

29408

SERVICE DATE - JULY 10, 1998

SURFACE TRANSPORTATION BOARD

Finance Docket No. 30186 (Sub-No. 3)

Tongue River Railroad Company, Construction and Operation of the Western Alignment
in Rosebud and Big Horn Counties, Montana

AGENCY: Surface Transportation Board

ACTION: Notice of Intent to Prepare a Supplement to the Final Environmental Impact
Statement and Request for Comments.

SUMMARY: On April 27, 1998, the Tongue River Railroad Company (TRRC) filed an application with the Surface Transportation Board (Board) under 49 U.S.C. 10901 and 49 CFR 1150.1-10 seeking authority to construct and operate a 17.3-mile line of railroad in Rosebud and Big Horn Counties, Montana, known as the "Western Alignment." The line that is the subject of this application is an alternative routing for the portion of the 41-mile Ashland to Decker, Montana rail line that was approved by the Board on November 8, 1996 in Finance Docket No. 30186 (Sub-No. 2), referred to as the "Four Mile Creek Alternative."¹

To evaluate and consider the potential environmental impacts that might result from the construction and operation of this new alignment, the Board's Section of Environmental Analysis (SEA) will prepare a Supplement to the Final Environmental Impact Statement in Finance Docket No. 30186 (Sub-No. 2) (Supplement). Comments are requested from interested parties regarding the scope of the environmental issues associated with the proposed construction and operation of the Western Alignment that should be addressed in the Supplement.

DATES: Written comments on the scope of potential environmental issues are due August 24, 1998 (45 days). TRRC may reply within 15 days thereafter.

ADDRESS: Send an original and 10 copies of comments referring to STB Finance Docket No. 30186(Sub-No. 3) to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, NW, Washington, DC 20423-0001, Attention: Dana G. White, Section of Environmental Analysis.

FOR FURTHER INFORMATION CONTACT: Dana White, (202) 565-1552 (TDD for the hearing impaired: (202) 565-1695).

¹ Petitions for review of the November 8, 1996 decision were filed in the Ninth Circuit in Northern Plains Resource Council, Inc. Et. Al. v. STB, No. 97-70037 (filed Jan. 7, 1997) (NPRC). The court proceedings are being held in abeyance pending the conclusion of this proceeding.

SUPPLEMENTARY INFORMATION:

Background

In its original application filed on June 2, 1983 in Finance Docket No. 30186 and Finance Docket No. 30186 (Sub-No. 1), TRRC sought approval from the Interstate Commerce Commission (ICC, now the Surface Transportation Board or Board) for the construction and operation of 89 miles of railroad between Miles City, MT and two termini located near Ashland, MT (Tongue River I). TRRC explained that the proposed rail line would serve future coal mines in the Ashland area, and connect with what is now the Burlington Northern and Santa Fe Railroad Company's main line at Miles City for shipment of the coal to eastern and western destinations. In a decision served May 9, 1986, the ICC approved the application subject to several conditions, including environmental mitigation conditions that were recommended in the environmental impact statement (EIS) prepared by the ICC's environmental staff, now the Section of Environmental Analysis (SEA).

On June 28, 1991, TRRC filed an application in Finance Docket No. 30186 (Sub-No. 2), seeking approval to construct and operate 41 miles of railroad running south from the approved Miles City to Ashland rail line to connect with existing rail lines serving the Decker, MT coal mines (Tongue River II). SEA also prepared an EIS for this proceeding and considered the potential environmental impacts associated with (1) TRRC's preferred route,² (2) the Four Mile Creek Alternative,³ and (3) the no-build alternative. SEA's Draft EIS (DEIS) was served on July 17, 1992, and comments were requested. The DEIS preliminarily recommended the Four Mile Creek Alternative because it would avoid the environmentally sensitive Tongue River Canyon. Because of concerns raised during the commenting process, SEA issued a Supplement to the DEIS (SDEIS) on March 17, 1994. In the SDEIS, SEA preliminarily concluded that the Four Mile Creek Alternative would have more adverse environmental consequences than TRRC's preferred route, because it would involve more land disturbance from cut and fill, erosion, deforestation, loss of habitat, and require more fuel consumption and cause more air pollution during operations. After the commenting process for the SDEIS, and further analysis and evaluation, SEA issued a Final EIS (FEIS), on April 11, 1996. In it, SEA explained that it had concluded that the Four Mile Creek

²TRRC's preferred route would have extended south from Ashland generally paralleling the Tongue River and passed just to the west of the Tongue River Reservoir before connecting with a line owned by the Spring Creek Coal Company, which provides access to the Burlington Northern and Santa Fe Railway Company rail lines. TRRC's preferred route would have included 5 bridges and a tunnel in the approximately 6-mile section of the Tongue River Canyon located between the Tongue River Dam and the confluence of Four Mile Creek and the Tongue River.

³The Four Mile Creek Alternative departs from TRRC's preferred route at the confluence of the Four Mile Creek and the Tongue River and heads in a westerly direction, climbing at a 2.31 percent grade away from the Tongue River valley floor. The route winds south connecting with the Spring Creek spur at the same point as TRRC's preferred route. The Four Mile Creek Alternative thus avoids the Tongue River Canyon and Reservoir.

Alternative would be the environmentally preferable construction option. SEA developed appropriate mitigation conditions to address potential environmental impacts if either of the two construction alternatives were approved.

In its decision served November 8, 1996, the Board approved the construction and operation of the Four Mile Creek Alternative, and imposed the mitigation measures recommended in the FEIS for that route. Additionally, the Board reopened Tongue River I for the limited purpose of requiring TRRC to complete construction of the entire line between Miles City and Decker within 3 years.

By petition filed July 15, 1997, TRRC sought to reopen the Board's November 1996 decision approving the construction and operation of the Four Mile Creek Alternative and proposed that the Board consider a new route, the Western Alignment, for a 17-mile portion of the approved line instead of the Four Mile Creek Alternative. The Western Alignment would roughly parallel TRRC's preferred route, but would lie slightly to the west of that route and the Tongue River.⁴ TRRC asserted that the Western Alignment, while still avoiding the environmentally sensitive Tongue River Canyon, would also eliminate the potential economic and operational problems TRRC claimed would make the approved Four Mile Creek Alternative economically infeasible. Further, TRRC stated that, compared to the Four Mile Creek Alternative, the Western Alignment would involve less land acquisition, affect fewer land owners, and, because of the more even grade, require less fuel consumption. However, based on additional information later filed by TRRC (see the discussion of TRRC's Environmental Report below), it appears that the Western Alignment could involve more earth-moving because of the rugged terrain, could cross more streams, could need more water during construction, and could potentially adversely affect big game movement, particularly pronghorn movement, during operations. In a decision served December 1, 1997, the Board denied TRRC's petition to reopen Tongue River II but stated that TRRC could file a new application for the Western Alignment.

⁴The Western Alignment would generally follow a route between TRRC's preferred alignment and the Four Mile Creek Alternative and would be located on uplands out of the Tongue River Canyon. Moving south along the approved route from Ashland, the Western Alignment would begin at a point approximately 9 miles downstream from the confluence of the Four Mile Creek and the Tongue River. It would then cross the Tongue River approximately 3,000 feet downstream of the existing county road river crossing. After crossing the river, the Western Alignment would parallel the existing Tongue River Road for 4 miles, then separate from the county road and climb away from the valley floor. At Four Mile Creek, the Western Alignment would cross the county road with a fifty-foot long bridge, and run approximately 0.07 miles west of the Hosford residence and ranch headquarters. From Four Mile Creek, the Western Alignment would continue to climb away from the Tongue River Valley, then proceed to connect with the existing Spring Creek rail spur. The Western Alignment would avoid the environmentally sensitive Tongue River Canyon and would incorporate at its steepest a grade of 0.93 percent for a length of 2.4 miles.

Current Application

TRRC has now filed an application in Finance Docket 30186 (Sub-No. 3) that requests authority under 49 U.S.C. 10901 to construct and operate the Western Alignment as the final 17 miles of the Ashland to Decker line (in lieu of the Four Mile Creek Alternative), to connect with existing rail lines serving the Decker area coal mines (Tongue River III). The remainder of the approved line from Ashland to Decker would remain unchanged. In its Environmental Report that TRRC submitted with its new application, TRRC focused on the immediate vicinity of the Western Alignment and that alignment's two construction alternatives, the Four Mile Creek Alternative and TRRC's preferred route.⁵ In the Environmental Report, TRRC compares what it believes to be the environmental impacts and costs of constructing and operating the Western Alignment with the impacts and costs associated with the relevant portions of the Four Mile Creek Alternative and TRRC's preferred route. TRRC did not readdress the entire corridor between Miles City and Decker because that corridor has already received extensive environmental review in the environmental impact statements prepared in Tongue River I and Tongue River II, both for the Miles City to Ashland portion and the Ashland to Decker portion of this corridor.

In preparing its Environmental Report, TRRC sought comments from a number of Federal and state agencies and included their responses in the report. Briefly, the U.S. Army Corps of Engineers (Corps) states that, since all Corps' permits have expired, it will be reviewing TRRC's proposal in its entirety. The Corps indicates that it believes that the project, though analyzed in segments over a number of years, is one continuous alignment. The Corps also suggests that environmental conditions along the 130-mile rail route may have changed since the earlier analyses were performed.

The Montana Department of Natural Resources and Conservation expresses concern about the direction and flow of possible flood waters and floodplain obstruction, water rights for dust control, blasting in the vicinity of the Tongue River Dam, encroachments on county roads, interference with dam rehabilitation, protection of historic resources, and disturbance of survey monuments. The Montana Department of Fish, Wildlife & Parks (MT FWP) acknowledges that the Western Alignment would avoid operating costs and operational concerns associated with the Four Mile Creek Alternative, but expresses concerns about the possible impacts from the cut and fill requirements associated with the construction of the Western Alignment and impacts to the nearby Tongue River Reservoir state park. MT FWP also describes two issues that it believes are unresolved from SEA's earlier environmental analysis: (1) the preservation of the integrity of the fish hatchery at Miles City; and (2) the status of the Multi-agency/Railroad Task Force set up in Tongue River II. The Montana Department of Transportation (MT DOT), in addition to expressing concerns about highway safety, requests re-negotiation of a Memorandum of Understanding designed to protect state highways. MT DOT also requests additional information about design

⁵We note that TRRC's preferred route is not really a construction alternative at this point, since the Board approved the Four Mile Creek Alternative, and not TRRC's preferred route, in its November 1996 decision in Tongue River II.

plans for the I-94 grade crossing at Miles City. The Montana Natural Heritage Program has provided information about 5 species of concern that may be present in the Western Alignment area.

No responses were included in TRRC's Environmental Report from other agencies that TRRC contacted, including the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the National Geodetic Survey, the National Park Service, the Montana Department of Environmental Quality, and the Montana Department of Commerce.

The Northern Plains Resource Council (NPRC), in a separate filing before the Board,⁶ has suggested that the Board should now require another environmental analysis of the entire Miles City to Decker corridor. NPRC disagrees with TRRC's view that the Board should rely on its previous environmental analysis and focus its environmental review on only the Western Alignment. Instead, NPRC suggests that there are significant new changed environmental circumstances along the entire route. For example, it points to the invalidation of the Montco mine permit and the designation of the Tongue River as an impaired waterbody under the Clean Water Act. In addition, NPRC alleges that TRRC has significantly altered the alignments that were analyzed in Tongue River I and Tongue River II as it begins to exercise the authority previously granted in those proceedings.⁷ If that were shown to be the case, it could be that the environmental analysis of some of the previously approved line would no longer be adequate.

Also, in separate filings,⁸ Great Northern Properties Limited Partnership suggests that the increased coal traffic projected for the Western Alignment could affect the entire 130-mile route.

Environmental Review Process

The Council on Environmental Quality's (CEQ) rules implementing the National Environmental Policy Act (NEPA) advise Federal agencies to prepare supplements to an EIS where, as here, new information that is relevant to environmental concerns is presented after a Final EIS has been prepared.⁹ See Marsh v. Oregon Natural Resources Council, 490 U.S. 360 (1989)(Marsh).

⁶See Northern Plains Resource Council, Inc.'s Reply in Opposition to Petition to Establish Procedural Schedule, filed March 23, 1998.

⁷This point also has been brought to SEA's attention informally by various Montana state agencies.

⁸See Great Northern Properties Limited Partnership's Replies filed February 17, 1998, and May 20, 1998, and Motion to Compel filed April 6, 1998.

⁹ The CEQ regulations at 40 CFR 1502.9(c) state that Agencies:
(1) Shall prepare supplements to either draft or final environmental impact statements if:
(i) The agency makes substantial changes in the proposed action that are relevant to environmental concerns; or
(ii) There are significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts.

Therefore, based on the CEQ rules, the Board's environmental regulations at 49 CFR 1105.10(a)(5), and SEA's analysis of all the information on the Western Alignment SEA has received to date, SEA has determined that a Supplement to the EIS in Finance Docket 30186 (Sub-No. 2) (Supplement) is the appropriate means of reviewing TRRC's application for the Western Alignment in Tongue River III. Specifically, SEA will prepare a draft Supplement including preliminary mitigation recommendations that will be available for a 45-day comment period. Based on comments to the draft Supplement, and any further analysis, SEA will prepare a final Supplement, which will include appropriate environmental mitigation recommendations. The Board will consider the draft and final Supplements, any comments, and other available environmental information in rendering its decision on whether to grant TRRC's new application. In its decision, the Board will consider both economic and competitive transportation issues and will impose any environmental conditions it deems appropriate.

Request for Comments About the Scope of the Supplement

Although CEQ's rules implementing NEPA do not require public scoping for the preparation of Supplements, SEA believes that it is appropriate in this case to request comments regarding the environmental scope of, and potential environmental concerns and issues to be addressed in, the Supplement.¹⁰ Typically, SEA's environmental analysis includes potential impacts to safety, land use, water quality, endangered species, wildlife habitat, cultural resources, air, and noise that would result from the proposed transaction. See 49 CFR 1105(7)(e). At a minimum, SEA intends in its Supplement to analyze these potential environmental impacts associated with the construction and operation of the Western Alignment and to recommend appropriate mitigation to reduce or eliminate potentially adverse impacts in these areas. We invite interested parties to address any other potential impacts or areas of concern that are directly related to the proposed construction and operation in Tongue River III, and, therefore, should also be considered in the Supplement.

In addition, we invite comments about TRRC's suggestion that SEA's environmental analysis should be limited to the Western Alignment, TRRC's proposed construction alternatives for the Western Alignment, and the no-build alternative, and that there is no reason to revisit any of the earlier environmental analysis in Tongue River I and Tongue River II. As discussed earlier, some agencies and other interested parties have suggested that our approach should be broader. Moreover, the question of when circumstances have changed so much as to make some or all of a

(2) May also prepare supplements when the agency determines that the purposes of the Act will be furthered by doing so.

(3) Shall adopt procedures for introducing a supplement into its formal administrative record, if such a record exists.

(4) Shall prepare, circulate, and file a supplement to a statement in the same fashion (exclusive of scoping) as a draft and final statement unless alternative procedures are approved by the Council.

¹⁰As noted, this Notice provides a 45-day comment period. TRRC may reply within 15 days thereafter.

prior analysis stale is a difficult one. Therefore, we request comments on whether the Supplement should focus only on the environmental impacts associated with the Western Alignment and its alternatives, or whether the Supplement should encompass environmental concerns beyond the immediate geographic area of the Western Alignment (*i.e.*, take at least a limited look at the rest of the line recently approved in Tongue River II, or perhaps even revise or update the environmental analysis in Tongue River I if we are shown that the environmental analysis has become outdated and is no longer adequate).¹¹

The CEQ rules direct agencies to consider in any Supplement “significant new circumstances or information relevant to environmental concerns and bearing on the action or its impacts.” 40 CFR 1502.9(c). At the same time, it is well settled that an agency need not supplement an environmental impact statement every time new information comes to light after the environmental impact statement is finalized. Marsh, 490 U.S. at 373. Thus, the passage of time, in and of itself, is not necessarily a reason to repeat or redo environmental analysis. *Id.* Moreover, the environmental analysis in Tongue River I and Tongue River II was thorough and comprehensive. Therefore, we intend to use and rely on the data and analysis contained in our previous environmental documents for the Miles City to Ashland line and the Ashland to Decker line unless it is shown that, as a result of significant new circumstances, what was done before is no longer adequate. For example, it may be that certain portions, if not all, of the previous environmental documentation should be updated or revised to reflect significant new information (*i.e.*, substantial alignment changes) that has made our former analysis incomplete, out-of-date or inapplicable.

Therefore, SEA has decided to seek comments on whether, to what extent, and in what environmental areas, our prior environmental documents may have become out-of-date. Specifically, we invite all interested parties to provide us with information, including specific examples, on whether any environmental conditions have changed substantially since we completed our environmental analysis in Tongue River I and Tongue River II. For example, have any substantial changes occurred in land use, topography, wetlands or water resources, endangered species, or cultural resources? If significant changes have occurred that could affect the adequacy of the conclusions in our previous environmental documents, such as NPRC’s claim that TRRC may now have altered significantly the proposed alignment from what was analyzed in the prior environmental impact statements, we should be informed of these changes now so that we can consider such evidence in determining what the scope of the Supplement should be.

¹¹The Western Alignment plainly is directly related to Tongue River II because it is an alternative route for a part of that line. In addition, while no stay of Tongue River II was sought from the Board or in any court, petitions for judicial review are pending in the Ninth Circuit in NPRC. It is more difficult to justify revisiting Tongue River I, which has long been administratively final and is not pending judicial review in any court. On the other hand, as some agencies have contended, it can be argued that Tongue River I, II and III cannot be considered separately and are all part of the same line.

All comments should provide specific evidence to support the claims that are made. We want to know with specificity why commenters believe that environmental circumstances have changed significantly, possibly affecting our previous analysis and conclusions and, therefore, warranting further review in the Supplement.

SEA will also consult with affected Federal, state and local agencies regarding the appropriate scope of the Supplement. Based on its consideration of any comments to this Notice, and its evaluation and review of all available information, SEA will then announce what the scope of the Supplement will be.

As directed above, please submit comments by August 24, 1998 (45 days). TRRC may reply within 15 days thereafter.

By the Board, Elaine K. Kaiser, Chief, Section of Environmental Analysis.

Vernon A. Williams
Secretary