



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF:

OCT 31 2014

Peter Fasbender
Field Supervisor
Twin Cities Field Office
U.S. Fish and Wildlife Service
4101 American Boulevard West
Bloomington, Minnesota 55424

Dear Mr. Fasbender:

Pursuant to Section 7 of the Endangered Species Act (ESA), (16 U.S.C. Section 1531 et seq.) the U.S. Environmental Protection Agency, Region 5 has reviewed the biological information and analysis related to a Prevention of Significant Deterioration (PSD) permit for Cliffs Natural Resources, Inc., Northshore Mining Company, Silver Bay Power, to determine what impact there may be to any threatened or endangered species in the area around the proposed facility. The purpose of this letter is to seek concurrence from the U.S. Fish and Wildlife Service (FWS) on our determination that the proposed project is not likely to adversely affect any federally listed species in relation to the proposed air quality permit for Sappi.

Project Description

Silver Bay Power is an existing power plant located onsite at Northshore Mining Company's Silver Bay taconite processing facility. The power plant consists of two industrial boilers (Power Boilers 1 and 2) capable of burning solid, liquid and gaseous fuels to provide process steam and electricity to the taconite processing operations. The electricity generated is used primarily by the Silver Bay taconite processing facility. However, a portion may be sold to the electric grid.

The proposed project affect both boilers. Power Boilers 1 and 2 are capable of burning natural gas, distillate fuel oil, or coal. Both units are currently controlled with fabric filter baghouses for particulate matter. The Nitrogen Oxides (NOx) emissions are currently controlled through good combustion practices.

Silver Bay Power plans to replace the existing six front-wall-fired burners in Power Boiler 1 and the nine front-wall-fired burners in Power Boiler 2 with low NOx burner-over-fired air (LNB-OFA) systems as a voluntary NOx emission reduction project. The

LNB-OFA installation for Power Boiler 1 is scheduled to occur in early 2015, during a planned outage, and the installation for Power Boiler 2 is scheduled to occur approximately 18 months later, in late 2016, also during a planned outage. No new infrastructure will be required at the Silver Bay site for this project and all construction related activities will take place within existing buildings.

Action Area

An action area of 3 km radius around the proposed facility was based on air quality modeling performed for the PSD permit and represents the significant impact for criteria pollutants.

List of Species

According to FWS, Canada lynx (federally threatened) and northern long-eared bat (proposed for listing as endangered) could potentially be present within 3 km of this facility. The lynx is a medium sized cat with large paws and long legs suitable for hunting in deep snow. Habitat requirements for the lynx are moist boreal forests with cold snowy winters and an abundance of snowshoe hare prey. Although all of Lake County is designated as critical habitat for the lynx, the location of the facility is industrial in nature with Lake Superior to the south and east and highway 61 to the north and west. The lack of vegetation within and surrounding the project location indicates it would be poor habitat for the lynx.

The northern long-eared bat is a proposed species for Lake County, Minnesota. It is a medium sized bat with long ears. During summer months they roost singly or in colonies underneath bark, in cavities or in crevices of both live and dead trees. They also roost and are known to hibernate in caves and mines. Northern long-eared bats feed in forested hillsides and ridges on moths, flies, beetles and other insects. There is a known hibernaculum in St. Louis County; however, the current location of the facility and project does not provide any summer or winter habitat areas for the northern long-eared bat.

Conclusion/Determination

As previously discussed, the proposed project for Silver Bay Power is within one-quarter miles of the shore of Lake Superior, between Lake Superior and the City of Silver Bay, and is within the industrial area encompassed by Northshore Mining's taconite facility. The nature of the project is an emissions reduction project and the only projected emissions increase is a collateral increase in carbon monoxide emissions. Because the project is located within an industrial and developed area (City of Silver Bay), there is no suitable habitat for either the Canada lynx or the long-eared bat within or near the project area.

Considering the facts that were presented, EPA concludes that the proposed project at this facility may affect, but is not likely to adversely affect, any of the endangered or

proposed species. EPA respectfully requests USFWS concurrence on this determination. If you have any questions with respect to this letter or disagree with this determination, please contact me at (312) 353-4761, or Jennifer Darrow, of my staff, at (312) 886-6315.

Sincerely,

A handwritten signature in cursive script that reads "Genevieve Damico". The signature is written in dark ink and is positioned above the printed name.

Genevieve Damico
Chief
Air Permits Section