

**RCEA 2016 Biomass Request for Offers  
Questionnaire**

## RESOURCE INFORMATION:

### *1. Ownership structure.*

Humboldt Redwood Company, LLC (the “Company” or “HRC”), a Delaware limited liability company was formed in 2008 and owns and operates one sawmill and a combined heat and power plant located in Scotia, California. The Company also owns and manages approximately 210,000 acres of timber and timberland located in the county of Humboldt. The Company has approximately 250 employees in Humboldt County employed throughout its operations in sawmill, heat and power plant, and timberlands.

## RESOURCE INFORMATION:

### *2. Description of the facility and summary of its operations.*

*Timberland operations.* The Company manages approximately 210,000 acres of coast redwood and Douglas-fir forestland spanning across 60 Northern California coastal watersheds which include approximately 305 miles of fish-bearing streams and nearly 1,100 miles of streams supporting non-fish aquatic life. The timberlands are managed with a high standard of environmental stewardship while also operating as a successful business. The Company’s timberland key policies include (i) identifying and retaining old growth trees, (ii) restoring forest habitats, (iii) reducing road-related sediment in streams, and (iv) third party certification through the Forest Stewardship Council (“FSC”). The Forest Stewardship Council® is a non-profit organization dedicated to encouraging responsible forest management by defining best practices for forestry through an emphasis on social, environmental, and economic values. The Forest Stewardship Council® is the leading certification standard for healthy, well managed forests worldwide.

*Sawmill operations.* The sawmill operations are a continuation of the high stewardship commitment by which we run our business. Currently, the sawmill produces more than 200 million board feet of lumber products annually and has the need to source logs not only from the Company’s timberlands but also from other third party land owners including both private and government owned and managed timberlands. Our log procurement policy includes purchasing as many logs from FSC certified lands as possible. The Company currently manages a FSC group certificate program to enable small and medium-sized landowners to participate and maintain FSC certification free of charge. This practice promotes FSC certification across the redwood region which is consistent with Company core values while also offering our customers a unique mix of products for outdoor living and home improvement projects with materials that are obtained from environmentally responsible sources.

*Combined Heat and Power Plant/Biomass Fired Cogeneration Plant (the “Plant”).* HRC acquired the Plant in October 2015 as the Company believed it could be an extension of our timberland and sawmill operations while providing the best economic opportunity for the merchandising of the approximate 450,000 green tons, or 250,000 bone dry tons, of wood waste created by sawmill operations. The Plant is co-located at the Scotia sawmill complex and due to the proximity of the two facilities the wood waste generated from lumber production is used to produce electricity with no additional Greenhouse Gas footprint. Under HRC’s stewardship the Plant resumed producing steam and electricity in January 2016, the steam is used for drying lumber and generating electricity to operate the sawmill facilities with the excess electricity available for sale and distribution. The Plant maintains three independent boilers and turbines, with nameplate ratings for 32.5 MW of electricity. During the period 2008 – 2014 HRC sawmill operations was the primary source of fuel for the Scotia power plant while it was under different ownership. Consolidating ownership of the Plant with the sawmill allows the Company to expand its

product offerings to consumers from environmentally responsible fiber sources through the sale and distribution of electricity.

### 3. *Company's fuel supply and waste management approach.*

*Fuel supply.* The source of fuel for the heat and power plant operations are the sawmill residuals from the co-located sawmill and planer mill. The current fuel supply of approximately 250,000 bone-dry tons of wood waste is a byproduct of Company's harvesting, processing of timber, and distribution of Company's lumber products. The continuation of this business model is necessary to support the significant capital investment made by the Company's ownership group.

*Waste management.* The byproduct from the generation of steam and electricity include (i) Char, which is primarily used for industrial water filtration material, processed by a Humboldt County business, and (ii) Fly-ash which is a certified organic input material for use as a soil fertilizer by the California Department of Food and Agriculture.

### 4. *Capital spending plan for Heat and Power Plant.*

The Company acquired the Plant in October 2015 and has made the following investments in the plant:

- ✓ Restored and refurbished the (i) continuous opacity monitoring system, (ii) controls, (iii) cooling towers, (iv) water treatment facilities, (v) turbine valve racks, (vi) substation tap changer, (vii) feed water pumps, (viii) electrostatic precipitator, and (ix) waste handling systems. The capital investment for these projects totaled \$3.3 million.

Since acquiring the plant the Company has identified several additional capital projects which are under consideration, including:

- ✓ *Redundancy (High Availability).* Restore third boiler (currently off line) to attain a high level of reliability and significantly increase continuous production levels from 15 MW to 23 MW. We anticipate completing this project in May 2017 with an investment of \$1.8 million.
- ✓ *Waste Systems.* Replace ash handling system to increase uptime, anticipated investment of \$1.2 million.
- ✓ *Fuel Conveyor.* Install conveyance system from sawmill to power plant to transport wood waste, anticipated investment of \$1.5 million.
- ✓ *Power Production Expansion.* Install state-of-art auto extracting turbine/generator utilizing the plants full boiler capacity of 450,000 lbs/hour to increase production to 49 MW, anticipated investment of \$20 million plus.
- ✓ *Energy Storage.* Include energy storage as part of an energy resiliency strategy.

The capital plan is not final and remains under analysis and review by the Company.

### 5. *Buyer flexibility regarding shaping energy deliveries for purposes of bidding into the CAISO day-ahead market.*

The Company generators are continuously operating on-site biomass units. Due to the on-site manufacturing requirements, the Plant would prefer to run at a steady output to deal with wood waste from on-site sawmill operations. The Plant is able to island upon request with approximately two hour notice. HRC is currently reviewing the viability of storage which would improve the flexibility profile.

6. *Capability of the plant to receive CAISO communications and ability to respond to curtailment instructions from the CAISO for reliability or economic reasons in the real-time market.*

As part of its conversion to a CAISO Participating Generator, the plant has CAISO approved plans for standard metering and communication, including the ability to respond to curtailment instructions.

7. *Operational limitations on economically bidding the resource in the day-ahead and real time markets and responding to CAISO dispatch instructions.*

The Plant, in its current configuration, prefers to run at a steady output to deal with waste wood from on-site manufacturing. The Plant is able to island upon request and is considering additional on-site capabilities to enhance response to dispatch instructions and flexible ramping obligations.

**TEAM EXPERIENCE:**

8. *Relevant technical experience of key personnel.*

*Bob Mertz.* Chief Executive Officer of Humboldt Redwood Company, LLC with twenty-five years of experience in the forest products industry including new construction, remodel, and operating biomass fired cogeneration facilities at Humboldt Redwood Company, LLC, Collins Pine Company, and Sierra Pacific Industries. Relevant industry affiliations include California Biomass Energy Alliance and California Forestry Association.

*Dean Kerstetter.* Executive Vice President of Humboldt Redwood Company, LLC with over twenty-five years of engineering and operations management experience. During the past seven years Dean has held the Executive Vice President position with Humboldt Redwood Company, LLC managing and operating the sawmill operations and for the past year managing and operating the biomass fired cogeneration facility.

*Michael Richardson.* Director of Operations at Humboldt Redwood Company, LLC with over twenty-five years of progressive management experience in the forest products industry with emphasis on sawmill management and biomass fired cogeneration facility over the past year. Michael is responsible for the day-to-day oversight of safety, quality, productivity and cost management for both the sawmill and the biomass fired cogeneration facility.

*Bill Dillard.* Superintendent at Humboldt Redwood Company, LLC's biomass fired cogeneration facility with more than twenty-five years of experience in the Scotia facility for Pacific Lumber Company and Eel River Power.

*Howard Hughes.* Environmental Health and Safety Specialist for the Humboldt Redwood Company, LLC with more than twenty-four years of experience in the forest products industry. Howard has nineteen years of experience working with biomass fired cogeneration facilities for Humboldt Redwood Company, LLC and Sierra Pacific Industries. Relevant trade affiliations include American Forest & Paper Association Air Quality Subcommittee, American Wood Council Environmental Issues Committee.

**COMPLIANCE:**

9. *Has any company, partner, or subsidiary in this venture, or any corporate officer, been the subject of any enforcement action, order, decree, or notice of violation of any environmental laws, regulations, or permits? If "yes", please explain fully including how issue was resolved.*

The Company works with a number of environmental agencies on a regular basis at the County, State, and Federal level. The agencies are listed below:

**County:**

- ✓ Certified Unified Program Agency (CUPA)
- ✓ Humboldt County Waste Management Authority (Solid Waste)
- ✓ Humboldt County Department of Environmental Health

**State:**

- ✓ California Department of Forestry and Fire Protection (Cal Fire)
- ✓ California Department of Fish and Wildlife (CDFW)
- ✓ California Geologic Survey (CGS)
- ✓ North Coast Regional Water Quality Control Board (NCRWQCB)
- ✓ North Coast Unified Air Quality Management District (NCUAQMD)
- ✓ California Air Resources Board (CARB)
- ✓ California State Mining & Geology Board (SMGB)

**Federal:**

- ✓ United States Fish and Wildlife Service (USFWS)
- ✓ National Marine Fisheries Service (NMFS)
- ✓ National Oceanic and Atmospheric Administration – NOAA Fisheries

Please see **Attachment I** for summary of Notice of Violations.

10. *Has your facility been listed by the EPA as a high priority violator at any time during the past 5 years?*

No

**SAFETY:**

11. *Please provide information detailing the worker safety record for the past five (5) years for the Company and its affiliates in California or other State(s) where it operates?*

✓ Recordable and Lost Time injuries below:

Recordable and Lost Time Injuries										
	2016		2015		2014		2013		2012	
	Recordable	Lost Time	Recordable	Lost Time	Recordable	Lost Time	Recordable	Lost Time	Recordable	Lost Time
HRC Sawmill	21	2	17	2	18	2	16	5	23	9
Sawmill	15	2	14	3	14	1	14	5	14	6
Forestry	3	0	3	0	4	1	2	0	9	3
CoGen	3	0	--	--	--	--	--	--	--	--

✓ Please see Cal/OSHA Form(s) 300A per **Attachment II**.

**CREDIT**

*12. Please provide available information on responder's financial viability including current annual report(s) and recent financial statement(s).*

Please find the Company's financial statements presented on a combined basis per **Attachment III** which includes (i) 2015 year ended balance sheet, cash flow statement, and income statement, and (iii) 2016 October balance sheet, and year-to-date cash flow statement and income statement. Income statement presented for both periods by timberlands and mill/distribution business segments.

**ADDITIONAL INFORMATION:**

*13. Please provide any additional company, contract, market, or other information responder believes may be useful to RCEA as it investigates the potential for contracting with local biomass facilities.*

HRC's ownership group has made a significant investment in the assets of the business in Humboldt County and its vision of managing a large block of industrial forestland with high standards of environmental stewardship and at the same time, operate a successful business is meaningful to the employees, local vendors, local businesses, and the residents of Humboldt County. That vision results in a significant direct investment in the local community in the form of (i) high quality employee benefits package which allows employees of the Company the ability to afford housing in the community and maintain exceptional health care and retirement benefits, and (ii) business transactions with local businesses and landowners contributing to the employment of hundreds more Humboldt County residents.

On an annual basis a summary of the Company investment through expenditures in employees and local vendors throughout Humboldt County are as follows:

Employees	250
(\$000s)	
Employee related costs	\$22,243,932
Local operating costs	\$41,806,105
Local log purchases	\$45,338,589
<b>Total</b>	<b><u>\$109,388,626</u></b>

**Humboldt Redwood Company - Permit and Notice of Violation Summary**

**Attachment I**

Facility	Environmental Permit Type	Status of Permit	Comment	Notice of Violation (NOV)	NOV Description	Status of NOV
Scotia Sawmill (SSM)	Multi Source Air Permit No. NCU 487-12 Boiler, dry lumber kilns, knife planer & gang trimmer, emergency compression ignition engine	Current	Under consolidation with SSM and HMA air permit into a single Title V permit. Title V air permit is up for a 5 year renewal.	Notice of Violation issued 10/3/13	Fugitive dust generated by logging truck activity and dust/wood waste piles. Hole in pneumatic transfer system.	Appealed NOV and settled; Settlement agreement signed 7/20/15.
Scotia Sawmill (SSM)	Same as above		Same as above	Notice of Violation issued 2/5/16	Failure to comply with emission limits as identified in permit #000973-1, condition 43. Source test not done at permitted capacity due to limitation of natural gas.	Natural gas supply to mill is not sufficient to operate boiler at permitted level. Currently under appeal.
Scotia Sawmill (SSM)	Same as above		Same as above	Notice of Violation issued 11/3/16	Beginning construction of dry kilns prior to receiving the ATC permit.	Plan to appeal.
Scotia Sawmill (SSM)	Industrial General Permit Waste Discharge Identification No. 1121021770	Current	Stormwater Pollution Prevention Plan for Scotia Sawmill.	None		
Scotia Sawmill (SSM)	Authority to Construct Air Permit No. 000973-1 (25 MMBtu natural gas boiler)	Current	Under consolidation with SSM and HMA air permit into a single Title V permit. Title V air permit is up for a 5 year renewal.	None		
Aggregate Plant	Air Permit No. 000518-2 Portable Diesel-powered Aggregate Plant	Current		None		
Scotia CoGen (SCG) bio-mass boiler	Air Permit No. NCU 060-12 Boiler A - NS-074 Boiler B - NS-075 Boiler C - NS-076	Current	Under consolidation with SSM and HMA air permit into a single Title V permit. Title V air permit is up for a 5 year renewal.	None		
Scotia CoGen (SCG) bio-mass boiler	NPDES No. CA0006017 Scotia CoGen	Current	Waste discharge requirements for the CoGen Power Plant.	None		



**Humboldt Redwood Company - Permit and Notice of Violation Summary**

**Attachment I**

Facility	Environmental Permit Type	Status of Permit	Comment	Notice of Violation (NOV)	NOV Description	Status of NOV
Hot Mix Asphalt (HMA)	Air permit #000974-2 Asphalt Paving Mixture and Block Manufacturing	Current	Under consolidation with SSM and HMA Air permit into a single Title V permit.	Notice of Violation (5) issued 10/25/16	Record Keeping. Failure to record hourly pressure drop; failure to continuously record temperature; failure to record daily quantity of diesel consumed; failure to maintain outlets temperature less than required 325° F on 6/10, and on 6/14/16.	HRC intends to appeal these NOV's.
Hot Mix Asphalt (HMA)	Same as above			Notice of Violation (1) issued 10/21/16	Failure to run source test on 6/18/15 at required capacity. Violation of permit #000974-1, compliance testing & monitoring (53). Emission testing was not conducted at 95% of maximum production capacity.	The asphalt plant is not capable of operating at maximum permitted capacity. The test was conducted at the maximum operating capacity. HRC intends to appeal this NOV.
Tank Gulch Site Unclassified Waste Pile	Waste Discharge Requirements - Order No. R1-2008-0100	Current	The site is currently inactive.	Note		
Tank Gulch Site Unclassified Waste Pile	Industrial General Permit Waste Discharge Identification for Tank Gulch Site	Current	Stormwater Pollution Prevention Plan for Tank Gulch Solid Waste Disposal Site and Transfer Station. 69 page document. Cover sheet attached (see SWPP for Tank Gulch tab).	Note		

Cal/OSHA Form 300A (Rev. April 2004)  
**Summary of Work-Related Injuries and Illnesses**



Year: **2015**

All establishments covered by CCR Title 8 Section 14300 must complete this Annual Summary, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary. Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0." Employees, former employees, and their representatives have the right to review the Cal/OSHA Form 300 in its entirety. They also have limited access to the Cal/OSHA Form 301 or its equivalent. See CCR Title 8 Section 14300.35, in Cal/OSHA's recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases		Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
(G)	0	3 (H)	5 (I)	16 (J)
Number of Days		Total number of days away from work		
(K)	515	68 (L)		
Injury and Illness Types		Total number of days of job transfer or restriction		
(M)	Total number of...			
(1)	Injuries	17	(4) Poisonings	0
(2)	Skin Disorders	0	(5) Hearing loss	7 To be verified
(3)	Respiratory conditions	0	(6) All other illnesses	0

Post this Annual Summary from February 1 to April 30 of the year following the year covered by the form.

<b>Facility Information:</b>	
Establishment name: <u>Humboldt Redwood Company, LLC</u>	
Street: <u>125 MAIN STREET</u>	State <u>CA</u> ZIP <u>95565</u>
City: <u>SCOTIA</u>	
Industry description: <u>Sawmill &amp; Planing Mills, General</u>	
Standard Industrial Classification (SIC) if known: <u>2421</u>	
<b>Employment Information</b> (if you don't have these figures, see the Worksheet on the back of OSHA Form 300A to estimate)	
Annual average number of employees	<u>236</u>
Total hours worked by all employees last year	<u>471,603</u>
<b>Sign here</b>	
Knowingly falsifying this document may result in a fine. I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.	
<i>[Signature]</i>	Vice President, Legal Affairs
Company executive: <u>BARRY J. WEINERT</u>	Date: <u>5-5-2015</u>
(707) 820-2957	44-2886-10
Photo	

**REMOVE 1 May 16**

Cal/OSHA Form 300A (Rev. April 2004)  
**Summary of Work-Related Injuries and Illnesses**



All establishments covered by CCR Title 8 Section 14300 must complete this Annual Summary, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary. Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0." Employees, former employees, and their representatives have the right to review the Cal/OSHA Form 300 in its entirety. They also have limited access to the Cal/OSHA Form 301 or its equivalent. See CCR Title 8 Section 14300.35, in Cal/OSHA's recordkeeping rule, for further details on the access provisions for these forms.

**Number of Cases**

Total number of deaths	0 (5)	Total number of cases with days away from work	4 (H)	Total number of cases with job transfer or restriction	5 (I)	Total number of other recordable cases	14 (J)
------------------------	----------	--	----------	--	----------	--	-----------

**Number of Days**

Total number of days of job transfer or restriction	316 (K)	Total number of days away from work	138 (L)
---	------------	-------------------------------------	------------

**Injury and Illness Types**

(1) Injuries	18	(4) Poisonings	0
(2) Skin Disorders	3	(5) Hearing loss	2
(3) Respiratory conditions	0	(6) All other illnesses	0

Post this Annual Summary from February 1 to April 30 of the year following the year covered by the form.

**Facility Information:**

Establishment name: Humboldt Redwood Company, LLC

Street: 108 MAIN STREET

City: SCOTIA State CA ZIP 95565

**Industry description:**

Sawmill & Planing Mills, General

Standard Industrial Classification (SIC) if known: 2421

**Employment Information** (if you don't have these figures, see the Worksheet on the back of OSHA Form 300A to estimate)

Annual average number of employees: 199  
 Total hours worked by all employees last year: 398,725

**Sign here**

Knowingly falsifying this document may result in a fine. I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.

Company executive: Barry J. Weinert Vice President, Legal Affairs  
 Title

(707) 620-2967 23-Jan-15  
 Phone Date

**REMOVE 1 May 15**

Cal/OSHA Form 300A (Rev. April 2004)  
**Summary of Work-Related Injuries and Illnesses**

Year: **2013** 

All establishments covered by CCR Title 8 Section 14300 must complete this Annual Summary, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary. Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0." Employees, former employees, and their representatives have the right to review the Cal/OSHA Form 300 in its entirety. They also have limited access to the Cal/OSHA Form 301 or its equivalent. See CCR Title 8 Section 14300.35, in Cal/OSHA's recordkeeping rule, for further details on the access provisions for these forms.

**Number of Cases**

Total number of deaths	0 (G)	Total number of cases with days away from work	5 (H)	Total number of cases with job transfer or restriction	6 (I)	Total number of other recordable cases	16 (J)
------------------------	----------	--	----------	--	----------	--	-----------

**Number of Days**

Total number of days of job transfer or restriction	230 (K)	Total number of days away from work	142 (L)
---	------------	-------------------------------------	------------

**Injury and Illness Types**

Total number of...	(M)	(1) Injuries	16	(4) Poisonings	0
(2) Skin Disorders	0	(5) Hearing loss	13	(6) All other illnesses	0
(3) Respiratory conditions	0				

Post this Annual Summary from February 1 to April 30 of the year following the year covered by the form.

<b>Facility Information:</b>	
Establishment name:	Humboldt Redwood Company, LLC
Street:	108 MAIN STREET
City:	SCOTIA
State:	CA
ZIP:	95565
Industry description:	Sawmill & Planing Mills, General
Standard Industrial Classification (SIC) if known:	2421
<b>Employment Information</b> (If you don't have these figures, see the Worksheet on the back of OSHA Form 300A to estimate)	
Annual average number of employees	201
Total hours worked by all employees last year	382,583
<b>Sign here</b> Knowingly falsifying this document may result in a fine. I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.	
Company executive:	Barry J. Weinert
Title:	Vice President, Legal Affairs
Phone:	(707) 620-2967
Date:	22-Jan-14

Cal/OSHA Form 300A (Rev. April 2004)  
**Summary of Work-Related Injuries and Illnesses**

Year: **2012**



All establishments covered by CCR Title 8 Section 14300 must complete this Annual Summary, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0." Employees, former employees, and their representatives have the right to review the Cal/ OSHA Form 300 in its entirety. They also have limited access to the Cal/ OSHA Form 301 or its equivalent. See CCR Title 8 Section 14300.35, in Cal/ OSHA's recordkeeping rule, for further details on the access provisions for these forms.

**Number of Cases**

Total number of deaths	0 (G)	Total number of cases with days away from work	9 (H)	Total number of cases with job transfer or restriction	4 (I)	Total number of other recordable cases	14 (J)
------------------------	----------	--	----------	--	----------	--	-----------

**Number of Days**

Total number of days of job transfer or restriction	399 (K)	Total number of days away from work	470 (L)
---	------------	-------------------------------------	------------

**Injury and Illness Types**

(1) Injuries	22	(4) Poisonings	0
(2) Skin Disorders	1	(5) Hearing loss	4
(3) Respiratory conditions	0	(6) All other illnesses	0

Post this Annual Summary from February 1 to April 30 of the year following the year covered by the form.

**Facility Information:**

Establishment name: Humboldt Redwood Company, LLC

Street: 108 MAIN STREET

City: SCOTIA State CA ZIP 95665

Industry description: Sawmill & Planing Mills, General

Standard Industrial Classification (SIC) if known: 2421

**Employment Information** (if you don't have these figures, see the Worksheet on the back of OSHA Form 300A to estimate)

Annual average number of employees: 216  
 Total hours worked by all employees last year: 442,199

**Sign here**

Knowingly falsifying this document may result in a fine. I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.

Company executive: Barry J. Weinert Title Vice President, Legal Affairs  
 (707) 620-2967 Date 16-Jan-13  
 Phone