

**From:** "Richard Trebesch" <rjtrebesch@msn.com>  
**To:** <environmental.review@dnr.state.mn.us>  
**CC:** <scott.ek@dnr.state.mn.us>  
**Date:** 6/20/2007 8:44 PM  
**Subject:** Minnesota Steel

I do have a major concern with the O'Brien Creek outflow into Swan Lake. Having been an eye witness to the closing of the original Butler Taconite plant, I can attest to the water quality damage done to Swan Lake by draining the O'Brien Lake watershed into Swan. The amount of debris and silt that was discharged into Swan was appalling and literally changed the color of the lake. I was there and watched clumps of O'Brien Creek weeds, logs, chunks of beaver dams, etc... flow into Swan and then noticed a dramatic decline in fishing and water quality for years after.

#1a

The robust flow of O'Brien Creek into Swan Lake does not occur has it once did. In fact, the mouth of the creek has it emptied in to Swan was over ten feet deep and today it is barely inches. To allow for the discharge of the stagnant O'Brien Creek into Swan will harm Swan, possibly for decades to come.

Richard J Trebesch  
12612 43rd Street NE  
St. Michael, MN

O'Brien Creek /O'Brien Lake

O'Brien Creek and O'Brien Lake (also called Blue Lake) have been extensively altered by past mining. The Physical Impacts Memo provides a complete review of the alterations leading to the existing condition including channelization, watershed reduction, and damming. O'Brien Lake is disconnected from its original upper watershed and receives runoff from its immediate watershed and the adjacent Stage I Tailings Basin of Butler Taconite (the Proposed Project tailings basin, Figure 4.3.1). The remaining portion of O'Brien Creek originates as a constructed free outflow channel from O'Brien Lake which extends 7,200 feet to where it connects with the remaining 7,700 feet of its original channel before discharging to Swan Lake.

The Level I Rosgen analysis of existing conditions for O'Brien Creek led to a Type C channel classification. Further detail on the Rosgen analysis for O'Brien Creek is provided in the Physical Impacts Memo.

**From:** <manitouisland@comcast.net>  
**To:** <environmental.review@dnr.state.mn.us>  
**Date:** 7/3/2007 2:04 PM  
**Subject:** Minnesota Steel EIS

Dear Mr. Ek:

Thank you for all your work to assess the environmental impact of the proposed Minnesota Steel project near Nashwauk Minnesota. I am an strong supporter of your work to protect Minnesota's natural environment. I firmly believe that the MINNESOTA STEEL PROJECT CAN AND SHOULD BE BUILT. Please know that there are many of us statewide who are following this process closely with great interest in seeing the DNR strike an intelligent balance between environmental protection and the tremendously valuable project proposed by Minnesota Steel. Thank you again for all your efforts to do the right thing for Minnesotans and our environment.

**#2a**

Sincerely,

James A. Markoe, Jr

White Bear Lake, Minnesota

VIA EMAIL



Mr. Scott Ek, Principal Planner  
Environmental Policy & Review  
Division of Ecological Services  
Minnesota Department of Natural Resources  
500 Lafayette Road, Box 25  
St. Paul, MN 55155-4025

**RE: Comments for Minnesota Steel Industries, LLC Final Environmental Impact Statement**

Dear Mr. Ek,

After reviewing the agencies' responses to my comments submitted for the draft EIS, I believe that inadequate and insufficient information has been provided to finalize the EIS under MN Rules 4410.2800, subpart 4, A&B. Specifically, generalized conclusions were used regarding noise and water impacts to Little McCarthy Lake. These inadequacies are discussed below.

#3a

Section 4.10.2 and 6.8.2.2 conclude that noise levels would "likely" not exceed state noise regulatory thresholds. Table 4.10.7 shows that the "estimated" noise level at the Little McCarthy Lake receptor is 44 dBA. This level of noise is very close to the nighttime standard of 50 dBA. According to several documents published on EPA's Noise Pollution Clearinghouse, sleep deprivation starts to occur at 40 dBA and continued loss of sleep can lead to several negative mental and physical health effects. The residents around Little McCarthy Lake are not used to sleeping with unwanted noise at night due to the lack of any sort of disturbance today except for the peaceful sounds of nature. Since the final EIS concludes that noise levels will "likely" not exceed state noise regulatory thresholds and the "estimated" noise level is very close to the nighttime standard, MN Steel should be required to install a realtime noise monitoring station. This analyzer monitoring station will provide realtime data to ensure that the standard is met and give the community proof of compliance along with a data set to compare against known health effects due to noise.

#3b

The EIS concludes that a 15% reduction in the watershed of Little McCarthy Lake is "not expected to change" the water quality or level of the lake. This is a generalized conclusion that is based on comparisons to other lakes in the area. As stated in the first comment letter, Little McCarthy Lake relies on the water flowing into the lake to maintain water level and quality since it is down in a valley surrounded by trees and isolated from the wind. A full modeling analysis needs to be included to determine the impact to the lake for the EIS to be considered adequate. MN Steel should also be required to take samples of the lake before the project and compare them to routine samples through the life of the project to demonstrate that there has been no "perceptible change" to water quality.

#3c

As discussed above, I feel the information provided relating to noise and water impacts to Little McCarthy Lake needs to be improved for the EIS to be considered final under MN Rule 4410.2800, subpart 4A.

If you have any questions or wish to discuss my concerns please feel free to call me at the number below.

Sincerely,

Roger H. Kowalsky  
17858 Little McCarthy Lake Road,  
Nashwauk, MN 55759  
(218) 885-2383



**Minnesota Department of Transportation**

1123 Mesaba Avenue  
Duluth, MN 55811-2798  
Office Tel: 218/ 725-2700  
Fax: 218/ 725-2800

101 N. Hoover Road  
Virginia, MN 55792-3412  
Office Tel: 218/ 742-1100  
Fax: 218/ 742-1086

July 16, 2007

Mr. Scott Ek  
Principal Planner, Environmental Policy & Review  
Minnesota Department of Natural Resources  
500 Lafayette Road, Box 25  
St. Paul, Minnesota 55155-4025

Subject: Review of Final Environmental Impact Statement  
Minnesota Steel Project

Dear Mr. Ek:

Thank you for the opportunity to review the Final Environmental Impact Statement. This report was reviewed by various Mn/DOT District 1 personnel.

Approximately 2-1/2 years ago, Mn/DOT met with Minnesota Steel representatives to discuss their proposed operation and how it will impact TH 169 and TH 65. Brian Larson, Mn/DOT Project Manager, has been the liaison with those representatives. It was determined that turn lanes on TH 169 will be necessary at the proposed new county road connection with TH 169 south of the south junction of TH 65 and at the junction of CSAH 58 and TH 65 north of Nashwauk.

The timeliness of the construction of the intersection improvements is important to maintain safe and efficient traffic flow. The additional traffic volumes generated during construction of the project and after the facilities are operating will create a potential impact to traffic safety. The turn lanes on TH 169 should be completed at the time the new county road is constructed. The intersection improvements on TH 65 and CSAH 58 should be completed prior to the construction of the new mining facilities. Our understanding is that Itasca County intends to construct the new road and intersection improvements once funding is obtained.

For additional information, please contact Brian Larson at (218) 725-2745 or Rob Ege, District Traffic Engineer at 725-2788.

Sincerely,

Michael L. Tardy  
Assistant District Engineer

cc:

- |                         |               |              |
|-------------------------|---------------|--------------|
| Gerry Larson – M.S. 620 | Walter Leu    | Rex Bordson  |
| Brian Larson            | Kaye Tanttari | Dave Christy |
| Rob Ege                 | Denny Johnson |              |

#4a

MINNESOTA  
CHAMBER of  
COMMERCE

July 17, 2007

Mr. Scott Ek  
Principal Planner  
Environmental Policy Review  
Department of Natural Resources  
Division of Ecological Services  
500 Lafayette Road, Box 25  
St. Paul, MN 55155-4025

Dear Mr. Ek:

**RE: Final Environmental Impact Statement, Minnesota Steel Project**

Thank you for your June 18<sup>th</sup> letter transmitting the Final Environmental Impact Statement (EIS) on the Minnesota Steel Project.

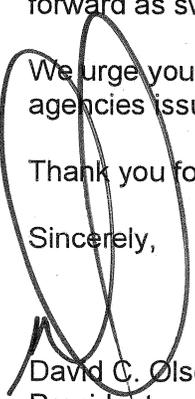
The Minnesota Chamber of Commerce (Chamber) submitted comments on the draft EIS. We appreciate the work of the DNR and other state agencies in preparing the EIS.

The Chamber strongly supports this project. It will be of significant benefit to the economy of the entire state. The \$1.6 billion project will provide 2,000 construction jobs, 700 full-time jobs and 2,100 spin-off jobs. The annual economic impact will be over \$600 million. It is imperative that the state move forward as swiftly as possible to issue permits so that the project can/may begin construction.

We urge you to make the formal determination that the EIS is adequate. We request that the permitting agencies issue the necessary permits as soon as possible.

Thank you for the opportunity to comment.

Sincerely,

  
David C. Olson  
President

Cc: Governor Tim Pawlenty  
Commissioner Mark Holsten  
Commissioner Brad Moore

400 ROBERT STREET NORTH, SUITE 1500, ST. PAUL, MN 55101  
T: 651/292-4650 800/821-2230 F: 651/292-4656 WWW.MNCHAMBER.COM

July 18, 2007

Scott Ek  
Principal Planner  
Environmental Policy & Review  
Division of Ecological Services  
Minnesota Department of Natural Resources  
500 Lafayette Road  
Box 25  
St. Paul, MN 55155

**Re: Minnesota Steel Final Environmental Impact Statement (EIS)**

Dear Mr. Ek:

This letter supplements Itasca Economic Development Corporation's (IEDC) letter of March 15, 2007 in support of the Minnesota Steel project. IEDC is the economic development organization in Itasca County and has the mission of *helping create quality jobs*. The Minnesota Steel project is paramount to the economic future of the Itasca area. In addition to the positive construction expenditures and 2000 jobs, it is anticipated the project will directly employ up to 700 people in operations in high paying jobs with good benefits and result in many spin off jobs. Further, the production of steel on the iron range for the first time provides many more opportunities for economic growth.

In regards to the EIS, based on my review of the document and work performed by your agency and other governmental agencies, I believe the EIS adequately and completely discloses information about the project's significant impacts and adequately and completely describes mitigation as prescribed in the Final Scoping Decision.

Your professional approach and continued efforts to expedite this process are appreciated.

Very truly yours,



Peter McDermott  
President

#6a

# Swan Lake Country Club

31341 Filmore Street  
Pengilly, MN 55775



July 17, 2007

Mr. Scott E. Ek, Principal Planner  
Environmental Policy & Review  
Minnesota Department of Natural Resources  
Division of Ecological Resources  
500 Lafayette Road, Box 25  
St. Paul, MN 55155-4025

Re: MN Steel Final EIS

Dear Mr. Ek:

We as members of the Board of Directors for the Swan Lake Country Club would like to comment on the MN Steel Final EIS. Swan Lake Country Club is an important facility in the Pengilly community that is enjoyed by many. Swan Lake Country Club is a semi-private nine-hole golf course that has been providing recreational golfing experiences for thousands since 1929. We have a membership of over 300 and we do allow non-members to play. Specifically, we would like to comment on the Oxhide Creek Augmentation Plan.

Oxhide Creek meanders through our course and is in play on three holes. It provides scenic beauty and irrigation water. The Swan Lake golf course pumps irrigation water from Oxhide Creek that is permitted by DNR Waters. Oxhide Creek has historically flowed with adequate water to meet our irrigation needs for many years, even during most dry periods.

We read with interest in the Final EIS, "Oxhide Creek would be the stream most impacted by changes in flow from the Proposed Project" (pg. 4-56). Our understanding of the Augmentation Plan is that after pit 5 is dewatered, Oxhide Creek will be augmented but will experience a sizeable flow reduction from normal during dry summer months due to the water requirements of the MN Steel project. Any additional flow reduction during dry periods will affect our ability to keep the course green and playable for our members and visitors (see the Jan. 2006, *Minnesota Steel Industries, Lake and*

#7a

*Stream Hydrologic Impacts Evaluation*, Section 6.4, pg. 19). Without an adequate supply of irrigation water we would need to pursue and locate other sources of water. This will likely involve drilling a substantial well that could yield an ample supply of irrigation water. Drilling a well would be a significant financial burden on our membership.

#7b

We believe that any Augmentation Plan that goes forward must fully consider our needs for irrigation water. We support the MN Steel project, however if our water needs are not met from augmentation then we believe MN Steel should be obligated to drill an adequate well at the Swan Lake Country Club to meet the historic need for watering our course.

Thank you for this opportunity to comment.

Sincerely,



Jim Young, President  
Swan Lake Country Club

Board Members:

Joe Gabardi

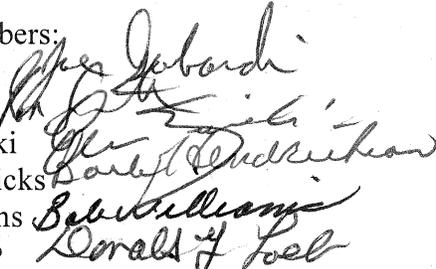
Ron Smith

Gale Ziemski

Barb Hendricks

Bob Williams

Don Loeb



C: Jon Ahlness, U.S. Army Corps of Engineers

John Adams, DNR Waters

Debra McGovern, MN Steel

**Scott Ek - Fwd: Minnesota Steel**

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**From:** Environmental Review  
**To:** Ek, Scott  
**Date:** 7/23/2007 8:14 AM  
**Subject:** Fwd: Minnesota Steel

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>>> "Eileen & Jon" <korpi@scicable.com> 7/22/2007 10:42 PM >>>

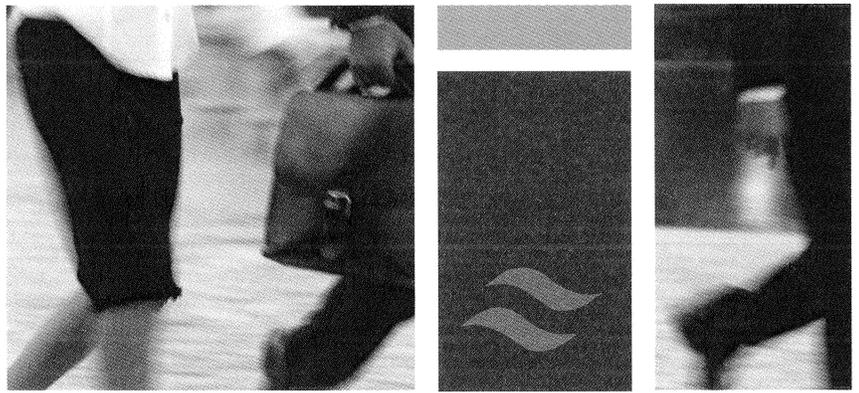
Jon Korpi  
Chairman  
Lone Pine Township  
Home Address: 30867 East Shore Drive Pengilly, MN 55775  
Tel 218-969-4297

I am writing in support of the Minnesota Steel Project to be located near Nashwauk, MN. As a Township Supervisor in Lone Pine Township, I have been involved in numerous meetings with Minnesota Steel since the initial announcement in about year 2004. More recently, I have been involved in the potential sale of approximately 500 acres of Township property to Minnesota Steel to be used as part of a tailings basin. As a Township resident, I share in the concern of fellow township residents of the potential impacts to Swan Lake and surrounding area from the mining operation and tailings basin. However, I am very confident the company (Minnesota Steel,) the DNR and the MPCA have conducted numerous studies and have identified potential impacts to area and buffers and procedures to be used to ensure the safety of all residents of Lone Pine Township.

I believe all projects involve risk and I believe the risks involved in a project of this magnitude have been identified will be managed responsibly.

The investment in the project, the jobs it will bring, and the potential value added technology will benefit this area for many years ahead.

#8a



moving.business.forward.

July 17, 2007

Scott E. Ek  
MN Department of Natural Resources  
500 Lafayette Road, Box 25  
St. Paul, MN 55145-4025

Dear Scott,

The Duluth Area Chamber of Commerce fully supports the Minnesota Steel Project. We anticipate that, when fully operational, the plant will have an estimated annual payroll of 60 million dollars. Moreover, it will generate an additional 2,100 spin-off jobs with an annual payment of close to 100 million dollars. We anticipate the economic development of the Minnesota Steel project to contribute 18 million dollars annually in royalties and taxes to the State of Minnesota, local governments, local school and higher education.

Further, we are especially pleased that the Minnesota Steel Project will have state of the art technology to limit air pollutants and emissions. Minnesota Steel's project will be based on a site previously used for Iron Mining to minimize impact on the surrounding area and further will provide 550 acres of wetlands. It is projected that Minnesota Steel will emit the least amount of mercury per ton of steel produced anywhere in the world.

Again, we fully support the Minnesota Steel project and ask that the State of Minnesota work expeditiously to complete all permitting to get this valuable project up and running.

Sincerely,

David Ross  
President & CEO

#9a

**From:** "Bud Stone G.R. Area Chamber of Commerce" <bud@grandmn.com>  
**To:** "katrina.kesler@pca.state.mn.us" <katrina.kesler@pca.state.mn.us>, "r...  
**Date:** 7/23/2007 3:54 PM  
**Subject:** MN Steel Permitting

RE: Minnesota Steel Project

The Grand Rapids Area Chamber of Commerce would like to go on record as a strong supporter of this project. This important initiative will bring needed economic development and stability to an area of Minnesota that is at the present high in unemployment and low in average wages.

While we are not experts in all of the phases of the permitting and environmental impact study, we have confidence in the process and faith in the continued monitoring that is being done by the MPCA the EPA and the DNR to ensure that the project will go forward in an environmentally friendly manor.

Thank you for the opportunity to comment on this important project.

Bud Stone, President  
Grand Rapids Area Chamber of Commerce  
1 NW 3rd Street  
Grand Rapids, MN 55744  
(218) 326-6619 cell (218) 244-0378  
Fax: (218) 326-4825  
bud@grandmn.com  
www.grandmn.com

#10a



David J. McMillan, Executive Vice President

Fax 218-720-2508 / Cell 218-590-4287 / E-mail dmcmillan@allete.com

July 17, 2007

Scott E. Ek  
Principal Planner  
MN Department of Natural Resources  
500 Lafayette Road, Box 25  
St. Paul, MN 55145-4025

**Re: Minnesota Steel Environmental Impact Statement (EIS)**

Dear Mr. Eck:

Minnesota Power has reviewed the Minnesota Steel EIS and submits the following comments:

Minnesota Power commends the Minnesota Department of Natural Resources (MNDNR) as the Responsible Government Unit (RGU) in the environmental review of the Minnesota Steel environmental permits, for its careful and comprehensive assessment of this major natural resource project. In our view, Minnesota's public planning process, as evidenced by the analysis, public communication and input associated with the review of this project, has significantly and appropriately advanced the environmental assessment process to the benefit of all Minnesotans.

Minnesota Power acknowledges the significant positive socioeconomic impacts to the region resulting from the Minnesota Steel project, which will be utilizing the area's native minerals. We believe the EIS accurately reflects the positive impacts to the region resulting from the project and we fully recognize and appreciate the significant boost the project would give to all of the communities in the Western Iron Range. We're very enthusiastic about the project's impacts to an area which has not seen this level of growth since the construction of Butler Taconite and National Steel Pellet Company in the 1960's.

#11a

In closing, Minnesota Power again commends the MDNR for their comprehensive review process and looks forward to having Minnesota Steel complete the permitting process. As stated in our prior correspondence supporting the Draft EIS, Minnesota Power will continue to work closely with all affected parties to provide electric service to Minnesota Steel, leveraging our expertise in supporting large industrial customers to ensure the successful implementation of the Minnesota Steel project.

Sincerely,

David J. McMillan

**Scott Ek - Fwd: Inquiry**

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**From:** Environmental Review  
**To:** Ek, Scott  
**Date:** 7/24/2007 10:18 AM  
**Subject:** Fwd: Inquiry

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>>> Vince Goetsch <silver@scicable.com> 7/24/2007 9:34 AM >>>  
Hello Scott Ek,

Regarding the Nashwauk Mining EIS.

We are hoping that the Minnesota Steel Prject in Nashwauk goes forward.

My question is: what is the best manner for us to determine that the project gets a thumbs-up and that its a go-ahead?

**#12a**

--  
Best regards,

Vince Goetsch

silver@scicable.com

SynerGenesis, Inc  
P.O. 211  
Pengilly, MN 55775  
(218) 885-0049

**STATEMENT OF CONFIDENTIALITY**

The information contained in this electronic message and any attachments to this message are intended for the exclusive use of the addressee(s) and may contain confidential or privileged information. If you are not the intended recipient, please notify Synergenesis, Inc. immediately at either 218-885-0049 or at silver@scicable.com, and destroy all copies of this message and any attachments. Thank you.

**Scott Ek - Fwd: Minnesota Steel**


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**From:** Environmental Review  
**To:** Ek, Scott  
**Date:** 7/24/2007 7:51 AM  
**Subject:** Fwd: Minnesota Steel  
**Attachments:** Swan Lake Association FEIS Letter.pdf

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>>> "Ronald R. Rich" <rrr@atmrcv.com> 7/23/2007 3:53 PM >>>

Scott and Others:

Attached are the comments and requests from the Swan Lake Association concerning the Minnesota Steel Industry's (MSI) Final Environmental Impact Statement. Our members are some of the closest neighbors to MSI's proposed site and have raised many environmental and health concerns in public meetings and in formal written comments because they will be most effected. Yet we see no substantive change in the Final EIS compared with Draft or the Scoping Documents that preceded them.

#13a

We believe the issues and concerns of our group have been repeatedly dismissed by the DNR without serious consideration. Our proposed remedies to the major impacts were ignored and our group was not once contacted to clarify information and proposed changes.

#13b

As an environmental engineer and a former state employee, I am personally disappointed that our state government has chosen to accept, without serious question, the information provided by MSI even though much of that information is incomplete or misleading. The EIS process and the DNR are each supposed to represent citizens and protect Minnesota's environment and natural resources from poorly conceived and environmentally destructive mining and manufacturing operations. This is one of them, but it didn't have to be.

#13c

It is my opinion that the DNR did not do its job. This opinion is based on what I know about the proposed technology, the known and the undocumented emissions, the extremely large water consumption even with "recycling", the massive and high cost energy requirements, and the likelihood of MSI bankruptcy (leaving the DNR responsible for cleaning up the subsequent mess). The people of Minnesota and its environment will suffer the consequences.

#13d

As you will see, the Swan Lake Association has unanimously voted to oppose the MSI project. Unlike our past submissions, we hope the DNR will pay some attention to our short submission and extend the EIS process to include what is missing.

I assume our group will once again not be contacted. However, please address any clarifications or questions to the Swan Lake Association President (on our submittal), to the above e-mails, or by mail or phone to me at:

Ronald R. Rich  
 7008 West Shore Drive  
 Edina, MN 55435

Work Phone: 763-557-8675  
 Cell Phone: 612-849-6975

Thank you.



**Swan Lake Association  
30055 East Shore Drive  
Pengilly, Minnesota 55775**

**P. Jack Milinovich,  
President**

## COMMENTS ON FINAL EIS FOR PROPOSED MINNESOTA STEEL INDUSTRIES FACILITY

July 23, 2007

Throughout the nearly two year period of the Minnesota Steel Environmental Impact Statement (EIS) process, the Swan Lake Association has tried to work with the Minnesota Department of Natural Resources (DNR) and Minnesota Steel Industries (MSI) to reduce the extensive environmental damage the proposed taconite plant and steel facility would cause to Swan Lake and the land, water and air in the surrounding area. We are especially concerned about MSI because the former Butler Taconite Plant operations caused serious damage to Swan Lake and the surrounding area and the recovery is still not complete more than 20 years later.

#13e

In early meetings with us, MSI promised they would be “good neighbors” and that they would work with us to satisfy “all” our concerns. MSI now says their plant would be “60% cleaner compared to other steel plants” and that “they will obey all environmental laws”. However, these more recent statements are not reassuring since ALL steel plants are VERY dirty and the taconite industry has the weakest environmental and health regulation of any major industry in Minnesota.

#13f

To learn what MSI really proposed, the Swan Lake Association has reviewed every public document, attended every public meeting, and met with DNR and MSI staff and even some of MSI’s proposed equipment suppliers. We discovered that the MSI plant if built as now proposed will seriously impair Swan Lake’s water flow and quality, significantly deteriorate area air quality, contaminate and reduce the amount of area groundwater, and needlessly bury up to 18 square miles of land adjacent to Swan Lake with a pile of taconite dust over 70 feet thick. MSI uses so much water, it has to recycle a part of it or Swan Lake and Swan River would run dry (it still might if the drought continues). We also discovered that this “cleanest” plant “in the world” would use 1960’s taconite technology (like Butler’s), 1970’s steel mill technology (not “state-of-the-art”), and employ an iron reduction method “proven” only once in Mexico for which no air emission data is available or included in the air permit application. We further discovered that MSI requires two new large power plants be built nearby whose air emissions were purposely excluded from its air permit application because it would otherwise be too dirty to build under Federal law.

#13g,  
#13h,  
#13i,  
#13j,  
#13k

#13l

All through the EIS process, the Swan Lake Association has expressed our concerns and recommended specific achievable changes that MSI could implement to reduce the damage it would cause to our area. We had hoped MSI could become at least a tolerable neighbor to the 2,000 residents that live next door. Every substantive change we requested of MSI or the DNR has been ignored or “addressed” with inappropriate comments. We believe the DNR’s Final Environmental Impact Statement is based on incomplete information and does not properly reflect

#13m

the actual environmental impacts anticipated should MSI be built. We have come to believe the DNR has been a willing participant in subverting its environmental oversight duties.

Our association is not opposed to mining of the ore near our lake. However, this is the 21<sup>st</sup> century and the technologies used to mine and produce steel in a project of MSI's size must not cause the kind of environmental and health damage that the taconite and steel industries have caused in the past.

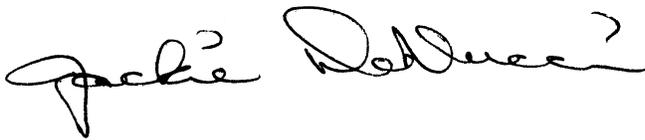
At our annual meeting on July 12, the Swan Lake Association unanimously voted to oppose the MSI project as proposed. We would hope the DNR reconsiders accepting as final the EIS based on: 1) inadequate emissions disclosures in the MSI permit applications; 2) lack of meaningful review of our comments and concerns during the EIS process (especially the in-pit tailings disposal option); and 3) inappropriate exclusion of the additional air emissions from the HYL iron reduction process and the new power plants required for MSI operation.

#13n

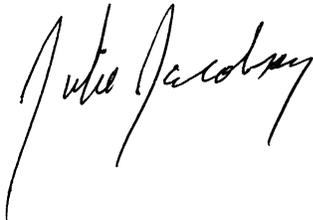
Respectfully Submitted:



P. Jack Milinovich – President



Jackie Denucci – Vice-President



Julie Jacobson – Secretary

**Scott Ek - Fwd: Minnesota Steel EIS review.**

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**From:** Environmental Review  
**To:** Ek, Scott  
**Date:** 7/24/2007 7:53 AM  
**Subject:** Fwd: Minnesota Steel EIS review.

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>>> "Gustafson, Jim - Grand Rapids, MN" <Jim.Gustafson@mn.nacdn.net> 7/23/2007 4:29 PM >>>  
 Thank you for the opportunity to review and provide comment on the EIS for the Minnesota Steel Project.

This project will have a significant impact on many aspects of the county's future economic security as well as its natural resources. A delicate balance must be maintained to ensure that as this project goes forward it's not at the expense of it's natural resources.

#14a

The EIS does a good job of making a call between "natural" wetlands and "artificial" ones, however artificial wetlands do still serve a purpose in the current ecosystems and wildlife habitats, and these functions and values cannot be lost in the process.

#14b

In calculating wetland areas field verification is essential to obtain accurate area calculations, the use of NWI maps in this area has proven in the past to provide poor area estimations.

#14c

The management of industrial and stormwater run off will be critical for a number of the surrounding wetlands and water bodies, strict adherence to the NPDES/MPCA requirements should be monitored very closely.

#14d

The SWCD agrees that perhaps impacting more acres of incidental or poorly functioning wetlands probably makes more sense than impacting fewer acres of high quality "natural" wetlands.

#14e

If you have any further questions please contact our office.

Sincerely

Jim gustafson  
 Itasca SWCD



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5

77 WEST JACKSON BOULEVARD

CHICAGO, IL 60604-3590

JUL 19 2007

REPLY TO THE ATTENTION OF

**B-19J**

Jon K. Ahlness  
Regulatory Branch, St. Paul District  
U.S. Army Corps of Engineers  
190 Fifth Street East, Suite 401  
St. Paul, Minnesota 55101-1638

Scott E. Ek  
Principal Planner  
Environmental Policy and Review  
Minnesota Department of Natural Resources  
Division of Ecological Services  
500 Lafayette Road, Box 25  
St. Paul, Minnesota 55155-4025

**RE: Final Environmental Impact Statement, Minnesota Steel Industries Taconite Mine and Steel Mill Project, CEQ # 20070258**

Dear Mr. Ahlness and Mr. Ek:

I am writing to provide the United States Environmental Protection Agency's (U.S. EPA) comments on the Final Environmental Impact Statement (FEIS) for the Minnesota Steel Industries (MSI) taconite mine and steel mill project under the National Environmental Policy Act (NEPA), and Section 309 of the Clean Air Act. The project involves an open pit taconite mine operation, ore processing, and a related steel mill. The project is located in Itasca County, Minnesota, near Nashwauk, at the western end of the Mesabi Iron Range.

U.S. EPA reviewed the Draft EIS (DEIS) for the project and rated it "Environmental Concerns – Insufficient Information (EC-2)" in our letter dated March 30, 2007. We identified concerns about the wetlands classification and mitigation, water quality impacts, air quality impacts, tribal resource uses, evaluation of connected actions, and ground water evaluation. Additional information in the FEIS resolves most of our comments on the DEIS; in particular, we appreciate the information on ground water, tribal resources, and water quality impacts. We note that the State of Minnesota has concluded that the project does not require a National Pollutant Discharge Elimination System (NPDES) permit. We also commend the Army Corps of Engineers and the Minnesota Department of Natural Resources for using the Eggers and Reed wetlands classification system, as we suggested.

We have remaining concerns about wetland mitigation, however. We are concerned with in-kind mitigation (especially for shrub-carr, alder thickets, and forested hardwood wetlands) and mitigation ratios. U.S. EPA will make similar comments on the Clean Water Act Section 404 permit application in the near future.

The following information on direct wetlands impacts and proposed mitigation (with proposed tailings basin), is compiled from Table 4.1.10 and pages 4-38 to 4-39.

<b>Eggers and Reed Wetland Type</b>	<b># acres impacted</b>	<b>Proposed mitigation acreage</b>
Seasonally flooded	2.3	
Floodplain forest	8.2	
Fresh (wet) meadow	50.9	67 (5-year plan; Aitkin sites 229 & 248)
Sedge meadow	56.9	49 (5-year plan; Aitkin sites 229 & 248)
Wet to wet-mesic prairie	0.0	
Shallow marsh	93.4	70 (5-year plan; Aitkin sites 229 & 248)
Deep marsh	66.1	278 (5-year plan; Aitkin sites 229 & 248)
Shallow, open water	222.1	17 (5-year plan; Aitkin sites 229 & 248)
Shrub-carr	112.4	76 (5-year plan; Aitkin sites 229 & 248)
Alder thicket	119.3	
Hardwood swamp	30.3	
Coniferous swamp	1.8	
Coniferous bog	0.1	
Unspecified type		<p style="text-align: center;"><u>5-year plan</u></p> <p>Unspecified acreage along Little Willow River</p> <p style="text-align: center;"><u>20-year plan:</u></p> <ul style="list-style-type: none"> <li>• 40 (Aitkin site)</li> <li>• 130-140 in Chippewa National forest and/or tribal lands</li> <li>• 150 on-site (during reclamation)</li> <li>• <i>Potential:</i> 190 in-pit restoration (combination shallow marsh, deep marsh, shallow open water)</li> </ul>
Wetland total	764.9	
Deep water total	398.2	644 on-site (during reclamation)

- The initial wetland mitigation work proposed at Aitkin sites 229 and 248 (the 5-year mitigation plan) will result in too much shallow marsh and deep marsh and not enough shrub-carr and/or alder thicket. The total acreage of deep marsh

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impacted by the entire mining project is estimated to be 66.1 acres; the work proposed at these two sites includes will restore 278 acres of deep marsh, and 70 acres of shallow marsh. Total impacts to shrub-carr wetlands are estimated to be 112.4 acres; proposed shrub-carr restoration at the two sites totals 76 acres. The project will impact 119 acres of alder thicket, but it is not clear whether this wetland type will be included as part of the mitigation, even in the 20-year plan.

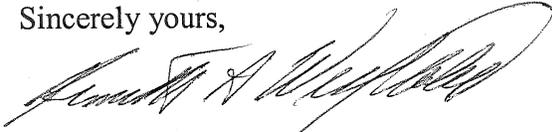
- The project does not specifically discuss mitigation for the loss of approximately 32 acres of hardwood and coniferous swamp and 119 acres of alder thicket. We recommend that the mitigation plan include restoring these wetland types in kind. Furthermore, since these wetland communities take a longer time to establish, we recommend that mitigation for these types of communities be implemented as soon as possible and at a minimum should be part of the 5-year mitigation plan and not deferred for later mitigation.
- The FEIS does not supply sufficient information on the three sites where the mining company is proposing for mitigation in the 20-year plan (site 1981 NW, the Chippewa Forest Road decommissioning, and work proposed on tribal lands). We continue to recommend that this part of the mitigation plan include a time line for carrying out this mitigation and assurances that these sites will be available for restoration work in the proposed 20-year time frame. This time line should be established prior to any wetland impacts. We also question the suitability of restoring forest roads as mitigation for hardwood swamp impacts; we understand restoring decommissioned roads to be part of the Chippewa National Forest's long-term management plan. Since this work is part of the forest management plan already, we question whether the Federal government's goal of no net loss of wetlands will be met if mitigation credit is received for this work.
- We continue to recommend that the mining company's initial mitigation plan should emphasize restoration of swamp and shrub habitat types at a 2:1 ratio for the swamps and 1.5:1 for the shrub areas.
- We continue to request that the mitigation plan provide a time line that indicates when wetland-specific impacts will occur and identifies the wetland types that will be removed as the mining work progresses. The company should also prepare a mitigation time line that identifies when and where each wetland type will be replaced. Ideally, the mitigation plan should be designed so it results in restoration of in-kind wetland types prior to project impacts to that same wetland type

We look forward to resolving these issues, and recommend they be addressed in the Record of Decision and the Clean Water Act Section 404 permit.

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(cont.)

Thank you for the opportunity to review and provide comments on the MSI mining and steel mill FEIS. If you have any questions or would like to discuss our concerns and recommendations, please contact me at 312-353-1441 or Anna Miller of my staff at either [miller.anna@epa.gov](mailto:miller.anna@epa.gov) or (312) 886-7060.

Sincerely yours,



Kenneth A. Westlake  
Supervisor, NEPA Implementation  
Office of Enforcement and Compliance Assurance

Enclosures

cc: Ann Foss, Minnesota Pollution Control Agency