

Duluth News Tribune

Our view: Get set for Range upswing with Keetac's expansion

Duluth News Tribune

Published Friday, February 01, 2008

As viewed on 2/6/08 at <http://www.duluthnewstribune.com/articles/index.cfm?id=59345§ion=Opinion>

Executives from U.S. Steel threw in all the cautions yesterday while describing to News Tribune reporters and editorial board members the largest mining expansion on the Iron Range in nearly three decades.

Contingent on approval from U.S. Steel's board of directors, and from state and federal environmental agencies, and with the give-and-take of stakeholders defined as everyone from residents to employees to environmental groups, the company will invest more than \$300 million in its Keetac pellet plant in Keewatin.

In human terms, the plan to restart a production line idled since 1980 means 75 full-time jobs and 500 temporary construction jobs. By the pellet, the numbers would increase production from 6 million tons annually to 9.6 million tons. And in ancillary economic effects from support businesses and shipping, well, it's huge.

"It's really going to support the long-range ore operations on the Range," John H. Goodish, U.S. Steel's executive vice president, said.

It certainly will be dramatic in the short term. Combined with last fall's announcement of a planned \$1.6 billion taconite-to-steel facility near Nashauk by India's Essar Steel, it seems to spell boom times again for Minnesota mining.

To get there, Goodish and his colleagues say they'll proceed swiftly but deliberately, meeting with environmental groups to address concerns about pollution (the steelmakers say they prefer to call it "emissions") before it's a problem.

By any name, "Air permitting [from governmental agencies] will be the biggest challenge," U.S. Steel's plant operations chief George Babcoke said. But there also will be changes on the existing production line to improve what comes out of its stacks, the executives said.

And with that, they expected to satisfy all the contingencies identified above, they said, with Babcoke adding, "We've been here a long time. We intend to stay."

The future? In the four years of construction, solid — and healthy once the double production lines start rolling. The U.S. Steel team was less forthcoming in estimating the longevity of the ore reserves, citing Securities and Exchange rules, and expressed longer-term concerns about cheap Chinese-made steel someday flooding world markets. Their concerns are a reflection of the cyclical nature of extraction industries that anyone familiar with life on the Range knows well.

But today, those world markets are insatiable and another upswing begins. Hold on for the ride.

