

FINDING OF NO SIGNIFICANT IMPACT TENNESSEE VALLEY AUTHORITY

SUGAR CAMP COAL MINE EXPANSION (VIKING DISTRICT #2) SUPPLEMENTAL ANALYSIS

In November 2018, the Tennessee Valley Authority (TVA) completed an Environmental Assessment (EA) considering a proposal by Sugar Camp Energy, LLC (Sugar Camp) to expand operations of its coal mine in Franklin County, Illinois. The EA, incorporated herein by reference, addressed the 2,255-acre expansion of Sugar Camp Mine No. 1 in an area of TVA-owned coal reserves known as Viking District #2. TVA found that the proposal would not result in significant environmental impacts.

Sugar Camp has proposed an additional expansion of operations into an adjacent area known as Viking District #3. Under this proposal, Sugar Camp would expand into a 155-acre project area adjacent to Viking District #2, where they would mine TVA-owned coal underlying approximately 85 acres of the project area. Under the proposal, coal would be mined using a conventional room and pillar technique and mining would occur in 2019 over an estimated 5-month period. Sugar Camp would access the Viking District #3 area and conduct its operations using the existing mine entrance and surface facilities located in Franklin County on privately owned land.

This mine expansion is subject to review and approval by the State of Illinois, which has regulatory authority delegated by the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement. Sugar Camp has received a *Surface Coal Mining and Reclamation Operations Permit – Underground Operations* from the Illinois Department of Natural Resources (IDNR), Office of Mines and Minerals (OMM) Land Reclamation Division for the Viking District #2 and #3 shadow areas as portions of Significant Boundary Revision (SBR) No. 6 to underground coal mine (UCM) Permit No. 382 for Sugar Camp Mine No. 1.

The proposal would facilitate recovery of TVA-coal reserves under the terms of a coal lease agreement between TVA and Sugar Camp. In fulfillment of its responsibilities under the National Environmental Policy Act, TVA prepared a supplement to the November 2018 EA to address the potential environmental impacts of the proposed action. This Supplemental EA was completed on May 10, 2019.

Related Actions and Environmental Reviews

TVA owns the coal reserves beneath this project area and executed a coal lease agreement with Sugar Camp in July 2002 which allows Sugar Camp to mine these reserves. The purpose of the lease agreement is to facilitate the recovery of TVA coal resources in an environmentally sound manner. Under the terms of the agreement, Sugar Camp may not commence mining of TVA-owned coal reserves under a mining plan or any revision until completion of all environmental and cultural resource reviews required for compliance with applicable laws and regulations have been finalized.

In 2008, Sugar Camp obtained a permit from the State of Illinois for underground longwall mining operations under approximately 12,103 acres in Franklin and Hamilton counties (IDNR

2008). Since then, Sugar Camp has received multiple permits to expand underground longwall mining operations for Sugar Camp Mine No. 1. TVA prepared an EA in 2011 and a Supplemental EA in 2013 to document the potential effects of Sugar Camp's proposed mining of TVA-owned coal underneath portions of Sugar Camp Mine No. 1.

In November 2017, Sugar Camp obtained approval from the State of Illinois to expand Sugar Camp Mine No. 1 by 37,791.9 acres (approved as Significant Permit Revision #6 to Permit No. 382). The EA completed by TVA in November 2018 documents the potential effects of Sugar Camp's proposed mining of TVA-owned coal underneath Viking District #2 within the Sugar Camp Mine No. 1 area. Due to unexpected delays in the mining of coal from the Viking District #2 area, Sugar Camp requested approval for underground mining of the contiguous Viking District #3 area within Sugar Camp Mine No. 1. The proposed mining within Viking District #3 would not involve any surface disturbance due to the room and pillar methodology that Sugar Camp would utilize and because the infrastructure already in place for mining Viking District #2 would be used. The mining reserves in Viking District #3 are contiguous to the reserves in Viking District #2.

TVA plans to prepare an Environmental Impact Statement to consider the environmental impacts of mining the remaining portion of TVA coal within the 37,791.9-acre mine expansion addressed in Significant Permit Revision #6 to Permit No. 382.

Supplemental Environmental Assessment

In the Supplemental EA, incorporated herein by reference, TVA evaluated the potential impacts of two alternatives, the No Action Alternative and the Action Alternative proposed by Sugar Camp. Under the No Action Alternative, TVA would not approve the mining of TVA-owned coal reserves located under the project area. Lacking TVA approval for this mining, Sugar Camp would not be able to extract the coal. While no environmental effects related to mining would be anticipated within the project area, the potential loss of mining jobs would impact the local economy.

Under the Action Alternative, TVA-owned coal within the project area would be mined. Because of the use of the room and pillar technique, no subsidence is proposed. Because no subsidence would occur, there would be no effects to surface features and environmental resources. Economic impacts associated with employment during the short term mining of the project area would be beneficial to the local economy, although economic impacts would be no greater than what was previously described in the 2018 EA. TVA determined that several resources may be potentially affected by the proposal: geology and soils, groundwater, air quality, greenhouse gases, socioeconomic conditions, and environmental justice. These potential impacts are assessed in the Supplemental EA. TVA found that mining operations would result in direct and indirect transportation, air quality, greenhouse gas, and economic impacts that would be minor.

Public Notice, Necessary Permits and Consultation

On March 26, 2019, TVA issued the draft SEA for public review and comment by posting it on TVA's public website. Notices were also published on March 27, 2019, in four area newspapers. During the comment period, TVA received one comment letter, submitted by the Sierra Club Illinois Chapter. TVA responded to substantive comments in the final Supplemental EA and made several revisions to the document as a result of this input.

TVA would not be required to secure any permits to undertake the proposed action. As noted above, Sugar Camp currently holds the permit from the IDNR-OMM to conduct underground mining operations within Viking District #3. The proposed action within the project area includes

conventional, room and pillar coal mining where surface features, resources, and activities would be undisturbed. As a result, permits and/or consultation for surface impacts are not required.

Mitigation and Restoration

Sugar Camp mining operations would be carried out in compliance with 30 Code of Federal Regulations Part 913 - Illinois, which specifies a comprehensive set of environmental protection measures for the control of adverse ecological impacts resultant from coal mining. This part contains rules applicable only within Illinois that have been adopted under the Surface Mining Control and Reclamation Act of 1977. Included in the rules are considerations for air, water, acid and toxic materials, soils, landform, vegetation, etc., in both spatial and temporal capacities. As such, general protective measures for all environmental values are inherent within the regulatory program. Under this regulatory program, the extent of mining and mining-related disturbances is limited to that acreage necessary for conducting mining operations in compliance with the applicable land reclamation regulatory requirements. Disturbances to sites not required for mining or mining-related activities is held to a minimum.

Sugar Camp must also comply with 62 Illinois Administrative Code (IAC) 1700-1850, which addresses how IDNR-OMM administers coal exploration and surface coal mining and reclamation. IDNR-OMM requires Sugar Camp to implement best management practices and mitigation to compensate for potential adverse environmental impacts throughout the project area as conditions of their mine permit. IDNR requires Sugar Camp to submit quarterly progress reports detailing mining, monitoring, and mitigation activities as a permit condition. Further, TVA requires that Sugar Camp adhere to the coal lease agreement requirements. While Viking District #3 does not involve any surface disturbance, TVA's approval of the mining plan requires Sugar Camp to adhere to the requirement in the Memorandum of Agreement under Section 106 of the National Historic Preservation Act to mitigate impacts to historic properties.

The UCM application requires detailed restoration plans for surface effects and any subsided areas. Sugar Camp is required to provide and implement a reclamation plan in accordance with 62 IAC 1817.62. Because no surface impacts or subsidence would occur, it is unlikely that reclamation activities would occur within the 155-acre project area. TVA's November 2018 finding of no significant impact provides more information regarding Sugar Camp's obligations to reclaim areas affected by mining operations.

Conclusion and Findings

Based on the findings of the Supplemental EA and in consideration of the environmental protection measures required by the State of Illinois, TVA concludes that the proposed mining of TVA coal reserves underlying 155 acres in the lease area known as Viking District #3 would not be a major federal action significantly affecting the environment. Accordingly, an Environmental Impact Statement is not required.



Lana Bean
Manager, NEPA Program
Tennessee Valley Authority

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Date Signed