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SERVICE DATE - AUGUST 7, 1998

DEPARTMENT OF TRANSPORTATION

SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33407, Dakota, Minnesota & Eastern Railroad Corporation-- Construction and Operation of New Rail Facilities in Campbell, Converse, Niobrara, and Weston Counties, Wyoming; Custer, Fall River, Jackson, and Pennington Counties, South Dakota; and Blue Earth, Nicollet, and Steele Counties, Minnesota.

Agencies: Surface Transportation Board; U.S.D.A. Forest Service; U.S.D.I. Bureau of Land Management; U.S. Army Corps of Engineers (collectively, the "Agencies")

Action: Amended Notice of Intent to Prepare an Environmental Impact Statement (EIS); Extension of Request for Comments on the Draft EIS Scope.

Summary: On February 20, 1998, the Dakota, Minnesota & Eastern Railroad Corporation (DM&E) filed an application with the Surface Transportation Board (Board) for authority to construct and operate new rail line facilities in east-central Wyoming, southwest South Dakota, and south-central Minnesota. The project involves approximately 280.9 miles of new rail line construction. Additionally, DM&E proposes to rebuild approximately 597.8 miles of existing rail line along its current system to standards acceptable for operation of unit coal trains. On April 28, 1998, DM&E submitted a Special Use Application to the U.S.D.A. Forest Service (USFS) for an easement under the Federal Land Management Policy Act to build new rail lines across portions of the Thunder Basin National Grassland in Wyoming, administered by the Medicine Bow-Routt National Forests, and across portions of the Buffalo Gap National Grassland, administered by the Nebraska National Forest. Because portions of RARE II roadless areas on the Buffalo Gap National Grassland could be affected, there is a possibility that the Nebraska National Forest Land and Resource Management Plan could be amended in the Forest Service Record of Decision. The Northern Great Plains (NGP) Management Plan Revision Environmental Impact Statement (EIS) is being prepared at this time, which could affect the proposed action. Conversely, the proposed action, if approved, could affect the NGP Management Plan and a plan amendment may also be necessary. In April, 1998, DM&E also submitted its application to the U.S.D.I. Bureau of Land Management (BLM) for a right-of-way across public lands administered by the BLM in Wyoming and South Dakota for the construction of new rail lines. Because the BLM is presently preparing the Newcastle Resource Management Plan EIS, the proposed action could affect this Plan as well or the Plan could have an effect on the proposed action. Additionally, the DM&E will submit an application to the U.S. Army Corps of Engineers (COE), when appropriate, for a permit regarding the proposed dredge and fill activities within the waters of the United States, and any other appropriate permit required by the COE, relative to the proposed construction of new rail lines or reconstruction of existing lines. The U.S. Bureau of Reclamation is presently preparing an EIS on the Cheyenne River/Angostura project, which could be affected by the proposed action or which could have an effect on the proposed action. Because the construction and operation of the proposed project has the potential to result in significant impacts on the quality of the human environment, the

Agencies have determined that the preparation of an EIS is appropriate. The Board's Section of Environmental Analysis (SEA) has previously held agency and public scoping meetings and has accepted written public comments as part of the EIS process. However, the previous Notice of Intent did not include notification to the public that other federal agencies would have decision-making authority. Therefore, the purpose of this Amended Notice of Intent is to notify persons and agencies interested in or affected by the proposed project, of additional USFS, BLM, and COE agency decisions that will be triggered by the project, and to seek additional comments relating to these agency decisions.

Additional Public Comment Period: SEA will continue to make available to the public a draft scope of the EIS. The Agencies will also provide an additional thirty-day period for the public to submit written comments on the draft scope. The additional comment period will close 30 days after the publication date of this Amended Notice of Intent in the Federal Register, which shall be September 8, 1998. PLEASE NOTE: If you have previously submitted comments to SEA regarding this project, you are not required to re-submit those comments to be considered by the Agencies. However, you may submit additional comments if you so desire.

For Further Information Contact: Victoria Rutson, Project Manager, Surface Transportation Board, Powder River Basin Expansion Project, 1-877-404-3044; U.S.D.A. Forest Service, Wendy Schmitzer (307) 358-4690; U.S.D.I. Bureau of Land Management, Bill Carson, (307) 746-4453; U.S. Army Corps of Engineers, Patsy Freeman, (402) 221-3803 or Jerry Folkers (402) 221-4173.

SUPPLEMENTARY INFORMATION

Background: The proposed rail construction project, referred to as the "Powder River Basin Expansion Project," would involve the construction and operation of approximately 280.9 miles of new rail line by the Dakota, Minnesota & Eastern Railroad Corporation (DM&E), Brookings, South Dakota. The project would provide access for a third rail carrier to serve the region's coal mines and transport coal eastward from the Powder River Basin. New rail construction would include approximately 262.03 miles of rail line extending off DM&E's existing system near Wasta, South Dakota, extending generally southwesterly to Edgemont, South Dakota, and then westerly into Wyoming to connect with existing coal mines located south of Gillette, Wyoming. This portion of the new construction would traverse portions of Custer, Fall River, Jackson, and Pennington Counties, South Dakota and Campbell, Converse, Niobrara, and Weston Counties, Wyoming.

New rail construction would also include an approximate 13.31 mile line segment around Mankato, Minnesota, within Blue Earth and Nicollet Counties. DM&E currently has trackage on both sides of Mankato, accessed by trackage rights on rail line operated by Union Pacific Railroad (UP). The proposed Mankato construction would provide DM&E direct access between its existing lines, avoid operational conflicts with UP, and route rail traffic around the southern side of Mankato, avoiding the downtown area.

The final proposed segment of new rail construction would involve a connection between the existing rail systems of DM&E and I&M Rail Link. The connection would include construction and operation of approximately 2.94 miles of new rail line near Owatonna, Steele County Minnesota. The connection would allow interchange of rail traffic between the two carriers.

In order to transport coal over the existing system, DM&E proposes to rebuild approximately 597.8 miles of rail line along its existing system. The majority of this, approximately 584.95 miles, would be along DM&E's mainline between Wasta, South Dakota, and Winona, Minnesota. An additional approximate 12.85 miles of existing rail line between Oral and Smithwick, South Dakota, would also be rebuilt. Rail line rebuilding would include rail and tie replacement, additional sidings, signals, grade crossing improvements, and other systems.

DM&E's plans to transport coal as its principal commodity. However, shippers desiring rail access could ship other commodities in addition to coal over DM&E's rail line. Existing shippers along the existing DM&E system would continue to receive rail service.

Environmental Review Process: The Surface Transportation Board shall be the lead agency, pursuant to 40 CFR 1501.5(c), and shall supervise the preparation of the EIS. The USFS, the BLM, and the COE shall be cooperating agencies, pursuant to 40 CFR 1501.6, and shall adopt the EIS and base their respective decisions on it. In order to assure that the EIS includes all of the information necessary for the decisions by each of the Agencies, they are requesting information and general comments on the scope of environmental issues to be addressed in the EIS for the proposed project. The National Environmental Policy Act (NEPA) process is intended to assist the Agencies and the public in identifying and assessing the potential environmental consequences of a proposed action before a decision on the proposed action is made. The SEA has developed and will continue to make available a draft scope of study for the EIS and provide a period of submission of written comments on it. Following this additional comment period, SEA will issue a final scope of study for the EIS.

Thereafter, SEA will prepare a Draft Environmental Impact Statement (DEIS) for the proposed project. The DEIS will address those environmental issues and concerns identified during the scoping process and detailed in the scope of study. It will also contain a reasonable range of alternatives to the proposed action and recommended environmental mitigation measures. The DEIS will be made available upon its completion for public review and comment. A Final EIS (FEIS) will then be prepared reflecting SEA's further analysis and the comments on the DEIS. In reaching each decision in this case, the Agencies will take into account the DEIS, the FEIS, and all public and agency comments received.

Filing Comments: The Agencies encourage broad participation in the EIS process. Interested persons and agencies are invited to participate in the scoping phase through reviewing the scope of study and submitting written comments to the SEA. A signed original of comments should be submitted to:

Office of the Secretary
Case Control Unit
STB Finance Docket No. 33407
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

To ensure proper handling of your comments, you must mark your submission:

Attention: Elaine K. Kaiser
Chief, Section of Environmental Analysis
Environmental Filing

By following this procedure, your comments will be placed in the formal public record for this case. In addition, SEA will add your name to its mailing list for distribution of the final scope of study for the DEIS and FEIS and the decision documents relating thereto.

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

Vernon A. Williams
Secretary