



Minnesota Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155

August 25, 2026

Eric Johnson
Community Development Director
City of Hermantown
5105 Maple Grove Road
Hermantown, MN 55811

RE: Updated Hermantown Industrial Alternative Urban Areawide Review (AUAR) Final

Dear Mr. Johnson,

The Minnesota Department of Natural Resources (MNDNR) has completed its review of the Final Updated Hermantown Industrial Alternative Urban Areawide Review (AUAR) for the proposed data center campus in southern St. Louis County in Hermantown, Minnesota. In lieu of a formal objection, MNDNR is providing this letter to offer clarifications to the document and identify areas of additional consideration needed by the City.

MNDNR notes that the comment letter that we submitted on April 30, 2026, was not included in Appendices J or K. A copy of that letter is attached for your reference. Based on a July 2026 phone conversation between City of Hermantown staff and MNDNR, it was our understanding that our comments submitted April 30, 2026, would be included in the appendices. Those items are still of concern to MNDNR.

Project consultants subsequently requested a meeting with MNDNR staff to discuss issues raised in the April 30 letter. We met on July 20, 2026 and discussed addressing and mitigating our concerns. The Final AUAR references this meeting, but MNDNR has remaining concerns at this point in time, as outlined below. Additionally, we believe the MNDNR's regulatory role was not accurately described in the Final AUAR. Because the project is not expected to require permits or other approvals from the MNDNR, our role in this AUAR process is to provide expert comment and information on topics that pertain to our expertise in managing Minnesota's land, water, fish and wildlife resources.

The agency looks forward to discussing these topics with the project proposer to help address and resolve these items.

Alternatives Analysis and Cumulative Impacts

Alternative Analysis

The project currently exceeds the Environmental Impact Statement (EIS) threshold for industrial, commercial and institutional facilities in Minnesota Rule 4410.4400, Subp 11 and may exceed the threshold for land conversion in shorelands under Subp 27, and the AUAR does not evaluate alternative

sites. The AUAR states the selected site minimizes impacts “compared with other sites,” but needs to identify those sites or evaluate their proximity to sensitive resources.

In Appendix J & K, Minnesota Pollution Control Agency (MPCA) commented that the AUAR should include a detailed alternatives analysis evaluating additional sites, configurations, and scales. The response in the AUAR noted that MPCA did not propose alternative sites. MNDNR agrees with MPCA’s comment and asks for further information on the justification provided. Within environmental review it is the responsibility of the RGU to ensure alternatives are adequately included and evaluated. Given the extent of wetland loss and the location within the headwaters of two high-quality trout streams, it is important to ensure that there is a thorough evaluation supported by accurate and complete data.

Proximity and Overlap with Adjacent Energy Projects

The site was selected primarily due to its proximity to the Arrowhead Substation. Minnesota Power (MP) has undertaken multiple substation construction, expansion, and High Voltage Transmission Line (HVTL) projects in this same geographic area, and these projects are directly connected to the proposal (illustrated by an executed Electric Service Agreement (ESA) between the proposer and MP). The AUAR should evaluate cumulative effects associated with recent MP projects directly connected to this proposal.

Assessment and Mitigation of Environmental Impacts

Baseline Groundwater Data

The AUAR needs site specific baseline groundwater data, interpretations, and model results needed to identify impacts and design effective mitigation. Although the proposer references ongoing data collection and proposed groundwater–surface water modeling (Appendix J, pg. 67), associated work plans, data, and results are not included in the AUAR. Data collection has occurred during a significant storage drought affecting groundwater levels statewide; modeling based solely on atypical drought condition data will not represent typical hydrologic conditions. Without adequate baseline data, potential effects from surface and groundwater interactions cannot be accurately characterized, and effective mitigation cannot be adequately developed. We encourage future development plans to identify a more historically representative dataset to assist in final design/mitigation or acknowledge the limitation of predictions and potential variability that may need to be addressed as part of final design.

Resource Impact Concerns

MNDNR requested additional information related to high-quality trout stream protection, chloride management, and detailed mitigation measures; these concerns are important to be addressed. Questions also remain regarding the project’s potential effects on nearby springs, wetlands, and trout streams. MNDNR does not have regulatory authority over this project, highlighting the need for the AUAR itself to contain sufficient analysis and clearly defined mitigation.

Mitigation Measures

The AUAR states that future groundwater–surface water evaluations “will inform” avoidance, minimization, monitoring, or mitigation measures (pg. 64, 67). Because mitigation measures are not defined, the AUAR cannot demonstrate that potentially significant impacts will be prevented. MNDNR received a groundwater work/survey plan and participated in one meeting with the proposer, but has not yet provided mitigation recommendations. MNDNR looks forward to the opportunity to continue discussing mitigation options.

Mitigation Plan

The AUAR asserts that phased evaluations will inform future mitigation strategies.

Without established avoidance, minimization, monitoring, or mitigation measures, the document cannot demonstrate that significant impacts will be avoided or reduced. Addressing post-construction impacts, such as altered groundwater recharge or increased groundwater/surface water temperatures is necessary to include in planning. Without adequate and comprehensive data and defined mitigation, the AUAR does not support the conclusion that the project will avoid negative impacts to groundwater discharge, groundwater temperatures, or adjacent cold-water resources.

Regulatory Roles

The AUAR (pg. 158 & 161) lists MNDNR as an “agency reviewing to ensure compliance” for groundwater and stormwater. MNDNR has no permitting or regulatory authority over the project. While MNDNR’s Area Hydrologist participates in the Wetland Conservation Act (WCA) Technical Evaluation Panel (TEP), MNDNR is not the WCA Local Government Unit (LGU) and will not issue WCA decisions. The characterization of MNDNR’s regulatory role that is described in the AUAR is inaccurate and may create a false public expectation about MNDNR oversight.

Conclusion

The MNDNR does not formally object to the Final Updated Hermantown Industrial AUAR, but notes that information gaps, an incomplete alternatives analysis, lack of defined mitigation, and inaccurate descriptions of agency roles should be addressed in the AUAR to demonstrate that potentially significant environmental impacts will be adequately identified or mitigated. These deficiencies should be addressed before final governmental decisions are made. MNDNR is available to continue discussions on these topics to help resolve these issues.

Thank you for the opportunity to review the **Updated Hermantown Industrial Alternative Urban Areawide Review (AUAR)**. Please contact Jessica Parson with any additional questions. She can be reached at (218) 328-8826 or via email at: jessica.parson@state.mn.us.

We look forward to further coordination as plans develop. We request that this letter be included in the official record.

Sincerely,

Melissa Kuskie
Ecological & Water Resources Division Director

CC: Clarissa Spicer, MNDNR
Jessica Parson, MNDNR
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