



United States Department of the Interior
National Park Service
Lewis & Clark National Historic Trail
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Omaha, Nebraska 68102-4226



OFFICIAL CORRESPONDENCE SENT VIA ELECTRONIC MAIL

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June 11, 2009

Mr. Brent Lignell
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Air Resources Management Bureau
Montana Department of Environmental Quality
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Dear Mr. Lignell:

The National Park Service (NPS) has reviewed Appendix G: Environmental Assessment (EA) of the air quality permit application filed by Southern Montana Electric Generation and Transmission Cooperative, Incorporated (SME) on or about April 24, 2009, with the Montana Department of Environmental Quality (Department). The SME is requesting a major modification to air permit #3423-01 for the construction and operation of two natural gas-fired generating units at the same site as the proposed Highwood Generating Station (HGS) coal-fired power plant in Cascade County, Montana. At this time our comments on the application are limited to potential impacts to Class II areas administered by NPS as discussed in the EA. We may submit additional comments on Class I and II NPS administered areas that may be impacted by the proposal after the Montana Department of Environmental Quality determines SME's application is complete. We offer the following comments for your consideration.

The Department previously issued air quality permits #3423-00 and #3423-01 to SME for the construction and operation of the HGS coal-fired circulating fluidized bed boiler facility east of Great Falls in Cascade County, Montana. The HGS project, which also includes proposed wind turbines and other related infrastructure, is both on and astride the Great Falls Portage National Historic Landmark (NHL) and the Lewis and Clark National Historic Trail (the Trail). Construction of HGS at this site will result in immitigable adverse effects to the Great Falls Portage NHL. The Department issued these air permits to SME prior to the completion of the Section 106 consultation process required of the federal agencies involved in the HGS undertaking. Per the National Historic Preservation Act (NHPA), consultation must be

completed prior to any Federal agency's action on a proposed undertaking, which in the HGS case was Rural Utilities Service's (RUS) decision to fund the project and the United States Army Corps of Engineers' (USACE) decision to authorize the water intake and transmission lines. However, both Federal agencies involved in this undertaking initially chose to fund or permit the undertaking with contingencies that Section 106 be completed. To date, consultation on HGS has not been completed and both of these federal decisions have since been suspended.

Since RUS ultimately declined funding for HGS due to various concerns regarding the project's feasibility and is no longer involved in the HGS project, USACE has initiated Section 106 consultation. The USACE held their first consultation meeting on March 12, 2009. At this meeting, SME presented their draft proposal for adding a natural gas-fired power plant to the coal-fired power plant at the same site. It is not known how long it will take to complete this consultation process and once completed, USACE may choose to reinstate, modify, or revoke the suspended permit necessary for the HGS project.

The consultation process led by RUS on HGS was nearing an impasse prior to the Department's and RUS' joint issuance of a Record of Decision (ROD) and now the proposal to add another electric generation facility and wind turbines onto the proposed coal plant site further complicates the issue. The NPS, the Advisory Council for Historic Preservation (ACHP), the National Trust for Historic Preservation, and other preservation groups are all calling for consideration of alternate sites for construction of this electric generation facility in order to comply with NHPA Section 110(f). National Historic Landmarks are our nation's premier historic properties and are afforded special protections under NHPA Section 110(f). Places that possess exceptional value or quality in illustrating and interpreting the heritage of the United States are designated as NHLs. Only 3 per cent of properties listed in the National Register of Historic Places are designated as NHLs. Their preservation is an irreplaceable legacy to us and future generations. Today, fewer than 2,500 historic places bear this national distinction and the Great Falls Portage NHL is one of only 23 NHLs in the State of Montana.

Under Section 110(f), Federal agencies are required, to the maximum extent possible, to undertake such planning and actions as may be necessary to minimize harm to an NHL. During the RUS-led Section 106 Consultation for HGS, the ACHP requested the Secretary of the Interior complete a report detailing the significance of the Great Falls Portage NHL and recommending measures to avoid, minimize or mitigate adverse effects of the proposed HGS on the Great Falls Portage NHL in accordance with NHPA Section 213. This document, *Report to the Advisory Council for Historic Preservation in Accordance with Section 213 of the National Historic Preservation Act: Evaluation of the Impact of the Proposed Highwood Generating Station on the Great Falls Portage National Historic Landmark (2007)* (213 Report) (attached) clearly states that the adverse impacts to the Great Falls Portage NHL from constructing HGS at the Salem site cannot be sufficiently mitigated due to the open landscape. Construction of HGS at the Salem location will likely result in delisting of all or part of the Great Falls Portage NHL. The information available in the 213 report was not available when the Department issued permit #3423-00 to SME for construction of HGS. We request that the Department use the 213 Report to inform its decision on SME's air permit application for adding a natural gas facility to the proposed HGS project.

The NPS opposes issuing yet another permit to SME that may be perceived as legitimizing continued expenditure of public funds on a project that has not received, and may not receive, all

necessary authorizations to be feasible. The NPS, the ACHP, the Montana State Historic Preservation Office, the Montana Environmental Information Center, the National Parks Conservation Association, the Montana Preservation Alliance, the Lewis & Clark Trail Heritage Foundation, the Sierra Club, and the National Trust for Historic Preservation have expressed disagreement with the issuance of decisions or licenses for this project at the County, State, and/or Federal level prior to adequate compliance demonstration with regulations designed to protect the natural and cultural environment and public health, (e.g. NHPA, the National Environmental Policy Act (NEPA), county zoning laws, and the clean air act).

We also oppose issuing a permit to an applicant that has demonstrated its willingness to begin construction prior to the completion of Section 106 consultation, knowing that the project threatens the Great Falls Portage NHL and that appropriate mitigation measures have not been agreed upon. This may be considered anticipatory demolition under NHPA Section 110(k). The fact that all air quality permits issued by the Department contain a requirement to make timely progress on construction of the air pollution facility is all the more reason to hold off on issuing an air permit until this matter is resolved. The SME cited the need to comply with this provision in their air permit as the reason they began construction in October, 2008. We must stress the fact that complying with NHPA in this case will require consideration of alternate sites and may take years to complete.

It is disturbing that the pending issues mentioned above are not even mentioned in the EA. If one were to rely on the information presented in the EA on potential cultural impacts, they would likely conclude that there are no major concerns. This is a gross misrepresentation of the facts of this proposal. Given the lack of transparency demonstrated by SME in their presentation of cultural impacts in the EA, we suggest that the Department work with USACE in preparing the appropriate level environmental review document that takes into consideration the entire administrative record for the HGS project. Irrespective of the type of document prepared or by whom, SME must include accurate information in their application regarding the potential impacts of the entire HGS project.

We don't think that the environmental review document should be prepared by SME without substantial involvement of MDEQ or USACE. The USACE as the lead Federal agency for the HGS project is responsible for compliance with NEPA and NHPA when/if USACE permits construction of the water intake and transmission lines for this project. The Department is responsible for ensuring compliance with MEPA when/if it grants HGS an air permit(s) for adding the gas plant to HGS.

An EA is not the appropriate level of environmental review for the proposed major modification to this project. An EIS was prepared for the HGS project, with a ROD issued in May, 2007, choosing a coal-fired power plant at the Salem site as the preferred alternative and finding the construction of a natural gas plant infeasible. The SME now claims that in the time since the ROD was issued, changes have occurred in energy pricing, air regulations, and the political environment making construction of a natural gas plant feasible and construction of a coal plant infeasible, at least in the near term. Whenever significant new information becomes available for a completed EIS, the agency must prepare a supplemental EIS in accordance with the Montana Environmental Policy Act for Montana state actions and NEPA for federal actions. The applicant has made a substantial change to their proposed action, necessitating substantial, additional information in order to evaluate impacts and reasonable alternatives. The applicant

claims that the proposed changes are necessary due to significant new circumstances that affect and actually contradict the agencies' chosen preferred alternative in the EIS. Also, there is significant new information available since the Final EIS was issued that must be considered that was left out of the EA. For example:

- Demonstration of financial feasibility for the project since RUS denied funding following issuance of their EIS/ROD.
- Secretary of the Interior 213 Report: Outlines national significance of the Great Falls Portage NHL and determines that adverse impacts from construction of the HGS cannot be sufficiently mitigated and threatens the integrity of the Great Falls Portage NHL.
- The MEIC, CCE, and Sierra Club filed suit in the United States District Court for the District of Columbia against the U.S. Department of Agriculture and RUS in July 2007. The plaintiffs alleged violations of NEPA and NHPA following RUS' Record of Decision on HGS. This case was dismissed due to RUS' decision to no longer consider financing HGS in February, 2008.
- USACE suspension of Nationwide permit verification (Corps File No. NOW-2008-1081-MTH) for the water intake and power line associated with HGS.
- USACE Section 106 consultation records for HGS.
- Loss of SME cooperative members. This will impact the calculated energy demand used to determine purpose and need. Yellowstone Valley Electric Cooperative and Electric City Power were listed in the Final EIS as SME member cooperatives, but are not listed in the EA. This change reduced the number of electric cooperative customers from an estimated 120,000 in the EIS to 100,000 in the EA. It is unclear to us why Electric City Power is not mentioned in the EA. If the City of Great Falls will no longer be served by the HGS project, this should be made clear in the application.
- Zoning for the project has been appealed to the Montana Supreme Court.
- A study commissioned by Yellowstone Valley Electric Cooperative and completed in March, 2009, found the proposed natural gas plant infeasible.

The proposed major modification to HGS will alter the overall and cumulative impacts of the project on the environment, but will not reduce them to a level of 'no significant impact.' The project must be reviewed as a whole. This project as a whole, will significantly impact public health and the environment, so an EIS must be prepared to assess those impacts. Instead, the EA compares the projected gas plant impacts to impacts from the coal plant, judging them as insignificant when compared to the impacts already expected from the coal plant (which has yet to be constructed).

In summary, the impacts of the gas-fired power plant alone are less than or equal to the impacts of the coal-fired plant...; The combined impacts of the coal plant and the natural gas plant are generally equal to the coal-fired power plant alone. (EA: 16.3, Summary, Page 66)

This type of impact comparison is appropriate when choosing between two alternatives, but should not be done on selected portions of a singular project. SME is proposing to build a combined gas and coal power plant, not either/or. No action alternatives other than the preferred alternative are being proposed. Alternatives other than the gas-plant addition to a coal plant should have been considered in the EA. The new information necessitating the changed project proposal also necessitates reconsideration of alternatives. Since the need for the change to gas is based on new information that questions the feasibility of the original preferred alternative to build a coal plant, alternatives should be put forward that do not include construction of the coal-fired generation facility. It would appear that cleaner technology is now more feasible and that such a facility may be more appropriately sited at a location that will not adversely impact an NHL. Just because the coal plant has already received an air permit doesn't mean it must remain part of the project. Given the fact that the coal plant was originally proposed in 2004, and to our knowledge has not yet found financing, it seems prudent to consider alternatives to building the coal plant. SME has not demonstrated that their proposal is feasible. Montana law directs:

any alternative proposed must be reasonable, in that the alternative must be achievable under current technology and the alternative must be economically feasible as determined solely by the economic viability for similar projects having similar conditions and physical locations and determined without regard to the economic strength of the specific project sponsor; (Montana Code Annotated 75-1-201. General directions - environmental impact statements)

Specific comments on the EA:

The EA does not mention other permits required for the project. As stated above, USACE has suspended authorization for the transmission lines and water intake. According to the EA, a new natural gas line will be installed to connect HGS to existing gas transmission pipelines north of the Missouri River, but ownership and siting of the pipeline has not been established. The construction of a new pipeline under the Missouri River will require additional permits and environmental reviews, so details about its siting and potential impacts should be evaluated in the EA.

Page 4: 1.2 Purpose and Need

As outlined in the application, SME is proposing a modification to their existing air quality permit for HGS to add a 120-megawatt (MW) natural gas-fired power plant to the 250 MW coal-fired power plant and at least four 1.5-MW wind turbines, possibly more. Yet the need for a 376 MW power generation facility to serve SME cooperative members is not demonstrated in the prior EIS or the EA. Also, as mentioned earlier, the actual amount of generation needed should be re-evaluated due to changes in cooperative membership.

Page 4: 1.3 Alternatives

SME contends that they have been unable to complete construction of the coal plant due to regulatory and financial changes and political opposition to coal combustion. Yet SME retains the coal plant in their plans for HGS. If building the coal plant is no longer feasible due to

factors that are not reasonably expected to change favorably for coal electric generation in the near future, than SME must retract this part of the plan and propose a new alternative that can meet purpose and need. As presented in the EA, construction of the coal-fired power plant is no longer feasible and construction of a natural gas-fired power plant and four wind turbines will not meet purpose and need. Additional alternatives that meet purpose and need must be considered.

Page 17: 4.2.2 Air Quality Impacts

Footnote 1 on page 17 indicates the estimate of greenhouse gas emissions of roughly 250,000 tons per year is based on two combustion turbines in operation approximately 50 per cent of the year. Is this because SME is requesting that the permit limit operation of the facility to one power source at a time (coal-fired plant or gas-fired plant)? While not operating both the gas plant and the coal plant at the same time may prevent cumulative air quality impacts from both sources, this does not equate to operating the HGS facility half a year. The SME will not provide for customers' needs only half the time. Also, if the permit limits operation to one power source at a time, but does not specify how many hours per power source, SME may operate the coal plant all year or visa-versa. Whatever the source of emissions, the worst case greenhouse gas emissions for the entire year should be estimated and analyzed within the scope of this EA. The total impact on air quality of the service provided by SME needs to be accounted for. Given the role industrial sources have in global climate change and the multitude of effects climate change will have on the human environment, this information is paramount to completely understand the impacts of the proposed action.

Page 24: Table 5-1. Montana Species of Concern

Sauger is not listed on table, but is included in the discussion starting on page 25.

Page 24-25: Table 5-1 and Section 5.1.2

The bald eagle was reclassified as "taxon recovered" and removed from the threatened species list in 2007. Information in this EA should be updated to demonstrate that it is a new document and just not a reiteration of the coal-fired plant documentation.

Page 28-30: Acoustic Environment

Statements regarding the distance to the closest residence, on pages 28 and 29 of the EA, vary between 0.5 mile and one mile northwest of the project site.

Page 28: ...and the closest residence is locate bout 0.5 mile (0.8 km) northwest of the Project site." Page 29: The closest residence, which is uninhabited, is located approximately one mile northwest of the Project site.

This residence will receive the greatest off-site impact and a half mile makes a difference in level of affect, as stated on page 30:

...the Ldn 55 dBA guideline is predicted to be met within 0.6 mile of the plant location and 0.1 mile of the wind turbines.

The actual distance to this residence needs to be clarified to determine if it is within that distance of the project. Whether this residence is currently occupied is immaterial.

Furthermore, the acoustic impact on the entire Great Falls Portage NHL should be considered, since this entire area is held in trust for the American people as an important aspect of our national heritage. Authorization of this NHL was based on a landscape little altered from the 1804 experience of the Corps of Discovery, and relatively free of intrusions of modern man. This includes both physical structures and acoustic impingement on natural sounds. Because the project site straddles the boundary of the Great Falls Portage NHL, with the wind turbines wholly within the Great Falls Portage NHL, this project will have a major adverse impact on the experience of visitors to the Great Falls Portage NHL by cloaking the natural soundscape with constant industrial sounds.

Pages 29 and 33

A contradiction in distance from the project to the Lewis and Clark Staging Area Interpretive Site (0.8 miles and 2 miles) should be corrected.

Page 33: 7.0 Recreation

No recreation takes place directly on the Project site. The nearest public access site is the Lewis and Clark Expedition staging area historic site about 0.8 mile away. This site provides educational and historical benefits but offers no recreational opportunities.

The NPS disagrees with the statement that the Lewis and Clark Expedition staging area offers no recreational opportunities. Travelling along roads and stopping at sights of historic significance is a very popular form of recreation that individuals of varying physical abilities enjoy. The NPS disagrees with the conclusion drawn in the EA that the staging area would not be significantly impacted by the project. The staging area gives the recreational tourist an opportunity to observe the undeveloped landscape of the Great Falls Portage NHL and provides views similar to what that Corps of Discovery experienced. Construction of the HGS will adversely impact this view and may result in it no longer being a tourist destination.

Fishing opportunities in the nearby Morony Reservoir itself are reported to be nonexistent because public access onto PPL-Montana property is prohibited (Urquhart, 2005). No other recreational facilities, parks, or opportunities are close to the Project site.

The NPS finds this statement misleading. While public access is very limited on Morony Reservoir, some private lands do provide for fishing opportunities along the banks of the reservoir. Also, outdoor recreational opportunities in the area are not limited to fishing. There are a wide variety of recreational opportunities near Morony Reservoir and Morony Dam, including but not limited to: hunting, fishing, paddling, boating and recreational trails. It is our understanding that Montana Fish, Wildlife and Parks manages a large portion of the Partnership for Public Lands-Montana properties in the area specifically for recreation.

It appears that recreation in the area of the proposed HGS is overlooked and undervalued in the EA. An extensive public trails network is located along the Missouri River in the vicinity of Great Falls. On the north side of the river, the River's Edge Trail and Sulphur Spring Trail are popular public trails that provide users views of the Great Falls Portage NHL. Also, the Missouri River is a free flowing river for 200 miles downstream of the Morony Dam. This makes it a popular area for public river access and fishing opportunities.

Page 37: 8.2 Environmental Consequences

We believe the determination of no additional significant impacts to cultural resources is premature due to the apparent lack of consideration for the incomplete Section 106 consultation process.

Page 40: Visual Resources

Use of the BLM Visual Resource Management System is inappropriate for analyzing a landscape under the purview of the National Park Service, such as the Great Falls Portage NHL. The difference in missions between the two agencies means there can be, and are, differences in the manner in which landscapes, views, and scenic vistas are evaluated and valued.

Use of trees and shrubs to minimize the visual impact of project within and from the Great Falls Portage NHL is misguided. The native landscape on the plateau was free of trees, and the introduction of them further degrades the natural view compared to presence of current agricultural crops.

Page 46:

The project site is in *Northeastern* Cascade County, please correct.

Page 65: Cumulative Impacts

Cumulative effects of other, reasonably foreseeable actions, such as industrial and commercial development that is likely to develop near a new power plant with all its related infrastructure is missing in the EA and must be added.

Page 66: 16.3 Summary

We believe the statement that none of the gas plant's impacts on environmental resources was found to be significant is incorrect because the gas plant impacts and coal plant impacts must be considered cumulatively.

The description of impacts for each part of the project is not necessary since the proposal does not suggest building only one or the other. Also, we disagree with the assessment in the table that the gas plant will have only moderate impacts on cultural resources due to the smaller footprint and location off the NHL.

It is unclear to us whether or not the proposed windmills are considered in the natural gas plant analysis or in the cumulative analysis, as summarized in Table 16.1 and we request that to be clarified. The wind mills will result in significant impact to the visual resources of the Great Falls Portage NHL.

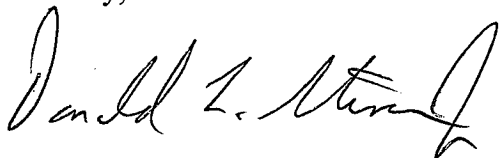
Closing comments:

The application should not be deemed complete as presented since it is unclear whether or not completion of the coal plant is feasible and does not specify the number and location of additional wind turbines to be constructed as part of the project. The number and location of wind turbines must be known in order to determine their effects. These large structures may impact air quality modeling results and will definitely impact the integrity of the Great Falls Portage NHL.

The level of public interest in this project is high and extends beyond the City of Great Falls and the State of Montana. The HGS has the potential to adversely affect the global environment and a nationally significant historic site. It is the opinion of the NPS that this project site is unacceptable for an electric generation facility because of the major adverse impacts HGS will have on the Great Falls Portage NHL that simply cannot be mitigated sufficiently. The NPS mission is to save America's great places such as the Great Falls Portage NHL and the Lewis and Clark National Historic Trail unimpaired for the enjoyment of present and future generations. The NPS urges the Department to fully consider the impact of its pending decision, recognizing that alternatives to the proposed action do exist, and deny the permit. At a minimum, demonstrated compliance with NHPA should be required prior to issuing the requested air quality permit to SME.

The NPS appreciates the opportunity to comment on SME's application. If you have questions regarding our comments please contact Chief of Resources Stewardship Dan Wiley at 402-661-1830 or Dan_Wiley@nps.gov.

Sincerely,



Donald L. Stevens, Jr.
Acting Superintendent

Enclosure

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