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August 3, 2016

RE: Lab USA Corp. (SW-670)
Ash Processing Facility - Red Wing
SEH No. LABUS 136249 14.00

Sherri Nachtigal
Principal Engineer
Minnesota Pollution Control Agency
18 Wood Lake Drive SE
Rochester, MN 55904

Dear Ms. Nachtigal

Short Elliott Hendrickson Inc. (SEH®) submitted Permitting Documents to the Minnesota Pollution Control Agency (MPCA) dated June 15, 2016, for the proposed Lab USA's Ash Processing Facility – Red Wing. In a letter dated July 20, 2016, the MPCA determined that the application was complete and assigned solid waste permit number SW-670 to the proposed facility. In addition, the MPCA letter requested supplemental information to clarify several issues as part of the technical review.

On behalf of Lab USA Corp., SEH is providing written responses to the MPCA comments. Each MPCA comment from the July 20, 2016, letter is re-stated below followed by the appropriate response. Supplemental information, as applicable, is included as attachments.

Comment No. 1: *Comments on the completeness review were emailed to you on June 29, 2016. Although the application was considered substantially complete, I requested that documentation be submitted which verifies that you and the landowner, Mr. Rosvold (with Xcel Energy) were duly authorized agents by an executive in the corporation to sign the permit application and any other documents related to the facility. Since then, I have received the appropriated documentation from Xcel Energy. Please submit the documentation for Lab USA.*

Response: A copy of the authorization regarding Kane Flett from the President and Chief Executive Officer of Lab USA Corp, Brent Dubois, is attached as requested.

Comment No. 2: *Section I in the Permit Application for Construction and Operation of a Solid Waste Facility indicates that all local permits and approvals will be obtained following the completion of a discretionary environmental assessment worksheet (EAW). The MPCA plans to prepare a dual public notice for the EAW and draft solid waste permit. MPCA will have to wait to issue the solid waste permit until all local permits and approvals are obtained first.*

Response: Concurs with our understanding.

Comment No. 3: *Design Report - Sections 1.1, 1.3, 3.1.2, and several other sections indicate that the processing facility will receive combustor ash from the Xcel Energy's Red Wing Generating Plant, the Xcel Energy's Red Wing Ash Disposal Facility (SW-307), and from the Red Wing Land Disposal Facility*

Engineers | Architects | Planners | Scientists

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(SW-174). The MPCA has received associated information from Xcel Energy to modify their operations to incorporate the processing activities at their landfill. However, to date, the MPCA has not received a request to modify the City of Red Wing's permit for this activity change at their landfill. The City of Red Wing permit modification request, or the status of submitting the permit modification, must be submitted prior to the start of the public notice for the Lab USA Ash Processing Facility, so that I can accurately reflect the operations of the facility in the public notice.

Response: At the time of submittal for the Permitting Documents (SEH, June 15, 2016), Goodhue County and the City of Red Wing were still in discussion about the final closure timeline for the Red Wing Land Disposal Facility (SW-174). It is our understanding that the final closure schedule is contingent upon activities and approvals associated with entering the MPCA's Closed Landfill Program. If the MPCA, Goodhue County, and the City of Red Wing determine that the City's combustor ash will not be available for processing prior to final closure, then it will be removed from the proposed schedule for the ash processing facility. Processing will initiate with combustor ash from Xcel Energy's facilities only.

Comment No. 4: *Design Report - Sections 2.1 and 3.1.2: The cubic yard volume of ash expected to be processed annually is noted as 150,000 cubic yard. The associated volume is calculated with an assumed density of 2000 pounds/cubic yard (i.e. one-cubic yard per ton). The MPCA has typically used an assumed density of 1.1 cubic yard per ton. The permit will identify both an annual volume and an equivalent weight to be processed annually. If I use 1.1 cubic yard per ton, then the facility will be approved to process 136,363 tons. How will the landfills track the amount of material they extract and bring to the processing facility? Is there a scale they will use before and after the processing is done? Will the volume and weight of ash coming from the Generating Plant be measured; most landfills measure a weight when the material is received at the landfill, but the quantity is calculated as a volume at the transfer station. Please describe how the quantities of ash being processed to and from the landfills and Generating Plant will be measured, as well as how the scrap iron will be measured, and the daily volume of 600 tons per day will be tracked and measured.*

Response: As stated on the application form, **150,000 tons/year** represents a maximum annual **tonnage** for proposed processing operations. We concur that at **1.1 tons per cubic yard**, the approximate volume for an annual maximum would be 136,363 cubic yards. We propose to round up to 140,000 cubic yards per year, to be conservative; our intent is to never exceed the permitted annual tonnage or volume.

The primary method of tracking ash being processed and placed in the landfill(s) will be by volume based on the hauling capacity of the dump trucks and documentation of the number of trucks on a daily basis. This information can be used to calculate daily tonnage based on an assumed density as described above. However, other information will also be available and can be used to confirm or refine density assumptions as well as reporting numbers:

- Generating Plant: Xcel Energy scales will continue to record tonnage removed from the plant and offloads at the transfer facility
- Landfill(s): Option of using Hydraulic Loader Bucket Scale System during truck loading
- Transfer Station: Option of using Hydraulic Loader Bucket Scale System during truck loading
- Recovered Materials: Roll-offs to be scaled for tonnage at City of Red Wing Solid Waste Campus

Comment No. 5: *Design Report - Section 2.1: The expected waste type is indicated as combustor ash (incidental municipal solid waste (MSW) fines). Is the incidental MSW fines just referring to what is*

already deposited in the City of Red Wing's combustor ash landfill, and does not refer to new material being brought from their material recovery facility?

Response: The incidental MSW fines is referring to what is already deposited in the City's landfill. It would be difficult to separate any material already in place. Lab USA has no intention of processing new material from the City's material recovery facility. However, based on the outcome as described under Comment No. 3, this may become a moot point.

Comment No. 6: *Design Report -Appendix E, and Sheet C300: When will the city finalize the design of the stormwater pond? Please submit this additional information when it is complete. Please update C300 to illustrate the path that the pond outfall will take until it reaches Bench Street (with topo lines). The report indicates that the pond will have a minimum volume that is greater than 1,800 cubic feet per acre drained, but it doesn't indicate what the design number is for the pond. Please provide the volume of the pond (i.e. cubic feet per acre drained).*

Response: The City of Red Wing has not finalized the design of their laydown area or the associated stormwater pond. A schedule for construction of the City's Laydown area hasn't been established. We will provide the stormwater basin design after the City completes their site and stormwater design and prior to construction of the transfer station. The discharge location for the pond is shown on the attached Figure 1.

The final pond design will meet the City of Red Wing's MS4 Stormwater Permit requirements and provide rate control to ensure post-development runoff rates less than or equal to existing flows. The combined catchment area for both the Lab USA site that is defined in this permit and the adjacent City laydown area is approximately 7.8 acres; resulting in a pond sized at approximately 14,000 cubic feet.

Comment No. 7: *Design Report -Appendix F, and Sheet C300: Appendix C in the Subsurface Investigation Report illustrates a concrete retaining wall on the south and west side of the facility. Sheet C300 illustrates a stormwater diversion berm, on the south side of the building, up the slope to prevent surface water run on. Please clarify and/or update Sheet C300 and any other design sheets to include the concrete retaining wall. What is the function of the wall, as I do not see it described in the design report.*

Response: Early conceptual layouts included the possible installation of a retaining wall as described due to the relief across the site. Therefore, the Subsurface Investigation Report included a retaining wall scenario as presented in Appendix F for planning of the geotechnical drilling program. However, the final layout, based on the findings of the geotechnical evaluation, was able to eliminate the need of a retaining wall. The layout illustrated on Sheet C300 is correct and no description of a retaining wall was included because it was not needed.

Comment No. 8: *Operations and Maintenance Plan - Section 5.0: Please submit a cost estimate of the total cost associated with closure activities for the processing facility.*

Response: The Operations & Maintenance (O & M) Plan presents general closure procedures including notifications, removal of waste, and cleaning of storage areas. No costs are anticipated to be generated as part of closure based on the following:

- Notifications will be conducted as part of routine site management and administration as presented in Section 2.2.
- Removal of all waste and recovered material will be completed as part of waste management operations as described in Section 2.3.

Sherri Nachtigal
August 3, 2016
Page 4

- Cleaning of storage areas will be completed as part of facility maintenance as indicated in Section 2.2.7.
- Equipment removal costs will be a stipulation of the purchasing agreement between the buyer and Lab USA.
- The property leasing agreement indicates that ownership of the building will convert to Xcel Energy upon closure.

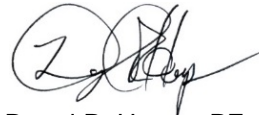
If you should have any additional questions or comments during your review, please feel free to contact SEH at 320.229.4346 (Melanie) or 651.490.2163 (Darryl) or Lab USA (kane.flett@labusa.us or 920.544.9710).

Sincerely,

SHORT ELLIOTT HENDRICKSON INC.



Melanie G. Niday, PG
Project Manager



Darryl R. Heaps, PE, CHMM
Project Engineer

MGN/DRH

Attachments: As noted

c: Kane Flett, Lab USA
Marissa Michalkiewicz, Lab USA
Rick Rosvold, Xcel Energy
Manual Castillo, Xcel Energy
Rick Moskwa, City of Red Wing
Kevin Cain, MPCA



Date- January 1st. 2016

To whom it may concern,

I as President and Chief Executive Officer of Lab USA and its related subsidiaries, do hereby grant my authority to Kane Flett- Director of Business Development, to execute on behalf of Lab USA any and all purchase orders, consultant agreements and applications as related to the pursuit of a bottom ash recovery facility to be located in Red Wing Minnesota and under contract with Xcel Energy.

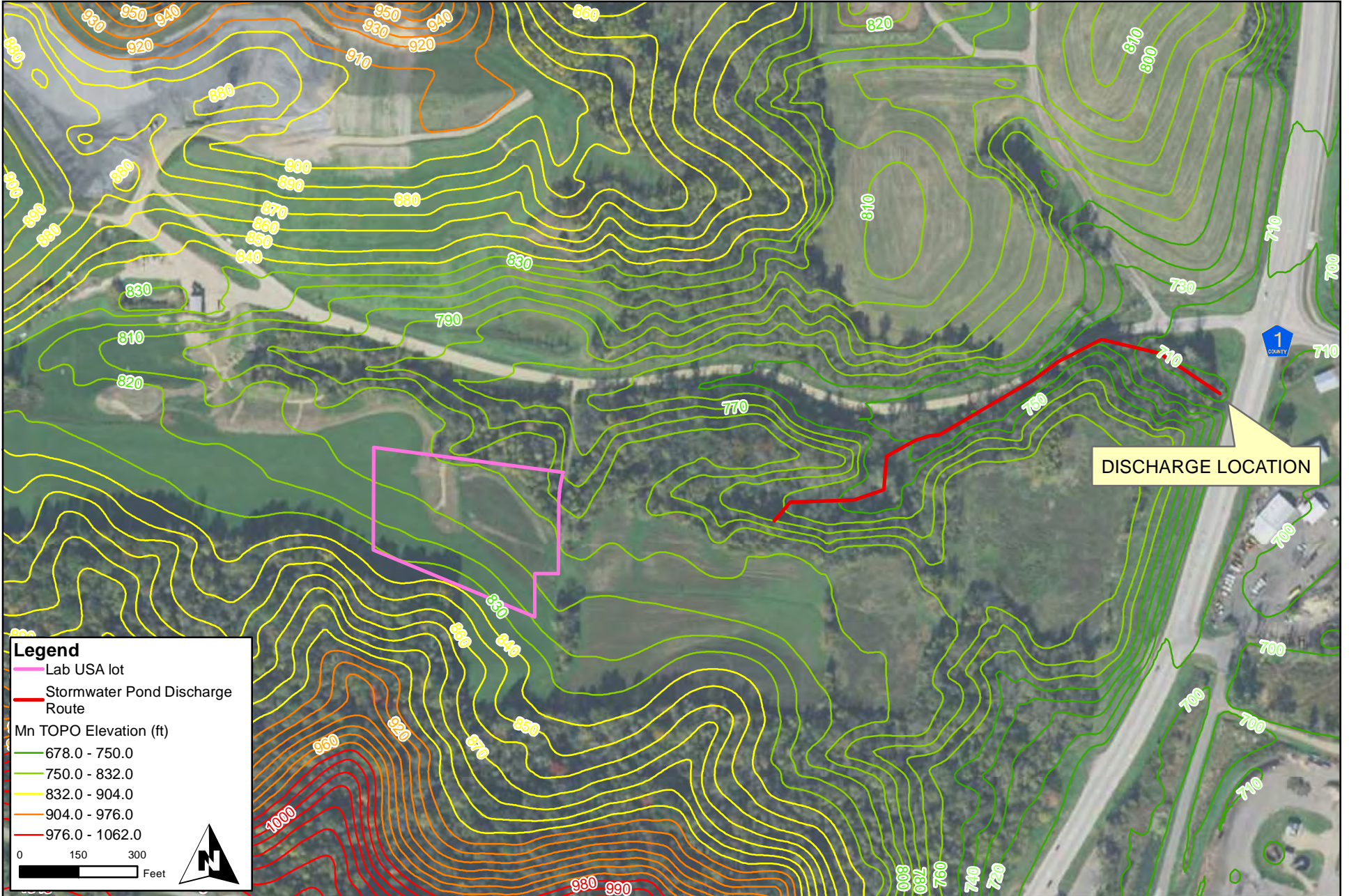
For the timely completion of documents and filings associated with the above referenced project, Mr. Flett is authorized as the Lab USA agent ultimately responsible for the execution and operations of the proposed project.

Sincerely

A handwritten signature in blue ink, appearing to read "Brent DuBois", with a long, sweeping underline.

Brent DuBois
President and Chief Executive Officer
Lab USA Corp.
130 E Walnut Street
Green Bay WI 54301
920 246 1694
brent.dubois@labusa.us

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Legend

- Lab USA lot
- Stormwater Pond Discharge Route

Mn TOPO Elevation (ft)

- 678.0 - 750.0
- 750.0 - 832.0
- 832.0 - 904.0
- 904.0 - 976.0
- 976.0 - 1062.0

0 150 300 Feet

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Project: LABUS 133967
Print Date: 7/28/2016

Map by: msherrill
Projection: UTM Zone 15N
Source: MDH
Goodhue County
ESRI
MnGeo FSA aerial

Stormwater Pond Discharge Location
Lab USA's Ash Processing Facility - Red Wing
Goodhue County, MN

Figure
01

This map is neither a legally recorded map nor a survey map and is not intended to be used as one. This map is a compilation of records, information, and data gathered from various sources listed on this map and is to be used for reference purposes only. SEH does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and SEH does not represent that the GIS Data can be used for navigational, tracking, or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. The user of this map acknowledges that SEH shall not be liable for any damages which arise out of the user's access or use of data provided.