0.6373
Ymir	0.9599

1. For each Point of Appraisal the Green Log Fraction (GLF) is calculated as:

$$\text{GLF} = \frac{\text{Volume (m}^3\text{) of Sawlogs Grade Code blank}^*}{\text{Volume (m}^3\text{) of Sawlogs Grade Code Blank}^* + \text{Volume (m}^3\text{) of Sawlogs Grade Code 3}^*}$$

* For all cutting authorities with fixed or non-adjusting stumpage rates for the twelve-month period ending February 28, 2006 (excluding BCTS auctions, deciduous, waste, reject and Special Forest Products).

Table A6-2 MPS Upset Rate Adjustments for Timber Marks in Cutting Authorities Referred to in Section 7.2.2(1) (with stumpage rate effective dates prior to April 1, 2006)

Timber Mark	Adjustment
64728	- 3.81
43557A	- 6.95
43557B	- 7.00
43557Q	- 5.97
50797T	- 17.59
50859B	- 0.33
56990J	- 14.76
56990Z	- 16.19
59990F	- 4.99
60255E	- 9.33
60255H	- 13.86
60255J	- 12.13
64535J	- 10.14
64535M	- 9.02
67891E	- 11.37
67891K	- 8.82
69676H	- 14.24
AJ1007	+ 0.15
AJ1008	- 0.15
AJ1014	- 0.47
AJ1015	- 0.23
AJ1016	- 0.24
AJ1017	- 0.15
63900	- 2.47

Timber Mark	Adjustment
66958	- 4.83
69511	- 4.83
71925	- 14.67
52517A	- 2.20
52517B	- 1.56
52517C	- 4.11
53946B	+ 2.01
53946C	- 3.13
58438E	- 21.11
58438G	- 18.90
58438H	- 21.65
66466A	- 13.99
66466B	- 14.99
66466C	- 15.49
66466D	- 13.53
68636A	- 17.11
68636B	- 18.78
68636C	- 16.17
68636D	- 17.49
AB1001	- 5.81
AC100B	- 0.48
AS700B	- 12.24
AS800C	- 11.17

Index

A

Adjustable Stumpage Rates, 6-10
 Adjustments, 2-7
 CVP, 1-8
 Administration and Other Costs, 4-45
 Administration Levy, 6-11
 AMVs for Small Log Cutting Authorities, 3-2
 AMVs for Small Log Licences, 3-2
 Applicable Licences, 4-2
 Applicable Volume, 4-6
 Appraisal LRF, 3-11
 Appraisals
 New MPS Reappraisals, 7-3
 Area, 4-5
 Average Cost Estimates, 4-7
 Average Stumpage Rate, 1-7

B

Barge/Ferry, 4-40
 Barge/Ferry Not Used for Truck Haul, 4-40
 Basic Silviculture, 4-47
 BCTS, 6-10
 Benefits, 4-2, 4-51
 Biogeoclimatic Zone, 4-26
 Blasting, 4-13
 Block Roads, 4-13
 Bonus Bid, 1-7, 5-8
 Boom, 4-39
 Borrow Pit, 4-19
 Boulders, 4-13
 Breakage, 4-5
 Bridges, 4-22

C

Calculating the Interior Composite Index (ICI), 5-5
 Calculating the Interior Target Rate, 5-5
 Calculating the Target Rate, 5-5
 Calculation of Total Species End Product Selling Price, 3-10
 Camp, 4-39
 Canadian Lumber Standard/American Lumber Standard, 3-2
 Cattle Guards, 4-21
 Charges as a Share of Road Maintenance, 4-44
 Charges Other Than for Road Maintenance, 4-44
 Chip Value, 3-11
 Chip Yield, 3-11
 Chip Yield Derivation, 3-8
 Chip Yield Factors, 3-9
 Chips, 4-51
 Clear Cut, 4-31
 Clearing, 4-12
 Combined Product Recovery Factors, 3-7
 Comparative Cruising, 4-5
 Conventions and Terms of Reference, 1-2
 Converting Indexes From 1997=100 Base to 1992=100 Base, 5-5
 Corduroy, 4-22
 Cost Trend, 4-57
 Cost Trend Factors, 4-57
 Crib Back Fills, 4-19
 Cruise Data, 4-4
 Cruising Manual, 4-4
 Culverts, 4-12, 4-17
 Cutting Authority, 1-4
 Cutting Authority Document, 4-3
 Cycle Time, 4-35

D

Dead/Live Useless Snags, 4-33
 Debris Disposal, 4-12
 Decay, 4-5
 Decked Timber, 6-9
 Depreciation, 4-2, 4-51

Detailed Engineering Cost Estimates, 4-6, 4-7
Determination of Stud Log Percent, 3-9
Development Costs, 4-6
Development Costs on Private Land, 4-10
Development Levy, 6-11
Dewater, 4-38
Dewater and Reload, 4-39
Distance to Support Centre, 4-27
Ditch Construction, 4-12
Drain Structure Cost Estimates, 4-7
Drainage Structures, 4-17
Drilling, 4-13
Dump, 4-39

E

Effective Date, 4-57
End Haul Construction, 4-22
Existing Roads and Structures, 4-10
Extended Road Amortization, 4-11

F

Fences, 4-21
Fire Damage, 4-33
Fixed Stumpage Rates, 6-10
Forest Act, 1-2
Forest Development Plan, 4-3
Forest Service *Cruising Manual*, 4-33
Forest Service Roads, 4-44
Free-Growing Stocking Standards, 4-47
Fuel, 4-2, 4-51
Full Appraisal, 2-2

G

Geo-tech Fabric, 4-22
Grade 4 Hemlock AMVs, 3-3
Gravel, 4-19
Gross Volume, 4-28
Ground Skidding, 4-25, 4-31
Grubbing, 4-12

H

Haul Method, 4-36
Heli Yarding Distance, 4-29

Helicopter, 4-25
Helicopter Logging, 4-30
Highway Haul, 4-37
Highway Hauling, 4-36
Horse, 4-25
Horse Logging, 4-31

I

Indicated Stumpage Rate, 1-7, 5-8
Installation, 4-19
Insurance, 4-2, 4-51
Interior Appraisal Data Submission, 4-4
Interior Base Rate, 1-7, 5-8
Interior Mean Value Index, 5-8
Interior Target Rate, 1-7, 5-5
Interior, Area of Application, 1-3
Isolated Cutting Authorities, 4-28

L

Landings, 4-12
Least Total Harvesting Cost Estimate, 4-2
Licensee, 2-3
Log Bridges, 4-19
Low Volume Additive, 4-46
LRF Update Add-ons, 3-7
Lumber, 4-51
Lumber Market Values, 1-7
Lumber Recovery Factors, 3-6

M

Main Service Road, 4-6
Maintenance, 4-2, 4-51
Manufacturing Cost Differential, 3-10
Manufacturing Costs, 1-2
Market Pricing System, 7-2
Material Costs, 4-12
Mean Value Index, 1-7
Minimum Stumpage Rate, 1-7
Miscellaneous Stumpage Rates, 1-7
Moving Assistance, 4-2
MPS Stumpage Rate, 7-10

N

New Construction, 4-7

New Construction, 4-22
Non-adjusting Stumpage Rates, 6-10

O

Off-Highway Haul, 4-37
Off-Highway Hauling, 4-36
Operating Cost, 1-7, 5-3
Operational Road, 4-12
Order, 2-2
Other Land Use Charges, 4-44
Other Roads, 4-44
Overhead, 4-2
Overhead Cable Logging, 4-25, 4-32
Overland Construction, 4-22
Overtime, 4-2, 4-51

P

Partial Cut Variables, 4-26
Partial Cutting, 4-27
Percent (%) Stud AMV, 3-9
Percent Blowdown, 4-26
Percent Rock, 4-13
Percentage of the Indicated Stumpage Rate, 1-7
Permitted Roads, 4-44
Pipe Line Rights-of-Way, 6-14
Pipeline Crossings, 4-21
Point of Appraisal, 4-35
Prescribed Minimum Stumpage Rate, 7-11
Primary Haul, 4-37
Profit and Risk Margins, 4-2

R

Railway, 4-39
Railway Transportation, 4-39
Random Lumber, 3-2
Random Lumber AMVs, 3-3
Reappraisal, 2-2
Reconstruction, 4-22
Reconstruction and Replacement, 4-8
Reload, 4-38
Repair, 4-2, 4-51
Request for Approval for a Road Use Charge, 4-44

Reserve Stumpage Rate, 1-7
Retaining Walls, 4-22
Right-of-way Felling, 4-12
Rip Rap, 4-19
Road Type, 4-12
Road Use Charges, 4-44
Roads, 4-6
Rock, 4-13
Rock Drilling, 4-19
Root Disease Control, 4-3
Routine Road Maintenance Cost Estimate, 4-41

S

Secondary Haul, 4-38
Section Length, 4-12
Sector Times, 4-36
Selling Price, 1-7, 5-3
Shipping Differential, 3-10
Side Slopes, 4-22
Silviculture Levy, 6-11
Silviculture Prescription, 4-3
Site Preparation, 4-19
Skidder Swinging, 4-3
Skyline, 4-32
Skyline Yarding Distance, 4-29
Slope, 4-26
Small Log, 3-2
Small Tree Dummy Variable, 4-28
Small Tree Volume, 4-28
Snow and Ice Roads, 4-15
Snow/Ice Road (WINTER), 4-12
Soil Moisture Regime (SMR), 4-14
Special Structures, 4-22
Stabilizing Material, 4-19
Stripping, 4-12
Stud Lumber, 3-2, 3-3
Stump Removal, 4-12
Subgrade Construction, 4-12
Subgrade Cost Estimate, 4-14
Supplies, 4-2, 4-51
Supply and Delivery, 4-19

T

Tabular Cost Estimates, 4-6
Tally Sheets, 4-4
Total Coniferous Volume of greater than
2 000 m³ to 5000 m³, 6-3
Total Coniferous Volume of Less than 2000
m³ or less, 6-3
Total Merchantable, 4-5
Total MPS Stumpage Rate, 7-12
Total Net Cruise Volume, 4-5
Total Stumpage Rate, 1-7
Tow, 4-39
Tributary Cutting Authority, 4-6
Truck Hauling, 4-19
Truck to Rail Transfer, 4-39
Turnout Construction, 4-12

U

Uphill Side Slope, 4-13
Upset Stumpage Rate, 1-7, 5-8
Upset Stumpage Rate Calculation, 7-11

V

Value Index, 1-7, 5-2, 5-8
Volume per Hectare, 4-5
Volume Per Hectare, 4-26
Volume per Tree, 4-28

W

Wages, 4-2, 4-51
Waste, 4-5