

Dear Mrs. Hargis and Storm,

I am a resident of Itasca County, rural Bovey and am hereby submitting comments on the

Mesaba Energy Project
PUC Docket No. E6472/GS-06-668
DOE Draft EIS for the Mesaba Energy Project (DOE/EIS-0382D)

Comments on Draft EIS

Note that these comments have additional information that make them unique, as they directly reference the UMN Labowitz School of Business and Economics BBER April 2006 study of economic impacts of the Mesaba One plant in Itasca County.

Sincerely,

Andrew David

Mesaba Energy Project
PUC Docket No. E6472/GS-06-668
DOE Draft EIS for the Mesaba Energy Project (DOE/EIS-0382D)

Comments on Draft EIS
Review Mesaba Energy Project Draft EIS
Sections 4.11 (Socioeconomics) and 4.12 (Environmental Justice)

Summary Comments

Section 4.11 analyzes the economic impact of building Phase I and Phase II of the Mesaba Energy Project, particularly the impact that construction and then continued operation would have on employment, income, business, population and housing. The outlook for employment, income and business is predictably positive and virtually unchanged from earlier reports (i.e. UMD/BBER IMPLAN software modeling). The CAMP position paper entitled "Economics of the Mesaba Energy Project" does an excellent job of illustrating the faults and inaccuracies of the BBER report.

This section also investigates the impact on population levels and housing during construction and operation. The EIS finds both the East and West Range sites capable of supporting temporary and permanent increases in population, with little impact to real property. Long-term housing requirements are not viewed as an issue, however the EIS

does find that "... depending on the percentage of construction jobs that could be filled by existing residents, the influx of workers from outside the region could create a demand for rental housing and lodging that may exceed available capacity." (4.11-4).

Section 4.12 investigates the impact the Mesaba Energy Project might have on minority or low-income populations in the following areas: 1) would health effects be significant or above generally accepted norms, 2) is the risk or rate of hazard exposure likely to exceed that of the general, or comparison, population and 3) would health effects occur due to cumulative or multiple adverse exposures from environmental hazards. The EIS finds no issues with these three factors for either low-income, or minority populations (surprise, surprise!) due in no small part to the narrowly defined 'region of influence'.

General Comments Section 4.11 Socioeconomics

1. The wide range of influence is the 7 county area (Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis) the local range of influence is Census Tract 9810 (Iron Range Twp and Taconite) for the West Range Site and Census Tract 140 (Hoyt Lakes) for the East Range Site. The economic analysis is supposedly for the 7 county area the population and housing analysis is done from the Census Tracts.
2. The BBER, 2006 study does not do a cost/benefit analysis it is strictly a benefit analysis. Even the BBER authors recognize this and caution against using their study as a complete view of the impacts of building Mesaba Phase I and II. Quoting directly from the BBER, 2006 study,

"Readers are also encouraged to remember the BBER was asked to supply an economic impact analysis only. Any subsequent policy recommendations should be based on the "big picture" of total impact. A cost-benefit analysis would be needed to assess the environmental, social, and governmental impacts."

University of Minnesota Duluth Labovitz School of Business and Economics, Bureau of Business and Economic Research 2006. The Economic Impact of Constructing and Operating An Integrated Gasification Combined Cycle Power Generation Facility on Itasca County. April 2006 For Itasca Development Corporation. Page 13.

3. The BBER study is misleading in stating the economic value to Itasca County or the seven county wide range of influence. That is because much of the economic value supposedly coming to the area in the form of costs for coal, transportation, profits, interest, etc will actually be accrued where those services are provided or purchased. Most wages will be provided in Itasca County although 20% are

estimated to be provided to residents of other counties. Again quoting from the BBER, 2006 study, page 13,

“As noted in the “Itasca County Study Area” section at the beginning of this report, there are known IMPLAN modeling issues associated with small study areas like county-level impacts, including difficulty in measuring accurately the extent that payments made to imports or value added sectors are shown as re-spent within the study area.”

4. The BBER study estimates the number of jobs that would be created in construction and during operation of Phase I and II as well as additional positions created as a result of having additional workers in the area. However, these predictions should be tempered as the job estimates are a combination of full time, part time and temporary positions.
5. Most of the construction and plant operation positions will be filled by people outside of Itasca County. That number will rise if construction is a union construction job. This has direct negative impacts on housing in the area during the construction period.
6. The EIS assumes that there will be an available skilled labor force in the region due to, “... historically persistent higher unemployment rates ...” and a decrease in the manufacturing and iron mining industries. It is not at all certain that jobs in iron mining and/or manufacturing are transferable to construction or operation jobs that Mesaba Phase I and II would provide. Continued investment in iron mining and the specter of Minnesota Steel would suggest that there will be a dramatic shortage of skilled labor for construction positions, requiring that more outside skilled labor be hired and housed in Itasca County.
7. The discussion of jobs, wages and employment is occurring in a vacuum. No mention is made of the impact that Minnesota Steel will have on the same population of workers that Mesaba will be trying to hire from. Job competition will be fierce if both are built at the same time. Although this is good news for a few people hired locally with an existing domicile the influx of workers and the shortage of housing will dramatically increase rental and housing costs to the detriment of imported workers through higher rentals, local homeowners through artificially increased property values and taxes and low-income non-skilled individuals and families through increased rental costs and wages that do not keep pace with the increased cost of housing.
8. Most if not all of the discussion in this section references dollars or employment that would be gained if Mesaba Phase I and II are built. Therefore the economic benefits are being overestimated given the scope of the proposed building. The permitting process is asking only for Phase I yet the economic analysis is offering

figures for Phase I and II combined. We need to see an EIS that accurately compares all costs and benefits just for Phase I.

9. The proposed relocation of Itasca County Road 7, the Scenic Highway, is considered to be an act of Itasca County and not the Mesaba Project. Considering the fact that CR7 was recently (within the past 5 years) rerouted and resurfaced from 169 north along its original route at considerable expense it is obvious that an additional rerouting is being done to convenience the Mesaba Project at the expense of Itasca County taxpayers and should be at the very least considered an additional cost of the project.
10. The EIS estimates that, “Perhaps a dozen or more of the other residential properties along CR 7 and Diamond Lake Road closest to the plant site or rail alignment may experience reductions in values or at least slower rates of growth in values.” (4.11-7)
11. The EIS states that, “... it is unlikely that residential properties along the proposed new HVTL corridors would experience substantial reduction in property values.” Then proceeds to indicate that depending on the route chosen between 4 and 29 residences would be within 500 feet with some as close as 300 feet. I cannot imagine how these residences would not experience a negative impact to their property value. (4.11-7 and 8)
12. The EIS attempts to indicate that housing of temporary construction workers would be easier at the West Range vs. East Range site. This is not necessarily true, especially if Minnesota Steel is being constructed at the same time. (4.11-8)
13. The East Range site impacts fewer homeowners because the East Range site is a true brownfield site with existing infrastructure. This would reduce impacts on housing values due to construction. HVTL corridors would have to be widened and 49 residences are within 500 feet but the EIS states, “... it is unlikely that property values along these corridors would be affected by the additional HVTLs.” in part because their values are already being impacted by existing HVTLs.
14. Consider that the economic impact is thought to be a 7 county region, or even throughout Minnesota, but areas that might be adversely affected are considered to be individual blocks within a Census Tract, or just along HVTL corridors and utility ROWs. This is inequitable.
15. Table 4.11.6 Summary of Impacts. This table claims, “Related realignment of CR7 by Itasca County may influence local housing development in vicinity” Here the EIS considers the realignment of CR7 ‘related’ and a benefit yet does not include it as a cost. At the East Range site the lack of construction needed is considered a detriment where it should actually be a benefit.

16. The summary table 4.11.6 is not an accurate summary in that it represents the two sites (West and East Range) as being almost identical with the exception of the relocation of CR7 in the West Range plans and number of residences within rail alignments.
17. The text in section 4.11 points to numerous differences related to impacts to housing values as a result of construction and HVTL corridors, utility ROWs. The text does NOT point out that the East Range site is a brownfield site with existing utility and HVTL infrastructure and therefore more suitable for construction.
18. The socioeconomic analysis is incomplete. The Mesaba Project has to get its product to market and cannot do that without a HVTL that runs from northern Minnesota to the Twin Cities – St. Cloud area where the power is supposedly needed. This analysis does not cover the cost nor the impacts of creating an additional cross-state transmission line.

General Comments Section 4.12 Environmental Justice

1. The region of influence for the environmental justice analysis is incredibly narrow and does not match the region of influence used for the socioeconomic analysis. Moreover, my guess is that neither would match the size of the region of influence for the true environmental impact of the Mesaba Project Phase I or Phase I and II combined. To wit, “The regions of influence for environmental justice are determined for each resource area by the potential for minority and low-income populations to bear a disproportionate share of high and adverse environmental impacts from activities within the project area.” The EIS then goes on to define the project area as Census Tract 9810 for the West Range and Census Tract 140 for the East Range site. If the economic analysis can be extended to a seven county area why is the environmental justice analysis limited to a single Census Tract for each site?
2. The environmental region of influence or environmental project area of the Mesaba Project is undoubtedly larger than a single Census Tract (here I am calling the environmental region of influence the geographic area that would receive atmospheric deposition). If this is true then the environmental justice analysis, which is charged with assessing the health effects, risk and rate of hazard exposure and potential cumulative adverse exposures, must take a larger geographic area into consideration.
3. Where is the health report that Excelsior Energy commissioned touting the ‘health benefits’ of the Mesaba Project. That information was not referenced in either the socioeconomic or environmental justice sections.
4. Northern Minnesota in general and Itasca County in particular is the center for the environmental region of influence. Residents of Itasca County will bear the

burden of any increased health effects, any increased health risks or rates, or be affected by cumulative or multiple adverse exposures from environmental hazards. The electricity generated here, will be sent to the Twin Cities metro area where it is needed. Northern Minnesota does not need this electricity but is being asked – no required – to accept any health burden that its generation would impose. On that basis alone the environmental justice analysis should compare the environmental region of influence, which would include all of Itasca County, with the Twin Cities metro area being the control group. Then the environmental justice analysis can evaluate whether the Proposed Action or alternative would cause disproportionately high and adverse effects on minority or low-income populations in the region of influence.

5. The environmental justice analysis outside of construction sites, HVTL corridors and utility ROWs presented in this EIS is inadequate. The EIS looked at “... the potential for adverse health risks in a wider radius from respective project sites and corridors based on impact analyzed in Section 4.17, Safety and Health, and the assess the potential that an adverse health rise would affect a minority population, low-income population , or American Indian tribe at a higher rate than the general population.” The term ‘wider radius’ was never defined and the only reference made was to effect that additional mercury deposition would have on subsistence fishing on Diamond Lake. There was no effort made to include any other health risks such as particulate matter, VOCs, NOx, SOx or other heavy metal contamination from airborne deposition, nor consider their impact either individually or as cumulative or multiple adverse exposures as required in the Method of Analysis.
6. Somewhere I heard a woman testify that the West Range site is within view of a proposed American Indian retirement home. If this can be substantiated, even if it has not been built but exists only as purchased property with a plan, it may trigger the low-income, minority or American Indian tribe provisions of the analysis.
7. On page 4.12-3 the EIS states that, “Mercury emission in Minnesota declined significantly (about 68 percent) from 1990 to 2000, and there is evidence that concentrations of mercury in Minnesota’s fish have declined by about 10 percent, which is considered an encouraging response (MPCA, 2005).” Given this statement why would we want to go backwards towards higher levels of mercury emission? Especially since it appears that even significant declines in emissions have only relatively modest declines in the amount that is actually concentrated in fish. Clearly there is a long lag time between a decrease in mercury emissions and a decrease in mercury concentration in fish. This is consistent with the idea that mercury is a bioaccumulator that is not readily removed from the environment.