

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES

RECORD OF DECISION

In the Matter of the Final Supplemental
Environmental Impact Statement for the
Essar Steel Minnesota Modifications Project,
Itasca County, Minnesota,
Pursuant to Minnesota Rules,
parts 4410.0200 to 4410.6500

**FINDINGS OF FACT,
CONCLUSIONS,
AND ORDER**

Based upon, and after having considered, the entire record of the proceeding, including written reports, written and oral data, information, and statements, the Department of Natural Resources makes the following:

FINDINGS OF FACT

1. The Minnesota Department of Natural Resources (DNR) in co-operation with the United States Army Corps of Engineers (USACE) prepared a joint state and federal Environmental Impact Statement (EIS) for the Minnesota Steel Industries, L.L.C. (MSI) Taconite Mine, Crusher, Concentrator, Pellet Plant, Direct Reduced Iron (DRI) Plant, and Steel Mill Project to produce sheet steel from mined and processed taconite ore, near the town of Nashwauk, Itasca County, MN. The joint EIS was completed in August, 2007 in accordance with the provisions of the National Environmental Policy Act (NEPA; 42 U.S.C. 4321 - 4347) and the Minnesota Environmental Policy Act (MEPA; Minnesota Statutes, chapter 116D).
2. The original MSI project involved reactivation of the former Butler Taconite mine and tailings basin near Nashwauk, Minnesota. The project included the dewatering of existing mine pits in the area and open pit mining operations to remove ore and waste rock. Waste rock would be stockpiled near the mine pit and ore would be hauled to the crusher with further processing in the concentrator and pellet plant. Tailings from the concentrator would be discharged to the existing Butler Taconite Stage I Tailings Basin. Taconite pellets would be sent to the direct reduced iron (DRI) plant and the DRI-produced pellets would in turn be used in the steel mill. The steel mill would consist of two electric arc furnaces, two ladle furnaces, two slab casters, and a hot rolling mill to produce sheet steel.
3. The original MSI Project met or exceeded the mandatory threshold designated in Minnesota Rules, part 4410.4400, subpart 8, item C, (Construction of a new metallic mineral processing facility), and the DNR was designated as the responsible governmental unit (RGU).
4. In October, 2007 Minnesota Steel was purchased by Essar Steel Holdings Ltd. (ESHL) and Essar Steel Minnesota L.L.C. (ESML) was subsequently formed.
5. The DNR received a letter dated October 28, 2009, from ESML indicating the company is proposing to increase the production capacity of its taconite pellet plant. In the letter, ESML requested an environmental review need determination.

6. ESML (“Proposer”) is proposing to make modifications to its taconite mine and processing plant (previously approved and currently under construction) in Itasca County, near Nashwauk, Minnesota. The project would increase the production of taconite pellets from 3.8 million metric tons per year (mmtpy) of low flux taconite pellets to 6.5 mmtpy of high flux pellets, or 7.0 mmtpy of low flux taconite pellets. This will require the addition of a crusher/concentrator line, and the installation of a larger pellet furnace, to the project evaluated in the original MSI EIS (June 2007). Essar is also proposing to decrease the length of the mine plan time period from 20 to 15 years.
7. The DNR responded with a letter dated December 7, 2009, indicating an environmental review need determination had been made. Pursuant to Minnesota Rules, part 4410.3000, subpart 3, item A, the DNR concluded that the proposed modifications required preparation of an EIS Supplement before proceeding.
8. Because MSI’s mining and processing operations have already been reviewed through the EIS process, State Environmental Review requirements for ESML’s modified project are met by preparing a Supplemental EIS (SEIS) pursuant to Minnesota Rules, part 4410.3000, subpart 3.
9. Because there are no additional wetland impacts, the USACE made a determination that a supplement to the Federal EIS under NEPA was not required. Therefore the SEIS for the modifications to the originally-reviewed project proposed by ESML is a State-only environmental review. The DNR is the RGU for the SEIS.
10. Minnesota Rules, part 4410.3000, subpart 5, item A, requires the scope of a supplement to an EIS to be limited to alternatives, impacts, and mitigation measures not addressed, or inadequately addressed, in the Final EIS.
11. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item B, the DNR prepared and distributed a notice of preparation of the SEIS. As required, the Preparation Notice included the title of the EIS being supplemented, a description of the situation necessitating the preparation of the supplement, the scope of the supplement, and the proposed time schedule for preparation of the supplement.
12. The DNR provided copies of the SEIS Preparation Notice to all parties that received the MSI Final EIS and all parties designated on the EQB EAW distribution list pursuant to Minnesota Rules, part 4410.3000, subpart 5.B. The SEIS Preparation Notice was also made available to the public via posting on the DNR’s website.
13. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item B, a summary of the SEIS Preparation Notice was published in the EQB *Monitor* (Vol. 34, No. 6) on March 22, 2010, thus beginning a 21-day scoping period ending on April 12, 2010. The notice included the time, place, and date of the public informational meeting.
14. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item B, the DNR supplied a press release to at least one newspaper of general circulation in the vicinity of the project. The press release included the name and location of the project, a brief description of the project, the location at which copies of the SEIS Preparation Notice were available for review, the date the comment period ends, and the procedures for commenting.
15. The DNR held a public informational meeting on March 25, 2010, at the Nashwauk-Keewatin High School, 400 2nd Street in Nashwauk, Minnesota, from 5:30 p.m. to 7:30 p.m. The attendees received information about the Minnesota Environmental Review Program, the project, and the proposed SEIS

content. Attendees were given an opportunity to ask questions about the project and the SEIS process. The DNR provided a comment form for submitting written comments on the proposed SEIS scope. No written comments were received at the meeting.

16. Minnesota Rules, part 4410.3000, subpart 5, item B, requires the RGU to accept comments on the SEIS Preparation Notice within a period of 20 days following publication of the notice.
17. The DNR accepted written and emailed comments on the SEIS Preparation Notice for 21 days following publication of the Preparation Notice (March 22, 2010, to April 12, 2010), pursuant to Minnesota Rules, part 4410.3000, subpart 5, item B.
18. The DNR received 24 comment letters on the SEIS Preparation Notice during the 21-day comment period. Letters were received from:

Bobbi Jo Amic, Sr. Loan Officer, LendSmart Mortgage
Gloria Anderson, Como Oil & Propane
Ernest & Kathleen Burns, TCS TV & Video
Jim Currie, President, Laurentian Chamber of Commerce
Lory Fedo, President, Hibbing Area Chamber of Commerce
Jeanine Fox, American Family Insurance
Carole Girard, Owner/Broker, RE/MAX Woods to Water
Jerry Greene, Owner, Greene Concrete
John Heino, President and CEO, Como Oil & Propane
Todd & Janet Jaranson
Tim Johnson, GABA Community Liaison, Greenway Communities Working Together
Reggie Licari, General Manager, AmeriPride Linen & Apparel Services
Larry Majewski, Fred's IGA Nashwauk
Mary Winston Marrow, Staff Attorney, Minnesota Center for Environmental Adequacy
David McMillan, Executive Vice President, Minnesota Power
Melissa Milkovich
Terry and Tamara Nevalainen
Mike Olson, President, Nashwauk Chamber of Commerce
Scott Phaneuf
Ronald Rich, President, Atmosphere Recovery, Inc.
Margie Ritter, V.P., Decorated Apparel Expo
Bud Stone, President, Grand Rapids Chamber of Commerce
Paul Tufte, Division Manager, Como Oil & Propane
Rob West, President and CEO, APEX

No written comments were received at the March 25, 2010, public scoping meeting.

19. Minnesota Rules, chapter 4410 (EQB Rules) do not require the RGU to respond to comments received on the Preparation Notice, but require the RGU to consider modifying the scope of the supplement based on the comments received.
20. The DNR considered comments received during the SEIS scoping period. No substantial changes in scope were determined to be warranted. However, the SEIS Preparation Notice was revised in three areas (Section III.B.1 *Impacts to Surface Water Quantity*, Section III.B.12 *Socioeconomic Effects*, and Section III.C.10 *Human Health Screening Level Risk Assessment (HHSLRA)*), based on comments received.

21. The DNR issued the Final Preparation Notice on July 20, 2010.
22. The DNR provided copies of the Final Preparation Notice to all parties that received the MSI Final EIS, to all parties designated on the EQB EAW distribution list, to all parties that submitted comments on the Preparation Notice, and to all parties requesting copies. The Final Preparation Notice was also made available to the public via posting on the DNR's website.
23. Though not required, the DNR responded to all comments received on the SEIS Preparation Notice in the July 20, 2010, document entitled, "Responses to SEIS Preparation Notice Comments." The response to SEIS scoping comments document was sent with the Final Preparation Notice to all persons who made comment during the SEIS scoping comment period, to all parties that received the MSI Final EIS, and to those designated on the EQB EAW distribution list. The response document and comment letters were placed on the DNR website.
24. Minnesota Rules, chapter 4410 require an EIS to include at least one alternative of each of the following types, or provide an explanation of why no alternative is included in the EIS (*Guide to Minnesota Environmental Review Rules*): alternative sites, alternative technologies, modified designs or layouts, modified scale or magnitude, and alternatives incorporating reasonable mitigation measures identified through comments received during the EIS scoping and Draft EIS comment periods.

An alternative may be excluded from analysis in the EIS if "it would not meet the underlying need for or purpose of the project, it would likely not have any significant environmental benefit compared to the project as proposed, or another alternative, of any type, that will be analyzed in the EIS would likely have similar environmental benefits but substantially less adverse economic, employment, or sociological impacts. Alternatives included in the scope of the EIS as established under Minnesota Rules, part 4410.2100 that were considered but eliminated based on information developed through the EIS analysis shall be discussed briefly and the reasons for their elimination shall be stated. The alternative of no action shall be addressed."

25. Minnesota Rules, part 4410.3000, subpart 5, item A, requires the scope of a supplement to an EIS to be limited to alternatives, impacts, and mitigation measures not addressed, or inadequately addressed, in the Final EIS.
26. The Final Preparation Notice determined the SEIS would include discussion of the proposed project alternative, a no action alternative (the original "Build or Proposed Project" Alternative evaluated in the MSI EIS), and two technology alternatives: a re-evaluation of best available control technology (BACT) for criteria pollutants whose emission are estimated to increase in amounts greater than the significant increase thresholds under 40 CFR Part 52, for any proposed changes to the BACT identified in the original EIS; and air emissions control technology alternatives for mercury. The SEIS documented the basis for dismissal of alternatives where appropriate.
27. The Final Preparation Notice determined the SEIS would include discussion of impacts and issues related to: surface water quantity and quality; wild rice; solid waste generation; air quality; contribution to global greenhouse emissions; mercury; cumulative air quality: Class I Prevention of Significant Deterioration Program (PSD) Pollutants, Class I Acid Deposition and Ecosystem Acidification, and Class I Visibility Impairment; cumulative mercury; cumulative effects – climate change; and socioeconomics.

28. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item C, the DNR, with assistance of a consultant, prepared the Draft SEIS.
29. Pursuant to Minnesota Rules, part 4410.3000, subpart 6, the determination of adequacy of the Final SEIS shall be made within 120 days after the Preparation Notice was published in the *EQB Monitor* unless the time is extended by consent of the proposer and the RGU or by the governor for good cause. The Proposer consented to a longer time limit on March 19, 2010.
30. Pursuant to Minnesota Rules, part 4410.2300, the DNR, with the assistance of a consultant, prepared the SEIS, which included the following components prescribed by the EQB Rules: cover sheet; summary; table of contents; list of preparers; project description; list of governmental approvals; discussion of alternatives, including a discussion of why particular alternatives were considered but eliminated; potentially significant environmental and economic impacts identified in scoping; mitigation measures; and appendices containing material prepared in connection with the SEIS or material substantiating analysis fundamental to the SEIS. The Final Preparation Notice did not require permit information to be developed and gathered concurrently with the preparation of the SEIS, but the SEIS did include this component as it became available. The SEIS's treatment of these components is detailed in Findings 31 through 40. The required components *per se* are underlined at the beginning of each finding.
31. Cover sheet. The SEIS has a signature page that functions as a cover sheet.
32. Summary. The SEIS contains an executive summary.
33. Table of Contents. The SEIS contains a table of contents.
34. List of preparers. This topic is addressed in Chapter 7 of the Draft SEIS.
35. Project description. The project is described in Chapter 3 of the Draft SEIS.
36. Governmental approvals. Governmental permits and approvals, including the governmental unit responsible for each action, are listed in Chapter 2 of the Draft SEIS.
37. Alternatives. The topic of alternatives, including alternatives dropped from consideration in the SEIS, is discussed in Chapter 3 of the Draft SEIS and Chapter 1 of the Final SEIS.
38. Environmental, economic, employment, and sociological impacts: Chapter 4.5 of the Draft SEIS and Chapter 2 of the Final SEIS address this topic.
39. Mitigation measures. Measures available to avoid or minimize potential adverse impacts are described in each chapter of the SEIS.
40. Appendix. The Draft SEIS contains a total of 4 appendices and the Final SEIS contains a total of 3 appendices.
41. Pursuant to Minnesota Rules, part 4410.2400, the SEIS incorporates material into the SEIS by reference to reduce the bulk without impeding governmental and public review of the project. All incorporated material was made available for inspection by interested persons within the time allowed for comment. A compact disc containing the original MSI project FEIS was also included with each mailing.

42. Chapter 2 of the Draft SEIS listed known permits and public approvals required before the project could proceed. The regulatory authorities cited include:
- Federal Aviation Administration
 - U.S. Army Corps of Engineers
 - Minnesota Department of Natural Resources
 - Minnesota Pollution Control Agency
 - Minnesota Department of Health
 - Itasca County
 - City of Nashwauk
43. The Draft SEIS presents information on public and agency involvement in Chapters 1 and 6. The Final SEIS presents information on public involvement in the Introduction Chapter.
44. References for information cited in the SEIS are listed in Chapter 8 of the Draft SEIS and in the Acronyms, Definitions, and References section of the Final SEIS.
45. The SEIS evaluated and analyzed effects and alternatives commensurate with their importance as identified by the scoping process and identified reasonable mitigation opportunities for potential adverse effects.
46. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item C, on April 29, 2011, the DNR distributed copies of the Draft SEIS to all parties designated on the EQB EAW distribution list, government units with authority to permit or approve the project, to the extent known, the Proposer, and to all individuals requesting a copy. Copies were also distributed to all parties that received the original MSI FEIS and to all persons who submitted substantive comments on the SEIS Preparation Notice. Copies of the Draft SEIS were also provided to the DNR Library in St. Paul, the DNR Northeast Regional Office Library, the Minneapolis Public Library, the Duluth Public Library, the Legislative Reference Library, the Hibbing Public Library, the Grand Rapids Library, and the Keewatin Public Library.
47. Minnesota Rules, chapter 4410 require the RGU to publish a Notice of Availability of the Draft SEIS in the EQB *Monitor*.
48. Pursuant to Minnesota Rules, part 4410.2600, subpart 5, the Notice of Availability of the Draft SEIS was published in the May 2, 2011, EQB *Monitor* (Vol. 35, No. 9). The notice included the date, time, and location of the public informational meeting, notice of where copies of the Draft SEIS were available for public review, and stated the comment period closure date and time of June 8, 2011 at 4:30 p.m.
49. Pursuant to Minnesota Rules, part 4410.2600, subpart 6, the DNR supplied a press release on May 2, 2011, to at least one newspaper of general circulation in the vicinity of the Project. The press release included the date, time, and location of the public informational meeting, notice of where copies of the Draft SEIS were available for public review, and stated the comment period closure date and time.
50. Pursuant to Minnesota Rules, part 4410.3000, subpart 5, item C, a public informational meeting was held on May 24, 2011, not less than 10 days after publication of the Notice of Availability of the Draft SEIS in the EQB *Monitor*.

51. Minnesota Rules, chapter 4410 require the Draft SEIS public comment period to remain open not less than 10 days after the public information meeting.
52. The Draft SEIS public comment period concluded June 8, 2011.
53. The DNR accepted written comments on the Draft SEIS from May 2, 2011, to June 8, 2011.
54. The DNR received 21 comment letters during the public comment period and two transcribed oral comments on the Draft SEIS during the public informational meeting. Following is the list of the people who submitted written or oral comments.

Jeff Borling
 David Cimermancic
 Fond du Lac Reservation Resource Management / Fond du Lac Band of Lake Superior Chippewa
 - Joy Wieks / Alex Jackson
 Grand Rapids Area Chamber of Commerce - Bud Stone
 Andrew Haarklau
 Hibbing Area Chamber of Commerce - Lori Fedo
 Lori Houwman / Evelyn Mollergren
 C.S. Jeffers
 Maria Kautto
 Leech Lake Band of Ojibwe - Sam Malloy
 Leech Lake Band of Ojibwe - Brandy Toft
 Minnesota Center for Environmental Adequacy (MCEA) - Kevin Reuther
 Minnesota Power - Dave McMillan
 Gary D. Oja
 Elanne Palcich
 Drew Prochazka
 Ronald R. Rich
 Elaine Riser
 Jeremy Rodorigo
 Charles Ross
 Bill Thurman
 Ken Wainionpaa
 Christopher G. Wright

55. Minnesota Rules, chapter 4410 require the RGU to prepare a Final SEIS that responds to timely substantive comments on the Draft SEIS consistent with the Final Preparation Notice and to include any necessary revisions to the Draft SEIS.
56. The DNR prepared written responses to comments made at the public informational meeting and to substantive comment letters received during the Draft SEIS public comment period. Responses to comments and comment letters are presented in Appendices 2 and 3, respectively, of the Final SEIS.
57. The DNR prepared a Final SEIS comprising changes in response to comments on the Draft SEIS. The sections of the Draft SEIS that have changes described in the Final SEIS are as follows: water treatment change to the proposed project described in Chapter 3.0 of the Draft SEIS; air emissions Best Available Control Technology (BACT) - updated information added to Chapter 3.0 of the Draft SEIS; new or modified sources of mercury - updated information added to Chapter 5.3 of the Draft SEIS; human health risk reporting correction to Draft SEIS Chapter 4.3; correction to energy

reporting details of major project operations in Draft SEIS Appendix B; and update to the status of property acquisition in Chapter 4.5 of the Draft SEIS.

58. The Final SEIS also addresses a new project alternative (the Master Development Agreement (MDA) Alternative) proposed after close of the Draft SEIS public comment period. The MDA Alternative is consistent with the Master Development Agreement between the proposer and the City of Nashwauk and Itasca County.
59. The following appendices were added in the Final EIS: Appendix 1 Public Comment List of Commenters; Appendix 2 Public Comment Responses on Essar Draft SEIS; Appendix 3 Public Comment Letters.
60. The Final SEIS incorporates by reference the Draft SEIS.
61. Pursuant to Minnesota Rules, part 4410.2700, subpart 3, on December 7, 2011, the Final SEIS was distributed to all parties that received a copy of the Draft SEIS, to all parties that submitted comments on the Draft SEIS, and to all parties requesting a copy. The DNR also provided a copy of the Final SEIS to the DNR Library in St. Paul, the DNR Northeast Regional Office Library, the Minneapolis Public Library, the Duluth Public Library, the Legislative Reference Library, the Hibbing Public Library, the Grand Rapids Library, and the Keewatin Public Library.
62. Pursuant to Minnesota Rules, part 4410.2700, subpart 4, a notice of Final SEIS availability was published in the *EQB Monitor* (Vol. 35, No. 25) on December 12, 2011. The notice included the location of copies of the Final SEIS available for review and described the opportunity for public comment on the adequacy of the Final SEIS.
63. Pursuant to Minnesota Rules, part 4410.2700, subpart 5, the DNR supplied a press release on December 12, 2011, to at least one newspaper of general circulation in the vicinity of the Project. The press release included the location of copies of the Final SEIS available for review and described the opportunity for public comment on the adequacy of the Final SEIS.
64. The *EQB Monitor* notice and cover letters accompanying the Final SEIS identified the three criteria used in determining EIS adequacy (pursuant to Minnesota Rules, part 4410.2800, subpart 4) and the deadline for submitting comments. The DNR web page for the project provided links to the cover letter and the *EQB Monitor* notice.
65. In conjunction with the Final SEIS Availability Notice, a Notice of Amendment to SEIS Scope was published in the *EQB Monitor* (Vol. 35, No. 25) on December 12, 2011, as allowed under Minnesota Rules, part 4410.2100, subpart 8. The scope amendment was also identified in the press release, on the DNR web page for the project, and in the cover letters accompanying the Final SEIS.
66. Minnesota Rules, part 4410.3000, subpart 5, item E, refers to Minnesota Rules, part 4410.2800, which requires the RGU to accept comments on the adequacy of the Final SEIS for a period of not less than ten days following publication in the *EQB Monitor*.
67. The DNR established December 27, 2011, as the deadline for receiving comments on the adequacy of the Final SEIS in the *EQB Monitor* notice, the press release, and cover letters accompanying the Final SEIS.

68. Written and emailed comments on the Final SEIS were accepted from December 12, 2011, through December 27, 2011.
69. Three comment letters were received during the Final SEIS comment period.
70. Comment letters and DNR responses to comments on the Final SEIS are attached and incorporated as Appendix A to this Record of Decision. Following is a list of the topics included in the comment letters: dust, noise and vibration, odors in well water, heavy equipment impact on roads and road users, and impacts to property values resulting from construction activities associated with the originally approved MSI project.
71. Following is a list of those who commented on the Final SEIS during the comment period.

Terry Nevalainen, Owner of T-N-T Mini-Storage
Terry Thomsen, resident
Donald Vizenor and Bryan Vizenor, residents
72. No comment letters containing comments on Final SEIS adequacy were received.
73. An additional letter was received after close of the public comment period from Lori Houwman, resident. Minnesota Rules, chapter 4410, identify DNR's responsibility as the RGU is to provide a response to timely and substantive written comments. The cover letter and public notices for the Final SEIS included information about the deadline for comments. A response is not required and no response is being provided for comments received after the conclusion of the Final SEIS review and comment period. Comments received after the close of the Final SEIS review period do not bear on the Final SEIS adequacy determination. The DNR will provide copies of this and any other letters received after the close of the comment period to all permitting agencies and to the Proposer for consideration in Project decision-making.
74. Pursuant to Minnesota Rules, part 4410.0300, subpart 3, the Final SEIS contains information that addresses the significant environmental issues of the Essar Steel Minnesota Modifications Project. This information is available to governmental units, the Proposer, and citizens early in the decision-making process.
75. Minnesota Rules, part 4410.3000, subpart 5, item E, refers to Minnesota Rules, part 4410.2800, subpart 3, which requires the RGU to determine the adequacy of the Final SEIS at least ten days after publication in the EQB *Monitor* of the notice of availability of the Final SEIS.
76. Minnesota Rules, part 4410.3000, subpart 6, requires the RGU to determine the adequacy of the Final SEIS within 120 days after the Draft SEIS preparation notice was published unless time is extended by consent of the Proposer and the RGU.
77. By consent of the Proposer and the RGU, the timeframe for completing the Final SEIS was extended for good cause.
78. Minnesota Rules, part 4410.2800, subpart 1, requires the RGU to determine adequacy of the Final SEIS unless notified by the EQB that the EQB will make the determination. If the EQB decides to make the adequacy determination, it must notify the RGU of its decision no later than 60 days following publication of the preparation notice in the EQB *Monitor*. The EQB has not given such notification to the DNR.

79. Minnesota Rules, part 4410.3000, subpart 5, item E, refers to Minnesota Rules, part 4410.2800, subpart 4, which requires the RGU to find the Final SEIS adequate if it: a) addresses the potentially significant issues and alternatives raised in scoping so that all significant issues for which information can reasonably be obtained have been analyzed in conformance with Minnesota Rules, part 4410.2300, items G and H; b) provides responses to the substantive comments received during the draft [S]EIS review concerning issues raised in scoping; and c) was prepared in compliance with the procedures of the Minnesota Environmental Policy Act (Minnesota Statutes, chapter 116D.04) and Minnesota Rules, parts 4410.0200 to 4410.6500.

CONCLUSIONS

1. The DNR is charged with determining the adequacy of the Final SEIS for the Essar Steel Minnesota Modifications Project. The Final SEIS meets the content requirements of Minnesota Rules, parts 4410.3000 and 4410.2300.
2. The DNR prepared the SEIS in compliance with the procedures of Minnesota Statutes, section 116D.04, and Minnesota Rules, parts 4410.0200 to 4410.6500.
3. The public has been afforded opportunities for input into the scope of the SEIS, the content of the Draft SEIS and Final SEIS, and the adequacy of the Final SEIS in accordance with all applicable provisions of the EQB Rules.
4. The Final SEIS incorporates by reference the Draft SEIS.
5. The information presented in the Final SEIS adequately addresses the issues identified in the Final Preparation Notice, as amended December 12, 2012.
6. The Final SEIS describes the Project in sufficient detail.
7. The Final SEIS adequately analyzes potentially significant environmental impacts.
8. The Final SEIS adequately presents alternatives to the proposed action and their impacts.
9. The Final SEIS adequately presents methods by which adverse environmental impacts can be mitigated.
10. The Final SEIS adequately presents the economic, employment, and sociological effects that cannot be avoided should the Project or an alternative be implemented.
11. The Final SEIS is adequate because it meets the criteria set forth in Minnesota Rules, part 4410.2800, subpart 4, which require that it:
 - A. addresses the potentially significant issues and alternatives raised in scoping so that all significant issues for which information can be reasonably obtained have been analyzed in conformance with part 4410.2300, items G and H;

- B. provides responses to the substantive comments received during the Draft [S]EIS review concerning issues raised in the scoping process; and
 - C. was prepared in compliance with the procedures of the [Minnesota Environmental Policy] act and parts 4410.0200 to 4410.6500.
12. That any Findings that might properly be termed Conclusions and any Conclusions that might properly be termed Findings are hereby adopted as such.

ORDER

Based upon the Findings of Fact and Conclusions contained herein and the entire record of the proceedings:

The Minnesota Department of Natural Resources hereby determines that the Final Supplemental Environmental Impact Statement for the proposed Essar Steel Minnesota Modifications Project in Itasca County, Minnesota is adequate.

Approved and adopted this 29th day of December, 2011.

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES



MARY MCCONNELL
Assistant Commissioner

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Public Comments and Agency Response to Those Comments Received During the Final SEIS Public Comment Period

The Final Supplemental Environmental Impact Statement (Final SEIS) for the Essar Steel Minnesota Modifications Project was published and released for public review on December 12, 2011. The 10-day public comment period closed on December 27, 2011 at 4:30 p.m. Three comment letters were received on the Final SEIS during the comment period:

- (A) Terry Nevalainen, owner T-N-T Mini-Storage; email received December 13, 2011, 11:17 a.m.
- (B) Terry Thomsen, resident; email received December 23, 2011, 10:01 a.m.
- (C) Donald Vizenor and Bryan Vizenor, residents; email received December 26, 2011, 6:29 p.m.

The Rules of the Minnesota Environmental Review Program (Minnesota Rules, parts 4410.0200 to 4410.6500) specify that comments on the Final SEIS shall address the adequacy of the SEIS, which is measured against the criteria in Minnesota Rules, part 4410.2800, subpart 4.

The Final EIS shall be determined adequate if it:

- A. addresses the potentially significant issues and alternatives raised in scoping so that all significant issues for which information can be reasonably obtained have been analyzed in conformance with part 4410.2300, items G and H;
- B. provides responses to the substantive comments received during the Draft [S]EIS review concerning issues raised in the scoping process; and
- C. was prepared in compliance with the procedures of the [Minnesota Environmental Policy] act and parts 4410.0200 to 4410.6500.

None of the letters received address EIS adequacy as defined by Minnesota Rule. One of the letters expresses support for the project. The others raise issues of environmental and socioeconomic effects resulting from construction activities associated with the originally approved MSI project.

Although not required by rule, the DNR has responded to each of the comments received during the comment period, and included the comment letters and responses in this attachment to the record of the SEIS adequacy decision.

A fourth letter received after close of the comment period is also attached, though a response is not provided: Lori Houwman, resident; email received December 27, 2011, 10:24 p.m.

Minnesota Rules, chapter 4410, identify DNR's responsibility as the RGU is to provide a response to timely and substantive written comments. The cover letter and public notices for the Final SEIS included information about the deadline for comments. A response is not required and no response is being provided for comments received after the conclusion of the Final SEIS review and comment period. Comments received after the close of the Final SEIS review period do not bear on the Final SEIS adequacy determination. The DNR will provide copies of this and any other letters received after the close of the comment period to all permitting agencies and to the Proposer for consideration in project decision-making.

The following text includes responses to comments received during the comment period, followed by the original comment letters. The responses are organized by commenter and separated into individual comments. All comment letters received are attached to this document in their entirety.

Agency Response to Public Comments on the Final SEIS

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Responses to Public Comments received during the Final SEIS Public Comment Period

COMMENT LETTER RECEIVED FROM: Terry Nevalainen, Owner T-N-T Mini-Storage (A)

Comment A-1: *After reviewing the "Final Supplemental Environmental Impact Statement" I believe that Essar Steel has completely covered all environmental aspects for the ESMM project for now and in the future with plans to satisfy the most controversial environmentalist.*

Therefore, I support the permitting and licensing for the project to continue on and help the economy and welfare of the local and statewide people of Minnesota.

RESPONSE: Comment noted.

COMMENT LETTER RECEIVED FROM: Terry Thomsen, resident (B)

Comment B-1: *My name is Terry Thomsen I live at 17882 Little McCarthy Lake west of Nashwauk, MN. My property is located ¼ mile from the entrance to Essar Steel on county rd 58. In the middle of November the wind was out of the south for a few days and our yard and lake were covered with a layer of dirt or dust. My granddaughters and I made a snow man and it was the color of dirt. During the past summer Essar was doing some blasting and our house would shake so violently it would knock the nick-knacks off the wall, now we have two cracks in our kitchen walls. It is now very disappointing to sit outside in the screen porch in the evening because all we hear is backup alarms and equipment running the peace and quiet life of living on a lake has now been taken from us. We are unable to leave windows open at night because of the noise. A few weeks ago, coming home from work I meet a large truck by the cemetery and a 5 lb. red rock hit my car. It was only my work car but I do have the rock if someone would like to see it. I have 650 feet of lake shore and a nice 5 bedroom house that my wife and I have lived in for twenty-nine years. We have tried to sell it this year for \$100,000 less than the county has it appraised for and could not even get an offer. Nobody wants to live by a noisy mine. Essar has now logged the land across the road last month so that looks like a bomb went off there know. My wife and I feel Essar steel has ruined our home and all we can do is write this letter. Please feel free to contact us at 218-885-3672. Please email me back so I know you received this letter.*

RESPONSE: The commenter raises issues that appear to be resulting from construction activities associated with the originally approved Minnesota Steel Industries (MSI) project. The issues include dust, noise and vibration, heavy equipment impact on roads and road users, and impacts to property values. These issues were addressed in the original MSI FEIS and subsequent permitting for the original project; they are not included in the scope of the Essar Steel Minnesota Modifications Project SEIS. However, the DNR is making the proposer and regulatory agencies aware of the comments so that they may be considered during future permitting for the modifications project.

**COMMENT LETTER
RECEIVED FROM:**

Donald Vizenor and Bryan Vizenor, residents (C)

Comment

C-1:

I have reviewed the executive summary you e-mailed to me. Based on this information, I would like to comment on one issue that seems to be over looked and very important to me.

As you may or may not know, there are twelve home sites located on the east side of Snowball Lake which are closest to the site of the Essar crusher and Pit 6 location. Here is a list of problems which we are already experiencing:

- 1. Township roads broke up from heavy equipment hauling to the building site.*
- 2. Fine dust fall out from batch plant crusher and heavy equipment movement.*
- 3. Foul smell in tap water, from well.*
- 4. Noise from crusher.*
- 5. Property values.*

I realize that you are not in a position to address these issues. At best we can only hope that these and future problems will be acknowledged by the DNR and Essar Steel.

RESPONSE:

The commenter raises issues that appear to be resulting from construction activities associated with the originally approved Minnesota Steel Industries (MSI) project. The issues include heavy equipment impact on roads, dust, odors in well water (water quality), noise, and impacts to property values. These issues were addressed in the original MSI FEIS and subsequent permitting for the original project; they are not included in the scope of the Essar Steel Minnesota Modifications Project SEIS. However, the DNR is making the proposer and regulatory agencies aware of the comments so that they may be considered during future permitting for the modifications project.

Comment Letters received during the Final SEIS Public Comment Period

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Comment Letter A

Fay, Lisa (DNR)

From: Terry Nevalainen <terrynevalainen@mchsi.com>
Sent: Tuesday, December 13, 2011 11:17 AM
To: Review, Environmental (DNR)
Subject: Essar SEIS

Dear Ms. Lisa Fay,

After reviewing the "Final Supplemental Environmental Impact Statement" I believe that Essar Steel has completely covered all environmental aspects for the ESMM project for now and in the future with plans to satisfy the most controversial environmentalist.

Therefore, I support the permitting and licensing for the project to continue on and help the economy and welfare of the local and statewide people of Minnesota.

Sincerely yours,

Terry Nevalainen

*Terry Nevalainen
Civil Engineer
Owner T-N-T Mini-Storage
217 NW 10th St.
Chisholm, MN 55719
(218) 254-3759
(218) 969-8683*

Fay, Lisa (DNR)

From: Terry Thomsen (MP) <TThomsen@mnpower.com>
Sent: Friday, December 23, 2011 10:01 AM
To: Review, Environmental (DNR)
Subject: Essar SEIS

Importance: High

To whom it may concern:

My name is Terry Thomsen I live at 17882 Little McCarthy Lake west of Nashwauk, MN. My property is located ¼ mile from the entrance to Essar Steel on county rd 58. In the middle of November the wind was out of the south for a few days and our yard and lake were covered with a layer of dirt or dust. My granddaughters and I made a snow man and it was the color of dirt. During the past summer Essar was doing some blasting and our house would shake so violently it would knock the nick-knacks off the wall, now we have two cracks in our kitchen walls. It is now very disappointing to sit outside in the screen porch in the evening because all we hear is backup alarms and equipment running the peace and quiet life of living on a lake has now been taken from us. We are unable to leave windows open at night because of the noise. A few weeks ago, coming home from work I meet a large truck by the cemetery and a 5 lb. red rock hit my car. It was only my work car but I do have the rock if someone would like to see it. I have 650 feet of lake shore and a nice 5 bedroom house that my wife and I have lived in for twenty-nine years. We have tried to sell it this year for \$100,000 less than the county has it appraised for and could not even get an offer. Nobody wants to live by a noisy mine. Essar has now logged the land across the road last month so that looks like a bomb went off there know. My wife and I feel Essar steel has ruined our home and all we can do is write this letter. Please feel free to contact us at 218-885-3672. Please email me back so I know you received this letter.

Thank you,

Terry Thomsen

Fay, Lisa (DNR)

From: donald vizenor <vizco@uslink.net>
Sent: Monday, December 26, 2011 6:29 PM
To: Review, Environmental (DNR)
Subject: Essar Final SEIS

Donald Vizenor
vizco@uslink.net
18382 Co. Rd. 590
Pengilly, Mn. 55775

Lisa Fay, SEIS Project Manager,

I have reviewed the executive summary you e-mailed to me. Based on this information, I would like to comment on one issue that seems to be over looked and very important to me.

As you may or may not know, there are twelve home sites located on the east side of Snowball Lake which are closest to the site of the Essar crusher and Pit 6 location. Here is a list pf problems which we are already experiencing:

1. Township roads broke up from heavy equipment hauling to the building site.
2. Fine dust fall out from batch plant crusher and heavy equipment movement.
3. Foul smell in tap water, from well.
4. Noise from crusher.
5. Property values.

I realize that you are not in a position to address these issues. At best we can only hope that these and future problems will be acknowledged by the DNR and Essar Steel.

Homeowners,

Donald Vizenor
Bryan Vizenor

Comment Letters received after close of the Final SEIS Public Comment Period

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Fay, Lisa (DNR)

From: Lori Houwman <lorihouwman@yahoo.com>
Sent: Tuesday, December 27, 2011 10:24 PM
To: Review, Environmental (DNR)
Subject: Essar SEIS

In July/August of 2011 nine homes in the Snowball Lake neighborhood had their well water change for the worse. All nine home owners I spoke with had the water change and become filled with that sulfur (rotten egg smell). I also noticed that our sand filter had Iron Ore in it this summer - first time ever.

My concern is that when I spoke with Kevin Kangas of Essar Steel, he mentioned that he would need a sample of the water over the last two to three years in order to see if indeed our water has changed. If we had that information, he could then determine if Essar had any part in the change of our water.

Kevin Kangas mentioned that there is no ground water testing required yet in our area. I was disappointed that the DNR did not set up a test site for all the Snowball residents whose homes are so close to the mine site. How can we work with Essar Steel on our concerns about our properties if there were no standards tested to air, water , etc. before Essar began!

We thought the DNR was helping to protect the home owners environments. The SEIS says Essar is going to test the water by self regulation. No one is going to verify the water came from Snowball lake when the certified lab tests our water? No double check, no testing by the DNR? Do all mines in Minnesota have self regulation?

The mine hasn't even started and the first concern took me 4 different people to talk to and none of which could answer the questions I had. The first three people I spoke with said it wasn't their dept. The fourth person was referred by the third person call me and that was Essar Steel. I couldn't find any non-Essar staff to help me. Of course Essar said "not their problem". Why did all nine homes have a change of water this summer?

