IRON RANGE MAYORS

5525 Emerald Avenue
Mt. Iron, MN 55768
Phone: 218.748.7651

"Quality of Life through Community, Industry, Environment, Recreation, and Education"

September 22, 2025

Minnesota Pollution Control Agency
c/o Stephanie Handeland
520 Lafayette Road North
St. Paul, MN 55155

RE: Support for Iron Mining, Keetac site-specific standard and variance

Ms. Handeland,

We are a group of Iron Range Mayors concerned about the health, environment, and well-being of our cities. Our citizens are the residents, business owners, and service providers who call these places home. As mayors, we are directly responsible for the economic vitality and sustainability of our communities.

We are writing specifically with comments and questions around the MPCA's denial of the Keetac NPDES requested variance based on substantial economic impacts.

We either attended or have reviewed the MPCA's presentation at the RAMS meeting on August 14, 2025, and the public meeting on September 3, 2025, and have reviewed the EPA workbook (*1995 Interim Economic Guidance for Water Quality Standards Workbook (1995))*, USS variance request, and MPCA preliminary denial letter.

Based on our review, we raise the following **four** questions, and we respectfully request detailed responses.

1. Why in the variance denial did MPCA ignore the information provided by U.S. Steel relating to the widespread and substantial impacts provided on Worksheet N of U.S. Steel's variance request?
    a. Our review of Keetac's variance application finds that substantial information was provided in both narrative form in section 2.4.4 of the variance application (page 16) and tables in the appendices including comments in the financial analysis section and most obviously, in a completed worksheet N titled "Factors to Consider in Making a Determination of Widespread and Economic Impacts." The data on worksheet N explicitly points out that 453 additional jobs are expected to be lost (boxes 4 & 15), unemployment in the affected communities is expected to grow from 5.26% to 9.15% (boxes 2 & 5) due to compliance with the standard. Worksheet N also shows that tax revenues paid by the private entity account for

64.50% (box 13) of the total tax revenue in the affected cities.

b. **Why was this information ignored in the MPCA's analysis and determination of no substantial and widespread impacts?**

2. Why did the MPCA at the public meeting on September 3 say that U.S. Steel provided no information on substantial economic impacts? This directly contradicts Worksheet N and materials submitted by U.S. Steel.
   a. At the public meeting at Iron Trail Motors Event Center on September 3, 2025, in its presentation MPCA staff explicitly said,

   > *"Following EPA guidance and the information provided to us by U. S. Steel their application, we determined that there's not sufficient evidence of a substantial economic impact."*

   b. Why did MPCA publicly state something inconsistent with the record?

3. Why did the MPCA selectively apply only a small portion of the guidance in the EPA workbook when the intent of the workbook clearly guides to a broader analysis?
   a. We conducted a detailed review of the EPA Guidance Workbook. It follows this letter. **See Detailed exploration of MPCA's denial responses to required EPA INTERIM GUIDANCE starting on page 4.**

4. Why did the MPCA ignore common and available public knowledge about the state of the local economy and industry, specifically the 600 laid-off miners, in its analysis of the widespread economic impacts? EPA guidance specifically directs agencies to consider local economic conditions, yet MPCA disregarded widely known facts.
   a. It is common and public knowledge that both Minorca Mine and Hibbing Taconite recently laid off over 600 workers. It is also common knowledge that Hibbing Taconite has limited economic ore available and will likely be permanently shut down soon, adding to economic hardship. The cities closest to Hibbing Taconite are Buhl, Chisholm, Hibbing, and Keewatin, the same affected cities related to this NPDES application. **Why did the MPCA ignore this common knowledge and state of the local economy in its decision to deny the variance request?**

Based on our analysis and our previous questions, we have serious and substantial concerns with how the variance request was evaluated, the misrepresentations made by the MPCA in public meetings and the selective and incomplete use of EPA's guidance. We find MPCA's statement in the preliminary denial that "an analysis of widespread impacts on the surrounding community is not essential" particularly careless and offensive. The health of our communities and the livelihoods of our people are at stake. Whether this hastily prepared preliminary denial was put forward due to lack of experience, limited capacity, rushed timelines, or willful intent, we deserve and expect better from our state regulators.

We look forward to your answers to our questions.

Signed,

Pete Hyduke
Mayor of Hibbing

Adam Roen
Mayor of Eveleth

Heidi Omerza
Mayor of Ely

Karl Oberstar
Mayor of Gilbert

Mike Troop
Mayor of Calumet

Patrick Haley
Mayor of Kinney

Adam Lantz
Mayor of Chisholm

Dan Manick
Mayor of Cook

Larry Cuffe
Mayor of Virginia

Peggy Anderson
Mayor, Mountain Iron

Greg Heyblom
Mayor of Nashwauk

Tasha Connelly
Mayor of Grand Rapids

Jim Matthews
Mayor of Buhl

Brennan Scott
Mayor of Hoyt Lakes

Steve Biondich
Mayor of Biwabik

Wade Leblanc
Mayor of Silver Bay

Question 3 Detail: Iron Range Mayors Comments on MPCA's Reply to the Information Submitted Under EPA Interim Economic Guidance for Water Quality Standards Workbook Submissions as part of the Variance Request

First, we think it necessary to point out that section 1 of the workbook states,

> *"The guidance, however, is not an exhaustive description of appropriate economic impact analysis. Additional information and tests may be necessary and/or desirable in certain circumstances. "*

and that the workbook,

> *"does not give definitive answers to whether or not an entity has demonstrated substantial, widespread, or important economic and social impacts."*

The EPA is clearly making room for state regulators to gather, weigh, and consider a broader range of economic and market data in making a variance determination. We think, given the complexity of the issues at hand, exercising this flexibility and judgment will be necessary here. Section 1 further states that,

> *"…the State is responsible for interpreting the circumstances of each case and determining where there are substantial and widespread economic and social impacts, or where important social and economic development would be inappropriately precluded."*

Again, the EPA is making room and providing flexibility for states to use their best judgment and requiring strict adherence to the methodology outlined in the workbook. We believe this gives the MPCA the authority to conduct a more comprehensive and thorough economic analysis than was communicated in section E. Factor 6 of the variance denial (Page 5).

Section 3 of the workbook outlines the method by which substantial impacts to private-sector entities are to be evaluated. The first and second part of the chapter (sections 3.1 and 3.2) detail a financial impact analysis. It details both primary and secondary financial measures, including the regulations' impact on company's profitability; liquidity, solvency, and leverage, and describes in detail how the calculations are to be performed. The company provided, and the MPCA evaluated these metrics at a corporate, company-wide level, which includes the financial performance of U.S. Steel operations across the globe from Kosice to Mon Valley to Keewatin.

While we understand that this analysis intends to determine if compliance with the standard would induce a financial hardship on the company, causing fiscal instability, it does so only at a macro level. We think this financial analysis method leaves much to be desired and only provides a minimal piece of information. A more nuanced approach would be to examine how the Keetac facility will be impacted, both financially, operationally, and strategically, by the cost of compliance with the regulation. This is a critical understanding to have, but it should not be, nor does the EPA guidance require it to be, the sole factor in justifying the denial of the variance request. However, this said, the MPCA states in the preliminary denial of the variance request:

"Based on the results of the financial analysis included in the variance application, using economic measures for affordability as directed by the Guidance and cost data provided by the Permittee, MPCA does not find sufficient evidence for substantial economic impacts on the Permittee resulting from compliance with water quality standards, and therefore does not find sufficient financial or economic grounds for variance eligibility at this time."

The MPCA further states:

"If substantial impacts on the Permittee cannot be established, an analysis of widespread impacts on the surrounding community is not essential, and variance eligibility cannot be established."

And,

"…an analysis of widespread impacts on the surrounding community is not essential."

We disagree with this statement from the MPCA in the strongest possible terms. The communities named in the required economic analysis area (Buhl, Calumet, Chisholm, Hibbing, Keewatin, Marble, Nashwauk, and the adjacent rural areas of Itasca and St. Louis County) **are essential**.

We disagree with the interpretation that these financial metrics are a barrier that must be overcome to justify a more comprehensive analysis of the social and economic impacts of the permit conditions. We also disagree that analyzing these impacts is unnecessary. The core message of the EPA Workbook appears to suggest the opposite, indicating that regulators should seek to understand the full effect of the permit condition on the socio-economic well-being of the affected region. The lives and livelihoods of the people in northeast Minnesota will be impacted by the decisions made here.

Part 3.3 provides guidance on interpreting the results of these calculations. Interestingly and rightly, the guidance is particularly concerned with regulations that will cause substantial adverse impacts to local employment and local economic activity. Specifically, the guidance says,

"if the discharger is making a profit now but would lose money with the pollution control, then the possibility of a total shutdown or closing of a production line must be considered."

The guidance further says that if a discharger, as a reaction to the regulation,

"shift(s) to an alternate economic activity (at the discharging location), the shift may result in reduced profits, employment and purchases in the local community that must be considered."

While U.S. Steel provided data that speaks to these points on Worksheet N of its variance submittal, specifically indicating in Box 15 that 453 additional people would be eligible to collect unemployment after compliance with these water standards, we see nowhere in MPCA's preliminary denial that these impacts were considered.

Additionally, the guidance indicates that the socio-economic opportunity cost of the compliance regulation must be considered if the applicant

> *"would alternatively spend those funds on an expansion which would have resulted in increased employment and income for the community."*

U.S. Steel, in its variance request, reports:

> *"The capex to convert a pellet to DR grade requires immense capital, as well as a significant amount of capital to build a DRI/HBI facility to be able to consume it within a mini mill. If USS has to pay for that level of pollution control, strategic investment are more difficult to make in our mining assets to make them more viable for the future of the steel industry and compete with those that have higher profits within similar lines of business."*

In MPCA's preliminary denial of the variance request, we see no consideration of how complying with the regulation would impact U.S. Steel's investment in additional DR grade capabilities or DRI/HBI facilities on the Iron Range.

Section 4 of the workbook provides guidance on determining widespread impacts. In determining widespread impacts,

> *"There are no ratios per se that evaluate socio-economic impacts. Instead, the relative magnitudes of indicators such as increases/in unemployment, losses to the local economy, changes in household income, decreases in tax revenues, indirect effect on other businesses.... should be taken into account when deciding whether impacts should be consociated widespread."*

The guidance goes on further to say,

> *"At a minimum…the analysis must define the affected community, consider the baseline economic health of the community, and finally evaluate how the proposed project will affect the socio-economic well-being of the community."*

And,

> *"In all cases, socioeconomic impacts should not be evaluated incrementally; rather, their cumulative effect on the community should be assessed."*

While U.S. Steel provided data that addresses these points on Worksheet N of its variance submittal, we do not see that these impacts were considered in MPCA's preliminary denial. On Worksheet N, the Iron Range cities of Buhl, Calumet, Chisholm, Hibbing, Keewatin, Marble, and Nashwauk (defined area) are identified. MPCA did not conduct an economic analysis of the impacts to these communities.

Finally, part 4.3 of the workbook provides some additional context for determining widespread impacts for private sector entities. The guidance states,

> *"Through property taxes and employment, the entity(ies) may be a key contributor to the economic base of the affected community. In this situation, reductions in employment caused by compliance with water quality standards could be widespread if workers have no other employment opportunities nearby. Impacts may also be significant where the entity(ies) is a primary producer of a particular product or service upon which other nearby businesses, or the affected community depend. The impacts of reduced business activity or closure will be far greater in this case than if the products are sold elsewhere."*

Again, we see no evidence that MPCA considered the above impacts in the denial of U.S. Steel's variance request.

Part 3: Conclusion/ Recommendation

We encourage the MPCA to conduct a more thorough and thoughtful analysis of the current economic conditions on the Iron Range, as well as the likely and potential socio-economic impacts, including those from the potential idling of production at Keetac, of these regulatory requirements on the region.

We think the additional information that can be gained from such analysis will allow the MPCA to a make a fuller, more informed decision as to the validity of U.S. Steel's variance request.

We encourage the MPCA to grant the variance request and site-specific standard for Keetac. Further, we urge a delay in the final issuance of the preliminary permit denial until this information can be compiled and understood.

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