HIBBING

September 17, 2025

Commissioner Katrina Kessler
Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155

RE: Comments on Draft Wastewater Permits and Preliminary Denial of Sulfate Variance Request for U.S. Steel Keetac Facility

Dear Commissioner Kessler:

On behalf of the City of Hibbing, we submit these comments regarding the draft wastewater permits and the preliminary denial of U.S. Steel Keetac's variance request from the sulfate water quality standard.

Hibbing is a rural community already facing economic stress. 14.2% of our residents live below the poverty line, compared to 9.3% statewide, and poverty among children under age 18 reaches 16.2%—well above Minnesota's average. In such a context, every job lost multiplies hardship across families, schools, and city services.

The recent layoff of 255 people at Hibbing Taconite (HibTac) demonstrates this risk. According to the University of Minnesota Duluth's Bureau of Business and Economic Research (BBER), every mining job supports 1.25 additional jobs through indirect and induced effects. HibTac's 255 direct job losses therefore likely resulted in another 315 lost jobs across our community. For a city our size, this scale of loss is devastating—shrinking our tax base, depressing local business revenues, and pushing more residents into poverty (UMD BBER, Economic Impact of Ferrous and Nonferrous Mining, June 2020).

The EPA's Interim Economic Guidance for Water Quality Standards makes clear that states must evaluate not only company-level financial indicators but also the "substantial and widespread economic and social impacts" of regulatory compliance (Section 1.3, p. 5). The Workbook directs regulators to assess not just corporate balance sheets but the socio-economic well-being of affected communities, defining widespread impacts as those that include increased unemployment, losses to the local economy, and reductions in tax revenues (Section 4.1, pp. 37–38). EPA guidance specifically notes that if compliance would force "shutdown of a facility or production line," regulators must account for lost jobs, reduced household income, and declining tax revenues (Section 3.3, p. 28). HibTac's layoffs offer a direct, real-world example of the "widespread impacts" EPA requires MPCA to evaluate.

This context makes Keetac's role even more critical. Keetac is the remaining major mining facility within Hibbing's city footprint operating at full capacity, while HibTac is already at reduced production. If Keetac were curtailed due to an unachievable sulfate standard, Hibbing would again suffer cascading job losses, reduced municipal and school revenues, and deeper community hardship.

It is also important to recognize that taconite pellets are a global commodity. U.S. Steel does not produce at every site regardless of cost; it produces where it is cheaper than purchasing pellets on the open market. If the cost per ton at Keetac rises by the $17.50 per ton that U.S. Steel has reported, the company will shift to cheaper suppliers rather than operate an uncompetitive facility in Hibbing. The EPA Workbook explicitly directs regulators to consider such "shifts to alternate economic activity" when they result in reduced employment and reduced local purchasing (Section 3.3, p. 28). For Hibbing, that would mean layoffs, idle facilities, and the loss of vital tax revenues—precisely the "widespread impacts" that Section 4 requires regulators to weigh (Section 4.1, pp. 37–38).

The UMD BBER study further shows that in 2019, ferrous mining supported nearly 9,000 jobs in the Arrowhead Region, including more than 4,900 indirect and induced positions beyond the mines themselves. These multipliers demonstrate that job losses at one mine quickly ripple across the economy, harming schools, hospitals, restaurants, retail, construction, and city finances. EPA's guidance stresses that such impacts must be assessed cumulatively, not in isolation (Section 4.1, p. 38; UMD BBER, 2020).

We also wish to refute a statement made at the recent public hearing—that U.S. Steel did not provide evidence of widespread community impact in its variance request. In fact, the company did provide such evidence. Worksheet N of its submission explicitly projected that compliance would render Keetac economically unviable, leading to hundreds of layoffs and substantial secondary impacts on vendors, schools, and local governments. The EPA Workbook makes clear that these kinds of employment and tax base effects are central to the evaluation of widespread impacts (Section 4.3, p. 42). It is therefore incorrect to suggest that this evidence was absent; rather, it was presented and must be considered.

The implications extend far beyond Hibbing. Mining production taxes directly support the Permanent School Trust, the Iron Range Resources and Rehabilitation (IRRR) funds, and local government revenues across the Taconite Assistance Area. In fact, more than 90% of the wealth in the Permanent School Trust—benefiting every public school student in Minnesota—was generated by iron mining (UMD BBER, 2020). If Keetac is curtailed, not only Hibbing but also schools and communities statewide will feel the financial loss.

It is also relevant that the Governor's Task Force on Wild Rice (2019) concluded that MPCA must "develop guidance for water permit holders on how to minimize sulfate in water discharges"—a recommendation that has yet to be fulfilled. The Task Force further found that no practical or cost-effective treatment technology exists today. Reverse osmosis, while theoretically feasible, is "hugely expensive to install, power, and maintain" and creates unresolved brine disposal problems. Biological and chemical treatments remain at pilot scale. The Task Force recommended that variances be used as a bridge until viable treatment methods are available (Governor's Task Force on Wild Rice Report, January 2019, pp. 6–7, 18). Denying Keetac's variance contradicts this very guidance from the state itself and leaves both municipalities and industries without the clarity or tools needed to comply.

It is also relevant to note that MPCA has acknowledged the need for flexible permitting tools in other contexts. While the agency is currently developing a time-limited sulfate multi-discharger variance (MDV) for municipal facilities, this framework remains in pilot form and has not yet been implemented. At the same time, municipalities have been able to seek individual variances for other pollutants—such as chloride, mercury, and phosphorus—under streamlined processes. This demonstrates that MPCA already recognizes the need for variance pathways when compliance would cause substantial and widespread hardship. Given that industrial facilities like Keetac face similar economic barriers, it is both appropriate and equitable for MPCA to apply comparable variance approaches to Keetac.

For Hibbing, this is not an abstract regulatory question. It is a matter of whether our families can keep working, whether our schools and city can maintain funding, and whether an already struggling community can avoid further decline. HibTac's reduced operations and layoffs have already created significant hardship. We cannot afford for Keetac—the remaining major mining facility in Hibbing operating at full capacity—to face the same fate.

That brings us to our request for MPCA action. The City of Hibbing respectfully requests that MPCA:

1. Grant Keetac a site-specific sulfate standard;
2. Allow compliance to be measured at a central discharge point, if technically feasible;
3. Renew sulfate rulemaking in collaboration with the Legislature and EPA, updating the standard based on modern peer-reviewed science that accounts for all factors affecting wild rice (water levels, sediment, vegetation, predation); and
4. Include complete economic analysis that fully captures community-wide impacts—including induced and indirect job losses, declining tax revenues for cities and schools, and reductions in statewide trust funds if Keetac is curtailed.

We further request that MPCA provide a formal written response to the City of Hibbing, through the Office of the Mayor, addressing each of these four points in detail.

The City of Hibbing supports reasonable regulation that balances environmental protection with economic survival. But EPA's own guidance shows that MPCA has the authority—and indeed the responsibility—to consider the full range of economic and social impacts before denying Keetac's variance request.

We urge MPCA to reconsider its preliminary denial and approve Keetac's variance request.

Respectfully submitted,

Pete Hyduke

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References

- U.S. Environmental Protection Agency. Interim Economic Guidance for Water Quality Standards Workbook. EPA 823-B-95-002. March 1995.
- University of Minnesota Duluth, Bureau of Business and Economic Research (BBER). Economic Impact of Ferrous and Nonferrous Mining in Minnesota. June 2020.
- Governor's Task Force on Wild Rice. Final Report to Governor Mark Dayton. January 3, 2019.