

**Surface Transportation Board Issues Final Environmental Impact Statement for "Dakota, Minnesota & Eastern Railroad's"  
Proposed Powder River Basin Rail Expansion Project**

Surface Transportation Board (Board) Chairman Linda J. Morgan today announced the issuance of the Final Environmental Impact Statement (Final EIS) for the Dakota, Minnesota & Eastern Railroad Corporation's (DM&E) proposed Powder River Basin Expansion Project (PRB Expansion Project). The approximately 2,500-page Final EIS concludes the environmental review required by the National Environmental Policy Act for DM&E's proposal to construct and operate new rail line and associated facilities in east-central Wyoming, southwest South Dakota, and south-central Minnesota. Chairman Morgan earlier had indicated that the Final EIS would be issued no later than late Fall of 2001, and that goal has been met.

**The DM&E Project:** The PRB Expansion Project is the largest and most challenging rail construction proposal ever to come before the Board. It comprises nearly 1,000 miles of rail line (approximately 280 miles of new rail construction and 600 miles of rail line rehabilitation); involves the participation of many Federal, state, and local agencies; entails numerous and diverse environmental issues; and involves new rail yards and numerous alternative routes, as well as proposals to bypass certain affected communities. The project would enable a third railroad to serve Wyoming's Powder River Basin coal mines to transport coal eastward and is intended to increase the operational efficiency of DM&E's existing rail line in Minnesota and South Dakota.

**The Final EIS Analysis:** The Board's Section of Environmental Analysis (SEA) prepared the Final EIS in coordination with five Federal cooperating agencies (U.S. Department of Agriculture Forest Service, U.S. Department of Interior Bureaus of Land Management and Reclamation, U.S. Army Corps of Engineers, and U.S. Coast Guard). The Final EIS addresses a broad range of environmental issues and reasonable alternatives to DM&E's proposal. The Final EIS also recommends mitigation to reduce or eliminate many of the potentially significant adverse environmental impacts and includes estimated costs for the environmental mitigation recommended by SEA and the cooperating agencies. The issues analyzed include the impacts -- both beneficial and adverse -- of the railroad's proposal on human and natural resources, rail safety, transportation, geology, soils, land use, paleontological resources, water resources, wetlands, air quality, noise and vibration, vegetation, wildlife, Federally listed threatened and endangered species, cultural resources, aesthetics, socioeconomics, and environmental justice communities (minority and low-income populations).

In preparing the Final EIS, SEA and the cooperating agencies conducted an extensive, independent environmental analysis, reviewed all the public comments on the Draft EIS, and consulted with Federal, state, and local agencies. SEA and the cooperating agencies also conducted twelve public hearings after the Draft EIS was issued. SEA has carefully considered the more than 8,600 public comments received on the Draft EIS. SEA received comments from a broad range of interests that include Federal, state, and local agencies; various interest groups; affected communities; Indian Tribes; and members of the general public, largely from the States of Minnesota, South Dakota, and Wyoming, but also from locations throughout the United States.

**Negotiated Agreements:** DM&E has entered into mutually acceptable Negotiated Agreements with many affected communities and other entities to address potential environmental impacts and other local concerns. To date, DM&E has submitted 51 Negotiated Agreements executed with affected communities. In the Final EIS, SEA recommends that the Board require DM&E to comply with the terms of all the Negotiated Agreements as a condition in any decision approving the PRB Expansion Project.

**Environmental Mitigation:** In the Final EIS, SEA developed extensive mitigation to address, to the maximum extent possible, the environmental issues of concern, should the PRB Expansion Project be approved. The recommended

mitigation--147 conditions in all-- addresses issues ranging from highway/rail at-grade crossing safety, noise, water quality, and biological and cultural resources to community and Tribal liaisons designed to facilitate ongoing consultations between DM&E and affected communities and Indian Tribes. As part of its local and site-specific mitigation, SEA recommends that DM&E be required to install three grade crossing separations, one in Pierre, SD and two in Rochester, MN. Moreover, in the Final EIS, SEA recommends that the Board impose an oversight period and require DM&E to submit quarterly reports during the oversight period to document its compliance with the environmental conditions.

The Final EIS explains that the environmental mitigation costs are likely to exceed \$140 million. In this regard, SEA notes that the likely expenditure of approximately 10 percent of the \$1.4 billion construction cost of this project for mitigation that could be imposed by the Board and the five cooperating agencies does not appear unreasonable, given the magnitude of the project and the nature of the environmental issues.

**Major Recommended Conclusions in the Final EIS:** A complete description of DM&E's proposal, the alternatives considered, and SEA's analysis and conclusions are set forth in the Final EIS. As explained in the Final EIS, SEA recommends the following major conclusions if the PRB Expansion Project is approved:

- "*Alternative C*" (designed by DM&E to avoid potential environmental impacts) would be the environmentally preferable alternative for extending DM&E's existing system westward into Wyoming's Powder River Basin. In addition, the following "Alternative C" route variations would be environmentally preferable: the "Phiney Flat Alternative," "WG Divide Alternative," "Black Thunder North Mine Loop," and "North Antelope East Mine Loop."

- The *No-Action Alternative* (under which DM&E would not receive final Board approval, or authority from the cooperating agencies, to construct or operate a rail line extension into the Powder River Basin) would prevent some environmental impacts but would result in potentially significant impacts of its own because the existing line would likely continue to deteriorate, increasing the potential for train and train/vehicle accidents. Furthermore, the no-action alternative would not meet the purpose of and need for the project.

- For *Mankato, MN*, both Alternatives "M-2" (new construction south of Mankato proposed by DM&E) and "M-3" (the existing corridor route involving construction of a new rail line within the Union Pacific Railroad Company's ["UP's"] right-of-way), even with mitigation, would have potentially significant environmental impacts, although to different resources. While Alternative "M-3" would have fewer significant impacts than Alternative "M-2," Alternative "M-3" could not be built without an agreement between UP and DM&E. Absent such an agreement, Alternative "M-2," with mitigation, would be the only other feasible alternative in Mankato.

- For *Owatonna, MN*, Alternative "O-5" (replacing an existing rail diamond switch with a "Y" connection to connect DM&E's rail line with the I&M Rail Link) would be environmentally preferable because it would require minimal upgrading of the existing line. However, Alternative "O-5" could not be implemented without an agreement between UP and DM&E. If there is no agreement, Alternative "O-4" (construction and operation of a 1.7-mile loop to connect with I&M) would be the environmentally preferable route.

- Both the *Rochester, MN* bypass and rehabilitation of DM&E's existing route through the city would have potentially significant impacts, albeit to different resources. However, in light of the potential threat of sinkholes associated with the Rochester bypass, and the fact that the mitigation to fill sinkholes would have its own potentially significant effects, the bypass route cannot be recommended. Accordingly, if the Board approves the PRB Expansion Project, the route through the City of Rochester, with the extensive mitigation SEA developed (including two separated-grade crossings and noise mitigation), would be the environmentally preferable route.

- In addition to the bypass originally proposed by *Brookings, SD*, in the Final EIS, SEA considered the "Railco Bypass" Alternative, which the city submitted as a comment to the Draft EIS. As both the original Brookings bypass and the "Railco Bypass" would have greater effects on environmental resources than the proposed reconstruction of the existing rail line, rehabilitation of the existing line, with SEA's recommended mitigation, would be the preferred alternative for Brookings.

- The proposed *Pierre, SD* bypass would have significant environmental and engineering constraints and is therefore not a reasonable and feasible alternative. As a result, upgrading DM&E's existing line through Pierre and Fort Pierre, with the extensive mitigation SEA developed (including a grade-separated crossing and noise mitigation) would be the recommended alternative for Pierre.

- For *project-related rail yards* where there are alternatives, "Option B" for the Middle East Yard in Minnesota would be

environmentally preferable because it avoids the Minneopa State Park near Mankato, MN. For the West Yard in Wyoming, "Option B" would be environmentally preferable because it avoids impacts to Thunder Basin National Grassland.

- Rehabilitation of DM&E's existing *rail bridge across the Missouri River* at Pierre, SD appears to have fewer environmental impacts than building a new bridge.

Charts providing more information on the major alternatives SEA analyzed and comparing SEA's conclusions in the Final EIS and the Draft EIS, which was issued in September 2000, are attached to this news release.

**Next Steps:** As stated earlier, the issuance of the Final EIS concludes the Board's environmental review process in the case entitled *Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin*, STB Finance Docket No. 33407. SEA has determined that neither a supplement to the Draft EIS nor an additional comment period on this Final EIS is warranted.

The Board will now consider in its final decision whether to approve, approve with conditions, or disapprove the proposed PRB Expansion Project. In making its final decision, the Board will consider the entire environmental record, including the Draft EIS, the Final EIS, all public and agency comments received, and SEA's final recommended environmental mitigation and estimated mitigation costs. The cooperating agencies also will issue decisions under their own governing statutes, based on the EIS and various applications submitted by DM&E.

DM&E cannot begin construction of its new rail line until the Board issues a final decision approving the PRB Expansion Project and that decision becomes effective. Under the regulations of the President's Council on Environmental Quality, no decision of the Board or any cooperating agency on DM&E's proposal may be made until 30 days after the Environmental Protection Agency publishes a Notice of Availability of the Final EIS (anticipated to be published on November 30, 2001).

**Availability of the Final EIS:** The Final EIS has been sent to key reviewing agencies, Tribes, Governors, elected officials, and appropriate county offices, as well as the parties of record and members of the general public that provided substantive comments on the Draft EIS. The Final EIS will be available for public review at 80 public libraries. The entire document is also available on the Board's website <http://www.stb.dot.gov>, under "Decisions & Notices," and listed as "Environmental Review" by Service Date (November 19, 2001), Docket Number (FD 33407), or Docket Prefix (FD).

A printed copy of the Final EIS is available for a fee by contacting **Da-2-Da Legal, Room 405, 1925 K Street, NW, Washington, DC 20006, telephone (202) 293-7776**, or via [http://Da\\_To\\_Da@Hotmail.com](http://Da_To_Da@Hotmail.com). Interested parties may obtain additional information by telephoning SEA's toll-free Environmental Hotline at **(877) 404-3044**.

[NOTE: For quick access to charts within the Final EIS, go to the Board's website at <http://www.stb.dot.gov>. When the home page appears, click on "New Items." When the next page appears, click on "11/19/01[:] DM&E Final Environmental Impact Statement" for a complete table of contents.]

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