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DEPARTMENT OF ECOLOGY

AUG 21 2025

WATER QUALITY PROGRAM

August 15, 2025

Watershed Management Section
Department of Ecology
P. O. Box 47696
Olympia, WA 98504-7696

Attn: Chad
Brauer
Watershed Mgmt

Re: Draft Tier II Analysis of the Forest Practices Board Draft Type Np Water Buffer Rule

Dear Department of Ecology:

I am writing to you about your Preliminary Draft Tier II Antidegradation Analysis (henceforth referred to as Tier II Analysis). In the Tier II Analysis you state that if the more protective 100 foot continuous buffer requirement was adopted it would move costs toward the higher end of the range estimated in the Final Cost Benefit Analysis of the Proposed Type Np Buffer Rule prepared by Industrial Economics Incorporated (IEC). You also state that if 100 foot buffers were used, you estimate that small forest landowners could experience an additional \$35 Million to \$330 Million cost over the proposed rule due to expanded buffer widths.

At the same time, the Tier II Analysis states that the costs of implementing the proposed Type Np buffer rule are likely to be toward the lower end of the range estimated in the IEC analysis of the rule. Accordingly, you conclude that adopting the proposed rule provides the least burdensome, i.e. costly, alternative that will strike a balance ensuring that probable benefits will likely outweigh the probable costs and effects given the current state of scientific knowledge.

A study compiled in April 2025 by the University of Washington Natural Resources Spatial Informatics Group (U of W) estimates that the cost to all forest landowners of Western Washington would be about \$2 Billion if the proposed new rule is adopted. The IEC estimate of potential costs ranging from \$320 Million to \$1 Billion is one-half of the U of W estimates and was not based on the currently accepted practice of using Discounted Cash Flow methodology to value forest properties. The U of W estimated cost to just the small forest landowners would exceed \$250 Million which is 75% of the upper limit of the cost you estimated for 100 foot buffers.

IEC estimates that the annualized cost of the loss in forest value at a 2% discount rate ranges from \$11 million to \$35 million and at a 4.5% discount rate from \$17 million to \$54 million. In summarizing the benefits of the proposed new rule, IEC does attempt to quantify values for the benefits by estimating the present value of all benefits at \$210 million over ten years at a 2% discount rate and \$190 million at a 4.5% discount rate. Those numbers would work out to approximately an average of \$21 million per year at 2% and \$19 million per year at 4.5%.

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Using the reported annualized costs and my annual calculation of their benefits at a 2% DR, I have derived a series of cost benefit ratios as follows:

$$\$21,000,000 / \$11,000,000 = 1.91; \$21,000,000 / \$35,000,000 = 0.60$$

At an average of the estimated annualized costs equal to \$23 million, the ratio would be:

$$\$21,000,000 / \$23,000,000 = 0.91$$

Using the reported annualized costs and my annual calculation of their benefits at a 4.5% DR, I have derived a series of cost benefit ratios as follows:

$$\$19,000,000 / \$17,000,000 = 1.12; \$19,000,000 / \$54,000,000 = 0.35$$

At an average of the estimated annualized costs to \$36 million, the ratio would be:

$$\$19,000,000 / \$36,000,000 = 0.53$$

Since the above calculations show that most of the values in the ranges calculated by IEC for both the costs and the benefits would result in a cost benefit ratio of less than one, then under all normal economic principles for a CBA analysis the proposed rule provides no meaningful benefit.

Therefore, the DOE is flat wrong in assuming that the probable benefits of the proposed new type Np rule outweigh the costs, certainly given the level of costs estimated by U of W. Without a doubt, DOE has relied on a faulty Cost Benefit Analysis in reaching their support for the new rule, as has the Forest Practices Board in moving forward with rulemaking. I urge you to restart your Tier II Analysis by considering a much less costly Np buffer rule and support developing an accurate CBA analysis, one using acceptable forest valuation principles.

Sincerely,



Victor P. Musselman

Past President WFFA

Retired Forest Appraiser and Economist

Transmitted Via Web Email

Cc: Dr. Elaine Oneil, WFFA Executive Director