

DEPARTMENT OF DEFENSE**Department of the Army, Corps of Engineers****Intent To Prepare an Environmental Impact Statement (EIS) on an Application for a Department of the Army Permit Under Section 404 of the Clean Water Act by Alcoa Inc. for Construction and Operation of the Three Oaks Surface Lignite Mine in Lee and Bastrop Counties, TX**

AGENCY: U.S. Army Corps of Engineers, DoD.

ACTION: Notice of intent.

SUMMARY: The U.S. Army Corps of Engineers, Fort Worth District (USACE), intends to prepare an Environmental Impact Statement (EIS) to assess the environmental, social, and economic effects of issuance of a Department of the Army permit under Section 404 of the Clean Water Act for discharges of dredged and fill material into waters of the United States associated with the proposed construction and operation of a surface lignite mine. In the EIS, the USACE will assess potential impacts associated with a range of alternatives.

FOR FURTHER INFORMATION CONTACT: For further information and/or questions about the proposed action and EIS, please contact Ms. Jennifer Walker, Regulatory Project Manager, by letter at Regulatory Branch, CESWF-PER-R, U.S. Army Corps of Engineers, P.O. Box 17300, Fort Worth, Texas 76102-Texas 76102-0300 or by telephone at (817) 978-7547.

SUPPLEMENTARY INFORMATION:

1. Description of the Proposed Project: The applicant, Alcoa, Inc. (Alcoa), proposes to construct and operate the Three Oaks Lignite Mine in Lee and Bastrop Counties, Texas. The Three Oaks Mine lands are in the Brazos and Colorado River basins in east central Texas. The mine would be located to recover lignite from the Wilcox lignite belt, and would be located adjacent to the Alcoa Sandow Mine, which lies immediately to the Northeast of the proposed mine near Rockdale, in Milam and Lee Counties, Texas. The Sandow Mine has been operated by Alcoa since the early 1950s.

Alcoa currently intends to supply approximately 6 million tons per year of lignite to electric power generation plants owned by Alcoa and TXU that supply power to the Alcoa Rockdale Aluminum Smelter. A portion of the electricity generated by TXU is distributed over the TXU electric grid. At a rate of 6 million tons per year, Alcoa estimates that the proposed mine

contains over 30 years of lignite fuel for these purposes.

Based upon current mining technologies and costs and the current rate of mining, the Sandow Mine will reach the end of its useful life in approximately five years. The primary purpose of Alcoa's proposed Three Oaks Mine is to continue to provide to provide a long-term source of energy to allow the continued operation of Alcoa's Rockdale aluminum smelter. Alcoa has stated that, to serve this purpose, the energy source must meet the following criteria: (1) Generate, or be used to generate, sufficient amounts of electricity, (2) be delivered to the smelter at a total cost that is stable, predictable, and low enough to sustain the economic viability of the smelter, (3) be available on a secure, firm, and continuous basis over a 30 year period, and (4) be available for use when the existing Sandow Mine is no longer a source of economically-recoverable lignite reserves (five years).

The USACE has received an application for a Department of the Army permit under Section 404 of the Clean Water Act from Alcoa to construct and operate the proposed mine. In accordance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321 *et seq.*) the USACE has determined that issuance of such a permit may have a significant impact on the quality of the human environment and, therefore, requires the preparation of an EIS.

2. Alternatives: Alternatives available to the USACE are to: (1) Issue the Department of the Army permit; (2) issue the Department of the Army permit with special conditions; or (3) deny the Department of the Army permit. Alternatives available to Alcoa include: (1) Constructing and operating the new Three Oaks Mine as proposed by Alcoa; (2) constructing and operating the new Three Oaks Mine as proposed by Alcoa, with modifications; (3) developing or acquiring other energy sources, including purchasing power from the electrical grid, converting the existing power plants to utilize western coal, or converting to the use of natural gas; or (4) no action.

3. Scoping and Public Involvement Process: A public meeting (open house format) to gather information on the scope of the EIS, including the issues to be addressed in detail in the document will be conducted on August 21, 2001, from 3 to 9 p.m at the American Legion Hall located on the south side of U.S. Highway 77, one mile south of U.S. Highway 290, in Giddings, Texas.

4. Significant Issues: Issues to be given significant analysis in the EIS are

likely to include, but will not be limited to: The effects of mining activities on the mine's neighbors and nearby communities; streams, wetlands, surface water quantity and quality, groundwater quantity and quality, geologic resources, vegetation, fish and wildlife, threatened and endangered species, soils, prime farmland, noise, light, aesthetics, historic and pre-historic cultural resources, socioeconomics, land use, public roads, and air quality.

5. Cooperating Agencies: At this time, no other federal or state agencies are expected to be cooperating agencies in preparation of the EIS. However, numerous federal and state agencies, including the U.S. Office of Surface Mining, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the Railroad Commission of Texas, the Texas Natural Resource Conservation Commission, the Texas Parks and Wildlife Department are expected to be involved in the preparation of, and provide comments on, the EIS.

6. Additional Review and Consultation: Compliance with other federal and state requirements that will be addressed in the EIS include, but will not be limited to, state water quality certification under Section 401 of the Clean Water Act, compliance with the Railroad Commission of Texas regulations regarding surface coal mining, protection of water quality under the Texas Pollutant Discharge Elimination System, protection of air quality under the Texas Air Quality Act, protection of endangered and threatened species under Section 7 of the Endangered Species Act, and protection of cultural resources under Section 106 of the National Historic Preservation Act.

7. Availability of the Draft EIS: The Draft EIS is projected to be available by April 2002. A public hearing will be conducted following the release of the Draft EIS.

Dated: July 12, 2001.

Gordon M. Wells,

Colonel, Corps of Engineers, District Engineer.

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DEPARTMENT OF EDUCATION**Arbitration Panel Decision Under the Randolph-Sheppard Act**

AGENCY: Department of Education.

ACTION: Notice of arbitration panel decision under the Randolph-Sheppard Act.