



REQUEST FOR WAIVER OF PERMIT

WYGEN II – UNIT IV 100 MW COAL-FIRED POWER GENERATION FACILITY

Prepared for:

Wyoming Department of Environmental Quality
Industrial Siting Division
Cheyenne, Wyoming

By

Cheyenne Light, Fuel & Power Company
Neil Simpson Complex
13151 Highway 51
Gillette, Wyoming

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Greystone Environmental Consultants, Inc.

May 2005

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EXECUTIVE SUMMARY

Cheyenne Light, Fuel & Power Company (CLF&P) proposes to develop, build, own, and operate the WyGen II – Unit IV coal-fired generating facility (Project) with a gross nominal 100 megawatt (MW) capacity and a 90 MW net capacity. The Project will be constructed on private lands located at the existing Neil Simpson Complex near Gillette in Campbell County, Wyoming.

The proposed Project will be an addition to the considerable existing power generation and coal mining facilities at the Neil Simpson Complex. As such, the new Project would take advantage of the existing infrastructure at the site. It will utilize existing access roads, transmission interconnection facilities, coal supply facilities, water supply, water discharge facilities, and other existing facilities at the Complex.

Construction of the Project is anticipated to commence in or around August 2005. The construction phase is scheduled to last approximately 24 months. Commissioning is scheduled for December 2006, and first system fire is scheduled for June 2007. The plant is scheduled to begin commercial operation in the first quarter of 2008.

During the construction phase in 2005, the construction work force is estimated to reach a quarterly high of 50 workers between August and December, with a quarterly average of 36 workers. During the 2006 construction phase, the construction work force is estimated to average 217 workers, with a peak quarterly level of 400 workers in September and October. The construction work force during 2006 is estimated to average 217 workers per month, with a peak monthly level of 352. In 2007, the work force will be gradually reduced to an estimated 155 workers per month.

The operation of the Project is anticipated to employ 20 permanent positions. Therefore, as a conservative estimate, 10 positions would be staffed by residents of Gillette. Conversely, a maximum of 10 positions would be required to be filled by people not currently living in the local area.

The construction and operating work force would originate from a five-county area, and would not require permanent housing. Because existing mobile home and recreational vehicle (RV) parks will be used for a majority of the temporary housing, the Project will not require new water, sewer, electrical lines, or other infrastructure. There will be no additional demands or increases in service levels for local infrastructure, such as police, fire, water, or utilities. In addition, there would be little measurable increase in non-basic employment, as these jobs are generated from ongoing employment of the existing base of construction workers, and would be maintained through the continued employment of local construction workers. Therefore, construction and operation of the Project would not significantly affect the various public and non-public facilities and services described above from the in-migration of workers for non-basic employment opportunities.

Previously, an air permit had been obtained for a proposed 500 MW unit at this site. On March 17, 2005 Black Hills Corporation submitted an application to the state to amend that permit for the proposed 100 MW unit that is currently being proposed. The state issued a Notice of Completeness on May 9th, 2005, with the amended permit expected to be issued within 60 days of that Notice. The current project represents an approximate 75 percent reduction in emissions as compared to the 500 MW unit and will employ the latest emission control technology. The unit will be fired with low sulfur coal from the adjacent Wyodak Coal Mine and will utilize dry scrubbing technology for SO₂ control (both controlling SO₂ emissions and conserving water), selective catalytic reduction for NO_x control and a baghouse for particulate control. CLF&P and BHC are also evaluating mercury emission control technology and will be selecting equipment that will enable this project to meet the mercury standards as signed by the

Environmental Protection Agency (EPA) in March 2005. Upon start-up, we expect that the Project will be the cleanest operating coal fired unit in the nation.

1.0 INTRODUCTION

NAME, ADDRESS, AND PRIMARY CONTACT FOR APPLICANT

The applicant is Cheyenne Light, Fuel & Power Company (CLF&P), a wholly owned subsidiary of Black Hills Corporation (BHC). CLF&P is a Wyoming corporation with offices located at 108 West 18th Street, Cheyenne, Wyoming, 82001. Permitting and construction of the Project will be the responsibility of Tom Stalcup, Plant Manager, Black Hills Corporation's Neil Simpson Complex, 13151 Highway 51, Gillette, Wyoming 82718. Mr. Stalcup is the designated Applicant contact and can be reached at 307-682-3771 Ext. 2211.

DESCRIPTION OF LAND AND THE LOCATION OF THE PROPOSED FACILITY

CLF&P is proposing to construct, own, and operate the WyGen II – Unit IV (Project) coal generation power plant. The Project consists of a coal-fired generating facility with a gross nominal 100 megawatt (MW) capacity and 90 MW net capacity. The Project will be constructed at the existing Neil Simpson Complex on private lands approximately 8 miles east of Gillette in Campbell County (**Figure 1**).

At the Neil Simpson Complex, the Project will be located within a heavily industrialized area. Three coal-fired power plants, two gas-fired turbines, and the Wyodak Coal Mine are located in proximity to the proposed Project site (**Figure 2**). The Project will be located on approximately 65 acres within SW1/4 SE1/4 of Section 22, T50N R71W; SE1/4 SW1/4 of Section 22, T50N R71W; NE1/4 NW1/4 of Section 27, T50N R71W; and NW1/4NE1/4 of Section 27, T50N R71W (**Figure 3**). The land comprising this Project site is owned by Wyodak Resources Development Corp., a wholly owned subsidiary of BHC and an affiliate of CLF&P.

LIST OF PERMITS

CLF&P recognizes the Project must comply with all local, state, and federal regulations and permit requirements, and understands that certain permits are required prior to commencing construction and/or operation. **Table 1** provides a list of permits and approvals that the Project must obtain in addition to the industrial siting permit. As discussed in subsequent sections, construction is planned to begin in the late summer of 2005.

TABLE 1 MAJOR FEDERAL AND STATE PERMITS, APPROVALS, AND CONSULTATIONS POTENTIALLY REQUIRED FOR THE CHEYENNE LIGHT, FUEL & POWER COMPANY PROJECT

Issuing Agency/Permit Name	Nature of Regulatory Action	Applicable Project Component
Wyoming Department of Environmental Quality (WDEQ); Issuing Agency U.S. Environmental Protection Agency (EPA); Reviews For Comment Permit Name; Prevention of Significant Deterioration Construction Permit	Requires review of construction of new and modified stationary sources in attainment areas. Required prior to initiating construction.	All polluting emission sources. A permit was previously issued for a 500 MW unit at this location. An application to amend the permit to reflect downsizing to a 100 MW unit has been received by the state. Expect issuance of amendment in June.

TABLE 1 MAJOR FEDERAL AND STATE PERMITS, APPROVALS, AND CONSULTATIONS POTENTIALLY REQUIRED FOR THE CHEYENNE LIGHT, FUEL & POWER COMPANY PROJECT

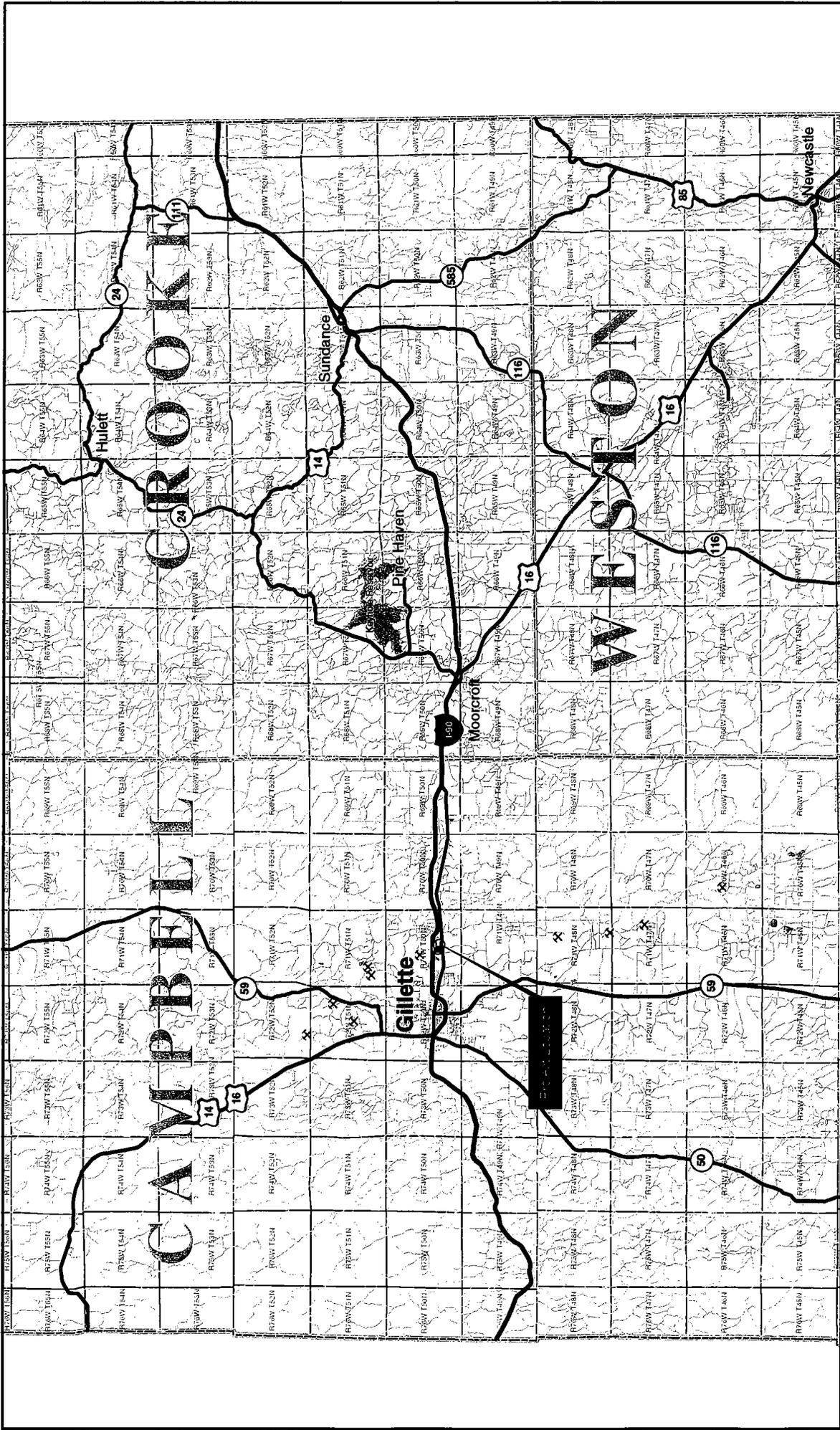
Issuing Agency/Permit Name	Nature of Regulatory Action	Applicable Project Component
WDEQ Acid Rain Air Permit (Title IV)	Requires holding sufficient allowances to account for annual SO ₂ emissions. Application required two years prior to commercial operations. Sufficient allowances are already in hand.	Boiler stack. Application will be submitted to the state in October or November.
Wyoming DEQ; Issuing Agency EPA; Reviews for Comment Title V Permit (Section 112(b))	Requires all large sources of air pollution to obtain a permit that applies to the day-to-day operation of the facility. Application due within 12 months of commencing operation.	Sources that emit 100 ton/yr or greater of a criteria pollutant or 10 ton/yr of a hazardous air pollutant or 25 tons/yr or greater of any combination of hazardous air pollutants.
EPA Safe Drinking Water Act	National health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants.	Potable water system at the plant. Water system, certified operator and sampling/operating plan already in place.
Wyoming DEQ National Pollutant Discharge Elimination System (NPDES)	Authorizes discharges of an industrial activity to waters of the state in accordance with effluent limitations, monitoring requirements, and other conditions as set by the state.	Permit in existence in the name of PacifiCorp. Needs modification prior to commencing operation to add Wygen II discharges. Application submittal anticipated mid-year 2006.
Wyoming DEQ NPDES – Storm Water Program - General Construction Permit - Industrial Permit	Authorizes discharge of storm water pollutants associated with construction activities and during project operation. Construction permit required prior to any site work. Industrial permit required upon termination of construction permit.	Construction activities that disturb 1 or more acres of land. Discharges from industrial sites. Construction Permit obtained; recent modifications have been submitted to WDEQ; expect revised permit by July. Industrial permit obtained upon termination of construction permit.
Department of the Army Corps of Engineers (COE) Permit to Discharge Dredged or Fill Material (Section 404 Permit)	Authorizes placement of dredged or fill material in waters of the United States or adjacent wetlands. Required prior to any disturbance of affected area.	All surface-disturbing activities within designated waters of the U.S. including wetlands. U.S. Army Corps of Engineers has issued a Nationwide Permit 33 for the temporary placement of fill in an unnamed tributary to Donkey Creek, and 0.21 acre of wetland adjacent to the unnamed tributary.
Federal Aviation Administration Notice of Proposed Construction or Alteration	Require authorizations from the Federal Aviation Administration to ensure consistency with airport guidelines and regulations. Required prior to construction of stack.	Emission stack heights. Approximate 60-day process for application development and approval. Work will begin in late summer or early fall.
Campbell County Building Permits	Conformance with Building Codes	Past projects have been exempted by Campbell County. A letter will be submitted this summer to request the same exemption.

TABLE 1 MAJOR FEDERAL AND STATE PERMITS, APPROVALS, AND CONSULTATIONS POTENTIALLY REQUIRED FOR THE CHEYENNE LIGHT, FUEL & POWER COMPANY PROJECT

Issuing Agency/Permit Name	Nature of Regulatory Action	Applicable Project Component
U.S. Fish and Wildlife Service Endangered Species Act Compliance (Section 7)	Protects threatened and endangered species.	Any project activity potentially affecting species listed as or proposed for listing as threatened or endangered. Included in wetlands fill permit application process and reviewed by COE; no issues.
EPA; No permit required; EPA ID number issued; assigned as a Conditionally Exempt Small Quantity Generator	Hazardous waste disposal	Storage, handling, inspection, training, recordkeeping and disposal requirements.
WDEQ/Industrial Landfill	Ash Disposal	On-site disposal of coal ash generated by project. Anticipate amending existing permit mid-2006.
Wyoming Public Service Commission Certificate of Public Convenience and Necessity	Requires review and determination of present or future public convenience and necessity. Certificate required prior to initiating on-site construction.	An application is in the process of being submitted and a certificate is expected to be issued in August.

Government Contacts

Representatives of BHC have had consultations with officials from Governor Freudenthal’s office, the Wyoming Public Service Commission, Office of Consumer Advocate, Campbell County Economic Development Corporation, the Mayor of Gillette, Department of Environmental Quality, and Wyoming Fish and Game Department.



WYGEN II UNIT IV	
FIGURE 1	
REGIONAL OVERVIEW	
ANALYSIS AREA: CAMPBELL COUNTY, WYOMING	
Date: 5/4/2005	
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Wyodak
Power Plant

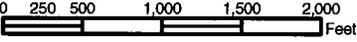
Neil Simpson #1

WYGEN I
Unit III

Neil Simpson #2

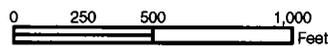
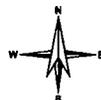
WYGEN II UNIT IV

FIGURE 2
SITE LOCATION



ANALYSIS AREA: CAMPBELL COUNTY, WYOMING	
Date: 5/4/2005	File: I:\1942\Aerial_Location.mxd
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WYGEN II UNIT IV

*FIGURE 3
PROPOSED PROJECT LOCATION*

ANALYSIS AREA: CAMPBELL COUNTY, WYOMING

Date: 5/4/2005

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Prepared By: JG

Layout: Site_Location.PDF

DESCRIPTION OF MAJOR COMPONENTS

The Project will occupy approximately 65 acres of a 160 acre parcel that previously comprised the “Wyodak village.” The Project facility will consist of one pulverized coal (PC) boiler and will include material handling for coal, lime, flue gas desulfurization (FGD) waste, and flyash. The major components of the Project include emission stack, fabric filter dust collectors, lime/silo hydrator, circulating dry scrubber, waste loadout silo, boiler building (including selective catalytic reduction [SCR] and a yet to be determined mercury control system), turbine building, transformer area, air-cooled condenser, ammonia tank, auxiliary cooling water heat exchanger, pre-fab electrical building, plant coal feed conveyors, and a warehouse and office building (Figure 4). The project will be constructed by numerous contractors, and CLF&P will run daily operations upon completion.

The 100 MW boiler will be an indoor-type, subcritical, PC-fired boiler designed for base load operation. The primary fuel will be sub-bituminous coal obtained from the adjacent Wyodak coal mine. The coal heat input at full load is estimated at 1.1×10^{13} British thermal units per year (Btu/yr) at 100 percent capacity factor and $1,300 \times 10^6$ Btu/hr. Natural gas will be used for light off, startup, and flame stabilization. Coal and natural gas burner configurations and combustion control systems will be designed to provide high combustion efficiency and to control the production of nitrogen oxide (NOx), carbon monoxide (CO), and volatile organic compounds (VOCs) in the flue gas.

As a general overview, the generating plant will produce electricity by combusting coal to produce heat to convert water to steam. The steam powers turbines attached to electric generators. Generators convert mechanical energy supplied by a turbine into electrical energy that is delivered to customers via high-voltage electric transmission lines. Each boiler/ turbine/ generator combination is referred to as a unit.

In a typical fossil fuel boiler, water-containing tubes line the inside of the furnace walls. Fuel is ignited and burned as it enters the furnace. The burning fuel heats the water in the tubes which boils and produces steam. The steam is piped from the boiler to the steam turbine. The steam turbine comprises blades attached to a rotating shaft. The steam causes the blades and thus the shaft of the turbine to rotate. The steam turbine shaft is coupled to the shaft of the electrical generator which converts mechanical energy into electric energy.

As the steam passes through the turbine, it flows into the condenser, where the steam is cooled and condensed back into water. The water is then pumped back to the boiler through a series of low-pressure condensate heaters, a de-aerator, boiler feed pumps, and then through several high-pressure feed water heaters. Then the cycle begins again. The complete loop from the boiler, through the turbine, into the condenser, through the condensate and feed water systems, and back to the boiler is called the condensate-feedwater-steam cycle. All of the components and systems involved in the condensate-feedwater-steam cycle are generally referred to as one generating unit.

Access Road

Initial access will begin from either Interstate 90 (I-90), located approximately 0.25-mile north of the site, or from State Highway 51, which is less than 0.5-mile south of the site. From there CLF&P will use the existing American Ranch Road, which runs north-south between the aforementioned highways, for the public portion of the access to the site. This road is already paved; therefore, air impacts and fugitive dust emissions have already been minimized. Final access to the site will occur in a westerly direction from American Ranch Road, using a portion of Wyodak Road, which is an existing private road owned by Wyodak Resources Development Corp., a subsidiary of BHC. A small segment of the existing Wyodak Road will have to be re-routed.

Transmission Interconnection

The existing WyGen I 230-kilovolt (kV) electric overhead transmission line is located approximately one-quarter mile to the west of the Project site. The WyGen I 230-kV transmission line is connected to the Wyodak 230-kV substation jointly owned by Black Hills Power (BHP) and PacifiCorp. CLF&P will build a new transmission interconnection to this substation.

Water Supply

The Project will obtain the necessary water supply from existing water rights. The water balance calculations indicate that approximately 235 gallons per minute are required for Project operation, which is equivalent to approximately 380 acre feet per year (ac-ft/yr). Based on the projected water balance calculations, the 380 ac-ft/yr project water need is below the 800 ac-ft/yr threshold. Consequently, CLF&P is not required under statute to submit a water supply and water yield analysis.

Wastewater Discharge

Wastewater will be derived primarily from boiler blowdown and scrubber wastes. The Project will discharge wastewater to the existing ash pond jointly owned by PacifiCorp and two of BHC's other subsidiaries, BHP, and Black Hills Generation (BHG). The approximate discharge volume is 47 gallons per minute or about 76 ac-ft/yr. It is important to note that PacifiCorp holds the existing NPDES permit. The NPDES permit would be amended for the new discharge volumes, and the final pond discharge will be maintained to the required water quality effluent limitations.

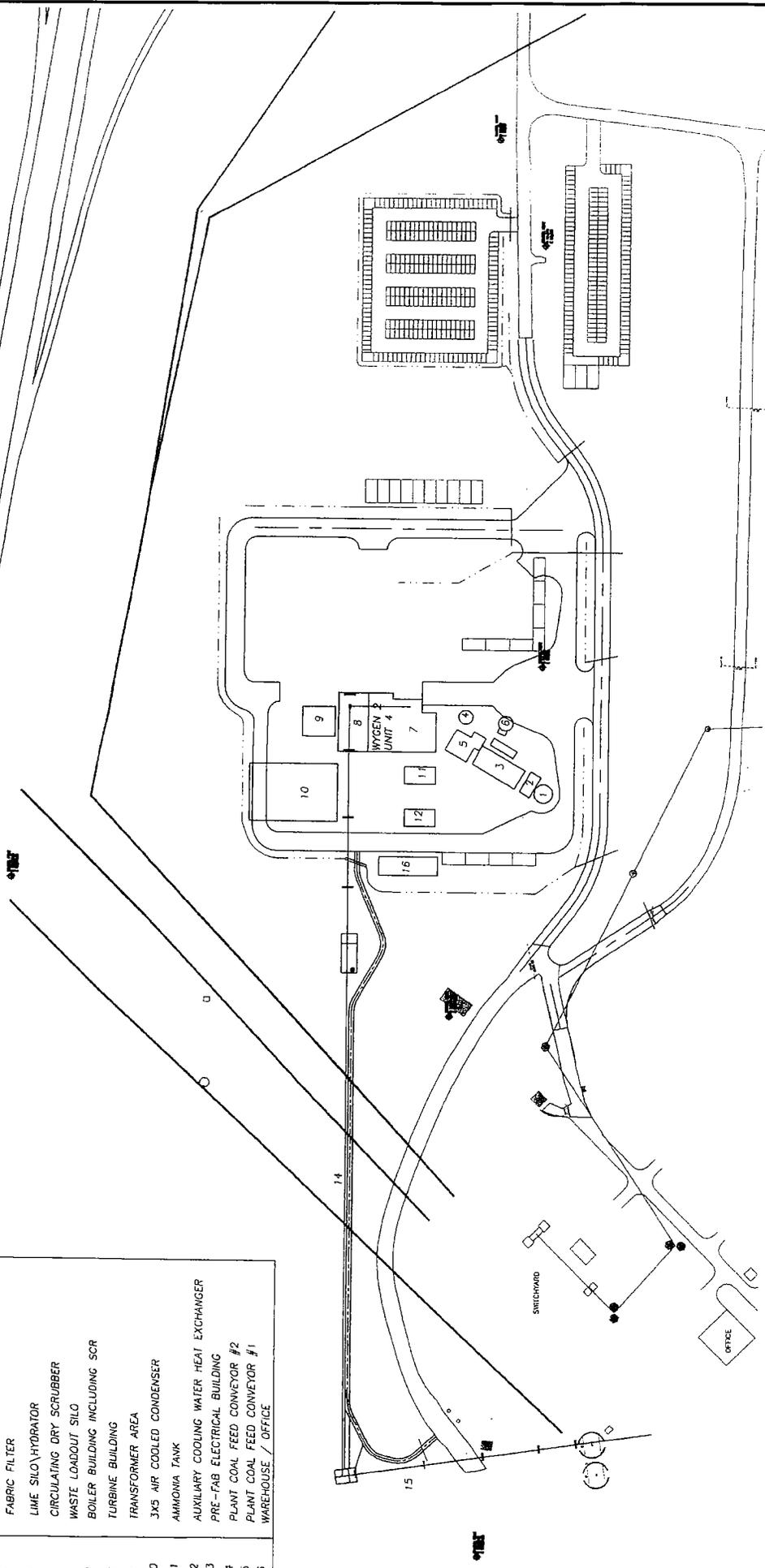
DESCRIPTION OF OPERATIONS

The Project will be a gross nominal 100 MW capacity and 90 net MW capacity. The Project will be operated as a mine-mouth power plant with coal supplied from the adjacent Wyodak Mine. On-life schedule is projected to be between 25 and 30 years, but may be expanded depending on market conditions and overall condition of Project infrastructure.

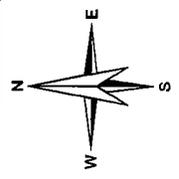
CONSTRUCTION SCHEDULE

Based on commercial operations beginning in the first quarter of 2008, construction activities are anticipated to commence on or around August 1, 2005. The construction phase is scheduled to last approximately 24 months. During the fall and winter of 2005, it is anticipated that construction activities will consist of equipment mobilization; preliminary site work including clearing, leveling, and grading work; excavation; substructures and piping; and foundation work. Major construction activities will commence in 2006, including erection of buildings and structures; mechanical and electrical work; and construction of coal conveyor, steam generator, steam turbine, and major auxiliary equipment. Commissioning is scheduled for December 2006; therefore, major construction activities will include setting the steam turbine, completing termination of electrical and mechanical systems, installation and checkout of control systems, and completion of conveyor belt transport system. First system fire is scheduled for June 2007, and performance testing will be conducted prior to the commercial operation date. Depending on weather conditions and other intrinsic factors, it is estimated that the project will be 90 percent complete by September 2007.

WYGEN 2 FACILITIES LEGEND	
BLDG. ID.	DESCRIPTION
1	STACK
2	ID FAN
3	FABRIC FILTER
4	LIME SILO/HYDRATOR
5	CIRCULATING DRY SCRUBBER
6	WASTE LOADOUT SILO
7	BOILER BUILDING INCLUDING SCR
8	TURBINE BUILDING
9	TRANSFORMER AREA
10	3X5 AIR COOLED CONDENSER
11	AMMONIA TANK
12	AUXILIARY COOLING WATER HEAT EXCHANGER
13	PRE-FAB ELECTRICAL BUILDING
14	PLANT COAL FEED CONVEYOR #2
15	PLANT COAL FEED CONVEYOR #1
16	WAREHOUSE / OFFICE



Source: Image provided by Black Hills Generation



WYGEN II UNIT IV

FIGURE 4
PROJECT COMPLEX LAYOUT

ANALYSIS AREA: CAMPBELL COUNTY, WYOMING
 Date: 5/5/2005 File: I:\1942_1\ComplexLayout.mxd
 Prepared By: JG Layout: ComplexLayout.PDF

AREA OF PROJECT INFLUENCE

CLF&P anticipates that a significant proportion of the skilled labor positions will be supplied from the local work force currently residing in Gillette, which is the nearest and largest major population center in proximity to the Project. Other counties that CLF&P anticipates may supply skilled labor include Crook, Weston, Converse, and Johnson Counties. **Table 2** provides approximate distances and populations of larger cities within these five counties.

TABLE 2 LINEAL DISTANCES FROM ADJACENT COMMUNITIES TO PROJECT SITE

Community	Population ¹	County	Approximate Lineal Distance (miles)
Gillette	19,646	Campbell	6
Wright	1,414	Campbell	39
Moorcroft	807	Crook	23
Upton	872	Weston	42
Sundance	1,161	Crook	55
Newcastle	3,065	Weston	70
Buffalo	3,900	Johnson	77
Douglas	5,288	Converse	119
Glenrock	2,231	Converse	146

¹ Source: Population numbers based on 2000 U.S. Census Bureau demographic profiles.

Based on a review of **Table 2**, the median lineal distance to the surrounding population centers is between 55 and 70 miles. As stated above, based on BHC's past history of large capital construction projects, it is anticipated that a significant proportion of the local skilled labor force will be supplied by residents of Gillette. However, it is anticipated that some of the surrounding cities will also be impacted by both the construction and operation of the Project.

CONSTRUCTION EMPLOYMENT

During the construction phase in 2005, the construction work force is estimated to reach a quarterly high of 50 workers from August to December, with a quarterly average of 36 workers. During the 2006 construction phase, the construction work force is estimated to average 217 workers with a peak quarterly level of 400 workers in September and October. The construction work force during 2007 is estimated to average 155 workers per month, with a peak monthly level of 352. **Table 3** provides a further breakdown of the quarterly estimated construction work force.

Job Classification	2005		2006				2007			
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Boilermakers	0	0	40	60	95	130	80	10	5	2
Carpenters	1	15	15	16	8	15	15	4	4	2
Cement Masons	0	2	2	1	2	1	1	0	0	0
Electricians	2	2	2	12	30	80	115	50	30	6
Laborers	4	15	15	10	10	10	10	10	6	4
Millwrights	0	0	0	0	6	10	8	2	1	1
Operating Engineers	4	2	4	6	6	8	8	4	2	1
Painters	0	0	0	0	0	2	2	4	4	2
Pipelayers	0	2	6	8	8	0	0	0	0	0
Plumbers, Pipefitters, & Steamfitters	2	2	3	4	40	105	80	40	20	6
Sheet Metal Workers	0	0	0	0	6	8	6	0	0	0
Welders	2	2	6	10	10	20	15	6	4	0
Other Labor	8	8	8	10	10	12	12	12	12	12
Total Jobs	23	50	101	137	231	401	343	142	88	36

Source: Black Hills Generation, 2005.

Based on BHC’s past experience with large capital construction projects, a significant amount of the skilled labor positions will be supplied from Gillette. This is due in part to the large population associated with Gillette, and the relative distances and associated population sizes of the surrounding cities. It is important to note that any of the skilled laborer positions could be supplied from towns in any of the five counties listed in **Table 2**. In addition, residents of these surrounding communities would be eligible for employment opportunities during both the construction and operational phases.

CLF&P anticipates requiring approximately 20 permanent positions to operate the Project. **Table 4** details the estimated permanent workforce required to operate the Project.

TABLE 4 ESTIMATED PERMANENT WORKFORCE OF WYGEN II UNIT IV BY JOB CLASSIFICATION

Job Classification	Number of Personnel
O&M Manager	1
Operations Supervisors	2
Unit Operator	5
Equipment Operator	10
Control Technician	2

A review of **Table 4** shows that CLF&P estimates that approximately 20 permanent positions will be employed for the operation of the Project. CLF&P’s best estimate regarding population increases related to the operation of the Project is based on the assumption that 50 percent of the skilled labor positions will not be available from the local pool of job applicants. Therefore, as a conservative estimate, 10 positions would be staffed by residents of Gillette. Conversely, 10 positions would be required to be filled by people not currently living in the local area.

Annual Payroll

The Research and Planning section of the Wyoming Department of Employment, in cooperation with the Bureau of Labor Statistics (BLS), conducts an Occupational Employment Statistics (OES) Wage Survey. The OES program estimates occupational employment and wages. Data obtained from polled establishments are used to estimate occupational employment and wage rates for Unemployment Insurance (UI) covered wage and salary jobs in non-farm establishments. Wages for the OES Wage Survey include base pay rates, cost-of-living allowances, guaranteed pay, hazard pay, incentive pay, commissions, piece rates and production bonuses, length-of-service allowances, on-call pay, and portal-to-portal pay. The hourly wage estimates are calculated using a year-round, full-time figure of 2,080 hours per year (52 weeks times 40 hours).

Based on information compiled in the 2003 Wyoming Wage and Benefit Summary (Wyoming Department of Employment 2005), hourly wages are detailed for skilled labor categories that are anticipated to be employed throughout the construction phase. **Table 5** provides a breakdown of these hourly wages.

TABLE 5 AVERAGE WAGES PER WORKER (IN \$US) BASED ON 2003 OCCUPATIONAL EMPLOYMENT STATISTICS DATA (NORTHEAST REGION INCLUDES CAMPBELL, CROOK, JOHNSON, SHERIDAN, AND WESTON COUNTIES)

Occupation Classification	Mean Wage	Entry Level	Experienced Level	25th Percentile	50th Percentile (median)	75th Percentile
Boilermakers ¹	UA	UA	UA	UA	UA	UA
Bricklayers ¹	UA	UA	UA	UA	UA	UA
Carpenters	14.68	12.07	15.99	12.47	14.04	16.79
Cement Masons	12.86	9.35	14.61	10.15	12.25	14.87
Electricians	19.80	13.89	22.75	15.40	19.18	24.84
Laborers	10.00	8.02	10.99	8.82	10.02	11.16
Millwrights	15.73	12.33	17.42	13.01	15.58	18.04
Operating Engineers	18.48	13.64	20.91	14.51	17.21	23.11
Painters	10.48	9.28	11.08	9.23	9.99	10.74
Pipelayers	16.17	14.52	16.99	14.80	16.19	17.71
Plumbers, Pipefitters, & Steamfitters	16.13	9.31	19.54	10.42	16.06	20.18
Sheet Metal Workers ¹	UA	UA	UA	UA	UA	UA
Welders	17.64	12.59	20.16	13.60	16.15	22.38

¹ Local wage data unavailable (UA) for labor classification.

Source: Wyoming Department of Employment 2005.

A review of **Table 5** shows that mean wages for the construction occupations in 2003 dollars ranged from a low of \$10.00 per hour for construction laborers to a high of \$19.80 for electricians. If the 2003 mean wages are extracted over a 2,080-hour work year, annual salaries would range from \$20,800 to \$41,184. It is important to note that hourly wage and benefit costs showed considerable variation across Wyoming industries in 2003. Therefore, these hourly labor wages are solely depicted to show what type of data was reported in the 2003 report.

Employee Benefits

Table 6 provides a Wyoming statewide analysis of relationships of compensation components for both the private sector and local government.

TABLE 6 COMPONENTS OF HOURLY COMPENSATION IN WYOMING BY INDUSTRY

Industry	Average Hourly Wage Per Worker ¹	Average Health Care Premium Cost Per Worker ¹	Average Hourly Total Benefits Paid ¹	Average Total Hourly Compensation ¹
Natural Resources & Mining	\$22.01	\$0.94	\$4.39	\$26.40
Construction	\$15.58	\$0.40	\$2.30	\$17.88
Manufacturing	\$16.36	\$0.69	\$2.33	\$18.69
Trade, Transportation, & Utilities	\$13.72	\$0.50	\$1.66	\$15.38
Information	\$14.05	\$1.44	\$3.38	\$17.43
Financial Activities	\$15.78	\$0.82	\$2.15	\$17.93
Professional & Business Services	\$15.90	\$0.67	\$2.04	\$17.94
Education & Health Services	\$15.52	\$0.57	\$1.96	\$17.48
Leisure & Hospitality	\$8.13	\$0.22	\$2.15	\$10.28
Other Services	\$12.67	\$0.40	\$2.05	\$14.72
Local Government	\$14.19	\$1.68	\$4.04	\$18.23
Statewide Average	\$14.43	\$0.74	\$2.54	\$16.97

¹ Average wages per worker based on 2003 Wyoming Occupational Employment Statistics data.
Source: Wyoming Department of Employment 2005.

A review of **Table 6** shows that the Wyoming statewide average hourly wage was \$14.43 in 2003. The data indicate that, on average, employers pay \$0.18 in benefit costs in addition to every dollar paid in salaries. The addition of employer-provided benefits increases the statewide average hourly rate to \$16.97. A comparison of total hourly compensation for each industry studied shows that natural resources & mining employees earned approximately \$26.40 per hour when benefit costs are added to salaries. This value is considerably higher than the \$17.88 for workers in the construction industry.

Benefits for employees are expected to vary by contractor and status of full-time versus part-time positions. However, it is anticipated that benefits paid to hourly employees will be adjusted for inflation and in line with the hourly benefit costs detailed in **Table 6**.

SOCIOECONOMIC CONDITIONS WITHIN THE AREA OF SITE INFLUENCE

Introduction

The construction and operating work force for this project is anticipated to come from the five-county area surrounding the Project site, including Campbell, Crook, Weston, Converse, and Johnson Counties in northeastern Wyoming. A large portion of the work force would likely be located in Gillette, which provides labor for a number of large-scale energy related projects in the region; however, some of the work force is anticipated to originate elsewhere in the five-county region. The project site is located near the City of Gillette, which is the county seat and the largest incorporated city in Campbell County. The

City of Gillette and Campbell County will be the Project area of site influence for most of the analysis, as they are the jurisdictions that would experience effects to housing, public and other community services, recreation, county and municipal finances, crime, and the local transportation network. Gillette is in the central part of Campbell County, and distances to the neighboring counties range between 22 to 60 miles.

The effects of the project on the remaining four counties would be limited to the labor force and the regional transportation network. The analysis will provide the most current available information on the population and labor force for Crook, Weston, Converse, and Johnson Counties, as well as available information on transportation routes used by workers from these counties to access the Project site.

Socioeconomic information was obtained from the State of Wyoming Division of Economic Analysis, the U.S. Census Bureau, the Wyoming Department of Employment, the Campbell County Economic Development Corporation, the Wyoming Business Council, and the Project proponent.

Land Use

The dominant existing land use at and adjacent to the proposed site location is energy development, which includes the Neil Simpson Complex consisting of three coal-fired power plants, two gas-fired turbines, the coal-fired WYODAK Power Plant, and the WYODAK Coal Mine. Other principal land uses within the area of Project influence are livestock grazing, wildlife habitat, utility corridors, highway/railroad corridors, oil and gas collection and processing, and dispersed recreation activities such as hunting and off-road vehicle use.

Consistency With Land Use Plans

Much of Campbell County outside of municipal boundaries is not currently zoned. Zoning districts are generally developed within the county as needed to accommodate growth. These districts include numerous subdivisions, and designated suburban and rural residential districts. Planned land uses within Campbell County are addressed in the City of Gillette/Campbell County Comprehensive Planning Program and shown on the Campbell County Zoning District Map, and are regulated through the Campbell County Zoning Regulations. There is currently no zoning district applied to the Project site (Campbell County Building & Planning Department 2005). The zoning regulations do not apply to developments in unzoned areas.

Description of the Local Population

The proposed project will be constructed in Campbell County, Wyoming, near the City of Gillette. The 2003 Gillette population was 21,840, which accounted for more than 60 percent of the total 2003 county population of 36,240. The county outside of Gillette is predominantly rural. Population trends in Campbell County, Gillette, and the Town of Wright are shown in **Table 7**. The historic, current, and projected populations summarize past growth and expected growth trends in the county relative to state population trends. Population growth in Campbell County and Gillette have outpaced state population growth for the years between 1980 and 2003, with the largest growth rate of 44.6 percent occurring in Gillette during the 1980s. The state declined in population during this period, primarily because of declines in historic agricultural economic sectors, while the high growth rate in Campbell County was an indicator of boom years in oil, coal, and gas development. The population in Campbell County grew at a slower rate between 2000 and 2003 than in previous decades, so that growth rates are more in line with the state growth rates. The overall state economy is more diverse in the current decade than it was during the 1980s.

TABLE 7 U.S. CENSUS DECENNIAL AND INTERCENSAL ESTIMATES OF POPULATION AND POPULATION PROJECTIONS CAMPBELL COUNTY AND WYOMING

Location	1980		1990		2000		2003		2010		2015	
	Population	Change (%)										
Campbell County	24,367	UA	29,370	20.5	33,698	14.7	36,240	7.5	39,701	9.6	42,414	6.8
City of Gillette	12,134	UA	17,545	44.6	19,646	12.0	21,840	11.2	UA	UA	UA	UA
Town of Wright	UA	UA	1,236	UA	1,347	9.0	1,414	5.0	UA	UA	UA	UA
State of Wyoming	469,557	UA	453,588	-3.4	480,085	5.8	501,242	4.4	519,595	3.7	529,352	1.9

Note: UA depicts population counts and projects are not available.
 Source: Wyoming Division of Economic Analysis 2004a; Wyoming Business Council 2004a

Population Profile

In 2003, the number of whites increased by 7.07 percent from 2000, while the black population increased by 39.06 percent. The number of people between 20 and 64 years old increased 12.2 percent from 2000 to 2003, from 20,441 to 22,963. The Hispanic population increased from 1,191 to 1,564 people between 2000 and 2003. The 2003 racial and age group characteristics of the population of Campbell County are summarized in **Table 8**.

TABLE 8 PROFILE OF POPULATION CHARACTERISTICS IN 2003; CAMPBELL COUNTY

Total Population	36,240	
Racial Characteristics		
White	35,146	97.0%
Black or African American	89	0.2%
American Indian and Alaska Native	380	1.0%
Asian	159	0.4%
Native Hawaiian and other Pacific Islander alone	60	0.2%
Two or More Races	406	1.1%
Hispanic	1,564	4.3%
Age Characteristics		
0 to 4 years	2,525	7.0%
5 to 14 years	5,589	15.4%
15 to 19 years	3,278	9.0%
20 to 44 years	13,431	37.1%
45 to 64 years	9,532	26.3%
65 to 84 years	1,714	4.7%
85 +	171	0.5%

Source: Wyoming Business Council 2004a

Projections Of Area Population Without The Proposed Facility

The population projections between 2003 and 2015 (Table 7) anticipate that the relatively stable population trends evident between 2000 and 2003 will continue for the county and the state. It is not expected that there will be the large in-migrations of population that were typical of the 1980s. However, the projected growth of Campbell County of 9.6 percent between 2003 and 2010 would result in a population increase of 3,461 people, which would be an average annual population increase of 494 people.

Description of the Local Economy

The economy of Campbell County is based on the energy sector, primarily those that are mineral-based. The largest employment sector in Campbell County is the mining sector, which includes coal mining, oil and gas extraction, crude, petroleum-natural gas, oil and gas field service, and nonmetallic minerals as defined by the U.S. Bureau of Labor Statistics. Employment by federal, state, and local governments accounted for 16.5 percent of county employment. The construction sector provided employment for 9.1 percent of the total, reflecting the strong growth in the local economy in 2003. Most of the remaining employment was in various services sectors. The employed work force in Converse, Crook, Johnson, and Weston Counties totaled 11,617, about 55 percent smaller than the Campbell County total employment. These counties had a substantially larger percentage of employment by federal, state, and local governments than Campbell County in 2003. Government was the largest employment sector for each of these counties. The 2003 average monthly employment for the counties is summarized in Table 9.

The majority of employed construction workers, including heavy construction and specialty trade sub sectors, were located in Campbell County. There were 683 heavy and civil engineering construction workers, and 984 special trade contractors employed in 2003. In contrast, in Converse, Crook, Johnson, and Weston Counties, heavy and civil engineering construction workers totaled 417, and specialty trade contractors totaled 395.

TABLE 9 AVERAGE MONTHLY EMPLOYMENT BY ECONOMIC SECTOR FOR CAMPBELL, CONVERSE, CROOK, JOHNSON, AND WESTON COUNTIES - FOURTH QUARTER 2003

	Campbell County		Converse County		Crook County		Johnson County		Weston County	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Total Employment	20,923	100.0	4,521	100.0	1,990	100.0	2,909	100.0	2,179	100.0
Total Private	17,456	83.4	3,233	71.5	1,328	66.8	1,991	68.4	1,437	65.9
Agriculture, Forestry, Fishing, & Hunting	36	0.2	79	1.8	39	2.0	45	1.6	18	0.8
Mining	6,105	29.2	553	12.2	157	7.9	179	6.1	170	7.8
Utilities	180	0.9	UA	UA	UA	UA	12	0.4	UA	UA
Construction	1,898	9.1	401	8.9	240	12.1	245	8.4	141	6.5
Manufacturing	479	2.3	106	2.4	UA	UA	70	2.4	UA	UA
Wholesale Trade	1,049	5.0	60	1.3	UA	UA	85	2.9	26	1.2
Retail Trade	2,033	9.7	439	9.7	144	7.3	361	12.4	238	10.9
Transportation & Warehousing	569	2.7	176	3.9	74	3.7	75	2.6	117	5.4

TABLE 9 AVERAGE MONTHLY EMPLOYMENT BY ECONOMIC SECTOR FOR CAMPBELL, CONVERSE, CROOK, JOHNSON, AND WESTON COUNTIES - FOURTH QUARTER 2003

	Campbell County		Converse County		Crook County		Johnson County		Weston County	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Information	193	0.9	68	1.5	8	0.4	47	1.6	32	1.5
Finance & Insurance	316	1.5	108	2.4	63	3.2	125	4.3	58	2.7
Real Estate & Rental & Leasing	183	0.9	57	1.3	UA	UA	17	0.6	UA	UA
Professional & Technical Services	571	2.7	92	2.0	18	0.9	65	2.2	44	2.0
Management of Companies & Enterprises	26	0.1	UA	UA	UA	UA	UA	UA	UA	UA
Administrative & Waste Services	734	3.5	59	1.3	UA	UA	19	0.7	UA	UA
Educational Services	34	0.2	UA	UA	UA	UA	UA	UA	UA	UA
Health Care & Social Assistance	848	4.1	207	4.6	68	3.4	134	4.6	141	6.5
Arts, Entertainment, & Recreation	72	0.3	50	1.1	UA	UA	29	1.0	UA	UA
Accommodation & Food Services	1,511	7.2	460	10.2	190	9.6	365	12.5	260	11.9
Other Services	618	3.0	103	2.3	33	1.6	117	4.0	40	1.8
Federal Government	91	0.4	76	1.7	75	3.8	127	4.4	61	2.8
State Government	172	0.8	136	3.0	69	3.5	117	4.0	120	5.5
Local Government	3,204	15.3	1,076	23.8	518	26.0	675	23.2	562	25.8

Note: UA depicts data that are not available.

Source: Wyoming Division of Economic Analysis 2004b.

The Wyoming Department of Employment has prepared projected regional employment growth between 2000 and 2010 for Wyoming regions based on 2000 employment sector data. The annual average growth rate of each employment sector is shown in Table 10. Most of the five-county area that would provide the project workforce is included in the Northeast region. Only Converse County is included in the Central-Southeast Wyoming Regions. Northeast Wyoming is projected to have stronger growth rates in most of the sectors, with the exception of Agriculture and Government, than growth rates for the entire state, while employment growth in the Central-Southeast region is projected to be weaker for most sectors.

**TABLE 10 PROJECTED ANNUAL AVERAGE GROWTH RATES FROM 2000 TO 2010
EMPLOYMENT BY ECONOMIC SECTOR**

	Projected Annual Average Growth Rate for State of Wyoming	Projected Annual Average Growth Rate for Northeast Wyoming	Projected Annual Average Growth Rate for Central-Southeast Wyoming
Agriculture	3.4	3	3.4
Mining	0.9	2.2	-3.1
Construction	1.2	2.1	0.2
Manufacturing	0.1	0.7	-0.3
Wholesale Trade	1.4	1.8	0.5
Retail Trade	1.2	1.2	0.1
TCPU	0.1	1.1	-1.1
FIRE	0.1	0.2	0.3
Services	0.6	2	1
Government	1	0.6	0.8

Source: Wyoming Department of Employment, 2003.

Note – Northeast Wyoming includes Campbell, Crook, Johnson, Weston, and Sheridan counties. The Central-Southeast region includes Converse, Niobrara, Goshen, Platte, Albany, and Carbon counties. The sectors are slightly different from those in Table 9 because the SIC codes used in 2000 have been superseded by the NAICS codes, in use after 2002. Most sectors, such as construction, are comparable.

Unemployment Rates

Table 11 shows trends in employment between 1990 and 2003. In general, unemployment rates experienced the highest levels in the early 1990s, and have decreased overall because of renewed energy development in northeastern Wyoming. Annual fluctuations in unemployment rates are driven primarily by short-term changes in production to changing prices for coal, oil, and coal bed methane gas (CBMG).

The average unemployment rate for the total 2003 five-county labor force of 39,749 was 4.1%.

**TABLE 11 1990-2003 ANNUAL AVERAGE LABOR FORCE ESTIMATES FOR CAMPBELL,
CONVERSE, CROOK, JOHNSON, AND WESTON COUNTIES**

	1990	1995	2000	2003
Wyoming				
Labor Force	236,350	256,480	267,947	278,367
Employment	223,302	244,240	257,588	266,163
Unemployment	13,048	12,240	10,359	12,204
Unempl. Rate (%)	5.5	4.8	3.9	4.4
Campbell County				
Labor Force	16,427	18,444	20,694	22,820
Employment	15,586	17,578	20,002	21,888
Unemployment	841	866	692	932
Unempl. Rate (%)	5.1	4.7	3.3	4.1
Converse County				
Labor Force	5,739	6,418	6,799	6,582

TABLE 11 1990-2003 ANNUAL AVERAGE LABOR FORCE ESTIMATES FOR CAMPBELL, CONVERSE, CROOK, JOHNSON, AND WESTON COUNTIES

	1990	1995	2000	2003
Employment	5,405	6,082	6,496	6,265
Unemployment	334	336	303	317
Unempl. Rate (%)	5.8	5.2	4.5	4.8
Crook County				
Labor Force	2,678	3,063	3,164	3,032
Employment	2,591	2,938	3,035	2,901
Unemployment	87	125	129	131
Unempl. Rate (%)	3.2	4.1	4.1	4.3
Johnson County				
Labor Force	3,421	3,608	3,971	4,121
Employment	3,249	3,472	3,858	3,988
Unemployment	172	136	113	133
Unempl. Rate (%)	5	3.8	2.8	3.2
Weston County				
Labor Force	3,328	3,390	3,402	3,194
Employment	3,175	3,226	3,251	3,069
Unemployment	153	164	151	125
Unempl. Rate (%)	4.6	4.8	4.4	3.9

Source: Wyoming Department of Employment 2004.

Economic Bases And Economic Trends Of The Local Economy

The base economic sectors are those businesses and industries that depend on sales outside of the region. The Campbell County economy depends largely on the mining sector. Other base sectors in Campbell County include the agriculture, power generation, and manufacturing sectors. Tourism is also a base industry in the county; however, because tourist-related employment is distributed throughout several services sectors, as well as in the fishing and hunting sub sectors of the agricultural sector, it is not included in the analysis. These base industries generate new dollars in the Campbell County economy and fuel the rapidly growing service sectors. Non-basic economic sectors include businesses and industries, primarily in the service sectors, that depend largely on local business conditions.

The largest base sector in Campbell County is the mining sector, primarily coal, oil, and CBMG. More than one-fifth of Campbell County residents are employed in the mining sector (CCEDC 2004). Coal, oil, and natural gas holdings account for approximately 40 percent of property in Campbell County, but provide the majority of all property tax collected in the county. CBMG has grown in importance to the local economy since 2000. It is anticipated that Campbell County will experience economic gain for the next 15 to 20 years from the development of CBMG resources (CCEDC 2004). According to short-term projections made in the 2004 Mineral and Energy Yearbook (Wyoming Business Council 2004a), annual CBMG production in Campbell County is expected to increase by nearly 1 percent by 2007 from 2003 production of 352 million cubic feet (MCF). Annual production would increase as additional wells come on-line over the long-term. The State Geologist anticipates that the production will last for 35 to 37 years (CCEDC 2004).

Campbell County produces more than 25 percent of the nation's coal, and is the largest oil producer in Wyoming. There were 13 coal mines operating in the vicinity of Gillette in 2003, which produced 334.1 million tons of coal valued at \$1,561 million. Annual coal production is expected to continue to increase over the next several years due to rising natural gas prices, the relatively low cost of coal, and the development of new coal-fired power plants to meet the growing nationwide electrical demand. Given the vast coal reserves in Campbell County, it is likely that annual coal production will remain a primary economic base sector for the foreseeable future.

The annual production of oil in Campbell County decreased by 8 percent between 2003 and 2004 (Wyoming Oil & Gas Conservation Commission 2005), a trend that has been evident since 1985. However, new exploration techniques and enhanced recovery methods will ensure continued oil production in Campbell County for the foreseeable future.

In summary, large reserves of coal and CBMG, coupled with an increasing demand for energy, have created a local economy that depends on these energy resources, which are expected to sustain the Campbell County economy for the foreseeable future.

Estimates Of Basic Vs. Non-Basic Employment

Private sector employment in the economic base sectors is shown in **Table 9**. Economic base sectors employed 6,764 workers in 2003, while non-basic sectors employed 10,655. Each basic sector job generated an estimated 1.58 jobs in the non-basic sectors. The projections for the dominant energy-based sectors indicate that coal, oil, and CBMG employment will continue to generate substantial employment opportunities in Campbell County in both basic and non-basic economic sectors.

Project Workforces

Project Employment

The majority of the Project work force would be for construction activities during a 2-year period from August 1, 2005 to December 31, 2007. The estimated number of workers by quarter would range from 23 to 401, and would be required for all construction activities, with the peak work force of 401 scheduled for September and October 2006. **Table 3** presents the estimated number of workers required for each quarter of the 2-year construction period.

As a means of adhering to Wyoming Statute 35-12-107(b)(viii), CLF&P will provide preference for local hiring when filling both construction and operational positions, to the extent practicable and feasible. CLF&P will require that all contractors and subcontractors use the local Employment Resources Center (Job Service Office) to screen all potential job applicants for skilled and unskilled labor positions. In addition, if there is a need for trade labor, a local union hall may be used as the source for hiring skilled and non-skilled labor.

The Project work force from preferred local hiring is expected to be from a five-county area, including Campbell, Converse, Crook, Johnson, and Weston Counties. The majority of the population for each of these counties is located in communities that serve as economic centers for their respective counties. The communities other than Gillette and Wright in Campbell County, most likely to supply the project workforce are: 1) Douglas, Glenrock, and other communities along major highways in Converse County; 2) Sundance, Moorcroft, and other communities in Crook County; 3) Buffalo in Johnson County; and 4) Newcastle and Upton in Weston County.

The total construction labor force for the five-county area was 2,926 workers in 2003. About 1,100 of these workers are employed in the sub-sector of heavy and civil engineering construction, and 1,379 of the workers are employed in the special trade sub-sector. **Table 10** indicates that the annual average growth rates of 2.1 percent for the northeast region construction sector and 1.2 percent for the central-southeast construction sector, which would result in a total increase of 238 construction workers in the five-county area between 2003 and 2007. The majority of the construction work force would be based in Campbell County, which contains the Project site and has the largest numbers of workers employed in the construction sector, totaling 1,898 in 2003.

In the event that the local construction labor is not able to provide enough workers to meet Project labor requirements, workers would be hired through contractors from outside of the five-county area. The percentage of workers who could potentially be hired from the available local labor pool ranges from a high of 100 percent for unskilled labors to a low of close to zero percent for skilled workers. For the purpose of this analysis, the best-case scenario assumes that CLF&P would be able to fill 100 percent of the available jobs with local applicants. However, based on potential competition from other employers, hire estimates used for the analysis assumes that up to 50 percent of hires could be non-local, in-migrant labor during the peak construction quarter. The local hire estimate is an analytical tool only; it does not affect the commitment of CLF&P and its contractors to work with the Employment Resources Division to recruit and hire qualified local and other Wyoming workers and maximize the number of these workers.

Most construction work available to the local construction labor pool consists of temporary contract work that varies in duration, depending on the scope of each construction project. Further, the number of unemployed construction workers does not represent the number of workers that would be available to the proposed project from the local construction labor pool. The number is an annual average that does not take into account monthly variations in the available construction labor pool from construction start-ups and completions. Contractors for projects located throughout northeastern Wyoming typically hire the local construction labor pool. The actual number of construction workers available for the proposed project would potentially draw from the entire construction labor pool of 2,929 in 2003, or an estimated 3,080 to 3,086 during the peak construction quarters, as construction activities from some active projects would conclude so that workers would be available for future projects.

Under the best-case scenario, there would be 401 local construction workers available for the peak construction period during the fourth quarter of 2006. This scenario would occur if other projects that are scheduled for completion prior to the fourth quarter of 2006 release a minimum of 250 workers which, when added to an estimated 154 unemployed workers, would meet the Project requirements for 401 construction workers at the peak construction period.

In the event that not enough local hires are available, contractors would hire up to 50 percent non-local workers to fill the required Project construction work force. Under this scenario, during the peak construction period (fourth quarter 2006), up to 200 of the required 401 construction positions would be filled with non-local labor. It is envisioned that the remaining 201 positions would be filled with a mixture of workers from construction projects that are scheduled for completion prior to Project Peak construction period, and from workers that may be included in the overall unemployed labor force.

The Two Elk Generating Facility is currently under construction in Campbell County. There would be some overlap between the construction schedules of the proposed Project and the Two Elk facility. The peak construction work force scheduled for the Two Elk facility would be 747 in the first quarter of 2006. Construction activities would be completed by the first quarter of 2007. Both projects would be competing for the local construction workforce, so that the most likely hiring scenario for the proposed Project would include non-local construction workers from outside the five-county area. **Figure 5** in the cumulative analysis shows the total number of construction workers that would be required for the construction period of both projects. The maximum number of workers for both projects would be 874

workers, occurring in the second quarter of 2006, which is well within the local construction labor force of 2,926 workers. The proportions of local and non-local hires to meet the construction requirements of both projects would depend on the number and scope of other construction projects in northeast Wyoming that would be scheduled between the second quarter of 2005 and the fourth quarter of 2007.

The construction schedule for the Project shows estimated time periods for various phases of the project, varying in length from a few days to 12 months. As described in the Neil Simpson #2 application, a 12- to 18-month period is generally assumed to be the point at which an in-migrating worker would consider moving his or her household and family to the area. Based on this assumption, any population increases in Gillette or any other area of the five-county region would experience population increases of less than 1 percent from relocating Project workers. It is not likely that the non-local workforce would seek permanent or rental housing in Gillette. In-migrating workers would require temporary housing.

Description of Local Housing

Number Of Units In The Area

According to the 2004 Housing and Demographic Survey prepared by the City of Gillette Department of Community Development (2005), the housing market grew steadily for all types of housing in 2004. The estimated 2004 housing stock of 9,254 units in Gillette is an increase of 1,179 units (nearly 15 percent) from 8,075 units in 2000. This increase mirrors the population increase in Gillette between 2000 and 2003, and is a consequence of the importance of Gillette as a regional economic hub and as a community base for the growing mineral development in the Powder River Basin. It is likely that annual increase of additional housing stock to the existing stock will show a slower growth rate between 2004 and 2015, as the annual population growth projected for those years is slower than for the years between 2000 and 2003.

Table 12 shows the type and number of housing units in Gillette in 2000 and as of December, 2004. The construction of mobile and manufactured units grew at a faster rate than that of other types of housing in Gillette between 2000 and 2004. These types of homes can efficiently fill a rapidly increasing demand for housing, and can be more affordable than existing housing stock during times of increasing population when demand outstrips the supply of housing stock.

The U.S. Census (2004) provides intercensal housing unit estimates at the county level. In 2003, there were an estimated 13,813 housing units in Campbell County, an increase of nearly 4 percent over the Census 2000 count of 13,288 units. The annual growth rate of 1.3 percent is slower than the average annual growth rate of housing for Gillette (2.9 percent), verifying that Gillette is growing at a faster rate than the county. According to the City of Gillette, there were 9,035 housing units in Gillette in 2003, which accounted for more than 65 percent of the total county housing stock. Gillette is expected to continue to be the primary location for the development of new multi-family housing. Single-family and manufactured homes were developed primarily in unincorporated areas of Campbell County (Campbell County Economic Development Corporation 2005).

Housing Facilities By Type

According to the Campbell County Housing Needs Assessment (2005), most housing units in Gillette were single-family detached units. The fastest growing type of housing stock between 2000 and 2004 was mobile/manufactured homes, as shown in **Table 12**. In both the county and Gillette, most housing was owner occupied (73.6 and 65.2 percent, respectively).

Outside of Gillette, the largest concentration of housing stock near the Project site is in the town of Buffalo. According to the Johnson County Comprehensive Land Use Plan, in 2002 there were 1,419 single family units, 298 apartments, and 90 townhomes or duplexes, for a total of 1,806 housing units. In 2001, there were nine mobile home developments that had 137 occupied spaces and 120 unoccupied spaces, for a total of 257 spaces.

Additional housing is available in Wright, located in Campbell County 38 miles south of Gillette. In 2000, there were 481 housing units in Wright, consisting of 240 single family homes, 20 townhomes or duplexes, 166 mobile homes, and 31 apartments in one building.

TABLE 12 HOUSING UNIT ESTIMATES BY TYPE, CITY OF GILLETTE; 2000 AND 2004

Type of Unit	2000		2004		Change - 2000 and 2004 (%)
	Number of Units	Percent	Number of Units	Percent	
Single-Family Detached	3,860	47.8	4,369	47.3	13.2
Attached	1,017	12.6	1,080	11.7	6.2
Multi-family	1,683	20.8	1,875	20.2	11.4
Mobile/Manufactured Home	1,313	16.3	1,728	18.6	31.6
Other Units	202	2.5	202	2.2	0.0
Total	8,075	100.0	9,254	100	14.6

Note: The "Other" category includes non-traditional housing such as bunkhouses, senior citizen housing, and motel rooms used for extended periods.

Source: City of Gillette 2004

The nearest permanent housing is located in the community of Gillette. It is anticipated that the estimated ten out of twenty workers required for long-term operations that would come from outside the local area would purchase single-family homes in the Gillette area. In the year 2004, the total housing units in Gillette was 9,254 units (City of Gillette 2004). Of these units, the average occupancy rate was 65.2 percent (City of Gillette 2004). Based on the relatively high vacancy rate of the Gillette area housing market (indicated by total housing availability in the Project area), there are numerous housing units available for purchase within commuting distance of the Project. Therefore, the amount of permanent housing and availability of units is an adequate amount to supply local housing needs for the ten outside workers required for long-term operations.

Temporary Housing

Temporary housing options in the vicinity of the Project site include hotels, motels, and campgrounds (Table 13). Vacancy rates are not currently available for temporary accommodations in Campbell and Johnson Counties. Available local motels/hotels/cabin establishments in the region generally have low vacancy rates during hunting seasons. There is also a high level of occupancy by CBMG workers. Many motels and RV campgrounds in the region provide accommodation for long-term visits by the week or month. There are 18 hotels in Gillette, with a total capacity of 1,420 rooms. In addition, the two campgrounds in the Gillette area provide RV hookups and tent sites. The Cam-Plex is funded by Gillette and Campbell County, and may not compete with private enterprise (Barks 2005). The additional 1,821 RV sites at the Cam-Plex are available only for special events, and not for the general public.

Temporary lodging is also available in the towns of Moorcroft (located 25 miles east of Gillette) and Sundance (located 60 miles of Gillette) in Crook County. The two towns provide additional temporary lodging capacity of 244 rooms in 10 hotels and motels, and 25 RV hook-ups in 3 campgrounds

(NEWyoming 2005). Lodging located 39 miles south on State Route 59 includes (1 hotel and 1 RV campground in Wright).

Temporary housing in Johnson County that is nearest to the project site is in Buffalo, located 77 miles west of the project site on I-90. Lodgings in the town include 13 motels with 344 rooms, and seven campgrounds that provide 353 RV hook-ups in addition to tent sites.

TABLE 13 SHORT-TERM HOUSING AND ACCOMMODATIONS, 2004

	Type of Accommodation	Number of Facilities	Number of Rooms/Units
Gillette	Hotels/Motels	18	1,417
	Campgrounds	2	133 sites: RV hook-ups
Moorcroft	Hotels/Motels	5	76
	Campgrounds	2	10 RV hook-ups
Sundance	Hotels/Motels	5	168
	Campgrounds	1	15 RV hook-ups
Buffalo	Hotels/Motels	13	344
	Campgrounds	7	353 RV hook-ups
Wright	Hotels/Motels	1	27
	Campgrounds	1	73 RV hook-ups

Source: Gillette Convention and Visitors Bureau 2005; NEWyoming 2005; Buffalo Chamber of Commerce 2005

Vacancy Rates

The vacancy rate for owner-occupied and rental units was an estimated 8.9 percent in 2003. In 2000, Campbell County had a homeowner vacancy rate of 1.2 percent (Wyoming Division of Economic Analysis 2000). Applying this rate to current housing stock (excluding manufactured housing); there was an estimated average of 92 housing units available in 2004. This is consistent with an online survey of available units in Gillette. As of April, 2005, there were 69 single-family homes and 22 town homes, for a total of 91 housing units available for sale in Gillette (Realtor.com 2005).

Costs

In 2004, single-family homes in Gillette had an average price of \$171,155, manufactured homes averaged \$78,189, and town homes averaged \$103,800. Prices for rural areas of the county were significantly higher, as single-family homes averaged \$230,601 and manufactured homes averaged \$142,320. Local realtors indicate that larger homes in rural areas have raised the average for rural single-family homes (Wyoming Housing Database Partnership 2004).

Rental Rates

Most rental housing in the county is located in Gillette. There were 3,222 rental units available in 2000, of which 2,592 units were located in Gillette. As of October 1, 2004, the average rental vacancy rate was 7 percent. Average rental rates were \$263 for a one-bedroom unit and \$504 for a two-bedroom unit.

Number Of Units Required

The five-county region lies within commuting of Gillette, so that workers from these counties would likely commute from their homes. No workers would need to commute much more than 140 miles, which would be an approximate 2.25-hour commute. The construction schedule for the project shows estimated time periods for various phases of the project, varying in length from a few days to 12 months. As described in the Neil Simpson #2 application, a 12- to 18-month period is generally assumed to be the point at which an in-migrating worker would consider moving his or her household and family to the area. It is anticipated that none of the local or non-local construction workforce would relocate permanently to the Gillette area. The non-local construction work force would require temporary housing such as motel/hotel rooms and RV sites. Of the 401 workers required for the peak construction period during August and September, 2006, an estimated 200 non-local workers would require temporary housing, such as hotel/motel rooms or RV parks.

In the event that some workers choose to relocate to the Gillette area, the average rental vacancy rates of 7 percent indicates an available rental stock of more than 200 units, which is more than sufficient to provide rental housing for non-local workers. The available stock of single-family homes and town homes for sale as of April 2005 was 91 units, which would also accommodate relocating workers.

Based on the amount of available temporary housing in the five County Region, it is not anticipated that additional temporary housing will be required for in-migrating workers. Given that there is a one-year lead time after initiating the construction phase (e.g., before the maximum number of employees is required in the third and fourth quarters of 2006), it is anticipated that temporary housing can be reserved in advance to accommodate any potential deficiency of available temporary housing.

It is recognized, however, that the CBMG and mineral industry is presently a dominating factor for temporary housing availability in the area, and CBMG and mineral construction employees occupy much of the temporary housing that becomes available.

Effects On Vacancy Rates

It is anticipated that few of the construction work force would purchase or rent housing of any type during any phase of the proposed Project. Any relocating workers and their families including the estimated maximum of 200 non-local workers, would account for less than one percent of the population of Gillette and Campbell County. Therefore, there would be little to no effect to the vacancy rates of any type of housing in Gillette area or Campbell County.

Effects On Costs

It is anticipated that few of the construction work force during any phase of the proposed Project would purchase or rent housing of any type. Therefore, there would be no effects on the costs of any type of housing in Gillette or Campbell County.

Effects On Rental Rates

Because rental housing usually require a long-term lease (generally a minimum of 6 months), only the employees working for multiple quarters would likely enter into this type of lease agreement. It is anticipated that less than one percent of the construction work force (during any phase of the proposed Project) would require rental housing of any type. Therefore, there would be little to no effect to the rental rates of any type of housing in Gillette or Campbell County.

Description Of Local Transportation Facilities

The Project would be located approximately 8 miles east of Gillette, in Campbell County, Wyoming at the existing Neil Simpson Complex. The primary access into the site is from Exit 132 on I-90 and south on American Ranch Road, which connects to the Wyodak Road.

Construction and operation employees are expected to originate in Campbell, Converse, Crook, Johnson, and Weston Counties. Based on the number of the construction workforce in each county, it was estimated that 64.9 percent would originate in Campbell County, primarily Gillette; 13.7 percent would commute from Converse County, 8.2 percent from Crook County, 8.4 percent from Johnson County, and 4.8 percent from Weston County.

Interstate-90 (I-90) is the primary highway route that connects communities in the adjacent counties to the Project site. I-90, which crosses east-west through northeastern Wyoming, connects Gillette with Buffalo in Johnson County to the west, and several communities in Campbell and Crook Counties to the east of Gillette. Newcastle and other communities in Weston County are located along U.S Highway 16 (US 16), which connects to I-90 in Crook County. The Glenrock-Douglas communities along Interstate-25 (I-25) in Converse County are connected to Gillette by State Highway 59 (SH 59), which crosses through north Converse County, and through south Campbell County to Gillette. Other state highways in the counties may also be used to commute to the Project site, but the majority of employees would commute on I-90, US 16, and SH 59.

The City of Gillette completed a Transportation Planning Study in May, 2004. The Planning Study identified locations on SH 59 at or near I-90 as those where ten or more accidents occurred between 1995 and 2000. These locations also experience high volumes of traffic.

The Burlington Northern Railroad is located south of the Project site, and is used primarily to haul coal from mines in Campbell County. The railroad right-of-way parallels SH 51 through most of Gillette and Campbell County east of Gillette. The railroad crosses east-west through Gillette, intersecting several north-south arterials.

Construction and operation traffic will be generated from employees traveling from the five-county employment base area, and from construction equipment and supplies moving over the highway. It is expected that some equipment, primarily heavy equipment and supplies that are cumbersome to haul by truck, will be hauled to the site by rail.

Analysis of Effects on Service Levels or Roads

Table 14 estimates the number of the construction work force that would be commuting on the transportation network for each quarter of the 2-year construction period. The traffic count locations for 2003 Average Daily Traffic (ADT) were selected for locations near Gillette. These locations are on highway segments that would experience the largest increases in traffic from commuting workers that would converge onto Gillette from the surrounding areas. The ADTs for each month of the year that were provided by Wyoming Department of Transportation (WYDOT 2005) were used to calculate the ADT for each quarter, as shown in the table. WYDOT data shows little change between 2002 and 2003, so the analysis assumes that traffic levels will be consistent with 2003 levels for the construction years 2005 to 2007. The table is intended to show the magnitude of increase on highways from project related traffic, and is not meant to represent actual traffic levels in the years 2005 to 2007. Milepost (MP) 133.50 is between Exits 126 and 132 on I-90. MP 117.60 is west of Gillette on I-90. MP 156.0 is south of Gillette

Equipment needed for construction and installation of the proposed facility would include heavy equipment (cranes, bulldozers, graders, track hoes, trenchers, and front-end loaders), and heavy- and light-duty trucks. It is anticipated that heavy equipment will be transported primarily to the site during off-peak traffic hours.

Transportation Mitigation Summary

Several methods for mitigating potential traffic impacts caused by construction of the plant facilities may be utilized if required. The following mitigation measures could be taken to reduce or minimize direct adverse impacts to transportation resources and indirect impacts caused by Project-related transportation.

- Transport heavy equipment to the Project site primarily during off-peak traffic hours.
- Consolidate Project-related vehicle trips to the maximum extent practical to reduce the traffic rates on US 16, SH 59, and regional roads.
- Control local traffic where significant Project-related activities occur on or adjacent to public roads, including the use of adequate warning signage, barriers, flag-persons, and other measures.
- Enforce posted speed limits of Project-related vehicles when approaching and passing residential areas that are adjacent to I-90.

Increased Rail Traffic At Grade Crossings

It is expected that most plant materials will be hauled by truck, so that a limited amount of rail traffic would occur during those construction phases when plant materials are delivered by rail. Any material shipped by rail through Gillette could impede traffic flow if the delivery coincided with peak commuter periods. Therefore, rail delivery schedules should be coordinated with Burlington Northern Sante Fe to avoid conflicts. This would mitigate any increase in rail traffic at grade crossings during peak traffic hours.

Description of Public Facilities

The following section briefly summarizes public facilities available in Campbell County and Gillette. The construction and operational work forces for the proposed Project is expected to consist of local workers from the surrounding five county areas of Campbell, Converse, Crook, Johnson, and Weston Counties.

The City of Gillette provides its residents and businesses with electric service, water, sewer, and sanitation service. Powder River Energy Corporation provides electric service to all areas of the county outside Gillette city limits. Kinder Morgan, Inc. provides natural gas to the City of Gillette, Town of Wright, and some county residents. MGTC also serves some residential and industrial accounts in the county (BLM 2003).

Campbell County School District No. 1 serves the entire county, and is the third largest district in Wyoming with about 7,500 students. The district includes 24 facilities, including one high school center, one junior/senior high school, one alternative transitional school, two junior high schools, 15 elementary schools, and one aquatic center. The district has 1,323 full- and part-time employees, including 633 certified teachers, specialists, and administrators. Despite the sizable enrollment, the pupil-to-teacher ratio is a favorable 19.2 to 1 (Campbell County School District No.1 2005).

The Campbell County Sheriff's Department provides law enforcement services within Campbell County. The department consists of 39 sworn officers and 22 patrol officers. The Campbell County Detention Facility has 101 beds. In spite of an increase in CBMG employment between 1999 and 2000 in Campbell

County, most crimes, including larceny, aggravated assault, burglary, motor vehicle theft, and robbery have decreased over this same period. Disorderly conduct and drunkenness, usually considered low-level offenses, increased between 1990 and 2001. More serious crimes, such as aggravated assault, weapons violations, burglary, motor vehicle theft, larceny, and sex offenses did not increase from 1990 to 2002, and in some cases have declined (BLM 2003).

Fire protection in Campbell County is provided by the Campbell County Fire Department, which consists of 13 full-time fire fighters and 150 volunteer fire fighters. There are two stations and a training center in Gillette (BLM 2003).

The Campbell County Memorial Hospital is a 119-bed community hospital. The hospital opened the Wyoming Orthopedic and Rehabilitation Institute in December of 2003, a joint venture between Campbell County Memorial Hospital and Powder River Orthopedics and Spine PC. The institute provides comprehensive orthopedic outpatient surgery and rehabilitation services (Campbell County Memorial Hospital 2005).

Recreational use of rural Campbell County is limited, as much of the land is privately owned. There are opportunities for dispersed recreation on federal and state lands throughout the county. The City of Gillette and Campbell County provide a variety of municipal and private recreational facilities, including golf courses, rodeo grounds, ball parks, and swimming pools. The Cam-Plex facility is nearest to the Project site. The facility consists of 1,100 acres that contain a performing arts theater, a convention/exhibit hall, two large multi-purpose pavilions, rodeo grounds, RV campgrounds, a horse race track, and 21-acre park and picnic area (BLM 2003).

Cost of Living

The cost of living is the average cost of the basic necessities of life. The cost of living index is a comparative value that measures regional variations in the cost of living. The index value of 100 is the national average for the overall cost of living. The cost of living index for Campbell County in the final quarter of 2003 was 105.0, meaning that costs for the basic necessities of life were higher than the average costs for the nation. The Wyoming Division of Economic Analysis (2005) provides cost of living index values for Campbell County relative to the state. As described in the 2004 analysis, price data for necessities were divided into six categories, which were then weighted according to their overall importance in the average consumer's budget. These categories and their respective weight components include housing (47.7 percent), transportation (16.9 percent), food (14.4 percent), recreation and personal care (9.7 percent), medical (6.1 percent), and apparel (5.2 percent). The housing category, due to its relative importance in the average consumer's budget, carries the largest weight factor and is the most influential category in both the comparative index and the inflation rates. In Campbell County, the largest category was housing, with a 110 index. According to the Wyoming Division of Economic Analysis, Campbell County has been ranked near the top of the index for several years, indicating that the region's current energy activity is a sustainable economic driver rather than part of a boom-and-bust cycle.

New Demands Or Increases In Service Levels

Under the best case scenario the construction and operating work force would be from the five-county area, and would not require permanent or temporary housing. In the event that up to 50 percent of the construction and operating workforce are non-local workers, it is anticipated that there would be a less than once percent increase in the population of Gillette or Campbell County from the permanent relocation of the workers and their families. Most non-local workers would utilize temporary housing. Because existing mobile home and RV parks will be used for a majority of the temporary housing, the Project will not require new water, sewer, electrical lines, or other infrastructure. There will be no

additional demands of increases in service levels for local infrastructure, such as police, fire, water, or utilities. In addition, there would be little measurable increase in non-basic employment, as these jobs are generated from ongoing employment of the existing base of construction workers, and would be maintained through the continued employment of local construction workers. Therefore, construction and operation of the Project would not significantly affect the various public and non-public facilities and services described above from the in-migration of workers for non-basic employment opportunities.

Fiscal Analysis Of Impacts To Local Governments

Energy resource industries make large annual contributions to the tax base of Campbell County. Contributing revenues to the county include ad valorem taxes, sales and use taxes, and through wages paid to employees that are circulated through the local economy.

Campbell County leads all Wyoming counties in the proportion of taxes contributed by each county to the total tax revenues collected within the state. In 2004, the contribution constituted 22.1 percent of the total, followed by Sublette County at 13.8 percent. Campbell County levies yielded tax revenues of \$35.9 million. Additional municipal, education, and special district levies yielded \$157.2 million. The combined total of all 2003 tax revenues paid in Campbell County was \$193.1 million (Wyoming Department of Revenue 2004).

The Wyoming Department of Revenue establishes the assessed values of certain types of property, including property used for industrial purposes, which are assessed by the state at 11.5 percent. Counties establish taxable values for most other types of property within their jurisdictions. Locally assessed 2004 property valuations for Campbell County totaled \$415.6 million for 2004. An additional \$2,843 million property value in the county was assessed by the state, for a combined total of \$3,258 million.

Local government entities potentially affected by an industrial facility are entitled to receive the Impacts Assistance Payment. Campbell County received no impact assistance refunds from 2000 through 2004. In 1999, the county received a refund of approximately \$2.0 million.

Sales and use taxes are also established by the state, and accounted for 4 percent in 2004. Wyoming counties have the option of collecting an additional 1 percent for the general purpose county option tax rate.

Estimated Cost Of The Facility Subject To Sales And Use Taxes

According to a budget prepared for the Project facility, sales taxes on the estimated cost of facility construction over the 2-year construction period, would total approximately \$2.8 million. Approximately \$2.24 million of this total would be paid to the state as sales and use taxes. The 1 percent county option tax would account for \$0.56 million. An estimated 13.8 percent of the gross sales and use tax revenues would be distributed by the state back to Campbell County and municipalities in the county. The sales and use taxes paid for the facilities and equipment required for the Project would therefore contribute an estimated \$310,000 to the Campbell County tax base.

Estimated Cost Of The Components For Ad Valorem Taxes

Table 15 summarizes the expenditures that will be made for facilities and equipment required for the construction of the Project facility over the 2-year construction period. These items constitute improvements made to the facility property that would be assessed at the rate of 11.5 percent, as established by the state for industrial properties. The expenditures for facilities and equipment

summarized in **Table 15** would represent the fair market value, which would be an estimated \$109 million.

TABLE 15 FACILITIES AND EQUIPMENT FOR WYGEN II UNIT IV POWER PLANT

Description	Total (\$)					Total (\$)
	Expenditures	2005	2006	2007	2008	
Boiler	32,000,000	4,000,000	18,000,000	10,000,000		32,000,000
Turbine/Generator	10,000,000	2,000,000	7,000,000	1,000,000		10,000,000
Air Cooled Condenser	9,000,000	2,000,000	4,000,000	3,000,000		9,000,000
Major Balance of Plant Equip.	16,000,000		8,000,000	6,000,000	2,000,000	16,000,000
Minor Balance of Plant Equip.	7,500,000		3,500,000	3,000,000	1,000,000	7,500,000
Valves	1,500,000		1,000,000	500,000		1,500,000
Piping	9,000,000		6,000,000	3,000,000		9,000,000
Electrical/Instrumentation	12,000,000		6,000,000	6,000,000		12,000,000
Misc. Supplies	2,000,000		1,000,000	1,000,000		2,000,000
AQCS/Fabric Filter	10,000,000	3,000,000	4,500,000	2,500,000		10,000,000
Total Cost	109,000,000	11,000,000	59,000,000	36,000,000	3,000,000	109,000,000

The Project site is located in Campbell County Tax District 0110 (Wyoming Department of Revenue 2005), which includes most of the rural areas of the county. The total mill levy applied to the assessed value of properties in this district was 58.918 in 2004. The mill levy is the number of dollars in taxes that a property owner must pay for every \$1,000 of assessed value. The amount of the mill levy may vary by year in response to budget requests from various taxing entities. Using the 2004 mill levy, the ad valorem taxes that would be paid on the plant facilities would be an estimated \$738,537. The ad valorem taxes paid for each year of construction is shown in **Table 16**.

The 0100 Tax District includes levies for several county districts, including Campbell County Cemetery, Campbell County Conservation, Campbell County Hospital, Campbell County Joint Powers Fire, Campbell County School No. 1, County Levy, and Weed and Pest Control Districts. Each of these special districts would benefit from ad valorem taxes paid on project facilities.

TABLE 16 AD VALOREM TAXES PAID TO CAMPBELL COUNTY 2005 - 2008

	2005	2006	2007	2008	Total
Expenditure	\$11,000,000	\$59,000,000	\$36,000,000	\$3,000,000	\$109,000,000
Ad Valorem Tax	\$74,531	\$399,759	\$243,921	\$20,327	\$738,537

ENVIRONMENTAL IMPACTS

Potential environmental impacts from construction, operation, and maintenance of the Project are discussed below for each potentially affected resource. Impacts that can be reasonably expected from Project implementation are discussed. Mitigation measures for potential environmental impacts are also discussed. Potential environmental impacts are expected to be minimal as a result of the Project due to previous disturbance in the area and the high amount of industrial uses.

Wildlife and Vegetation Resources

The project area is characterized by flat to gently-sloping rolling uplands at an elevation of approximately 4,500 feet. The Project is located within the drainage basin of Donkey Creek, an easterly-flowing tributary of the Belle Fourche River.

Wildlife Resources

Wildlife species of concern that may be found in proximity to the Project site include various species of big game, sage grouse, and raptors.

Sage Grouse

Sage grouse (*Centrocercus* spp.) may occur in proximity to the project area, but primarily as transients. Sage grouse surveys conducted for the Wyodak Coal Mine and annual monitoring have not identified any active leks in the Project area. Based on the lack of the four key habitat types used by sage grouse e.g., (winter use areas, leks, nesting habitat, and brood rearing areas), effects to the sage grouse will be negligible.

Big Game

Big game species within the Project area may include pronghorn antelope (*Antilocapra americana*), mule deer (*Odocoileus hemionus*), and white-tailed deer (*Odocoileus virginianus*). Antelope and mule deer are found throughout the area, while white-tailed deer congregate along Donkey Creek, south of the project area. Based on the results of annual monitoring, population densities of these three species are relatively low in the Project area.

Loss or Degradation of Habitats

The direct habitat removal of approximately 65 acres is expected to have minimal impacts on big game mammals. The level of big game mammal use is low in the Project area due to the proximity to industrial uses and the quantity and quality of habitat available. The direct loss of the ruderal grass and forb habitat would not result in any loss of wintering range, fawning areas, or impact a major corridor in the region. Therefore, the direct loss of habitat caused by construction of the Project is not anticipated to have significant adverse effects to big game mammals.

Displacement

Disturbances from construction of the Project may affect utilization of habitat(s) immediately adjacent to this affected area. It is envisioned that most big game mammal responses will consist of avoidance of areas proximal to the construction and operational areas, with most individuals carrying out normal activities of feeding and bedding within adjacent suitable habitats. However, big game mammals are adaptable and generally adjust to non-threatening, predictable human activity. It is anticipated that the magnitude of displacement would decrease over time as: (1) the animals have more time to adjust to the operational circumstances, and (2) the extent of the most intensive construction activities will be a general short-term activity. By the time the Project is fully operational, construction activities will have ceased, and traffic and human activities in general would be greatly reduced. As a result, this impact would be greatly reduced and it is unlikely that big game mammals would be significantly displaced under full project development.

Vehicle Collisions

Increased vehicle traffic is anticipated in association with all phases of the project. The potential for vehicle collisions with big game would be directly correlated with the volume of traffic. The volume of project-related traffic is expected to be greatest during the construction phase and to gradually diminish during the operational phase. Speed limits set for project roads would reduce the potential for collisions; however, most collisions are anticipated to occur on county roads and highways, where speeds are higher and are regulated by the state. The incidence of vehicle collision impacts to big game mammals is anticipated to occur infrequently and no long-term adverse effects are expected.

Implementation of speed limits on access roads, educating employees and contractors on wildlife laws, and prohibiting the possession of firearms by employees and contractors would further minimize potential big game impacts.

Raptors

Populations of raptor species present in the region vary seasonally. These include red-tailed hawk (*Buteo jamaicensis*), rough-legged hawk (*Buteo lagopus*), American kestrel (*Falco sparverius*); northern harrier (*Circus cyaneus*), golden eagle (*Aquila chrysaetos*), Swainson's hawk (*Buteo swainsoni*), and great horned owl (*Bubo virginianus*). Typical nesting periods for raptor species extend from February through the end of July. Raptor nests could occur in nearby undisturbed upland or in large trees in the vicinity of the Project area.

Impacts to raptors include the potential for mortality caused by collisions with vehicles and adverse affects associated with noise and human activities such as construction, operation, and maintenance of the facility. These impacts can be mitigated by imposing a speed limit on access roads and by implementing raptor nest protection stipulations as detailed in the Monitoring and Mitigation Plan for Raptors and Species of High Federal Interest.

Surveys for raptors and Migratory Birds of High Federal Interest (MBFHI) are conducted in accordance with guidelines established with prior USFWS consultation. Presence and use of the Wyodak Coal Mine permit area is documented in an annual report. Based on previous recommendations, if any MBFHI is found to concentrate, nest, or roost within 0.5 mile of Project area, the USFWS will be contacted for development and implementation of appropriate mitigation measures.

Employee Education Program

To reduce employee-wildlife incidents, new construction workers will be required to attend an orientation program that will include wildlife awareness. The program will include at a minimum:

- Detailing restrict or prohibit construction employee access to sensitive wildlife activity areas;
- Detail applicable wildlife laws and resident hunting requirements;
- Detail policies and laws penalizing wildlife harassment and poaching;
- Prohibit the possession of firearms on the site;
- Reporting requirements for vehicle collisions;
- Reporting requirements for incidental observations of wildlife including threatened or endangered species; and
- Detail speed limits to minimize wildlife vehicle collisions.

Vegetation Resources

The Project site is located within a heavily-disturbed industrial area. Previous disturbance activities have resulted from the railroad, the access road, employee housing, and construction of the existing power plants. Adjacent industrial uses include the Neil Simpson Power Plant, Wyodak Power Plant, Neil Simpson II, Wygen I Unit III, two gas fired turbines, and the Wyodak Coal Mine. Vegetation resources in the project area may include remnant patches of steppe vegetation. However, the primary vegetation community is composed of non-native introduced grass and forb species.

Impacts to any remnant plant communities may include soil disturbance, which could lead to an invasive non-native species (weed) infestation. Timely revegetation of all disturbed areas with a native-species seed mixture will mitigate impacts associated with disturbance. Additionally, a weed-monitoring program could be implemented if any noxious weed infestations occur on any previously disturbed construction areas. Overall, impacts to native vegetation will be negligible.

Threatened or Endangered Species

Based on information presented in the Wyodak Mine permit application (232-T5), three endangered or threatened species may potentially occur in Campbell County. The three species include the black-footed ferret (*Mustella nigripes*), bald eagle (*Haliaeetus leucocephalus*), and Ute ladies'-tresses orchid (*Spiranthes diluvialis*). It is important to note that no known populations or locations of these three threatened and endangered species have been identified during wetland inventories completed in 2004 or baseline vegetation and wildlife inventories completed by Wyodak Resources Development Corporation.

There are no prairie dog towns in the Project site; therefore, the Project site does not contain any potential or suitable black-footed ferret habitat. Bald eagles are common winter inhabitants of the Powder River Basin. However, there are no large bodies of water and adjacent large trees that are used for winter roost sites within the Project area. Therefore, the Project will not impact the bald eagle. Wetlands may provide potential habitat for the Ute ladies' tresses orchid. Suitable habitat for this species consists of wetland sites that typically have hydrology (either surface or ground) well into the growing season. However, based on the wetland delineations completed in 2004, those types of wetland habitat are not present on the Project area. In addition, the Ute ladies' tresses orchid has not been recorded on the Project site or adjacent lands during wetland inventories or specific plant surveys, and has not been recorded in Campbell County. Therefore, no impacts will result to the orchid. Overall project impacts on threatened or endangered species will be negligible.

Wetlands/Waters of The U.S.

Wetland delineation studies were conducted in March 2004 (revised December 2004) and October 2004 (Appendix A) to determine if jurisdictional waters of the U.S., including wetlands, occur in the Project area. The March 2004 wetland delineation focused on an initial Project site, and the study area was found to contain 3.97 acres of jurisdictional wetlands, 0.03 acre of other waters of the U.S., and 1.43 acres of non-jurisdictional wetlands and other waters of the U.S. The delineation report was subsequently revised in December 2004, as the initial Project site was eliminated from consideration.

A subsequent wetland delineation was conducted in October 2004 to encompass a new proposed Project site. The delineation was conducted on the "Old Wyodak Town Site." Results from the survey revealed that no waters of the U.S. including wetlands were identified on the Project site.

On January 3, 2005, Wyodak Resources Development Corporation requested a Department of the Army COE permit for the placement of fill in an unnamed tributary to Donkey Creek (Appendix A). The fill corresponds to a temporary construction pad to facilitate construction of the Project. On March 10, 2005, the COE issued a Nationwide Permit (NWP) 33. The NWP 33 authorizes the temporary placement of fill in an unnamed tributary to Donkey Creek, and 0.21 acre of wetland adjacent to the unnamed tributary. As a condition of the NWP, all temporary fill added to the wetland and unnamed tributary to Donkey Creek must be removed, and the area must be restored to pre-project conditions following completion of the Project. No additional special conditions were issued with NWP. Finally, Section 401 Water Quality Certification was waived by the Wyoming Department of Environmental Quality.

Cultural Resources

A Class III cultural resource report was prepared by the Wyoming State Archaeologist's Office in 1981. The study area encompassed 3,275 acres within and adjacent to the current Wyodak Coal Mine Permit boundary. Results of the Class III cultural resource report are presented in Appendix B. A review of the survey shows that no isolated finds or archaeological sites were found at the proposed Project site.

Air Quality

Previously, an air permit had been obtained for a proposed 500 MW unit at this site. BHC has recently submitted an application to the state to amend that permit for the proposed 100 MW unit that is currently being proposed. The paragraphs below summarize the air quality impacts that are expected from the proposed facility.

This project will have state of the art technology for controlling air emissions. The combination of dry scrubber, selective catalytic reduction and baghouse fabric filters will enable this project to, upon start-up, be the cleanest operating coal fired power plant in the nation. Additionally CLF&P and BHC are currently evaluating Mercury control technology that will enable this project to comply with the recently issued EPA Mercury standards.

Emission modeling has demonstrated this project will not cause or contribute to the violation of any Class II National Ambient Air Standard, Wyoming Ambient Air Quality Standard or PSD increment. Emission modeling has also shown this project will not cause any adverse impacts on Class I (National Parks) Air Quality Related Values (including visibility) and will have insignificant impacts on Class I ambient pollutant concentrations.

As a result of downsizing the project, WyGen II is no longer a major source of Hazardous Air Pollutants (HAPs). The HAP impact analysis completed for the 500 MW project, was repeated for this 100 MW project, with results showing no adverse impacts to public health and welfare.

Soils/Geologic Hazards

Removal of vegetation by Project construction activities would expose the soils and increase the potential for erosion, especially in areas that contain soils with high potential for water and wind erosion. Increased erosion could alter drainage characteristics and impact aquatic wildlife habitats and water quality if eroded sediment reaches drainages. In addition, heavy equipment traffic over barren and exposed soils, access roads, and other previously disturbed areas could loosen erosive soils making them even more vulnerable to transport off site by water and wind.

The potential for soil erosion that would result from Project construction activities will be limited by implementing standard construction conditions developed in the Storm Water Pollution and Prevention Plan. Typical measures may include slope breakers, silt fencing, drainage dips, timely reclamation, and seeding of stockpiles that remain for extended periods. Road surfaces would be graveled to mitigate wind erosion.

Cumulative Effects

The Industrial Siting Commission has identified two projects to be evaluated for their potential to add cumulatively to the impacts that would result from the proposed Project. These are the Two Elk Generation Project and the Dakota, Minnesota, and Eastern Railroad Corporation's (DM&E) Powder River Basin Expansion Project (PRB Expansion Project). This cumulative impacts analysis identifies the effects of these other proposed projects on construction work force and housing accommodations in the area influenced by the proposed Project.

The Two Elk Project is a 310-MW coal-fired power plant adjacent to Atlantic Richfield's Black Thunder Coal Mine near Wright. The power plant would burn "waste," or lower-grade coal, from the Black Thunder Coal Mine.

The DM&E PRB Expansion Project is both an expansion and new construction of about 1,000 miles of rail line. The new construction of approximately 280 miles of rail line would occur primarily in South Dakota and Wyoming. The new rail construction extends off DM&E's existing system near Wasta, South Dakota, extending generally southwesterly to Edgemont, South Dakota, and then westerly into Wyoming to connect with coal mines located south of Gillette, Wyoming. In Wyoming, new rail construction would traverse portions of Campbell, Converse, Niobrara, and Weston Counties. The cumulative economic values of the three project developments are extremely large.

Implementation of these projects would create both primary and secondary employment opportunities, contribute to the local economy, and provide a substantial source of revenues for local agencies through the collection of ad valorem and sales and use taxes. The potential for impacts associated with these projects on socioeconomic conditions in nearby communities to add to those from the proposed Project would depend in part on the timing of construction activities occurring in the five-county region.

In addition to salaries generated by the Project, extra revenue would filter to county levels through sales and use taxes. State sales and use tax, and ad valorem taxes would be distributed by the state and counties, for schools, roads, and other community infrastructure. To date, the existing CBMG and other mineral development have already affected communities within the five-county region; further mineral development would maintain the current impacts to the quality of life. For some, the sustained employment and economic development as a result of these projects may be viewed as a positive impact to quality of life. For others, the environmental and social impacts may be viewed as a negative impact on the quality of life.

Cumulative Workforce Estimates

The Two Elk project was originally permitted by the Industrial Siting Commission in 1997. However, various issues delayed construction until the second quarter of 2005. The Two Elk construction work force ranges from an estimated low 161 in the second quarter of 2005, to a peak work force of 752 anticipated to occur in the second quarter of 2006. Approximately 50 jobs would be created to operate and maintain the power plant.

The DM&E PRB Expansion Project Final Environmental Impact Statement (EIS) was finalized in September 2001 (Surface Transportation Board 2005)¹. However, various legal challenges have delayed the project. It is important to note that, until the Surface Transportation Board and cooperating agencies complete their consideration of the remanded issues and issue a final decision, DM&E does not have the requisite authority to construct and operate the proposed new line.

According to the PRB Expansion Project Final EIS, construction workers would be divided into numerous small crews responsible for a particular aspect of construction, such as rail bed preparation or rail placement, or completion of a particular geographic area of the project. These construction jobs would require a wide range of workers and activities. In an effort to determine cumulative workforce impact analysis, three primary assumptions were made: 1) it is assumed that new construction will initiate in South Dakota and progress into Wyoming; 2) it is assumed that 50 percent of the workers will have been hired at construction initiation and are non-local; and 3) based on the absence of a projected construction schedule, construction will initiate in Wyoming in 2008.

The PRB Expansion Project Final EIS projected that approximately 427 construction jobs would be required in Wyoming. Of this total, approximately 175 would originate in Campbell County. It is anticipated that the more generalized jobs, such as heavy equipment operators, truck drivers, and mechanics, would be filled by the local work force. Conversely, more specialized jobs, such as rail and iron work positions, would be filled by non-local workers. Based on the foregoing, it is estimated that approximately 88 construction workers will be supplied by Campbell County.

Local and Non-Local Workers

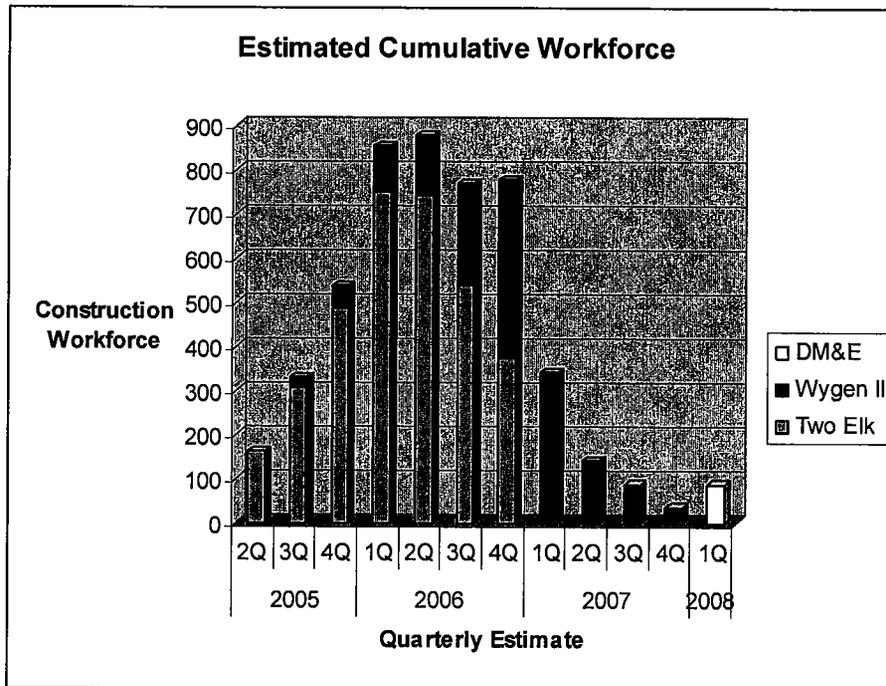
The 1997 Two Elk Industrial Siting Application assumed that 23 percent of the peak cumulative work force would be local hires based on the probability that the Two Elk project would be constructed coincident to the North Rochelle and ENCOAL projects. The estimated combined peak construction work force of these three projects was estimated at 2,431 workers in the second quarter of 1998. Therefore, based on the original work force estimates, 573 workers would have been supplied from the local work force. Conversely, an estimated total of 1,860 non-local workers was estimated during the peak construction quarter.

Because the Two Elk project was not constructed during the original project schedule, we analyzed the combined peak work force of the WyGen II Unit IV, Two Elk Generation, and PM&E PRB Expansion project. **Figure 5** details the estimated peak workforce for the three projects.

A review of **Figure 5** shows that the combined employment work force would be greatest during the third and fourth quarter of the 2006 construction period, and would gradually decrease through 2007. The DM&E PRB Expansion project work will initiate in 2008, while the other two projects will primarily shift to operations.

¹ A Record of Decision was issued January 30, 2002, which imposed extensive conditions to mitigate certain anticipated adverse environmental impacts, and also established an environmental oversight period. On appeal, the United States Court of Appeals for the Eighth Circuit vacated and partially remanded the Board's decision *Mid States Coalition for Progress v. STB*, 345 F.3d 520 (8th Cir. October 2, 2003). The court upheld the Board's decision with respect to all transportation issues, but remanded the case for further Board review on four environmental issues. Pursuant to the court's remand, Section of Environmental Analysis has prepared a Draft Supplemental Environmental Impact Statement (Draft SEIS). Currently, the Draft SEIS is available for public review with the comment period closing June 6, 2005. A Final SEIS will be prepared in late 2005 or early 2006. Once the environmental review process is complete, the Board (and the cooperating agencies) will decide whether to approve, deny, or approve with conditions DM&E's proposed project.

Figure 5 Estimated Cumulative Workforce

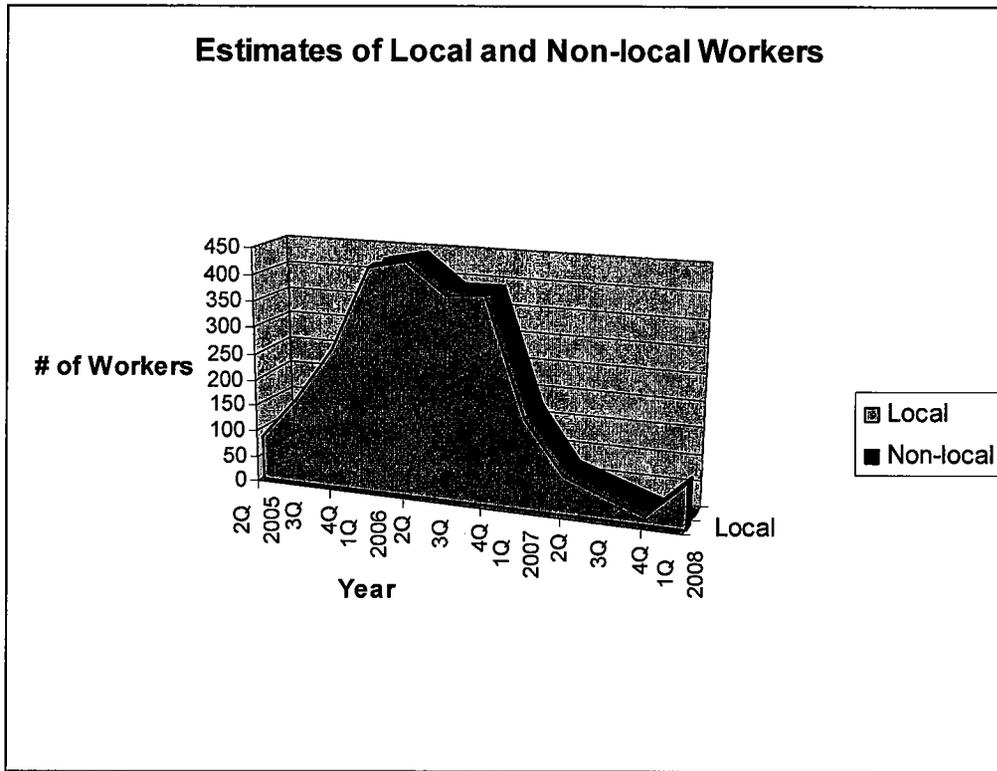


For purposes of this analysis, we developed estimates of potential local hires based on a review of the projects’ labor demand and the available local labor pool. The percentage of workers who could potentially be hired from the available local labor pool ranges from a high of 100 percent for unskilled laborers to a low of close to zero percent for skilled workers. **Table 9** reveals that there are an estimated 3,000 construction workers in the five-county region. It is assumed that all of these workers are not permanently employed, and some proportion of the workforce would be available to staff the Project during some phase of the construction. However, this analysis estimates that, in a worst-case scenario, it will be able to fill 50 percent of the available jobs with local applicants. **Figure 6** details construction estimates if we assume that 50 percent of the workers will be supplied from the pool of an estimated 3,000 construction workers in the five-county region. It is also assumed that a majority of the non-local workers will be Wyoming residents.

A review of **Figure 6** shows that, based on the local hire assumptions used for this assessment, a peak of approximately 450 non-local workers would be required during the second and third quarters of the 2006.

Because it is anticipated that 50 percent of the local labor force would likely occupy most of the new jobs combined with a short peak work force period, the increased population growth of the communities is not anticipated as a result of the Project. Further, it is not anticipated that water systems, solid waste disposal, public schools, law enforcement, fire protection, or medical facilities would incur substantial additional effects from the Project. The local counties are accustomed to absorbing fluctuations in population because of the extensive regional mineral development, which causes cycles of increasing and decreasing demands for workers, housing, and community services. Infrastructure required for the current population has been created, and would sustain the anticipated construction population.

Figure 6 Estimates of Local and Non-local Workers



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APPENDIX A



DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, OMAHA DISTRICT
WYOMING REGULATORY OFFICE
2232 DELL RANGE BOULEVARD, SUITE 210
CHEYENNE WY 82009-4942

December 2, 2004

Wyoming Regulatory Office

Mr. Stevan Mueller
Wyodak Resources Development Corp.
3338 Garner Lake Road
Gillette, Wyoming 82716

Dear Mr. Mueller:

This letter is in response to your request we received on November 1, 2004 (dated October 27, 2004), for a jurisdictional determination based upon a wetland delineation conducted on an approximately 60-acre tract of land north of Wyodak Road in the southeast quarter of the southwest quarter, and the southwest quarter of the southeast quarter of Section 22, Township 50 North, Range 71 West, Campbell County, Wyoming.

Also formally addressed in this letter is your request we received on March 30, 2004 (dated March 29, 2004), for a jurisdictional determination based upon a wetland delineation conducted on an approximately 45-acre tract of land south of Wyodak Road in the northeast quarter of the northwest quarter, and northwest quarter of the northeast quarter of Section 27, Township 50 North, Range 71 West, Campbell County, Wyoming.

The U.S. Army Corps of Engineers regulates the placement of dredged and fill material into wetlands and other waters of the United States as authorized primarily by Section 404 of the Clean Water Act (33 U.S.C. 1344). The term "waters of the United States" has been broadly defined by statute, regulation, and judicial interpretation to include all waters that were, are, or could be used in interstate commerce such as rivers, streams (including ephemeral streams), reservoirs, and lakes as well as wetlands adjacent to those areas. The Corps regulations were published in the November 13, 1986, edition of the *Federal Register* (Vol. 51, No. 219) at 33 CFR Parts 320 through 331. Information on Section 404 program requirements in Wyoming can be obtained from our web site at <http://www.nwo.usace.army.mil/html/od-rwy/Wyoming.htm>.

We have reviewed the report prepared by Mr. Jim Orpet of Intermountain Resources entitled *Wetlands and Other Waters of the U.S. Inventory, Black Hills Corporation, Neil Simpson Complex, 2004 Old Wyodak Town Site Wetland Delineation* dated October 2004. Based upon documentation in the report we have determined that the methods used to identify wetlands and other waters of the United States on the 60-acre parcel north of Wyodak Road are consistent with the *Corps of Engineers Wetland Delineation Manual* dated January 1987.

We also reviewed the report prepared by Mr. Orpet entitled *Wetlands and Other Waters of the U.S. Inventory, Black Hills Corporation, Neil Simpson Complex, 2004 WYGEN 2 Wetland Delineation* dated March 2004 (Revised June 2004). Based upon documentation in the report we have determined that the methods used to identify wetlands and other waters of the United States on the 45-acre parcel south of Wyodak Road are also consistent with the *Corps of Engineers Wetland Delineation Manual* dated January 1987. Therefore, Plate 1 WYGEN 2 Wetlands Inventory included in the report is an accurate depiction of locations and boundaries for wetlands and other waters of the United States on the 45-acre parcel south of Wyodak Road.

Based on the information provided, the National Wetlands Inventory (NWI) map for the area, the 7.5-minute topographic maps for the Gillette East and Fortin Draw quadrangles, and a site visit conducted by Mr. Michael Burgan of our staff on November 24, 2004, it has been determined that there are no wetlands or other waters of the United States in the 60-acre project area. Therefore, Department of the Army authorization is not required for the project conducted on this property because it does not require the discharge of fill material in wetlands or other waters of the United States. This determination does not eliminate the requirement to obtain any other applicable federal, state, tribal, or local permits that may be required.

Mr. Burgan also determined there is no definable channel in ES55 south of the access road through the 45-acre tract (Road #2, Exhibit 1). As such, the wetland at sample point R33a is isolated.

The results of the June 2004 wetland delineation conducted on the 45-acre parcel south of Wyodak Road, and Mr. Burgan's determination the wetland at sample point R33a is isolated, indicate that there are approximately 5.14 acres of jurisdictional wetland and 0.03 acres of jurisdictional other waters of the United States (ephemeral streams) within the 45-acre study area. **Therefore, with the exception of the wetland at sample point R33a, and drainage way ES55, all wetlands and other waters on the property meet the definition of waters of the United States as defined at 33 CFR Part 328.3(a)(5) and (7).**

In the March 28, 2000, edition of the *Federal Register* (Vol. 65, No. 60), the Corps implemented an administrative appeals process for jurisdictional determinations. This letter serves as an approved jurisdictional determination. Enclosed is a Notification of Administrative Appeal Options and Process (NAO) form. You may appeal the determination to the Division Engineer's appeal officer, Mr. Mores Bergman. Section "D" of the NAO explains the procedures for an appeal. The NAO form must be submitted to Mr. Bergman at the address shown on the NAO form prior to **February 2, 2005**, or you will forfeit your right to an administrative appeal.

Please be aware that the landowner is responsible for obtaining authorization prior to commencing with any activities that include a discharge of dredged or fill material in waters of the United States. Many activities with minor impacts are authorized by general permits known as nationwide permits. On March 18, 2002, our office issued a public notice describing all of the nationwide permits currently in effect in Wyoming based upon information contained in Part II of the *Federal Register* published on January 15, 2002 (Volume 67, No. 10).

A copy of the public notice is available from our web site. A standard (individual) permit would be required if a project's total impacts on waters of the U.S. exceeds the nationwide permit criteria. A permit application (ENG Form 4345) is also available from our web site.

This verification is valid for a period of 5 years, until **December 2, 2009**, unless new information warrants a modification. If you have any questions, please contact Mr. Michael Burgan at (307) 772-2300 and reference file No. 200440092.

Sincerely,



Matthew A. Bilodeau
Program Manager
Wyoming Regulatory Office

Enclosures

Copy Furnished:

Jim Orpet
Intermountain Resources
PO Box 1589
Laramie, Wyoming 82073

Applicant: Black Hills Corporation

File Number: 200440092

Date: December 2, 2004

Attached is:

See Section below

INITIAL PROFFERED PERMIT (Standard Permit or Letter of permission)

A

PROFFERED PERMIT (Standard Permit or Letter of permission)

B

PERMIT DENIAL

C

X APPROVED JURISDICTIONAL DETERMINATION

D

PRELIMINARY JURISDICTIONAL DETERMINATION

E

A: INITIAL PROFFERED PERMIT: You may accept or object to the permit.

- **ACCEPT:** If you received a Standard Permit, you may sign the permit document and return it to the district engineer for final authorization. If you received a Letter of Permission (LOP), you may accept the LOP and your work is authorized. Your signature on the Standard Permit or acceptance of the LOP means that you accept the permit in its entirety, and waive all rights to appeal the permit, including its terms and conditions, and approved jurisdictional determinations associated with the permit.
- **OBJECT:** If you object to the permit (Standard or LOP) because of certain terms and conditions therein, you may request that the permit be modified accordingly. You must complete Section II of this form and return the form to the district engineer. Your objections must be received by the district engineer within 60 days of the date of this notice, or you will forfeit your right to appeal the permit in the future. Upon receipt of your letter, the district engineer will evaluate your objections and may: (a) modify the permit to address all of your concerns, (b) modify the permit to address some of your objections, or (c) not modify the permit having determined that the permit should be issued as previously written. After evaluating your objections, the district engineer will send you a proffered permit for your reconsideration, as indicated in Section B below.

B: PROFFERED PERMIT: You may accept or appeal the permit

- **ACCEPT:** If you received a Standard Permit, you may sign the permit document and return it to the district engineer for final authorization. If you received a Letter of Permission (LOP), you may accept the LOP and your work is authorized. Your signature on the Standard Permit or acceptance of the LOP means that you accept the permit in its entirety, and waive all rights to appeal the permit, including its terms and conditions, and approved jurisdictional determinations associated with the permit.
- **APPEAL:** If you choose to decline the proffered permit (Standard or LOP) because of certain terms and conditions therein, you may appeal the declined permit under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

C: PERMIT DENIAL: You may appeal the denial of a permit under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

D: APPROVED JURISDICTIONAL DETERMINATION: You may accept or appeal the approved JD or provide new information.

- **ACCEPT:** You do not need to notify the Corps to accept an approved JD. Failure to notify the Corps within 60 days of the date of this notice, means that you accept the approved JD in its entirety, and waive all rights to appeal the approved JD.
- **APPEAL:** If you disagree with the approved JD, you may appeal the approved JD under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

E: PRELIMINARY JURISDICTIONAL DETERMINATION: You do not need to respond to the Corps regarding the preliminary JD. The Preliminary JD is not appealable. If you wish, you may request an approved JD (which may be appealed), by contacting the Corps district for further instruction. Also you may provide new information for further consideration by the Corps to reevaluate the JD.

REASONS FOR APPEAL OR OBJECTIONS: (Describe your reasons for appealing the decision or your objections to an initial proffered permit in clear concise statements. You may attach additional information to this form to clarify where your reasons or objections are addressed in the administrative record.)

ADDITIONAL INFORMATION: The appeal is limited to a review of the administrative record, the Corps memorandum for the record of the appeal conference or meeting, and any supplemental information that the review officer has determined is needed to clarify the administrative record. Neither the appellant nor the Corps may add new information or analyses to the record. However, you may provide additional information to clarify the location of information that is already in the administrative record.

If you have questions regarding this decision and/or the appeal process you may contact:

Matthew A. Bilodeau
Program Manager
Wyoming Regulatory Office
2232 Dell Range, Suite 210
Cheyenne, Wyoming 82009
Phone: 307-772-2300

If you only have questions regarding the appeal process you may also contact:

Mores Bergman
Appeal Review Officer
Northwestern Division
12565 West Center Road
Omaha, Nebraska 68144-3869
Phone: 402-697-2533

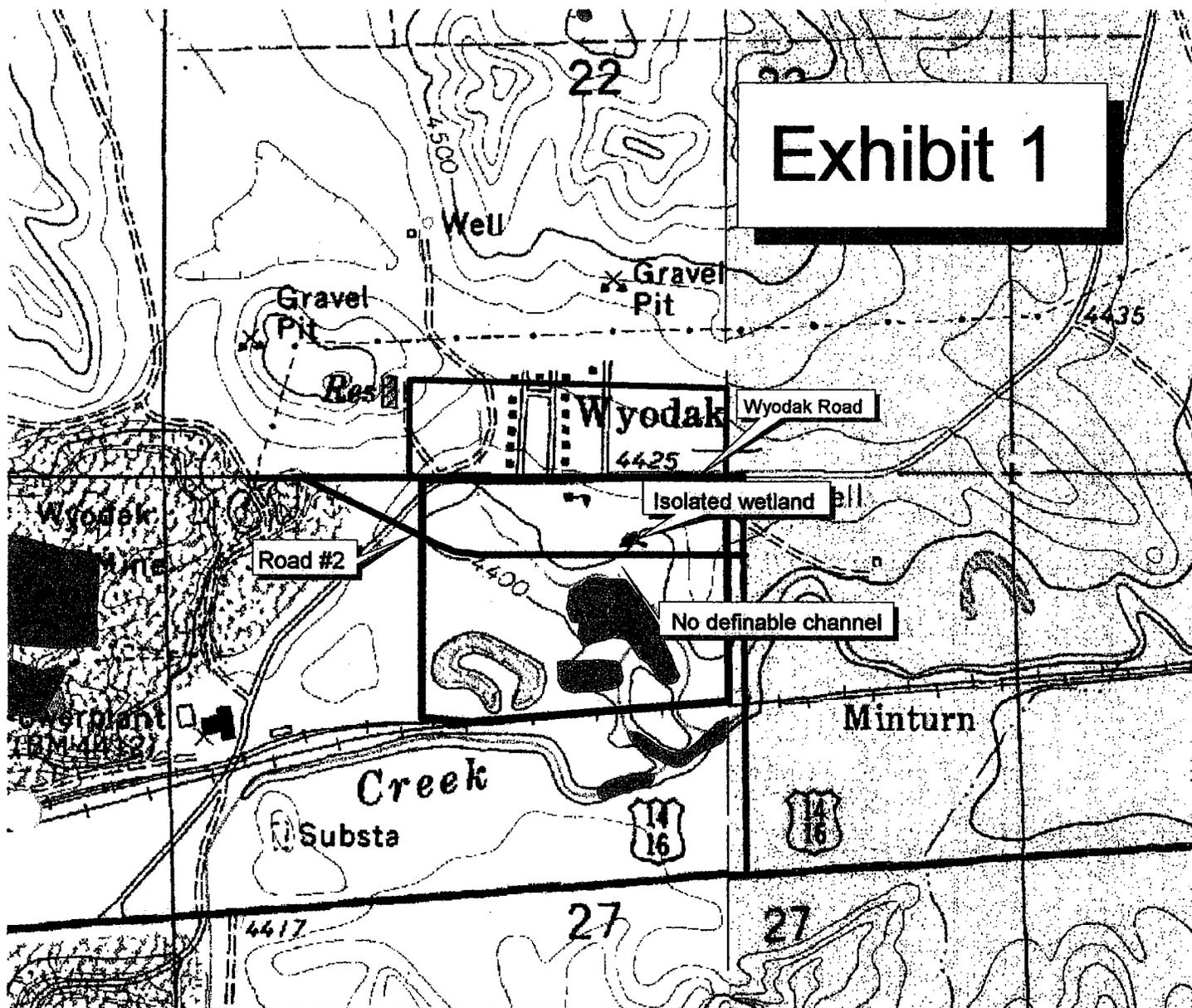
RIGHT OF ENTRY: Your signature below grants the right of entry to Corps of Engineers personnel, and any government consultants, to conduct investigations of the project site during the course of the appeal process. You will be provided a 15 day notice of any site investigation, and will have the opportunity to participate in all site investigations.

Signature of appellant or agent.

Date:

Telephone number:

Exhibit 1



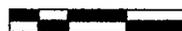
Black Hills Corporation Jurisdictional Determination

200440092



NWI Wetland

300 0 300 600 Feet



— Boundary of revised JD request dated June 28, 2004

— Boundary of JD request dated October 27, 2004

Exhibit based on USGS topographic maps for the Gillette East and Fortin Draw quadrangles dated 1971. Does not show location of existing power plants or I-80

APPENDIX B

Section D3.1

Summary and History Studies

Archeological and paleontological studies conducted on the original Wyodak, Clovis Point and East Gillette Mines are presented in Sections D3.3, D3.4 and D3.5, respectively. Each study must be reviewed independently because of duplicate internal pagination and cross-referencing. All identified archeological sites are shown on Plate D3.2-1. Archeological sites considered ineligible for nomination to the National Register of Historic Places, are provided in Table D3.1-1. Archeological sites which require further investigation are provided in Table D3.1-2. Cleared archeological sites are shown on Table D3.1-3. There are no sites within the consolidated permit area which are listed on the National Register of Historic Places. However, several sites are considered eligible for nomination and will require further evaluation prior to disturbance. Clearance letters and statements for all sites evaluated in the future will be included in Section D3.6.

Original Wyodak Mine (Permit No. 232) Studies

The archeological and paleontological report for the original Wyodak Mine is provided in Section D3.3. It was prepared by the Office of the Wyoming State Archeologist and is based on surveys conducted by the Wyoming Recreation Commission in 1975 and the office of the Wyoming State Archeologist in 1981. There are several statements and figures throughout the report which refer to the permit area as containing 3,273.94 acres. These references have not been changed even though there have been several additions and deletions to the permit area since the archeological survey was completed.

A 0.46 acre tract was added to the Wyodak Mine permit boundary after the 1981 survey which is not included in any surveys conducted by Wyodak or by the Kerr-McGee Coal Corporation on the adjacent Clovis Point and East Gillette Mines. This area is described as follows:

Commencing at a point which is the NW 1/16 corner of Section 33, T50N R71W; thence S 0° 59' 07" E, 200.00 feet to a point; thence N 45° 17' 38" W, 286.24 feet to a point; thence S 89° 36' 09" E, 200.00 feet to a point which is the true point of beginning.

At the request of the WDEQ/LOD, the area was examined by Wyodak personnel. There were no noticeable prehistoric artifacts nor any evidence of historical significance. Also, no further mining-related activities are planned in this area.

Original Clovis Point Mine (Permit No. 447) Studies

Two archeological surveys have been conducted on the original Clovis Point Mine for the Kerr-McGee Coal Corporation. These surveys also included the original East Gillette permit boundary. The first investigation was completed by the Office of the Wyoming

State Archeologist in 1975. In 1980 the Office of Surface Mining contracted with Gordon & Kranzush to conduct a field check of selected portions of the Clovis Point and East Gillette permit areas and verify the results of the 1975 survey. Both reports were included in Appendix D-3 of Permit No. 447, but have been deleted from Section D3.4 to avoid duplication since they are also part of the East Gillette document and included in Section D3.5. No archeological sites were noted on the Clovis Point permit area during either survey. Archeological clearance for Clovis Point, based on the results of the 1975 survey, is provided in a December 19, 1975 letter from the Office of the Wyoming State Archeologist to Bradley D. Hanson of the Kerr-McGee Coal Corporation (see Section D3.5).

A paleontological survey was conducted on the Clovis Point/East Gillette Mines during 1981. No fossils of any significance were noted and no further surveys were recommended. This report was part of Appendix D-3 of Permit No. 447, but has been deleted from Section D3.4 to avoid duplication since it is also part of Section D3.5. Although the letter only references East Gillette, Clovis Point was also included in this survey.

Original East Gillette Mine (Permit No. 581) Studies

Four archeological studies have been completed on the original East Gillette permit area. The results of each survey and associated clearance letters are provided in Section D3.5. The first was conducted in 1975 by the Office of the Wyoming State Archeologist on both the Clovis Point and East Gillette permit boundaries. Archeological Sites 48CA12 and 48CA13 were identified as requiring further study. They were investigated in 1976 and 1977 and later combined under Site 48CA12. A final report was prepared in 1980 by the Office of the Wyoming State Archeologist which covers the 1975 survey and subsequent study of Site 48CA12. The Office of the Wyoming State Archeologist provided archeological clearance for Site 48CA12 in a letter to Carol Wallace of the Kerr-McGee Coal Corporation, dated April 18, 1979. They also provided archeological clearance for the entire East Gillette permit area in a letter to Dennis Adamczyk of the Kerr-McGee Coal Corporation, dated June 18, 1979.

The Office of Surface Mining contracted with Gordon & Kranzush, Inc. in 1980 to field check portions of the East Gillette and Clovis Point permit boundaries. Their results were compiled in a report prepared by Willard Owens Associates, Inc. and submitted to OSM. Two additional sites were identified as potentially eligible for nomination to the National Register of Historic Places. The report stated "No further survey or excavation activities are recommended for the remainder of the permit area". The two sites noted by Gordon & Kranzush, Inc. were evaluated by Archeological Services during 1980. Both sites were subsequently cleared by the Wyoming Recreation Commission in a letter to Donald Crane of OSM, dated May 28, 1981.

The paleontological survey conducted on the Clovis Point/East Gillette Mines in 1981 is included in Section D3.5. No fossils of any significance were noted and no further

surveys were recommended. Paleontological clearance is provide in Addendum D3B of Section D3.5.

1999 Class III Survey of the Clovis Point & East Gillette Permit Areas

In 1999 the State Historic Preservation Office advised Wyodak Resources Development Corp. that a new Class III cultural resources inventory would be required within the Clovis Point and West Gillette permit boundaries. Those areas included in the 1980 Gordon & Kranzush, Inc. study and the 1981 survey of the Wyodak permit area by the Wyoming State Archaeologist were exempted. The Class III survey was performed by Frontier Archaeology of Casper, Wyoming. Two sites were discovered which are considered eligible for nomination to the National Register of Historic Places and will requite further evaluation prior to disturbance. A copy of the 1999 study is provided in Section D3.5.

TABLE D3.1-1 INELIGIBLE ARCHEOLOGICAL SITES

SITE	NATIONAL REGISTRATION ELIGIBILITY	STATUS
48CA 18	Not Eligible	No further investigation required
48CA 19	Not Eligible	No further investigation required
48CA 20	Not Eligible	No further investigation required
48CA 1112	Not Eligible	No further investigation required
48CA 1115	Not Eligible	No further investigation required
48CA 1118	Not Eligible	No further investigation required
48CA 1119	Not Eligible	No further investigation required
48CA 1120	Not Eligible	No further investigation required
48CA 1122	Not Eligible	No further investigation required
48CA 3370	Not Eligible	No further investigation required
48CA 3371	Not Eligible	No further investigation required
48CA 3373	Not Eligible	No further investigation required

TABLE D3.1-2 UNCLEARED ARCHEOLOGICAL SITES

SITE	NATIONAL REGISTRATION ELIGIBILITY	STATUS
48CA 1110	Eligible	Clearance required
48CA 1111	Eligible	Clearance required
48CA 1113	Eligible	Clearance required
48CA 1114	Eligible	Clearance required
48CA 1116	Eligible	Clearance required
48CA 1117	Eligible	Clearance required
48CA 1121	Eligible	Clearance required
48CA 3372	Eligible	Clearance required
48CA 3374	Eligible	Clearance required

TABLE D3.1-3 CLEARED ARCHEOLOGICAL SITES

SITE	NATIONAL REGISTRATION ELIGIBILITY	STATUS
48CA12/13	Cleared	Tested 1976 and excavated 1977 by University of Wyoming Archeology Department. Clearance issued by Wyoming State Archeologist 4/18/79. (see Section D3.5)
48CA 493	Cleared	Tested 1980 by Archeological Services. Clearance issued by Wyoming Recreation Commission 5/28/81 (see Section D3.5)
48CA 494	Cleared	Tested 1980 by Archeological Services. Clearance issued by Wyoming Recreation Commission 5/28/81 (see Section D3.5)
48CA 1109	Cleared	Disturbed by mining activities. Clearance issued by SHPO 11/18/98 (see Section D3.6)