ORAL HISTORY INTERVIEW

OF

BILLY C. BOND

MONROEVILLE, ALABAMA
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BY

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PREFACE: In the early 1990's, Parsons & Whittemore began expansion of a pulp mill complex at Claiborne, Alabama, that, when in full operation, would be the largest wood pulp production facility in the world. Unlike most of their contemporaries, Parsons & Whittemore did not own or lease any timberlands to support the mill. They were totally dependent upon the open market for their raw material requirements. The individual given the responsibility of organizing and directing wood procurement for the new complex was Billy C. Bond. Mr. Bond holds a B. S. in forestry as well as a J. D. and had over 30 years experience in the forest products industry before becoming President of Alabama River Woodlands, Inc. and Vice President of Alabama River Chip Mills, Inc.
The following is a transcript of an interview with Mr. Bond by Dr. Mason C. Carter held in Bond's home in Monroeville, AL, on 29 June 2012

CARTER: Billy, tell me a little about the history of the Alabama River Pulp and Paper[1] complex at Claiborne and when you joined the company.

BOND: The Alabama River Pulp Co., Inc. mill on the Claiborne, Alabama site was started up in 1979 and it produced approximately 50% hardwood pulp and 50% pine pulp. The capacity was 475,000 ADMT (air dried metric tons) per year of bleached hardwood and pine market pulp. When the Alabama Pine mill came on line in December of 1991, the Alabama River Pulp mill was changed to 100% production of bleached hardwood market pulp (475,000 ADMT PER YEAR). Consumption was approximately 2,000,000 GST (green short tons) of round wood equivalents of hardwood per year.

I joined the company as President of Alabama River Woodlands, Inc., the wood procurement organization for the mills at the Claiborne site in 1990, shortly before the startup of the Alabama Newsprint Co. Mill.

The Alabama River Newsprint Co., Inc. mill was a joint venture of Parsons & Whittemore Inc. and Abitibi Price Inc. The newsprint mill started up in 1990 and had a capacity of 220,000 metric tons per year of newsprint. It was a thermo-mechanical process mill and used approximately 550,000 GST of round wood per year. Later a newsprint recycle mill was as added and the requirement for round wood was reduced.

The Alabama River Pine Pulp Co., Inc. mill was started up in December of 1991. It produced 475,000 ADMT of bleached softwood Kraft market pulp per year (in later years the capacity was increased). Initially it consumed approximately 2,200,000 GST of pine round wood equivalents per year.

CARTER: And you had the responsibility of generating the wood supply for all three mills without any company owned lands?

BOND: That's correct. The builders, Parsons and Whittemore had a philosophy that they would build a mill and buy the wood on the open market and in this area the vast majority of that wood would come from non-industrial private landowners. There is not a large base of government land in this area so we were largely dependent upon private land. Therefore, our relationship with the nonindustrial private landowners was very, very important to us.

CARTER: What was the magnitude of your requirement? How much wood did you have to deliver?

BOND: It fluctuated considerably but generally was in the range from about 4.6 to 5.0 million GST of pulpwood annually. Later on the company began to produce some pine pulp at the hardwood mill and still later, the newsprint mill was closed. So this caused fluctuation in the wood requirement. But for most of the time, we were the largest wood consuming installation in the United States. We were number one and I believe the Champion mill in north Alabama[2] was number two. They were consuming something like 4.2 million GST per year.

CARTER: How did you organize your wood procurement operation?

BOND: Well within a 75 mile radius of our Claiborne mills there were nine other pulp mills drawing wood: Scott Paper[3] and IP at Mobile, IP at Selma, Jefferson-Smurfit at Brewton, James River at Naheola, Gulf States Paper at Demopolis, Boise-Cascade at Jackson, MacMillan Bloedel at Pine Hill, and Champion International at Cantonment, FL. So there was quite a bit of competition for wood. Hardwood, in particular was being heavily drawn on by the coastal mills with a lot of barging of wood up and down the Tombigbee River. We quickly realized that we would have to get outside of our usual truck wood radius to supplement our requirements. So we built three chip mills, one at Elba, Alabama, one at Jackson's Gap, Alabama, to take advantage of hardwood in that area, and one at Ackerman, Mississippi which is also a good hardwood area. Each of those three chip mills supplied us about 300,000 tons of chips annually. The Jacksons Gap mill and the one at Ackerman, Mississippi were both located on the Southern Railroad and they shipped their chips by rail. Chips from the chip-mill at Elba, Alabama, were delivered to the pulp mill by truck.

CARTER: How was your wood procurement operation organized?

BOND: We had the two procurement regions, essentially divided by the Alabama River. We had two procurement districts west of the river stretching on over into Mississippi. We had a wood yard outside of Demopolis. We were also supplying the Ackerman chip mill. We had two truck wood procurement districts east of the river, one in the northern quadrant and one in the southern quadrant and, of course, we had the two chip mills east of the river, one at Elba and one at Jackson gap. In our wood procurement operation, we had about 12 foresters involved including regional supervisors and procurement managers.

CARTER: Did you have a landowner assistance program?

BOND: We did. When I got there in 1990, the program was pretty much a paper organization, but we soon got it organized. We had about five foresters involved in our landowner assistance program. At the time I retired, in 2000, we had about 200,000 acres in the land owner assistance program.

CARTER: After you got your procurement operation set up what was the approximate mixture of roundwood, fresh chips, and residues coming into the mill.

BOND: Well it fluctuated considerably depending on market requirements. I didn't take any of those statistics with me when I left the company so I will have to give you an approximation. The total annual requirement for the pine mill was about 2.2 million GST, the hardwood mill required about 2.1 million GST, and the newsprint mill required 550,000 GST. By around 1995 we were receiving about 85% of our wood by truck and about 15% by rail and that was both roundwood and chips. The pine mill was running about 60% roundwood that 40% chips. The chips included both chip mill produced chips and sawmill and plywood plant residue chips. The hardwood pulp mill utilized about the 80% roundwood and 20% chips.

CARTER: During the latter part of your time at Alabama River there were a lot of changes in ownerships with the appearance of TIMO's and REIT's. Were you still dependent primarily on the nonindustrial private landowner or did these the new ownership organizations play an important role in supplying your raw material?

BOND: It was still the nonindustrial private landowner that was providing most of our wood. There was some industrial wood, the former Scott Paper Company lands for example, but we continued to receive about 75% of our raw materials from the nonindustrial private landowners and about 25% from various other sources such as residues and other ownerships.

CARTER: During the second half of the 20th century, the South grew a great deal more wood than anybody believed was possible. Much of this was due to the intensification of management of industrial lands where the productivity was increased markedly but also nonindustrial of private landowners increased their productivity considerably. In your opinion what were the principal factors that persuaded the nonindustrial private landowner to practice better forest management?

BOND: Well, I will quote Professor Crow who told my silviculture class at LSU, "Boys, forest management became practical when it became profitable".

Yes, 20th century southern forestry is an amazing success story. Let me reflect back a little before answering your question.

By 1930 the virgin timber was almost gone and there was talk of a timber famine. Needless to say the timber famine did not happen. Let me share a story I was told when I went to work for Hammermill Paper Company in 1965.

Hammermill Paper Company was started in 1898 in Erie, Pennsylvania, using pulp wood brought from Canada. In the early 1930's, they sent their Woodlands Vice President to the South to find a suitable site for a new Kraft softwood pulp mill. The vice president traveled through Louisiana, Mississippi and Alabama, returned to Erie and reported that it was not feasible to build a pulp mill in the South because there was not enough wood to sustain a mill.

In 1965, I was employed by Hammermill Paper Company to purchase timberlands and develop a woodlands management organization to support a new pulp at Selma, Alabama. The irony of this story is that there was enough wood not only to support the mills already existing in 1965 but also enough to supply new mills built by Hammermill at Selma, Union Camp at Prattville, AL and McMillan-Bloedel at Pine Hill, AL, all of which came into production within a 2 to 3 year period!

Now to answer your questions regarding the principal factors that persuaded the nonindustrial private landowners to practice better forestry during the second half of the 20th century. I believe it was the accumulative affect of economic, political, and social changes that began back in the 1930s and continued to evolve extending through the 1990's. To name a few, public education programs such as Smokey the Bear on fire prevention, the efforts of extension foresters, and access to professional assistance all began to payoff and resulted in a better informed landowner. The industry sponsored tree farm program has continued to make a positive contribution in this effort. Favorable economic returns began when expansion of the pulp and paper industry created a demand for pulpwood. Landowners were able to sell trees from thinning and improvement cuts and generate income. The arrival of the chip and saw lumber mills that paid good prices for smaller logs enhanced timberland revenues. Timberland became a valuable asset that could yield a reasonable return on investment and this motivated landowners to reforest cutover lands and manage them for better returns. Significant forest management advances were made from research by universities, state and federal agencies, and industry. Genetically improved planting stock, better insect and disease control, were all part of these efforts. In Alabama, and other states, the confiscatory ad valorem tax on land and timber was replaced with an annual tax on the land and a severance tax on timber payable when the timber is cut. Federal capital gains tax treatment on some timber income was also a positive development. Demographic and landowner changes after World War II resulted in more affluent private landowners that did not depend on their timberlands for their primary income, who held the land for long-term investment, recreation and other reasons.

In conclusion, I think that southern forestry and the forest products industry of the 20th century is a big and complex story that deserves to be researched and documented and I appreciate the efforts of yourself and your colleagues to preserve it.

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[1] The pulp and paper manufacturing facility at Claiborne, AL is currently owned and operated by Georgia-Pacific LLC, a subsidiary of Koch Industries Inc.

[2] This would be Champion International's mill located at Courtland, Alabama. It is currently owned by International Paper Company.

[3] These were the owners/operators of the mills in 1990 when the Alabama River Pulp and Paper complex at Claiborne began construction.