



SURFACE TRANSPORTATION BOARD
Washington, DC 20423

Office of Economics, Environmental Analysis and Administration

May 4, 2007

Itasca County Commissioners
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Re: Request for Project-Related Comments and Information
STB Finance Docket No. 34992 – Itasca County Regional Rail Authority,
Construction of railroad line to the new Minnesota Steel Industries plant to be
located at Nashwauk, in Itasca County, Minnesota

Dear Commissioners:

This letter requests information and your comments regarding a rail line construction project being proposed by the Itasca County Regional Rail Authority (ICRRA) that is the subject of an environmental review by the Surface Transportation Board (Board). The Board is an independent agency within the United States Department of Transportation that has jurisdiction over railroad construction and operations.

Pursuant to the National Environmental Policy Act (NEPA) and the Board's rules, the Board's Section of Environmental Analysis (SEA) will prepare an environmental document that evaluates the potential environmental impacts of the proposed rail construction project and the reasonable and feasible alternatives to the proposal. Under NEPA and applicable rules of the Board and the Council on Environmental Quality (CEQ), an Environmental Impact Statement (EIS) will be required if the proposed project would have significant environmental impacts. If the proposed project appears unlikely to have significant environmental impacts, then an Environmental Assessment (EA) may be prepared instead. SEA is beginning the process of gathering information on the project area and project-related issues and concerns. Information collected will assist SEA in the preparation of the appropriate NEPA document for the proposed project.

Description of the Proposed Rail Project

ICRRA is a political subdivision and noncarrier established under Minnesota law for the purpose of owning, constructing, and operating railroads in Itasca County, Minnesota. ICRRA

filed a petition with the Board on March 9, 2007, pursuant to 49 U.S.C. 10502, for authority to construct approximately 9 miles of new railroad line that would connect an existing rail line at Taconite, Minnesota to the site of a new steel mill to be constructed by Minnesota Steel Industries, LLC (Minnesota Steel) at Nashwauk, Minnesota (see Attachments A and B which show the location of the proposed rail line alternatives identified to date). ICRRA will own the lead track and lease operating rights to an existing, experienced short-line railroad to provide common carrier rail service over the proposed rail line to Minnesota Steel.

The proposed rail line would begin at the intersection of an existing mainline track extending from Grand Rapids to Forbes, Minnesota. This line is co-owned by BNSF Railway, Inc., and the Canadian National Railway Company. Both carriers operate over this line, and ICRRA's short-line operator would have access to both railroads. ICRRA is proposing a lead track with an interchange yard near the mainline track and terminating as a single track at the Minnesota Steel site, which will have a small rail yard within its facility. The proposed rail right-of-way will be located on land owned primarily by Minnesota Steel, and there will be no crossings of public highways or other railroads. SEA's environmental document will evaluate the proposed rail line right-of-way, as well as a no-build alternative and any other reasonable alternatives (Attachments A and B).

The proposed rail line would be used to transport shipments of chemicals, steel slabs, and taconite pellets associated with the Minnesota Steel plant. Itasca expects the rail line to handle 30,000 carloads and three million tons annually. This is based on one train making single daily roundtrips or two trains per day, one in each direction, at 70-90 carloads per trip, 7 days per week.

Agency Consultation

At this time, I request your preliminary comments regarding the proposed rail project. Any information you provide relating to the following issues will assist SEA in determining what environmental issues should be addressed in its environmental review:

- Safety
- Local land use
- Existing transportation systems
- Air emissions and ambient air quality
- Energy use
- Water quality and wetlands
- Ambient noise levels
- Historic sites, archaeological sites, or cultural resources
- Socioeconomics (population, employment, growth, and development)
- Wildlife, vegetation, and fisheries
- Soils and geology

Information from your constituents regarding the project or resources associated with this project would also be appreciated. Please respond by May 18, 2007, so that we can incorporate all responses into the environmental review process, as appropriate, and schedule any meetings, site visits, surveys, and conduct any necessary follow-up activities. Please direct constituent comments and responses to Burns & McDonnell (B&M), SEA's independent third-party contractor in this case, at the following address:

Burns & McDonnell Engineering Company
Attn: Stephen Thornhill
P.O. Box 419173
9400 Ward Parkway
Kansas City, Missouri 64141

I appreciate your assistance on this project. If you have any questions, please do not hesitate to contact Ken Blodgett of my staff at (202) 245-0305 or Steve Thornhill of B&M at (816) 822-3851. Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Victoria Rutson".

Victoria Rutson, Chief
Section of Environmental Analysis