

APPENDIX AIR-1

Timber Harvest Details



Notice of Timber Sale

Dear Timber Producers,

The Northern States Power Company (NSP), a Wisconsin Corporation, doing business as Xcel Energy, is pleased to offer the enclosed tracts of timber for sale in Iron County, Wisconsin and Gogebic County, Michigan. The management areas are on property formerly owned by the Lake Superior Distribution Power Company (LSDP), and associated with Saxon and Superior Falls Hydroelectric operations. Unit price-scaled sale sealed bids will be received for the two combined sales and must be delivered to: **Compass Land Consultants, Inc., 9559 Bolger Lake Road, Minocqua, Wisconsin 54548** or by email to jeremy@compasslandconsultants.com on or before **1:00 p.m., Friday, September 23, 2016**.

This bid packet includes the following information:

- General Location Map
- Forest Management Maps with Harvest Prospectuses
- Timber Sale Bid Submission Form

Bidding instructions are as follows:

- Bids will be for the two combined sales and not individually priced.
- Bids must be submitted in a sealed envelope and labeled "Timber Sale Bid-NSP" or if sent by email the Subject line should read "Timber Sale Bid-NSP."
- Bids must be filled out in their entirety and signed by an authorized representative of the bidder.
- Bids shall be made in the units indicated on the bid form (per cord, per MBF, etc.).

In addition to the contract terms set forth in the sale prospectus, payment terms will be as follows:

- The contractor will be required to deposit a "load ticket" in a locked box for all loads hauled from the sale. Compass Land Consultants, Inc. (CLC) will provide a ticket book to the contractor for this purpose.
- All pulpwood, boltwood, and sawlogs will be paid for on mill scale, converted to units on the Timber Sale Bid Submission Form according to the terms on back of the form. A copy of the mill scale slips will be submitted to the forest managers.
- All firewood will be stick scaled on the landing by CLC before it is removed from the sale.

All timber sales will be available for inspection until the day of the bid opening. Should you have any questions or would like additional information, please contact Jeremy Chiamulera at (715) 612-3274 (mobile), or email at (jeremy@compasslandconsultants.com).

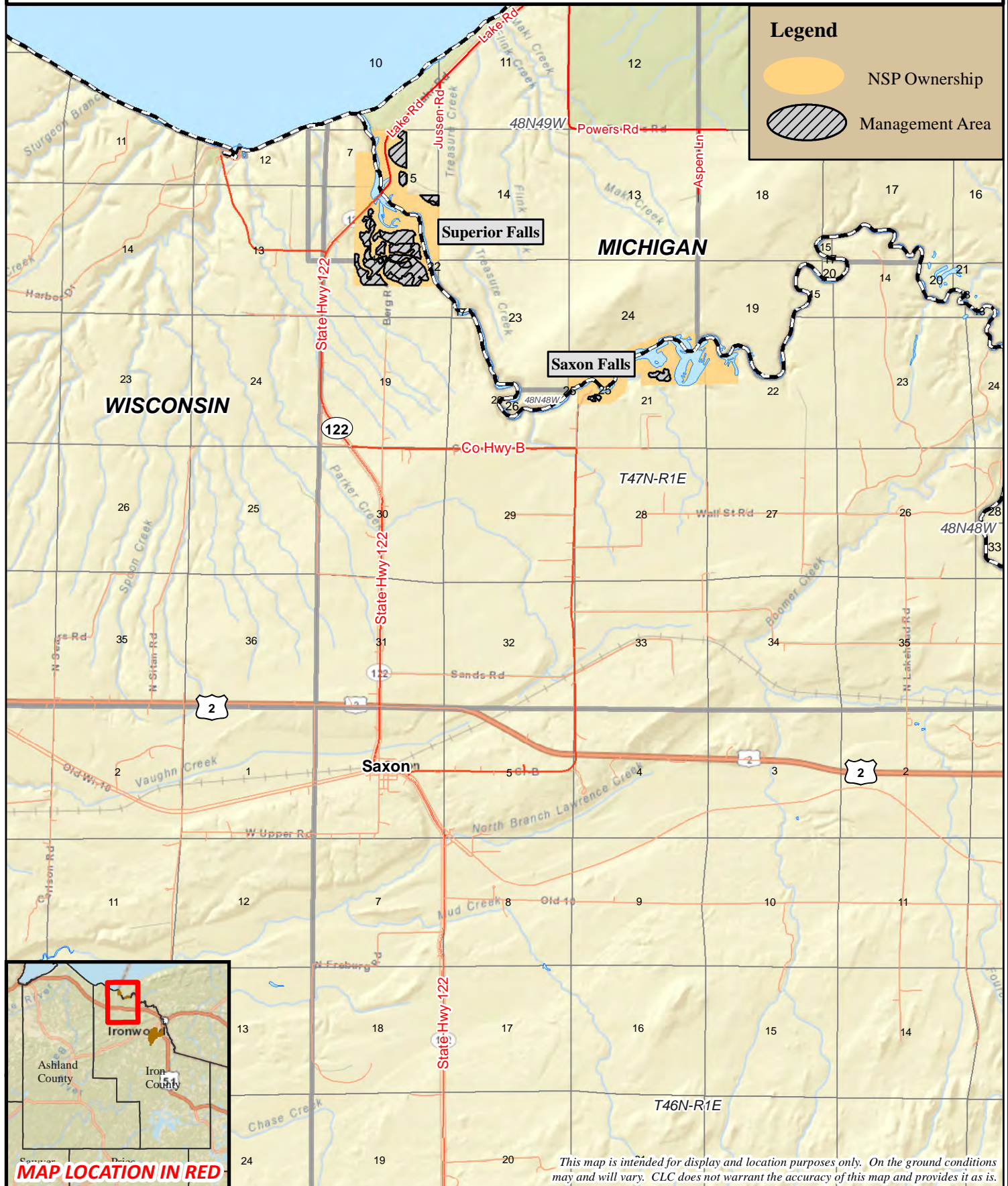


Northern States Power Company



Map Date: August 2016
Map By: S. Chiamulera

Saxon and Superior Falls - General Location Map



HARVEST PROSPECTUS – *Saxon Falls* (TS#: 2016-01)

Location: The management area is located in part of Section 21, T47N-R1E, Iron County, Wisconsin. See Forest Management Map (FMM).

Access: Access is available by established woods roads on Northern States Power Company (NSP) lands off of North Saxon Falls Road.

Timing: There are no harvest timing restrictions, except harvesting may be restricted during times of marginally soft ground, excessive rutting will not be allowed.

Terrain & Soils: The red pine stand is on level terrain with a well-drained silt loam soil. The aspen stand is on gently sloping terrain with a silt loam soil that is moderately well-drained.

Landings, Trails & Access Roads: The existing road system provides good access requiring minimal improvements. A developed gravel road to the aspen stand travels down a slope that may make access difficult during winter conditions. New landings or turnarounds will require approval of the forest managers and should be kept within the management areas or immediately adjacent to the existing roads.

Management Lines: The boundaries are delineated with red paint or flagging, unless a natural boundary is present. See FMM.

Forest Cover Description: The management area includes approximately 2 acres of red pine plantation and 6 acres of an aspen forest type. The red pine plantation has an average diameter of 11 inches and has not been thinned in the past. The understory varies from open to a light stocking of hardwood saplings. The aspen stand is approximately 40 years old and includes a secondary component of hardwood species with even-aged hardwood species becoming dominate in parts of the stand.

Management Objective: The objective for the red pine stand is to harvest all overstory trees to create opportunity for sun dependent hardwood and conifer species to become established through natural regeneration from seeds and sprouts. A small number of red pine trees may be retained as an additional seed source and hardwood trees along the stand edge will be harvested. Monitor regeneration for potential planting needs. The objective for the aspen type is to regenerate a healthy vigorous forest with a similar species composition. A limited number of hardwood and conifer trees may be retained for wildlife and aesthetics.

Harvest Prescription: For the red pine stand; harvest all stems greater than 1.5 inches at DBH except retain all trees marked with green paint. For the aspen/hardwood stand; harvest all merchantable balsam-fir and spruce, harvest all aspen and mixed hardwood trees greater than 1.5 inches at DBH, and retain all oak, white pine, hemlock, cedar, and trees marked with green paint.

Additional Management Concerns: There is a utility line separating the two small red pine plantation patches. Retain den and snag trees when not a safety hazard.

Volume Estimate: Approximate volumes are shown below:

<u>Species</u>	<u>Cordwood (Cords)</u>	<u>Sawtimber (MBF)</u>
Red Pine	105	---
Mixed Hardwood	35	---
Aspen	85	---
Mixed Softwood	10	---
TOTALS	235	---

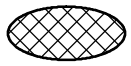
Northern States Power Company Saxon Falls - Forest Management Map

Parts of Section 21, T47N-R1E, Iron Co., WI

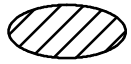


TS#: 2016-01

Map Date: June 2016
Map By: S. Chiamulera



Red Pine Harvest - Harvest all stems greater than 1½ inches at DBH except trees marked with green paint. (Approx. 2 acres)



Aspen Regeneration Harvest - Harvest all stems greater than 1½ inches at DBH except white pine, oak, hemlock, cedar, and trees marked with green paint. (Approx. 6 acres)



Red Paint or Flag Line

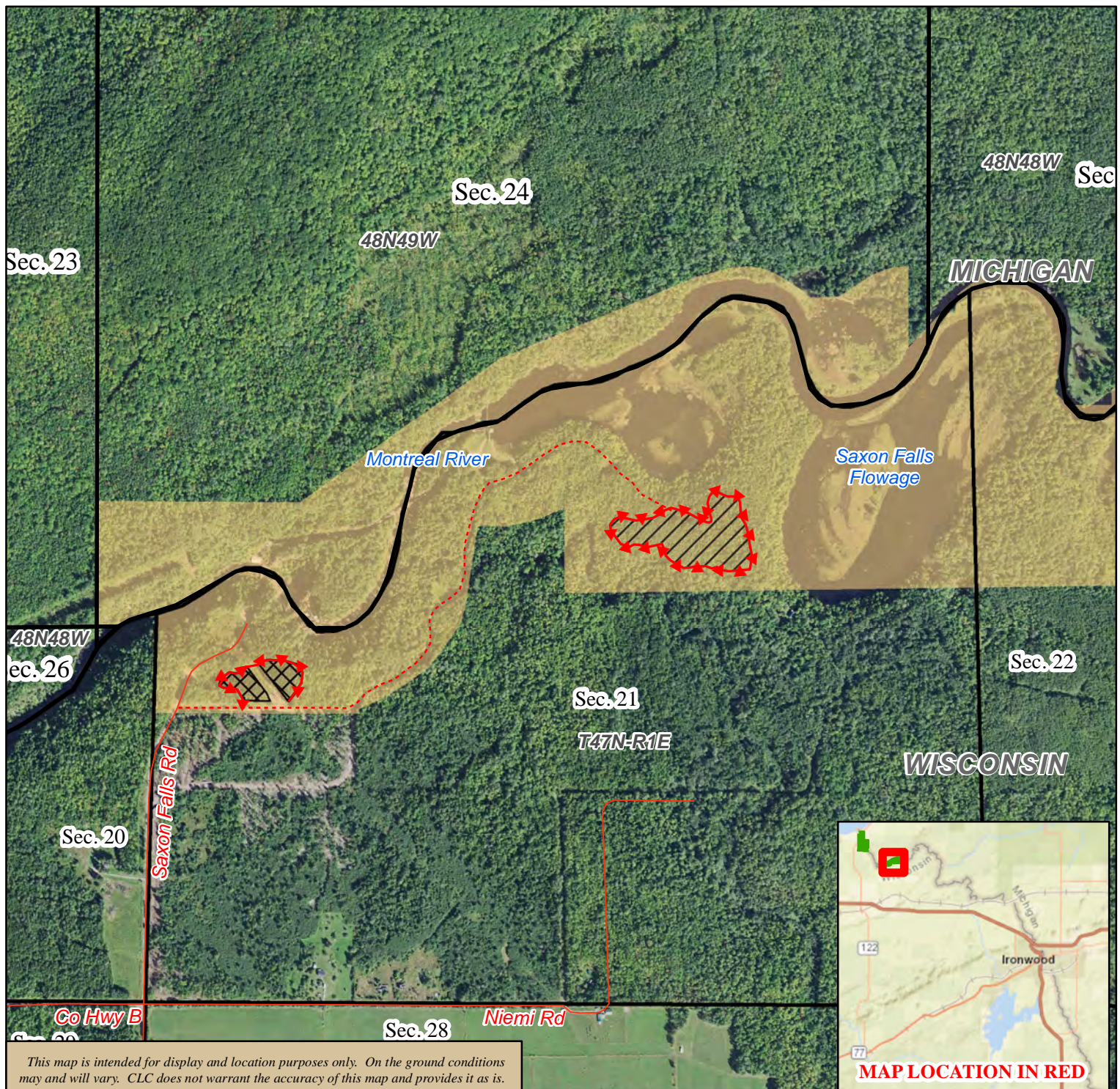


NSP Ownership



0 330 660 Feet

2015 Aerial Photograph



This map is intended for display and location purposes only. On the ground conditions may and will vary. CLC does not warrant the accuracy of this map and provides it as is.

HARVEST PROSPECTUS – *Superior Falls Wisconsin (TS# 2016-02)*

Location: The management area is located in part of Section 18, T47N-R1E, Iron County, Wisconsin. See Forest Management Map (FMM).

Access: Access is available by woods roads on Northern States Power Company (NSP) lands off State Highway 122 in Wisconsin. The main access point is an open woods road (informally referred to as part of Berg Rd.) that exits State Highway 122 directly onto NSP lands. The road is seasonally wet in areas and a portion is used as a snowmobile trail that exits the property to the west.

Timing: There are no harvest timing restrictions, except harvesting may be restricted during times of marginally soft ground, excessive rutting will not be allowed. Most of the management area is well drained and could support machinery during dry summer conditions, but access requires crossing low areas that will require frozen ground or improvements.

Terrain & Soils: The soil varies from sandy loam to silt loam and although much of the site is moderately well-drained there are lowland areas that remain wet through much of the year. Wet areas will require dry or frozen ground conditions for crossing.

Landings, Trails & Access Roads: Existing roads and landings are permitted to be improved and used as needed following BMP's. Building of new roads is not expected to be needed. If the contractor sees a need for additional roads they should notify the forest manager as soon as possible and the landowner reserves the right to reject any new road requests. Where existing logging roads cross wetland areas, the roads will be required to be frozen or spanned with timber mats or similar process to protect soft ground. The landowner or forest manager agree to assist the contractor with any permits, if required.

Management Lines: Management boundaries adjacent to non-NSP lands are delineated with blue paint or flagging. Other management boundaries are delineated with red paint or flagging unless an obvious natural feature or road defines the boundary. Harvest type changes are separated with orange flagging unless a natural boundary or road is present. See FMM for details. A review of historic and environmental concerns has been completed and a small number of sensitive areas will be identified with yellow paint prior to harvesting and avoided.

Forest Cover Description: The management area includes a mixed northern hardwood and aspen forest that has not had any recent harvesting. The basal area is approximately 120 sq. ft. per acre and the average stand diameter is 10". Species composition varies between average quality sugar maple to areas primarily of poor quality red maple and aspen that originated around 1975. The red pine plantation was planted around 1960 and never thinned. The average diameter is 10 inches and stocking is over 300 sq. ft. per acre. The understory in the red pine plantation is mostly open, while the hardwood and aspen areas include hardwood and balsam-fir saplings along with upland brush species.

Management Objective: The objective for hardwood dominated areas is to selectively harvest poor quality trees to improve spacing and vigor in the better quality trees and create canopy gaps to encourage hardwood regeneration. Small pockets of aspen have been marked to remove hardwood and regenerate the small aspen patches. Areas within the hardwood stand with scattered aspen will have hardwood retained to encourage the natural progression to a northern hardwood stand and shade out future aspen regeneration. Larger areas dominated by aspen and red maple will have a regeneration harvest to regenerate an even-aged forest cover with a similar species composition. The objective for the red pine stand is to harvest all overstory trees to create opportunity for sun dependent hardwood and conifer species to become established through natural regeneration from seeds and sprouts. A small number of red pine trees may be retained as an additional seed source and hardwood trees along the stand edge will be harvested. Monitor regeneration for potential future planting needs.

Harvest Prescription: For the northern hardwood selection harvest; harvest all merchantable balsam-fir, spruce and aspen. Harvest all other trees marked with orange paint and as needed for operations. For the red pine stand; harvest all stems greater than 1.5 inches at DBH except retain all trees marked with green paint. Minor amounts of red pine may be marked within one chain of the red line, but outside the management area. For the aspen regeneration harvest; harvest all merchantable balsam-fir and spruce, harvest all aspen and mixed hardwood trees greater than 1.5 inches at DBH, and retain all oak, white pine, hemlock, cedar, and trees marked with green paint.

Additional Management: Retain den and snag trees when not a safety hazard. Snowmobile trail should remain passable and free from logging debris.

Volume Estimate: Combined with Superior Falls Michigan summary.

HARVEST PROSPECTUS – *Superior Falls Michigan (TS# 2016-02)*

Location: The management area is located in part of Section 15, T48N-R49W, Gogebic County, Michigan. See Forest Management Map (FMM).

Access: Access is available by a gated, all-season access road on Northern States Power Company (NSP) lands off of County Highway 505 (Lake Superior Road) in Michigan. The all-season access road (also a snowmobile trail) exits County Highway 505 on NSP lands before entering Gogebic County forest then private lands. Permission from Gogebic County will be required and the landowner agrees to assist the contractor as needed. Use of roads on private lands will be the contractor's responsibility. There is no established turnaround for trucking or road access to the management areas south of the access road. Two forwarder trails or access roads will need to be developed for access into the harvest areas south of the main access road, as shown on the FMM.

Timing: There are no harvest timing restrictions, except harvesting may be restricted during times of marginally soft ground, excessive rutting will not be allowed.

Terrain & Soils: The soil is moderately drained loam; however, there are lowland areas along stand edges and drainages extending into the management area that are seasonally wet. The terrain is gently sloping with steep slopes excluded from the management.

Landings, Trails & Access Roads: Existing roads and landings are permitted to be improved and used as needed, following BMP's. Building of new roads is restricted to two locations in Michigan that are already approved. If the contractor sees a need for additional roads they should notify the forest manager as soon as possible and the landowner reserves the right to reject any new road requests.

Management Lines: Management boundaries adjacent to non-NSP lands are delineated with blue paint or flagging. Other management boundaries are delineated with red paint or flagging unless an obvious natural feature or road defines the boundary. Harvest type changes are separated with orange flagging unless a natural boundary or road is present. See FMM for details. A review of historic and environmental concerns has been completed and any sensitive areas will be identified with yellow paint prior to harvesting and avoided.

Forest Cover Description: The management area is average quality northern hardwood dominated by sugar maple followed by red maple and white ash. Balsam-fir is common along the west edge of the larger unit and over-mature aspen are scattered throughout. The two management units south of the access road include patches of aspen. The understory is mostly open are lightly stocked with hardwood saplings.

Management Objective: The objective for hardwood dominated areas is to selectively harvest poor quality trees to improve spacing and vigor in the better quality trees and create canopy gaps to encourage regeneration. Small pockets of aspen will have the hardwood removed to regenerate the aspen pockets and retain stand diversity. Scattered aspen will be harvested to encourage the natural progression to a northern hardwood forest.

Harvest Prescription: For the selective harvest of northern hardwood – For the aspen/even-aged hardwood stand; harvest all merchantable balsam-fir and spruce, harvest all aspen and mixed hardwood trees greater than 1.5 inches at DBH, and retain all oak, white pine, hemlock, cedar, and trees marked with green paint. For the red pine stand; harvest all stems greater than 1.5 inches at DBH except oak, white pine, cedar, and trees marked with green paint.

Additional Management: Retain den and snag trees when not a safety hazard. Access across Gogebic County Forest is required. Snowmobile trail should remain passable and free from logging debris.

Volume Estimate Michigan and Wisconsin Lands Combined:

<u>Species</u>	<u>Cordwood (Cords)</u>	<u>Sawtimber (MBF)</u>
Red Pine	1,370	---
Aspen	875	---
Mixed Softwood	120	---
Mixed Hardwood	845	21.5
Basswood	---	4.0
Hard Maple	---	3.5
TOTALS	3,210	29.0

Northern States Power Company Superior Falls - Forest Management Map

Parts of Section 18, T47N-R1E, Iron Co., WI
Parts of Section 15, T48N-R49W, Gogebic Co., MI



TS#: 2016-02

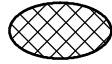
Map Date: June 2016
Map By: S. Chiamulera



Red Pine Harvest - Harvest all stems greater than 1½ inches at DBH except trees marked with green paint. (Approx. 14 acres)



Aspen Regeneration Harvest - Harvest all stems greater than 1½ inches at DBH except white pine, oak, hemlock, cedar, and trees marked with green paint. (Approx. 26 acres)

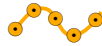


Northern Hardwood Selection Harvest - Harvest all merchantable balsam fir, spruce, and aspen. Harvest all other trees marked with orange paint. (Approx. 81 acres)



2015 Aerial Photograph

0 330 660 Feet



Orange Paint/Flag Line



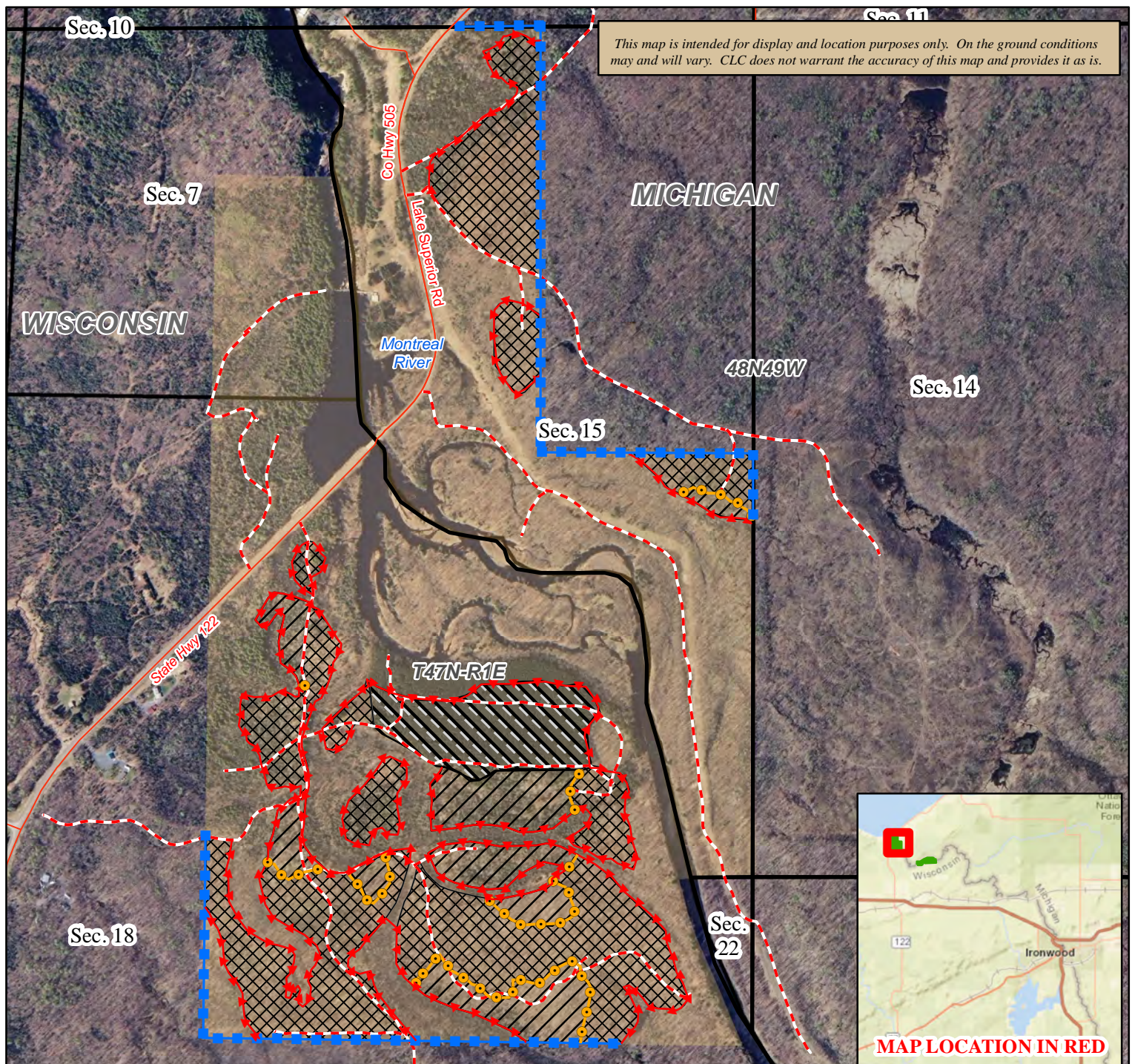
Red Paint/Flag Line



Blue Paint/Flag Line



NSP Ownership



TIMBER SALE BID SUBMISSION FORM

RETURN THIS FORM BY **1:00 p.m., Friday, September 23, 2016**, to Compass Land Consultants, Inc., at 9559 Bolger Lake Road, Minocqua, WI 54548 in an envelope marked "Timber Sale Bid – Superior/Saxon".

Landowner: Northern States Power Company (d/b/a Xcel Energy)

Landowner Agent: Matt McFarlane

Management Name: 2016 Summer Bid Packet

Location: Iron Co., WI & Gogebic Co., MI

MFL Order #: Lands are not in MFL

This sale will be sold Per Unit Scale only.

<i>SPECIES</i>	<i>PRODUCT**</i>	<i>ESTIMATED VOLUME*</i>	<i>BID PRICE PER Cord, MBF or Ton</i>	<i>BID PRICE X VOLUME</i>
		<i>To 3" Top softwood To 4" Top hardwood</i>		
Red Pine	Cordwood	1,475 Cords		
Aspen	Cordwood	960 Cords		
Mixed Hardwood	Cordwood	880 Cords		
Mixed Softwood	Cordwood	130 Cords		
Mixed Hardwood	Sawtimber	21.5 MBF		
Hard Maple	Sawtimber	3.5 MBF		
Basswood	Sawtimber	4.0 MBF		
All Species	***Fuel Chips	----- Tons		
TOTALS		3,445 Cords & 29.0 MBF		

**All prospective bidders are required to make their own estimate of quantity and quality of the timber.*

***Cordwood product may include pulpwood, boltwood, and firewood.*

****Utilization of fuel chips is optional and only permissible pending landowner approval.*

Performance Bond (10% of Bid Total): \$ _____ Due at Contract Signing

Print Bidders Name or Company: _____

Bidders Signature: _____ **Date:** _____

Mailing Address: _____

Phone #: _____

Bids are subject to the conditions listed on the back of this form.

Please comment on equipment, expected harvest time, or conditions which affect this harvest operation, etc.
Comments: _____

Northern States Power Company – Timber Sales

All Sales are Subject to the Following Conditions:

1. Any and all bids may be rejected by the forest managers or landowner.
2. Only the trees specified on the harvest prospectus and map are to be cut. Utilization specifications for designated areas must be adhered to.
3. No bid bond is required. A **Performance Bond**, in the form of cash, check, or letter of credit, **equaling 10% of the total bid value** is due upon signing of the contract. In addition, a **\$2,000 stumpage down payment** is due upon contract signing and an advance stumpage payment schedule will be required during harvesting.
4. The purchaser will be given until April 18, 2018, to complete the sale. Harvesting or damage to oak may be restricted from **April 1 to July 15** of any year. Any contract extension would require the written approval of the landowner and carry an automatic 10% stumpage increase.
5. Conversions from tons to cords for weight scaled products will be based on the conversion factors in the Wisconsin Department of Natural Resources Timber Sale Handbook – 2461, Page 12-1, Dated 05/10/10. Mixed hardwood pulpwood weight is 4,800 pounds per cord. Conversion from MBF to cords will be 2.44 cords per MBF for softwoods and 2.20 cords per MBF for hardwoods.
6. Purchaser shall maintain forest roads in as good or better condition as when they started. Roadways and trails shall be kept free from brush, logs, pulp, and other waste material resulting from operations.
7. Purchaser will have permission to improve existing roads after discussing with the forest managers. Building of new roads is very limited on the property and no new roads are permitted without approval of the forest manager.
8. The purchaser is responsible to see that harvesting is kept within the boundary indicated on the Forest Management Maps.
9. Timber sale contracts will be awarded in the name of the bidder on this form only. Contracts cannot be assigned in part or in whole.
10. Purchaser must comply with all laws and regulations for the state the harvest occurs in.
11. Purchaser agrees to assume all liability for any damage or injury to persons or property, real or personal, resulting from purchaser's operations under this contract. The purchaser is required to provide proof of General Liability Insurance. The limits of liability shall be a minimum of \$1,000,000 bodily injury and \$1,000,000 property damage. The contractor shall also furnish proof of Workers Compensation Insurance at statutory limits. In the event the purchaser's insurance is terminated for any reason, he or she shall immediately cease all activities otherwise permitted by the contract and provide written notice to the forest managers and landowner.
12. The landowner will warrant title to land and stumpage to be free from any encumbrances.
13. The landowner reserves the right to keep the results of this bid confidential.
14. Utilization will be to a 3" top diameter for softwood and a 4" top diameter hardwood pulpwood. Utilization of non-merchantable forest products is not a requirement and permissible only after approval of the forest managers or landowner. Hardwood logs will be utilized to a minimum top diameter of 10 inches and include grade #3 logs and better.