



SURFACE TRANSPORTATION BOARD
Washington, DC 20423

Section of Environmental Analysis

September 13, 2007

Robert J. Whiting
Chief, Regulatory Branch
U.S. Army Corps of Engineers
St. Paul District
190 Fifth Street East, Suite 401
St. Paul, Minnesota 55101-1638

Re: STB Finance Docket No. 34992, Itasca County Regional Rail Authority -
Construction and Operation Exemption - Itasca County, Minnesota
Corps regulatory number MVP-2005-546-JKA

Dear Mr. Whiting:

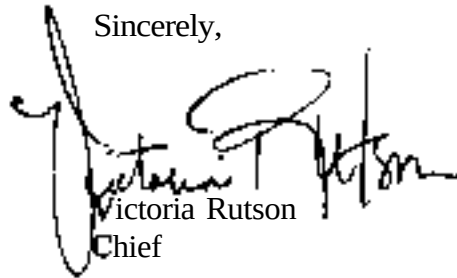
I am writing to follow up on my conversation of August 30, 2007, with Jon Ahlness of your staff in which we discussed the collaborative effort in the environmental review for the Itasca County Regional Rail Authority (Itasca) rail line construction and operation proposal (captioned above) and to formally invite the U.S. Army Corps of Engineers, St. Paul District Office, to be a cooperating agency. As you are aware, the proposed rail line would extend approximately nine miles, starting at the connection with an existing railroad line at Taconite, MN, and continuing to the site of the new steel mill to be built by Minnesota Steel Industries, LLC (Minnesota Steel) at the end of the line at Nashwauk, MN. Principal commodities to be handled include miscellaneous chemicals, outbound steel slabs, and taconite pellets. The proposed rail line would initially serve the Minnesota Steel facility, but would handle any additional traffic that future customers that may locate along the right-of-way generate. Itasca projects that it would operate two trains per day (one daily roundtrip) in the reasonably foreseeable future.

Based on the information available to date, the Surface Transportation Board's (Board) Section of Environmental Analysis (SEA) believes that the proposed action would not result in significant environmental impacts and that any impacts could most likely be addressed through appropriate mitigation measures. Therefore, SEA believes that the preparation of an Environmental Assessment (EA) is the appropriate level of environmental documentation. Of course, should we discover significant impacts that could not be mitigated, we would at that time prepare an Environmental Impact Statement.

The Board is the lead Federal Agency for this action. Based on preliminary agency consultations and analysis conducted by SEA and its third-party contractor, Burns & McDonnell, SEA has determined that the project, as proposed, would impact properties under the jurisdiction of the U.S. Army Corps of Engineers (Corps). Therefore, as requested in the Corps' consultation response letter to Burns & McDonnell dated May 21, 2007, and consistent with 40 CFR 1501.6, we are inviting the Corps to be a cooperating agency in the preparation of this EA because of your special expertise and jurisdiction by law.

If you have any questions, please feel free to contact Ken Blodgett of my staff at (202) 245-0305. We look forward to working with you in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria Rutson". The signature is stylized with a large, looped initial "V" and a long, sweeping horizontal stroke at the end.

Victoria Rutson
Chief