

Elizabeth Whalen

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Testimony of Elizabeth Whalen to the California Air Resources Board

April 26, 2007

Good morning. My name is Elizabeth Whalen and I am the Director of Corporate Sustainability at Columbia Forest Products.

I have been closely involved in the development and progression of this ATCM since CARB staff first contacted us about our formaldehyde-free technology in May of 2005. We have witnessed firsthand the tireless commitment, thoroughness and professionalism of the staff working on this regulation and we commend them for a job well done.

One of the primary arguments the opposition has brought forth relates to the economic devastation this regulation will have on California's wood products fabricators and consumers' pocketbooks. Your staff did not believe these claims, and neither should you. Based on Columbia's extensive experience manufacturing and selling formaldehyde-free hardwood plywood, we contend that any cost increases driven by this regulation will be negligible at best.

Representing 40% of the veneer core market, Columbia is already supplying cost-neutral, formaldehyde-free plywood to California. And before we developed our PureBond technology, we utilized a readily available and widely used PVA adhesive to satisfy the demand for non-UF panels.

Our business records confirm that the increased cost for PVA plywood compared to UF plywood represents a cost increase of no more than 15% to our distributor customers. Our average UF panel price was \$38, and with this cost increase, a PVA plywood panel would sell for \$44, a \$6 per panel increase. Translating this

into consumer impact, the average kitchen remodel is about \$25,000 and new cabinets use on average 15 plywood panels to build. At \$6 more per panel, the cost impact of those 15 panels on this kitchen remodel would be only \$90 – this represents less than a 1% increase for the entire kitchen remodel. The staff report corroborates our figures from their own research on PVA as an alternative to urea formaldehyde.

And these figures don't take into consideration economies of scale or the manufacturing advantages to switching from UF resins. For example, Columbia reduced air emissions by as much as 95% at our mill locations, negating the need for additional pollution equipment upgrades.

The staff report has more than adequately addressed the economic impact of this regulation on the industry and there is ample testimony in the record that this regulation will have negligible economic impact on consumers.

Moreover, there is abundant evidence and testimony demonstrating that the cost to public health by not regulating this known carcinogen will be far greater and should be the primary concern.

Thank you for your time.